



651 Commerce Drive
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Minutes – DRAFT

To: NCPA Commission
From: Cary A. Padgett, Assistant Secretary to the Commission
Subject: January 17, 2019, NCPA Commission Meeting

1. *Call Meeting to Order and Introductions*

Chair Roger Frith called the meeting to order at 9:00 am at the Kimpton Sawyer Hotel, 500 J Street, Sacramento, California. A quorum was present. Introductions were made. Those in attendance are shown on the attached attendance list.

2. *Approve Minutes of the November 29, 2018, Regular Commission Meeting*

Motion: A motion was made by Basil Wong and seconded by Mark Chandler to approve the Minutes of the *November 29, 2018, Regular Commission Meeting*. The motion carried unanimously on a voice vote of those members present.

PUBLIC FORUM

Chair Frith asked if any members of the public were present who would like to address the Commission on the agenda items. No members of the public were present.

REPORTS AND COMMITTEE UPDATES

3. *General Manager's Business Progress Report and Update*

General Manager Randy Howard reported:

- Thanked the NCPA L&R Team for their effort in putting together another successful Strategic Issue Conference Program.
- Gave an update on the TO18/19 890 filings.
- Gave an update on the Hometown Connections, Inc.: Board met in January and discussed consulting/management services, third party vendor programs, and AMI activities, and other business related items.
- LADWP asked NCPA to postpone moving forward with the Energy Efficiency Program because LADWP did not get approval.
- Provided an update on the PG&E's possible bankruptcy and wildfire legislation. Also noted that the next state legislative session will likely be very busy, and regionalization will be on the table for further discussion.

4. *Executive Committee*

Committee Chair Frith reported the Committee did not meet since the last Commission meeting.

5. *Facilities Committee*

Assistant General Manager Tony Zimmer reported the Committee met once since the last Commission meeting. The Committee met and discussed items 15, 16, 18, 19, 20, 22, and 23 on today's Agenda. The Committee did establish a quorum, and recommended Commission approval.

6. *Finance Committee*

Committee Chair David Hagele reported the Committee did not meet since the last Commission meeting. The next Committee meeting is scheduled on February 12.

7. *Legal Committee*

General Counsel Jane Luckhardt reported that the Committee met once under a Special Agenda since the last Commission meeting. The Committee discussed one case in closed session, and also discussed wildfire liability and NCPA's Non-Disclosure of Confidential Information and License to Use Intellectual Property. No reportable action was taken in closed session.

8. *Legislative & Regulatory Affairs Committee*

Committee Chair Mark Chandler reported the Committee did not meet since the last Commission meeting. An outline of upcoming Agency events was mentioned: Capitol Day is scheduled on February 4, 2019; and the 2019 NCPA/NWPPA Federal Policy Conference is scheduled for April 28-May 2 in Washington, D.C. An NCPA legislative briefing is scheduled at 8:00 am at the Hyatt Regency Sacramento for those Members attending Capitol Day.

The next Committee meeting is scheduled on February 20 at NCPA's office in Roseville.

Members' Announcements & Meeting Reporting

No announcements were made.

9. CONSENT CALENDAR

Prior to the roll call vote to approve the Consent Calendar, the Commissioners were polled to determine if any member wished to pull an item or abstain from one or more items on the Consent Calendar.

No items were pulled from the Consent Calendar for discussion.

Motion: A motion was made by Teresa O'Neill and seconded by John Allard approve the Consent Calendar consisting of Items 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19. The motion carried by a majority of those members present on a roll call vote with the abstentions noted below for each item. *San Francisco BART, Gridley and Truckee Donner were absent.*

10. *NCPA's Financials for the Month Ended November 30, 2018* – approval by all members.

11. *Treasurer's Report for the Month Ended November 30, 2018* – accept by all members.

12. *NCPA's Financials for the Month Ended December 31, 2018* – approval by all members.

13. **Treasurer's Report for the Month Ended December 31, 2018** – accept by all members.
14. **Sale or Disposal of Surplus Property** – note and file report by all members for disposal of 3 Dell Servers (hard drives removed and sent to headquarters for destruction), 4 KWh meters, 2 GE Static Breaker Back-up Relays and empty meter boxes, 3 power supplies, 1 AC power supply for CCTV camera, 3 Avigilon Encoders for CCTV system, and 1 MDAR Digital Distance Relay. All items have been deemed to have no value and/or obsolete and have been disposed.
Fiscal Impact: This report has no direct fiscal impact to the Agency.
Redding abstained.
15. **Resolution 19-01, Schneider Electric USA, Inc. – Five Year Multi-Task General Services Agreement for electrical related services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA, and SCPPA Members** – adopt resolution by all members authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with Schneider Electric USA, Inc., for electrical related services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$2,000,000.00 over five years, for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members.
Fiscal Impact: Upon execution, the total cost of the agreement is not to exceed \$2,000,000.00 to be used out of the NCPA approved budget. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures
16. **Resolution 19-02, Irani Engineering, Inc. – Five Year Multi-Task Consulting Services Agreement for injection well related consulting services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA, and SCPPA Members** – adopt resolution by all members authorizing the General Manager or his designee to enter into a Multi-Task Consulting Services Agreement with Irani Engineering, Inc., for injection well related consulting services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$2,000,000 over five years, for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members.
Fiscal Impact: Upon execution, the total cost of the agreement is not to exceed \$2,000,000 to be used out of the NCPA approved budget. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.
Port of Oakland abstained.
17. **Resolution 19-03, ABB, Inc. – Five Year Multi-Task General Services Agreement for generator inspection, testing, troubleshooting, and winding; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA, and SCPPA Members** – adopt resolution by all members authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with ABB, Inc. , (formerly GE International) for generator inspection, testing, troubleshooting and winding services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$10,000,000 over five years for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members.
Fiscal Impact: Upon execution, the total cost of the agreement is not to exceed \$10,000,000 over five years to be used out of NCPA approved budgets as services are rendered. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures, including approved delegated authority levels, which means that any purchase order exceeding \$250,000 will require approval by the Commission.
Port of Oakland abstained.

18. **Resolution 19-04, Pullman Heating & Cooling, Inc. – Five Year Multi-Task General Services Agreement; Applicable to the following Projects: All NCPA Facility Locations, Members, SCPPA, and SCPPA Members** – adopt resolution by all members authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with Pullman Heating & Cooling, Inc., for heating, ventilation, and air-conditioning (“HVAC”) services with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$500,000 over five years for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (SCPPA), or by SCPPA Members. **Fiscal Impact:** This enabling agreement does not commit NCPA to any expenditure of funds. At the time services are required, NCPA will bid the specific scope of work consistent with NCPA procurement policies and procedures. NCPA currently has in place agreements with Indoor Environmental Services and ACCO Engineered Systems for similar services and seeks bids from as many qualified providers as possible. Bids are awarded to the lowest cost provider. NCPA will issue purchase orders based on cost and availability of the services needed at the time the service is required.
Port of Oakland abstained.
19. **Resolution 19-09, Scheduling Coordination Program Agreement Appendix B – Approval of Revised Version 22 of Appendix B** – adopt resolution by all members approving and implementing a revised Version 22 of Appendix B to the Scheduling Coordination Program Agreement (SCPA), which details the allocation of California Independent System Operator (CAISO) charges and payments to NCPA Members. **Fiscal Impact:** No significant costs will be incurred to implement the changes to the SCPA Appendices and funds are available in the NCPA budget to support the work associated with these contract updates.
Redding abstained.

DISCUSSION / ACTION ITEMS

20. **Resolution 19-05, 2019 Geothermal Plant 1 Units 1 & 2 Overhaul; Applicable to the following project: NCPA Geothermal Facility** – adopt resolution by all members authorizing the Geothermal Plant #1 Overhaul Project and delegating authority to the General Manager or his designee to award bids, enter into agreements, and issue purchase orders necessary for the project in accordance with NCPA Purchasing Policies and Procedures without further approval by the Commission, for a total cost not to exceed \$4,800,000. **Fiscal Impact:** The total cost of the overhauls and projects is \$4,800,000. Budgeted and encumbered funds for the overhauls and projects were authorized in the FY 2019 budget and are available in the Generation Services accounts.

Assistant General Manager Ken Speer gave a presentation on the 2019 Geothermal Plant Units 1 and 2 overhaul.

Motion: A motion was made Doug Crane and seconded by Mark Chandler to adopt the resolution authorizing the Geothermal Plant #1 Overhaul Project and delegating authority to the General Manager or his designee to award bids, enter into agreements, and issue purchase orders necessary for the project in accordance with NCPA Purchasing Policies and Procedures without further approval by the Commission, for a total cost not to exceed \$4,800,000. Motion carried by majority on a roll call vote of those members present.

Palo Alto, Port of Oakland, Redding, and Shasta Lake abstained. San Francisco BART, Gridley and Truckee Donner were absent.

21. **Resolution 19-06, Lodi Energy Center 2019 Spring Outage Project** – adopt resolution by all members authorizing the 2019 LEC Spring Outage Project and delegating authority to the General Manager or his designee to award bids, execute agreements, and to issue purchase orders for the outage in accordance with NCPA Purchasing Policies and Procedures without further approval by the Commission, for a total cost not to exceed \$2,276,000.

Fiscal Impact: The budgetary funds to complete the 2019 Spring Outage include \$849,940 of pre-collected funds in the Maintenance Reserve (Account # 265-009-005-610-044-002). Additional funds in the amount of \$866,000 were anticipated in the Routine O&M budget. Three project items totaling \$560,000 were not anticipated. These include the injection well and stack averaging probe. LEC has additional funds of \$1,644,202 set aside in an account of for the transmission line upgrade project. The transmission line upgrade project is complete. Staff recommends that \$560,060 of these funds be utilized to support the April 2019 outage for these extra items.

Assistant General Manager Ken Speer gave a presentation on the Lodi Energy Center 2019 Spring Outage.

Motion: A motion was made Doug Crane and seconded by Teresa O'Neill to adopt the resolution authorizing the 2019 LEC Spring Outage Project and delegating authority to the General Manager or his designee to award bids, execute agreements, and to issue purchase orders for the outage in accordance with NCPA Purchasing Policies and Procedures without further approval by the Commission, for a total cost not to exceed \$2,276,000. Motion carried by majority on a roll call vote of those members present.

Alameda, Palo Alto, Port of Oakland, and Redding abstained. San Francisco BART, Gridley and Truckee Donner were absent.

22. **Resolution 19-07, NCPA CT2 Maintenance Work Project including use of Maintenance Reserve to fund work. Applicable to the following project: NCPA CT2 facility** – adopt resolution by all members authorizing the NCPA CT2 Maintenance Work Project and delegating authority to the General Manager or his designee to award bids, execute agreements, and issue purchase orders for the Project in accordance with NCPA Purchasing Policies and Procedures without further approval by the Commission, and approving the use of Maintenance Reserve Funds for this project, for a total not to exceed cost of \$363,000.

Fiscal Impact: The total cost of these activities is \$330,000 with a \$33,000 contingency. CT2 has a current maintenance reserve balance of \$513,000, which staff have recommended should be used for these maintenance activities. Purchase orders will be issued following NCPA procurement policies and procedures.

Assistant General Manager Ken Speer gave a presentation on the CT2 Maintenance Work Project.

Motion: A motion was made Mark Chandler and seconded by Brad Wilke to adopt the resolution authorizing the NCPA CT2 Maintenance Work Project and delegating authority to the General Manager or his designee to award bids, execute agreements, and issue purchase orders for the Project in accordance with NCPA Purchasing Policies and Procedures without further approval by the Commission, and approving the use of Maintenance Reserve Funds for this project, for a total not to exceed cost of \$363,000. Motion carried by majority on a roll call vote of those members present.

Palo Alto, Port of Oakland, Redding, Santa Clara, Shasta Lake, and Ukiah abstained. San Francisco BART, Gridley and Truckee Donner were absent.

23. **Resolution 19-08, CT1 Lodi Turbine Maintenance Project; Applicable to the following projects: NCPA CT1 Facility** – adopt resolution by all members authorizing the CT1 Lodi Turbine Maintenance Project and delegating authority to the General Manager or his designee to award bids, enter into agreements, and issue purchase orders for the Project in accordance with NCPA Purchasing Policies and Procedures without further approval by the Commission, for a total cost not to exceed \$1,500,000, and to increase the CT1 FY19 budget, with an estimated return to service date of February 13, 2019.

Fiscal Impact: The cost to perform the necessary work is \$1,500,000. The funds for this are not budgeted and budget supplement will need to be approved to fund this work. It is estimated that the unit will be out of service until February 13, 2019.

Assistant General Manager Ken Speer gave a presentation on the CT1 Lodi Turbine Maintenance Project.

Motion: A motion was made Doug Crane and seconded by Teresa O'Neill to adopt the resolution authorizing the CT1 Lodi Turbine Maintenance Project and delegating authority to the General Manager or his designee to award bids, enter into agreements, and issue purchase orders for the Project in accordance with NCPA Purchasing Policies and Procedures without further approval by the Commission, for a total cost not to exceed \$1,500,000, and to increase the CT1 FY19 budget, with an estimated return to service date of February 13, 2019. Motion carried by majority on a roll call vote of those members present.

Palo Alto, Port of Oakland, Redding, and Shasta Lake abstained. San Francisco BART, Gridley and Truckee Donner were absent.

Non-essential Members and NCPA staff left the meeting for Closed Session Item 24 discussion.

CLOSED SESSION

24. **Conference with Legal Counsel** – Existing litigation pursuant to Government Code Section 54956.9(d)(1): Name of case: Northern California Power Agency, City of Redding, City of Roseville, and City of Santa Clara v. the United States, Court of Federal Claims No. 14-817C.

RECONVENED TO OPEN SESSION

All meeting attendees rejoined the meeting.

REPORT FROM CLOSED SESSION

Closed Session Disclosure: General Counsel Jane Luckhardt stated there was no reportable action taken on Closed Session Item 24.

NEW BUSINESS

No new business was discussed.

ADJOURNMENT

The January 17, 2019, Commission meeting was adjourned at 9:49 am.

Respectfully submitted,

ROGER FRITH
Commission Chair

Prepared by,

CARY A. PADGETT
Assistant Secretary to the Commission

Attachments


**Northern California Power Agency
Commission Meeting of January 17, 2019
COMMISSIONER
Attendance List**

NCPA Commissioners are requested to sign, but signature by members of the public is voluntary.

MEMBER	NAME
ALAMEDA	<i>Jerry Serrent</i>
BIGGS	<i>Ray I. [unclear]</i>
GRIDLEY	
HEALDSBURG	<i>[unclear]</i>
LODI	<i>Mark Chandler</i>
LOMPOC	<i>Bruce [unclear]</i>
PALO ALTO	<i>Jon Al</i> <i>Jonathan Abendtschein</i>
PORT OF OAKLAND	<i>Basil Wong</i>
PLUMAS-SIERRA REC	<i>Michael Brog</i>
REDDING	<i>Kristen [unclear]</i>
ROSEVILLE	<i>[unclear]</i>
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT (BART)	
SANTA CLARA	<i>Teresa O'Neill</i>
SHASTA LAKE	<i>Samos Takekura</i>
TRUCKEE DONNER	
UKIAH	<i>DOUGLAS CRAIG</i>

**Northern California Power Agency
Commission Meeting of January 17, 2019
Attendance List**

NCPA Commissioners, Alternates & Staff are requested to sign, but signature by members of the public is voluntary.

NAME	AFFILIATION
	Healdsburg
	Roseville
	Shasta Lake
Mike DeBortoli	NCPA
Ann Hatcher	SVP
Melissa Price	Lady
Kathleen Hughes	SVP
Dan Beas	Redding
Stephen Mariani	Alameda
Nico Proas	AMP
Vidhi Chawla	AMP
Ken Speer	NCPA
Mike Brozo	PSREC
Rebecca Smith	Healdsburg
Alan Harbottle	AMP
John Roarkema	SVP - Santa Clara
MANUEL PINEDA	SVP - SANTA CLARA
Met Gagnardi	UKIAH
Wann Lucchetti	UKIAH
Cindy Sauer	UKIAH
Jane Luckenhardt	NCPA
Rozor Frith	Biss
Randy Howard	NCPA

**Northern California Power Agency
Commission Meeting of January 17, 2019
Attendance List**

NCPA Commissioners, Alternates & Staff are requested to sign, but signature by members of the public is voluntary.

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Minutes - DRAFT

To: NCPA Commission
From: Cary A. Padgett, Assistant Secretary to the Commission
Subject: January 17, 2019, NCPA Special Commission Meeting

1. *Call Meeting to Order and Introductions*

Chair Roger Frith called the meeting to order at 10:00 am at The Kimpton Sawyer Hotel, 500 J Street, Sacramento, California. A quorum was present. Those in attendance are shown on the attached attendance list.

PUBLIC FORUM

Chair Frith asked if any members of the public were present who would like to address the Commission on the agenda items. No members of the public were present.

Non-essential Members and NCPA staff left the meeting for Closed Session Item 2 discussion.

General Counsel Jane Luckhardt took the Commission into Closed Session.

CLOSED SESSION

2. *Conference with Legal Counsel* – Initiation of litigation pursuant to Government Code Section 54956.9 paragraph (4) of subdivision (d): one potential case

RECONVENED TO OPEN SESSION

Non-essential Members and NCPA staff rejoined the meeting.

General Counsel Jane Luckhardt convened the Commission to Open Session.

REPORT FROM CLOSED SESSION

Closed Session Disclosure: General Counsel Jane Luckhardt stated no reportable action was taken on Closed Session Item 2.

ADJOURNMENT

The January 17, 2019, Special Commission meeting was adjourned at 10:21 am.

Respectfully submitted,

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CARY A. PADGETT
Assistant Secretary to the Commission

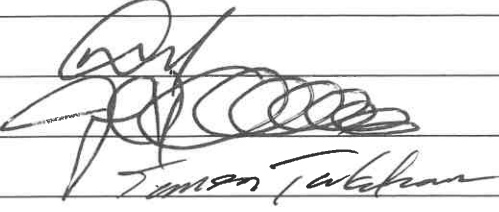
Northern California Power Agency
Commission Meeting of January 17, 2019
COMMISSIONER
Attendance List

NCPA Commissioners are requested to sign, but signature by members of the public is voluntary.

MEMBER	NAME
ALAMEDA	<i>Jepp Jernum</i>
BIGGS	<i>Ray L. [Signature]</i>
GRIDLEY	
HEALDSBURG	<i>[Signature]</i>
LODI	<i>Wain Chandler</i>
LOMPOC	<i>B. [Signature]</i>
PALO ALTO	<i>J. Ah</i> <i>Jonahay Abendschein</i>
PORT OF OAKLAND	<i>Basil Wong</i>
PLUMAS-SIERRA REC	<i>Michael Brog</i>
REDDING	<i>Kristen [Signature]</i>
ROSEVILLE	<i>[Signature]</i>
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT (BART)	
SANTA CLARA	<i>Teresa O'Neill</i>
SHASTA LAKE	<i>Samos Takekura</i>
TRUCKEE DONNER	
UKIAH	<i>DOUGLAS CRANE</i>

**Northern California Power Agency
Commission Meeting of January 17, 2019
Attendance List**

NCPA Commissioners, Alternates & Staff are requested to sign, but signature by members of the public is voluntary.

NAME	AFFILIATION
	Healdsburg
Simon Tahkian	Roseville
Mike DeBortoli	Shasta Lake
Ann Hatcher	NCPA
Melissa Price	SVP
Kathleen Hughes	Lodi
Dan Beans	SVP
Stephen Mariani	Redding
Nico Procas	Alameda
Vidhi Chawla	AMP
Ken Speer	AMP
Mike Brozo	NCPA
Patricia Smith	PSREC
Alan Harbottle	Healdsburg
John Roarkema	AMP
MANUEL PINEDA	SVP - Santa Clara
Met Gagnardi	SUP - SANTA CLARA
Giann Lucchetti	ARKgate
Cindy Sauer	Ukiah
Jane Luckenbach	Ukiah
Rozor Frith	NCPA
Randy Howard	Biss
	NCPA

NCPA Commissioners, Alternates & Staff are requested to sign, but signature by members of the public is voluntary.

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Minutes - DRAFT

To: NCPA Commission

From: Cary A. Padgett, Assistant Secretary to the Commission

Subject: February 7, 2019, NCPA Special Commission Meeting / Teleconference

1. *Call Meeting to Order and Introductions*

Chair Roger Frith called the meeting to order at 1:00 pm at NCPA's Roseville Office, 651 Commerce Drive, Roseville, California. A quorum was present. Introductions were made. Those in attendance and via teleconference are shown on the attached attendance list.

PUBLIC FORUM

Chair Frith asked if any members of the public were present who would like to address the Commission on the agenda items. No members of the public were present.

Non-essential Members and NCPA staff left the meeting for Closed Session Item 2 discussion.

General Counsel Jane Luckhardt took the Commission into Closed Session.

CLOSED SESSION

2. *Conference with Legal Counsel* – Initiation of litigation pursuant to Government Code Section 54956.9 paragraph (4) of subdivision (d): two potential cases

RECONVENED TO OPEN SESSION

Non-essential Members and NCPA staff rejoined the meeting.

General Counsel Jane Luckhardt convened the Commission to Open Session.

REPORT FROM CLOSED SESSION

Closed Session Disclosure: General Counsel Jane Luckhardt stated no reportable action was taken on Closed Session Item 2.

ADJOURNMENT

The February 7, 2019, Special Commission meeting was adjourned at 1:41 pm.

Respectfully submitted,

//

CARY A. PADGETT

Assistant Secretary to the Commission

**Northern California Power Agency
SPECIAL Commission Meeting of February 7, 2019
COMMISSIONER
Attendance List**

NCPA Commissioners are requested to sign, but signature by members of the public is voluntary.

MEMBER	NAME
ALAMEDA	Jerry Serventi - teleconference
BIGGS	Roger Frith - teleconference
GRIDLEY	
HEALDSBURG	TJ
LODI	Mark Chandler - teleconference
LOMPOC	Brad Wilke
PALO ALTO	Greg Schaff - teleconference
PORT OF OAKLAND	Basil Wong
PLUMAS-SIERRA REC	
REDDING	D.R.
ROSEVILLE	John Allard - teleconference
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT (BART)	
SANTA CLARA	
SHASTA LAKE	James Tolan
TRUCKEE DONNER	
UKIAH	MEL Grand

NCPA Commissioners, Alternates & Staff are requested to sign, but signature by members of the public is voluntary.

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Commission Staff Report

AGENDA ITEM NO.: 5

Date: February 21, 2019
To: NCPA Commission
Subject: February 6, 2019 Facilities Committee Meeting Minutes

The attached Draft Minutes are being provided for information and to augment the oral Committee report.



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Minutes - Draft

Date: February 11, 2019
To: NCPA Facilities Committee
From: Carrie Pollo
Subject: February 6, 2019, Facilities Committee Meeting Minutes

- 1. Call meeting to order & Roll Call** - The meeting was called to order by Committee Chair Tikan Singh (Lompoc) at 9:02 am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Mark Sorensen (Biggs), Paul Eckert (Gridley), Terry Crowley (Healdsburg), Poorvi Rao and Shiva Swaminathan (Palo Alto), Brian Schinstock (Redding), and Paulo Apolinario and Steve Hance (Santa Clara). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Port of Oakland, Plumas Sierra, TID, and Ukiah were absent. A quorum of the Committee was established.

PUBLIC FORUM

No public comment.

- 2. Approve minutes from the January 3, 2019, Facilities Committee meeting.**

Motion: A motion was made by Bill Forsythe and seconded by Jiayo Chiang recommending approval of the January 3, 2019, Facilities Committee meeting minutes. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Redding, Roseville, and Santa Clara. The motion passed.

- 3. All Generation Services Facilities, Members, SCPPA – North American Substation Services, LLC MTGSA** – Staff presented background information and was seeking a recommendation for Commission approval of a five-year Multi-Task General Services Agreement with North American Substation Services, LLC for transformer related services, with a not to exceed amount of \$1,000,000, for use at all facilities owned and/or operated by NCPA, its Members, SCPPA, and SCPPA Members. This agreement is being renewed with an existing vendor that has done previous work for NCPA. This vendor was the lowest bidder for the RFP with minor cost increases over their existing costs. This is an enabling agreement with no commitment of funds. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets. A draft Commission Staff Report and the draft agreement were available for review.

Motion: A motion was made by Jiayo Chiang and seconded by Bill Forsythe recommending

Commission approval authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with North American Substation Services, LLC for transformer related services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000.00 over five years, for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority ("SCPPA"), or by SCPPA Members. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Redding, Roseville, and Santa Clara. The motion passed.

4. **All Generation Services Facilities, Members, SCPPA – Fremouw Environmental Services, Inc. MTGSA** – Staff presented background information and was seeking a recommendation for Commission approval of a five-year Multi-Task General Services Agreement with Fremouw Environmental Services, Inc. for waste removal services, with a not to exceed amount of \$3,000,000, for use at all facilities owned and/or operated by NCPA. This agreement is being renewed with an existing vendor that has been working for NCPA the past 5 years. Fremouw Environmental Services, Inc. was the only bidder for the RFP. This is an enabling agreement with no commitment of funds. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets. A draft Commission Staff Report and the draft agreement were available for review.

Since this agreement deals with the removal of hazardous waste, it will not be open to NCPA Members, SCPPA, or SCPPA Members. It will be used at NCPA owned and/or operated facilities only. This provision is included in the support services agreements.

Motion: A motion was made by Alan Harbottle and seconded by Bill Forsythe recommending Commission approval authorizing the General Manager or his designee to enter into a Multi-Task Consulting Services Agreement with Fremouw Environmental Services, Inc. for waste removal services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$3,000,000.00 over five years, for use at all facilities owned and/or operated by NCPA. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Redding, Roseville, and Santa Clara. The motion passed.

5. **All Generation Services Facilities, Members, SCPPA – Valley Power Systems North, Inc. MTGSA** – Staff provided background information and was seeking a recommendation for Commission approval of a five-year Multi-Task General Services Agreement with Valley Power Systems North, Inc. for fire pump maintenance-related services, with a not to exceed amount of \$500,000, for use at all facilities owned and/or operated by NCPA, its Members, SCPPA, and SCPPA Members. This is a renewal agreement with an existing vendor, and an enabling agreement with no commitment of funds. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets. A draft Commission Staff Report and the draft agreement were available for review.

Motion: A motion was made by Jiayo Chiang and seconded by Bill Forsythe recommending Commission approval authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with Valley Power Systems North, Inc. for fire pump maintenance services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$500,000.00 over five years, for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority ("SCPPA"), or by SCPPA Members. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Redding, Roseville, and Santa Clara. The motion passed.

6. **All Generation Services Facilities, Members, SCPPA – Bayside Insulation & Construction, Inc. MTGSA** – Staff provide background information was seeking a recommendation for Commission approval of a five-year Multi-Task General Services Agreement with Bayside Insulation & Construction, Inc. for insulation services, with a not to exceed amount of \$500,000, for use at all facilities owned and/or operated by NCPA, its Members, SCPPA, and SCPPA Members. This is a renewal agreement with an existing vendor, and an enabling agreement with no commitment of funds. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets. A draft Commission Staff Report and the draft agreement were available for review.

Motion: A motion was made by Bill Forsythe and seconded by Alan Harbottle recommending Commission approval authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with Bayside Insulation & Construction, Inc. for insulation services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$500,000.00 over five years, for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Redding, Roseville, and Santa Clara. The motion passed.

7. **All Generation Services Facilities, Members, SCPPA – K.S. Dunbar & Associates, Inc. MTCSA** – Staff presented background information and was seeking a recommendation for Commission approval of a five-year Multi-Task Consulting Services Agreement with K.S. Dunbar & Associates, Inc. for NEPA and CEQA document preparation and consulting services, with a not to exceed amount of \$1,000,000, for use at all facilities owned and/or operated by NCPA, its Members, SCPPA, and SCPPA Members. NCPA has worked with K.S. Dunbar and Associates for over 30 years, so this is a renewal agreement. K.S. Dunbar understands NCPA’s projects and objectives and is able to cost-effectively offer NEPA and CEQA document preparation and consulting services. This is an enabling agreement with no commitment of funds. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets. A draft Commission Staff Report and the draft agreement were available for review.

Motion: A motion was made by Jiayo Chiang and seconded by Bill Forsythe recommending Commission approval authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with K.S. Dunbar & Associates, Inc. for NEPA and CEQA document preparation and consulting services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000 over five years for use at all facilities owned and/or operated by NCPA, its members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Redding, Roseville, and Santa Clara. The motion passed.

8. **All Generation Services Facilities, Members, SCPPA – Hart High Voltage Apparatus Repairs and Testing Co., Inc. First Amendment to MTGSA** – Staff provided background information and was seeking a recommendation for Commission approval of a First Amendment to the five year Multi-Task General Services Agreement with Hart High Voltage Apparatus Repairs and Testing Co., Inc., increasing the not to exceed amount from \$700,000 to \$2,700,000, for use at all facilities owned and/or operated by NCPA, its Members, SCPPA, and SCPPA Members. With the upcoming overhaul projects for Plant 1 Units 1 and 2 staff is recommending increasing the not to exceed amount to cover these

expenditures. This is an enabling agreement with no commitment of funds. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets. A draft Commission Staff Report and the draft agreement were available for review.

Motion: A motion was made by Bill Forsythe and seconded by Jiayo Chiang recommending Commission approval authorizing the General Manager or his designee to enter into a First Amendment to the Multi-Task General Services Agreement with Hart High-Voltage Apparatus Repair And Testing Co., Inc. for specialized electrical services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall increase the not to exceed amount from \$700,000 to \$2,700,000, as requested by NCPA at any facilities owned or operated by Agency, its Members, Southern California Public Power Authority (SCPPA) or SCPPA members. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, and Santa Clara. The motion passed.

- 9. All Generation Services Facilities, Members, SCPPA – Brian Davis dba Northern Industrial Construction First Amendment to MTGSA** – Staff presented background information and was seeking a recommendation for Commission approval of a First Amendment to the five-year Multi-Task General Services Agreement with Brian Davis dba Northern Industrial Construction, increasing the not to exceed amount from \$1,000,000 to \$2,000,000, for use at all facilities owned and/or operated by NCPA, its Members, SCPPA, and SCPPA Members. With the upcoming overhaul projects for Plant 1 Units 1 and 2 staff is recommending increasing the not to exceed amount to cover these expenditures. This is an enabling agreement with no commitment of funds. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets. A draft Commission Staff Report and the draft agreement were available for review.

Motion: A motion was made by Bill Forsythe and seconded by Jiayo Chiang recommending Commission approval authorizing the General Manager or his designee to enter into a First Amendment to the Multi-Task General Services Agreement with Brian Davis dba Northern Industrial Construction for miscellaneous maintenance services, including but not limited to welding, labor, and materials, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall increase the not to exceed amount from \$1,000,000 to \$2,000,000, as requested by NCPA at any facilities owned or operated by Agency, its Members, Southern California Public Power Authority (SCPPA) or SCPPA members. YES = Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, and Santa Clara. The motion passed.

- 10. NCPA Geothermal Facility – Geothermal Resource Group MTCSA** – Staff presented background information and was seeking a recommendation for Commission approval of a five-year Multi-Task Consulting Services Agreement with Geothermal Resource Group for drilling engineering, site supervision, and development of well workover plans, with a not to exceed amount of \$500,000, for use at NCPA Geothermal Facility only. This is an enabling agreement with no commitment of funds. This agreement will be used during the P-site well workover and evaluating of geothermal reservoirs. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets. A draft Commission Staff Report and the draft agreement were available for review.

Motion: A motion was made by Bill Forsythe and seconded by Jiayo Chiang recommending Commission approval authorizing the General Manager or his designee to enter into a Multi-Task Consulting Services Agreement with Geothermal Resource Group for assisting in development of new or production well workovers, interpretation of well analysis reports,

and supervision during drilling operations, with any non-substantial changes recommended and approved by the NCPA General counsel, which shall not exceed \$500,000 over five years, for use at the Geothermal plant facility. YES = Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Redding, Roseville, and Santa Clara. ABSTAIN = Palo Alto. The motion passed.

- 11. NCPA Geothermal Facility – Redwood Coast Fuels MTEMS** – Staff presented background information and was seeking a recommendation for Commission approval of a five-year Multi-Task Equipment Materials and Supplies Agreement with Redwood Coast Fuels for purchase of fuels, oils, and other petroleum products, with a not to exceed amount of \$2,000,000, for use at NCPA Geothermal Facility only. This vendor will procure and deliver the fuel. Calpine has used this vendor as well. This is an enabling agreement with no commitment of funds. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets. A draft Commission Staff Report and the draft agreement were available for review.

Motion: A motion was made by Jiayo Chiang and seconded by Bill Forsythe recommending Commission approval authorizing the General Manager or his designee to enter into an Agreement for Purchase of Equipment, Materials and Supplies with Nick Barbieri Trucking, LLC dba Redwood Coast Fuels for the delivery of fuels, oils, lubricants, and other miscellaneous petroleum products with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$2,000,000 over five years, for use at the NCPA Geothermal plant facility. YES = Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Redding, Roseville, and Santa Clara. ABSTAIN = Palo Alto. The motion passed.

- 12. NCPA Generation Services Plant Updates** – NCPA Plant Staff will provided the Committee with an informational update on current plant activities and conditions.

CTs – Lodi CT1 is currently in an outage. Disassembly has been completed. The NDE has been completed as well, with no major problems. The bearing is experiencing lots of ware and tare, plus 2nd stage shrouds are cracking. Buckets have been replaced with spares, and the compressor blades cleaned up. Replacement parts have been located. There have been several other minor findings, so the outage schedule is slipping a bit, and repairs should be completed by the end of February. The fire system has been changed from a halon system. Parts were hard to get for this type of system, and bottles of halon cost approximately \$16,000 per bottle. The emergency fuel shutoff has also been upgraded.

Geo – There have been no safety incidents at Geo the past month. The February 5th Safety Audit was cancelled due to snow and ice, so will be rescheduled. Generation dipped slightly due to the SEGEF operation and cold weather. It is still just above the forecasted amount. The Stretford Project is ahead of schedule and should be completed by March pending CEQA approval by the CEC. The bid walk for the Plant 1 overhaul was January 16th, with bids due back February 5th. Five potential bidders include Ethos, Stephens Mechanical, Reliable Turbine Services, Fuji Electric and Energy Management Corp. The overhaul is scheduled to start April 1. Request for Proposals was sent out January 28th, for the P-Site Well Workovers. The bid walk will be February 6th. Potential drilling contractors include Paul Graham Drilling, Kenai Drilling, Ensign Energy, and Nabors Drilling. Bids are due back February 20th. Staff is anticipating mobilizing the drill rig in either April or May.

Hydro – The current hydrology results are currently slightly above normal right now. The current snowpack for the Central Sierra is at 128% of normal. Cloud seeding has been going

on during these storms as well. Currently at 8700 feet elevation, the water content is 38 inches. New Spicer needs 100 inches by summer to be able to be at capacity.

13. Status of Insurance Claim for Alameda CT Unit #1 – Staff provided an update on the insurance claim for this project. The property damage claim submitted was \$1.89 million. The lost revenue claim was about \$182,600. All supporting documents were submitted and the claim is currently being reviewed by an adjuster.

14. Nexant Cost Allocation Model Billing Determinants – Staff reviewed updates and proposed modifications to the Nexant Model, which is used to allocate approximately \$12 Million in Power Management, Risk Management, Settlements and information services budget costs. With this finalized version, staff was seeking a recommendation for Commission approval for the billing determinants for use in the FY2020 Nexant Cost Allocation Model. Staff identified and reviewed the source of changes to members' costs, as compared to the prior fiscal year, due to updated determinants. The calendar year 2018 data model results were finalized January 15. The final version of the Nexant Cost Allocation Model and associated underlying operational data was published to NCPA Connect for member review and feedback at that time.

Staff reviewed two proposed modifications to the current Nexant Cost Allocation Model. The first proposed modification excludes system-generated real-time balancing schedules as determinants in the Nexant model. During CY 2018, NCPA Information Services staff deployed three scheduling provisions to facilitate resource and portfolio balancing for SVP for use with the NCPA scheduling suite. These scheduling provisions (RT Adjustment, Grizzly Entitlement, and Gross Load) are automatically generated and do not require or reflect any incremental time on the part of NCPA dispatch staff.

The second modification is to prorate Seattle City Light (SCL) Agreement resource parameter values to reflect end of operations prior to the end of a calendar year. The SCL Agreement ended April 2018. In contrast, the use of related fixed parameter values such as 'Maximum Operating Capacity' in the Nexant Model implicitly presumes that resources exist for a full year. Staff recommends that applicable parameter values be prorated for the SCL agreement as well as other resources on a prospective basis to reflect situations in which a supply resource's operations are discontinued prior to the end of a calendar year.

Relative percentage changes between calendar year 2018 and 2017 with respect to member contracts, load, and pool resources contributed to the allocated results observed for Pool Members and BART. Member contracts and metered loads are two of the primary inputs used as determinants for the allocation of \$3.8 million to Pool Members and BART. This amount is composed of approximately \$1.95 million in Direct Pool and BART Costs, \$1.6 million for allocated Pool Operating Entity Costs, and \$0.3 million associated with allocation of Scheduled Energy-related costs. Separately, the revenue offset allocation to members is approximately \$2.5 million, which is allocated to members through a separate accounting process.

Motion: A motion was made by Jiayo Chiang and seconded by Poorvi Rao recommending Commission approval of the proposed modifications presented at this committee meeting and billing determinants for use in the FY 2020 Nexant Cost Allocation Model. The proposed modifications to the Nexant Cost Allocation Model are: 1) Modify applicable parameter values for use as determinants in the Nexant Model to apply prorated capacity values and prorated Integrated System unit values to resources that are in commercial operation for less than a full calendar year. For FY 2020, this modification would apply to the Seattle City Light (SCL) Agreement resource that ended at the end of April 2018, and would apply on a

prospective basis to other similarly situated resources, to the extent that the Nexant Model is utilized. 2) Modify the use of Real-Time Schedule Counts, as determinants in the Nexant Model, to exclude system-generated real-time balancing schedules for FY 2020 and going forward, to the extent that the Nexant Model is utilized. YES = Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, and Santa Clara. The motion passed.

- 15. NCPA Authority to Procure Short-Term Resource Adequacy Capacity** – Staff will present and seek comments on a new Appendix I to the Amended and Restated Scheduling Coordination Program Agreement (SCPA), under which NCPA may be authorized to procure Resource Adequacy capacity on behalf of the participating members.

Item pulled from the Agenda. Will bring back at a later date.

The CAISO is in the process of making changes to the RA outage scheduling requirements. A straw proposal is currently ready for review. Comments are due February 12. Changes are being made to business practices 1121 & 1122. Pending the outcome and comments from the straw proposal review, this item will be brought back to a future meeting.

16. Planning and Operations Update –

- NCPA is currently under going a NERC CIP Audit. Things are going well, and all documentation is being provided.
- On February 1, Pioneer Community Energy was successfully migrated to their own SC.
- East Bay Community Energy and San Jose Clean Energy are going through this process as well, and should be migrated over by March 1, or possibly mid-March.
- NCPA met and reviewed questions regarding a draft services agreement with SFWPA on January 24. Pending further discussion, it is likely that any services provided by NCPA to SFWPA would be similar to services provided to MEID.
- The Amended NCPA NDA will be presented to the Commission for review and approval on February 21. The Legal Committee will review the document prior to the Commission meeting.
- NCPA met with PG&E on January 29, to discuss transmission planning and next steps regarding development of a new stakeholder process. Anish Nand will reach out to Members to identify interconnection and transmission projects that may be presented to PG&E for consideration.

- 17. Schedule Next Meeting Date** – The next regular Facilities Committee meeting is scheduled for March 6, 2019.

ADJOURNMENT


The meeting was adjourned at 11:30 am by the Committee Chair.

NCPA Facilities Committee Members, Alternates & Staff are requested to sign, but signature by members of the public is voluntary.

[illegible]

**Northern California Power Agency
February 6, 2019 Facilities Committee Meeting
Attendance List**

NCPA Facilities Committee Members are requested to sign, but signature by members of the public is voluntary.

<u>MEMBER</u>	<u>NAME</u>
ALAMEDA	Alan Harbottle
BART	
BIGGS	
GRIDLEY	
HEALDSBURG	
LODI	Diago Chiang
LOMPOC	Sikan 
PALO ALTO	
PLUMAS-SIERRA REC	
PORT OF OAKLAND	
REDDING	
ROSEVILLE	Bill Forsythe
SANTA CLARA	
TID	
UKIAH	



10


Commission Staff Report

February 13, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: January 2019 Financial Report (Unaudited)

AGENDA CATEGORY: Consent

FROM:	Sondra Ainsworth 	METHOD OF SELECTION:
	Treasurer-Controller	N/A
Division:	Administrative Services	
Department:	Accounting & Finance	

IMPACTED MEMBERS:

All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input type="checkbox"/>	City of Lompoc <input type="checkbox"/>	City of Ukiah <input type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input type="checkbox"/>
City of Biggs <input type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input type="checkbox"/>	City of Roseville <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	Other <input type="checkbox"/>

If other, please specify

RECOMMENDATION:

Approval by all members

NOTICE:

The disbursements of the Northern California Power Agency for the month reported herein, will be approved at the February 21, 2019 meeting of the NCPA Commission. The following page is a summary of those disbursements.

Prior to the Chairman's call to order, the Assistant Secretary to the Commission will, upon request, make available for review the detailed listing of those disbursements.

The report of budget vs. actual costs and the unaudited January 2019 financial reports are also included.

FISCAL IMPACT:

This report has no direct budget impact to the Agency.

ENVIRONMENTAL ANALYSIS:

The financial report would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 of the California Environmental Quality Act. No environmental review is necessary.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Randy Howard" followed by a stylized flourish.

RANDY S. HOWARD
General Manager

Attachments: (1)

**NORTHERN CALIFORNIA POWER AGENCY
and ASSOCIATED POWER CORPORATIONS**

**Schedule of Disbursements
(Unaudited)**

For the Month of January 2019

Operations:

Geothermal	\$ 1,198,740
Hydroelectric	4,429,427
CT#1 Combustion Turbines	417,678
CT#2 STIG	603,556
Lodi Energy Center	8,873,809
NCPA Operating	<u>33,923,074</u>
Total	<u><u>\$ 49,446,284</u></u>

**NORTHERN CALIFORNIA POWER AGENCY
REPORT OF BUDGET VS. ACTUAL COST
FOR THE PERIOD ENDED JANUARY 31, 2019**

PERCENT OF YEAR ELAPSED 58%
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	This Month	Actual Year To-Date	FY 2019 Budget	% Used	
<u>GENERATION RESOURCES</u>					
<u>NCPA Plants</u>					
Hydroelectric					
Other Plant Cost	\$ 959,079	\$ 9,031,462	\$ 16,699,691	54%	
Debt Service (Net)	2,929,735	20,508,148	35,156,824	58%	
Annual Budget Cost	3,888,814	29,539,610	51,856,515	57%	
 Geothermal					
Other Plant Cost	2,596,678	17,121,467	29,488,515	58%	
Debt Service (Net)	411,408	2,879,856	4,936,896	58%	
Annual Budget Cost	3,008,086	20,001,323	34,425,411	58%	
 Combustion Turbine No. 1					
	703,504	4,365,288	8,105,701	54%	
 Combustion Turbine No. 2 (Stig)					
Fuel and Pipeline Transport Charges	142,120	939,350	977,410	96%	(a)
Other Plant Cost	123,077	1,187,487	2,048,734	58%	
Debt Service (Net)	476,392	3,334,746	5,716,708	58%	
Annual Budget Cost	741,589	5,461,583	8,742,852	62%	
 Lodi Energy Center					
Fuel	4,246,370	33,734,019	33,092,116	102%	(b)
Other Plant Cost	2,954,396	14,577,595	24,544,632	59%	
Debt Service (Net)	2,173,321	15,213,248	26,079,852	58%	
Annual Budget Cost	9,374,087	63,524,862	83,716,600	76%	
 Member Resources - Energy					
	3,822,415	34,507,928	64,448,814	54%	
Member Resources - Natural Gas	477,371	3,018,576	3,098,278	97%	(c)
Western Resources	389,015	9,804,912	31,349,618	31%	
Market Power Purchases	1,794,115	14,865,587	15,539,033	96%	(d)
Load Aggregation Costs - CAISO	55,342,475	276,726,482	273,858,269	101%	(e)
Net GHG Obligations	-	1,150,485	1,122,972	102%	(f)
	79,541,471	462,966,636	576,264,063	80%	
 <u>TRANSMISSION</u>					
<u>Independent System Operator</u>					
Grid Management Charge	739,637	3,183,874	3,662,271	87%	(g)
Wheeling Access Charge	6,915,746	56,105,525	104,569,875	54%	
Ancillary Services	889,711	5,017,724	3,040,303	165%	(h)
Other ISO Charges/(Credits)	2,862,506	8,184,072	1,549,274	528%	(i)
	11,407,600	72,491,195	112,821,723	64%	
 <u>MANAGEMENT SERVICES</u>					
<u>Legislative & Regulatory</u>					
Legislative Representation	144,466	1,137,643	2,023,068	56%	
Regulatory Representation	48,391	315,995	886,616	36%	
Western Representation	51,019	364,824	848,160	43%	
Member Services	13,069	155,142	438,389	35%	
Judicial Action	102,344	442,557	625,000	71%	(j)

Management Services continued on next page

**NORTHERN CALIFORNIA POWER AGENCY
REPORT OF BUDGET VS. ACTUAL COST
FOR THE PERIOD ENDED JANUARY 31, 2019**

PERCENT OF YEAR ELAPSED 58%
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	This Month	Actual Year To-Date	FY 2019 Budget	% Used	
Power Management					
System Control & Load Dispatch	441,782	3,286,203	6,107,416	54%	
Forecasting, Planning, Prescheduling & Trading	193,854	1,417,503	2,775,167	51%	
Industry Restructuring & Regulatory Affairs	36,247	187,565	438,813	43%	
Contract Admin, Interconnection Svcs & External Affairs	62,137	457,034	1,134,623	40%	
Green Power Project	25	171	2,964	6%	
Gas Purchase Program	5,554	35,920	77,781	46%	
Market Purchase Project	6,258	47,359	112,014	42%	
Energy Risk Management	11,621	81,821	259,585	32%	
Settlements	44,254	303,914	941,392	32%	
Integrated Systems Support	46,851	95,371	272,850	35%	
Participant Pass Through Costs	107,507	865,462	1,619,170	53%	
Support Services	29,131	612,821	-	N/A	
	1,344,510	9,807,305	18,563,008	53%	
TOTAL ANNUAL BUDGET COST	92,293,581	545,265,136	707,648,794	77%	
LESS: THIRD PARTY REVENUE					
Plant ISO Energy Sales	11,310,581	100,219,699	100,456,289	100%	(k)
Member Resource ISO Energy Sales	3,328,092	25,105,657	28,186,777	89%	(l)
NCPA Contracts ISO Energy Sales	1,062,708	17,346,121	14,720,326	118%	(l)
Western Resource Energy Sales	6,152	12,535,213	23,182,775	54%	
Load Aggregation Energy Sales	30,001,527	137,891,194	131,328,609	105%	(m)
Ancillary Services Sales	275,040	3,271,951	4,409,129	74%	(n)
Transmission Sales	9,198	64,386	110,376	58%	
Western Credits, Interest and Other Income	2,487,639	12,943,566	37,414,086	35%	
	48,480,937	309,377,787	339,808,367	91%	
NET ANNUAL BUDGET COST TO PARTICIPANTS	\$ 43,812,644	\$ 235,887,349	\$ 367,840,427	64%	

- (a) Increase in costs due to greater than projected MWhs of generation. CT2 is at 257% of budgeted MWhs at 1/31/19. Fuel costs and CA ISO charges have increased as a result of increased generation.
- (b) Increase in costs due to higher fuel costs due to higher price per mmBtu compared to budgeted price per mmBtu.
- (c) Increase due to greater than projected MWhs of generation at CT2 and LEC. See notes (a) and (b).
- (d) Variance due to unbudgeted market purchases and NCPA contracts. Unbudgeted deals made after the FY19 budget including certain NextEra and Shell deals.
- (e) Increase due to higher than budgeted market prices and unbudgeted costs related to East Bay Community Energy and San Jose Community Energy.
- (f) Purchases made several months in advance. Increase primarily due to greater than anticipated GHG allowances purchased at auction for Alameda and the City of Lodi.
- (g) Increase due to greater than projected MWhs of generation. See notes (a) and (b).
- (h) Increase due to greater than projected MWhs of generation. See notes (a) and (b).
- (i) The budget to actual variance is caused by unbudgeted CAISO costs including imbalance costs, neutrality allocations, congestion offsets, and other cost allocations. These costs are not budgeted due to their unpredictable nature.
- (j) Variance due to higher than anticipated legal costs related to privileged and confidential legal proceedings.
- (k) Increase due to higher market prices caused by California wildfires.
- (l) Variance due to higher than anticipated ISO energy sales and higher market prices for the Lodi Energy Center (LEC), CT2, and Hydro.
- (m) The load aggregation energy sales variance is due to unbudgeted sales related to East Bay Community Energy and San Jose Clean Energy.
- (n) Increase due to greater than projected MWhs of generation. See notes (a) and (b) and corresponding increase in ancillary services costs.

COMBINED STATEMENTS OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

UNAUDITED

	January 31,	
	2019	2018
	(in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 25,564	\$ 21,615
Investments	50,245	49,706
Accounts receivable		
Participants	15	34
Other	292	202
Interest receivable	332	122
Inventory and supplies	9,746	9,873
Prepaid expenses	2,895	555
TOTAL CURRENT ASSETS	89,089	82,107
RESTRICTED ASSETS		
Cash and cash equivalents	42,152	40,406
Investments	177,349	176,107
Interest receivable	404	345
TOTAL RESTRICTED ASSETS	219,905	216,858
ELECTRIC PLANT		
Electric plant in service	1,505,259	1,504,083
Less: accumulated depreciation	(991,260)	(960,789)
	513,999	543,294
Construction work-in-progress	182	185
TOTAL ELECTRIC PLANT	514,181	543,479
OTHER ASSETS		
Regulatory assets	229,221	234,151
Unused vendor credits	-	24
Preliminary survey and investigation costs	183	-
Investment in associated company	265	-
TOTAL ASSETS	1,052,844	1,076,619
DEFERRED OUTFLOWS OF RESOURCES		
Excess cost on refunding of debt	36,348	44,513
Pension deferrals	19,200	13,506
TOTAL DEFERRED OUTFLOWS OF RESOURCES	55,548	58,019
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,108,392	\$ 1,134,638

COMBINED STATEMENTS OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

UNAUDITED

	January 31,	
	2019	2018
	(in thousands)	
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 19,206	\$ 30,760
Accounts and retentions payable - restricted for construction	10	-
Member advances	1,229	1,068
Operating reserves	23,290	21,248
Current portion of long-term debt	41,275	41,545
Accrued interest payable	4,658	4,997
TOTAL CURRENT LIABILITIES	89,668	99,618
NON-CURRENT LIABILITIES		
Net pension and OPEB liability	76,002	64,589
Operating reserves and other deposits	147,511	142,121
Interest rate swap liability	13,326	15,930
Long-term debt, net	663,354	707,103
TOTAL NON-CURRENT LIABILITIES	900,193	929,743
TOTAL LIABILITIES	989,861	1,029,361
DEFERRED INFLOWS OF RESOURCES		
Regulatory credits	69,123	72,273
Pension and OPEB deferrals	3,195	4,460
TOTAL DEFERRED INFLOWS OF RESOURCES	72,318	76,733
NET POSITION		
Net investment in capital assets	(55,775)	(57,654)
Restricted	61,245	55,438
Unrestricted	40,743	30,760
TOTAL NET POSITION	46,213	28,544
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,108,392	\$ 1,134,638

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

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

UNAUDITED

	Seven Months Ended January 31,			
	2019		2018	
	(in thousands)			
OPERATING REVENUES				
Participants	\$	263,655	\$	207,804
Other Third-Party		163,757		133,993
TOTAL OPERATING REVENUES		427,412		341,797
OPERATING EXPENSES				
Purchased power		181,059		146,488
Operations		63,404		45,890
Transmission		105,697		80,929
Depreciation		18,035		18,076
Maintenance		12,883		12,820
Administrative and general		11,937		11,172
TOTAL OPERATING EXPENSES		393,015		315,375
NET OPERATING REVENUES		34,397		26,422
NON OPERATING (EXPENSES) REVENUES				
Interest expense		(24,150)		(25,249)
Interest income		6,188		3,598
Other		4,578		2,744
TOTAL NON OPERATING EXPENSES		(13,384)		(18,907)
FUTURE RECOVERABLE AMOUNTS		(1,926)		(2,093)
REFUNDS TO PARTICIPANTS		(10,942)		(10,938)
INCREASE (DECREASE) IN NET POSITION		8,145		(5,516)
NET POSITION, Beginning of year		38,068		34,060
NET POSITION, Period ended	\$	46,213	\$	28,544

OTHER FINANCIAL INFORMATION

COMBINING STATEMENT OF NET POSITION NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS (000's omitted)

January 31, 2019

	GENERATING & TRANSMISSION RESOURCES										
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission No. One	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined	
ASSETS											
CURRENT ASSETS											
Cash and cash equivalents	\$ 1	\$ -	\$ -	1	\$ 74	\$ -	\$ -	500	\$ 24,987	\$ 25,564	
Investments	-	-	-	-	-	-	-	-	50,245	50,245	
Accounts receivable											
Participants	-	-	-	-	-	-	-	-	-	-	
Other	11	-	-	-	-	-	277	-	15	15	
Interest receivable	-	-	-	-	-	-	133	-	4	292	
Inventory and supplies	4,509	1,079	642	1,405	2,111	-	-	-	199	332	
Prepaid expenses	412	-	-	-	491	-	-	-	-	9,746	
Due from Agency and other programs*	21,054	3,458	2,390	(1,432)	33,781	-	(4,094)	6	1,986	2,895	
TOTAL CURRENT ASSETS	25,987	4,537	3,033	(26)	36,457	-	(3,684)	11,539	(66,696)	89,089	
RESTRICTED ASSETS											
Cash and cash equivalents	969	12,612	1,488	-	2,339	-	1,637	-	23,107	42,152	
Investments	27,651	37,851	2,990	-	30,732	-	26,638	-	51,487	177,349	
Interest receivable	97	102	2	-	75	-	-	-	128	404	
TOTAL RESTRICTED ASSETS	28,717	50,565	4,480	-	33,146	-	28,275	-	74,722	219,905	
ELECTRIC PLANT											
Electric plant in service	570,536	394,918	64,852	36,552	423,846	7,736	-	839	5,980	1,505,259	
Less: accumulated depreciation	(537,698)	(267,791)	(49,649)	(34,590)	(90,080)	(7,736)	-	(459)	(3,257)	(991,260)	
	32,838	127,127	15,203	1,962	333,766	-	-	380	2,723	513,999	
Construction work-in-progress	-	-	-	-	182	-	-	-	-	182	
TOTAL ELECTRIC PLANT	32,838	127,127	15,203	1,962	333,948	-	-	380	2,723	514,181	
OTHER ASSETS											
Regulatory assets	(645)	133,934	9,386	-	24,755	-	-	-	61,791	229,221	
Preliminary survey and investigation costs	-	-	-	-	-	-	-	183	-	183	
Investment in associated company	-	-	-	-	-	-	-	-	265	265	
TOTAL ASSETS	86,897	316,163	32,102	1,936	428,306	-	24,591	12,608	150,241	1,052,844	
DEFERRED OUTFLOWS OF RESOURCES											
Excess cost on refunding of debt	1,585	31,985	828	-	1,950	-	-	-	-	36,348	
Pension deferrals	-	-	-	-	-	-	-	-	19,200	19,200	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,585	31,985	828	-	1,950	-	-	-	19,200	55,548	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 88,482	\$ 348,148	\$ 32,930	\$ 1,936	\$ 430,256	\$ -	\$ 24,591	\$ 12,608	\$ 169,441	\$ 1,108,392	

* Eliminated in Combination

OTHER FINANCIAL INFORMATION

COMBINING STATEMENT OF NET POSITION NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS (000's omitted)

January 31, 2019

	GENERATING & TRANSMISSION RESOURCES										Other Agency	Combined
	Geothermal	Hydroelectric	Multiple Capital Facilities		CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services			
LIABILITIES												
CURRENT LIABILITIES												
Accounts payable and accrued expenses	\$ 261	\$ 546	\$ 9	\$ 13	\$ 4,318	\$ -	\$ 3,745	\$ -	\$ -	10,314	\$ 19,206	10
Accounts and retentions payable - restricted for construction	-	10	-	-	-	-	-	-	-	-	-	1,229
Member advances	791	-	-	-	-	-	-	-	438	-	-	23,290
Operating reserves	9,448	250	513	(266)	13,345	-	-	-	-	-	-	41,275
Current portion of long-term debt	4,420	21,180	4,195	-	11,480	-	-	-	-	-	-	4,658
Accrued interest payable	41	1,442	755	-	2,420	-	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	14,961	23,428	5,472	(253)	31,563	-	3,745	438	-	10,314	89,668	-
NON-CURRENT LIABILITIES												
Net pension and OPEB liability	-	-	-	-	-	-	-	-	-	76,002	76,002	147,511
Operating reserves and other deposits	20,753	15,195	-	-	1,157	-	28,408	7,271	-	74,727	13,326	663,354
Interest rate swap liability	-	13,326	-	-	-	-	-	-	-	-	-	-
Long-term debt, net	20,100	286,183	25,938	-	331,133	-	-	-	-	-	-	-
TOTAL NON-CURRENT LIABILITIES	40,853	314,704	25,938	-	332,290	-	28,408	7,271	-	150,729	900,193	-
TOTAL LIABILITIES	55,814	338,132	31,410	(253)	363,853	-	32,153	7,709	-	161,043	989,861	-
DEFERRED INFLOWS OF RESOURCES												
Regulatory credits	18,531	4,072	909	2,127	40,011	-	-	313	-	3,160	69,123	3,195
Pension and OPEB deferrals	-	-	-	-	-	-	-	-	-	3,195	72,318	-
TOTAL DEFERRED INFLOWS OF RESOURCES	18,531	4,072	909	2,127	40,011	-	-	313	-	6,355	-	-
NET POSITION												
Net investment in capital assets	(3,640)	(26,955)	(5,580)	-	(19,600)	-	-	-	-	-	(55,775)	61,245
Restricted	7,032	29,786	3,724	-	20,855	-	-	(147)	-	(5)	40,743	2,048
Unrestricted	10,745	3,113	2,467	62	25,137	-	(7,562)	4,733	-	2,048	46,213	-
TOTAL NET POSITION	14,137	5,944	611	62	26,392	-	(7,562)	4,586	-	2,043	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 88,482	\$ 348,148	\$ 32,930	\$ 1,936	\$ 430,256	\$ -	\$ 24,591	\$ 12,608	\$ -	\$ 169,441	\$ 1,108,392	\$ -

OTHER FINANCIAL INFORMATION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

For the Seven Months Ended January 31, 2019

GENERATING & TRANSMISSION RESOURCES											
		Multiple Capital Facilities		CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined	
Geothermal		Hydroelectric									
\$	414	\$	13,560	\$	2,812	\$	22,805	\$	13,114	\$	263,655
	24,186		16,805		1,556		60,063		(37)		163,757
	24,600		30,365		4,368		82,868		13,077		427,412
TOTAL OPERATING REVENUES											
OPERATING EXPENSES											
	359		1,761		71		3,448		-		181,059
	9,013		2,565		1,306		40,010		6,300		63,404
	178		283		46		598		-		105,697
	2,286		5,565		1,285		8,527		61		18,035
	5,316		2,834		318		2,026		33		12,883
	2,316		1,982		325		2,815		3,988		11,937
	(349)		132		36		159		(36)		-
	19,119		15,122		3,387		57,583		10,349		393,015
	5,481		15,243		911		25,285		336		34,397
					(215)		(15,372)		2,728		-
NET OPERATING REVENUES											
NON OPERATING (EXPENSES) REVENUES											
	(313)		(14,361)		(867)		-		-		(24,150)
	665		841		83		1,006		57		6,188
	-		1		1,456		2,796		64		4,578
	352		(13,519)		672		(4,807)		57		(13,384)
	(864)		(807)		(1,221)		966		-		(1,926)
FUTURE RECOVERABLE AMOUNTS											
	(2,756)		(2,360)		(160)		902		(4,996)		(10,942)
	2,213		(1,443)		202		688		(2,211)		8,145
							23,148		1,206		38,068
	11,924		7,387		409		(626)		6,797		38,068
							3,244		837		-
							8,096		-		-
							26,392		4,586		2,043
							(7,562)		-		46,213
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* Eliminated in Combination

NORTHERN CALIFORNIA POWER AGENCY & ASSOCIATED POWER CORPORATIONS
AGED ACCOUNTS RECEIVABLE
January 31, 2019

<u>Status</u>	<u>Participant / Customer</u>	<u>Description</u>	<u>Amount</u>
CURRENT			\$ 306,800
PAST DUE:			
1 - 30			
31 - 60			
61 - 90			
91 - 120			
Over 120 Days			
PARTICIPANT and OTHER RECEIVABLES (net)			<u>\$ 306,800</u>



11

Commission Staff Report

February 13, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: Treasurer's Report for Month Ended January 31, 2019

AGENDA CATEGORY: Consent

FROM:	Sondra Ainsworth <i>[Signature]</i>	METHOD OF SELECTION:
	Treasurer-Controller	N/A
Division:	Administrative Services	
Department:	Accounting & Finance	

IMPACTED MEMBERS:

All Members	<input checked="" type="checkbox"/>	City of Lodi	<input type="checkbox"/>	City of Shasta Lake	<input type="checkbox"/>
Alameda Municipal Power	<input type="checkbox"/>	City of Lompoc	<input type="checkbox"/>	City of Ukiah	<input type="checkbox"/>
San Francisco Bay Area Rapid Transit	<input type="checkbox"/>	City of Palo Alto	<input type="checkbox"/>	Plumas-Sierra REC	<input type="checkbox"/>
City of Biggs	<input type="checkbox"/>	City of Redding	<input type="checkbox"/>	Port of Oakland	<input type="checkbox"/>
City of Gridley	<input type="checkbox"/>	City of Roseville	<input type="checkbox"/>	Truckee Donner PUD	<input type="checkbox"/>
City of Healdsburg	<input type="checkbox"/>	City of Santa Clara	<input type="checkbox"/>	Other	<input type="checkbox"/>

If other, please specify

RECOMMENDATION:

Approval by all members.

BACKGROUND:

In compliance with Agency policy and State of California Government Code Sections 53601 and 53646(b), the following monthly report is submitted for your information and acceptance.

Cash – At month end cash totaled \$10,094,666 of which approximately \$226,664 was applicable to Special and Reserve Fund Deposits, \$4,904,901 to Debt Service and \$4,963,101 to Operations and other.

The cash balance held at U.S. Bank includes outstanding checks that have not yet cleared. This cash balance is invested nightly in a fully collateralized (U.S. Government Securities) repurchase agreement.

Investments – The carrying value of NCPA's investment portfolio totaled \$285,204,638 at month end. The current market value of the portfolio totaled \$283,893,724.

The overall portfolio had a combined weighted average interest rate of 2.238% with a bond equivalent yield (yield to maturity) of 2.269%. Investments with a maturity greater than one year totaled \$180,889,000. January maturities totaled \$31 million and monthly receipts totaled \$57 million. During the month \$40 million was invested.

Funds not required to meet annual cash flow are reinvested and separately reported as they occur.

Interest Rates – During the month, rates on 90-day T-Bills decreased 3 basis points (from 2.43% to 2.40%) and rates on one year T-Bills remained unchanged at 2.59%.

To the best of my knowledge and belief, all securities held by NCPA as of January 31, 2019 are in compliance with the Agency's investment policy. There are adequate cash flow and investment maturities to meet next month's cash requirements.

FISCAL IMPACT:

This report has no direct budget impact to the Agency.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Randy Howard", followed by the word "for" in a smaller, cursive script.

RANDY S. HOWARD
General Manager

Attachment

SR: 118:19

NORTHERN CALIFORNIA POWER AGENCY

TREASURER'S REPORT

JANUARY 31, 2019

TABLE OF CONTENTS

	<u>PAGE</u>
CASH & INVESTMENT BALANCE	1
CASH ACTIVITY SUMMARY	2
INVESTMENT ACTIVITY SUMMARY	3
INTEREST RATE/YIELD ANALYSIS	4
INVESTMENT MATURITIES ANALYSIS	5
DETAIL REPORT OF INVESTMENTS	APPENDIX

**Northern California Power Agency
Treasurer's Report
Cash & Investment Balance
January 31, 2019**

	CASH	INVESTMENTS	TOTAL	PERCENT
NCPA FUNDS				
Operating	\$ 1,597,396	\$ 101,623,976	\$ 103,221,372	34.95%
Special Deposits	900,551	-	900,551	0.31%
Construction	2,465,154	2,566,622	5,031,776	1.70%
Debt Service	4,904,901	25,639,992	30,544,893	10.34%
Special & Reserve	226,664	155,374,048	155,600,712	52.69%
	<u>\$ 10,094,666</u>	<u>\$ 285,204,638</u>	<u>\$ 295,299,304</u>	<u>100.00%</u>

Portfolio Investments at Market Value	<u>\$ 283,893,724</u>
---------------------------------------	-----------------------

NOTE A -Investment amounts shown at book carrying value.

**Northern California Power Agency
Treasurer's Report
Cash Activity Summary
January 31, 2019**

	RECEIPTS			EXPENDITURES			CASH INCREASE / (DECREASE)
	OPS/CONSTR	INTEREST (NOTE B)	INVESTMENTS (NOTE A)	OPS/CONSTR	INVESTMENTS (NOTE B)	INTER-COMPANY/ FUND TRANSFERS	
NCPA FUNDS							
Operating	\$ 56,122,216	\$ 242,072	\$ 1,563,991	\$ (24,214,607)	\$ (11,073,484)	\$ (23,112,630)	\$ (472,442)
Special Deposits	1,121,678	11	-	(19,358,378)	-	18,235,707	(982)
Construction	-	15,231	2,437,000	-	(888,377)	-	1,563,854
Debt Service	-	5,721	20,112,332	(6,605,314)	(22,242,241)	5,865,857	(2,863,645)
Special & Reserve	-	468,770	6,496,952	-	(5,852,793)	(988,934)	123,995
	<u>\$ 57,243,894</u>	<u>\$ 731,805</u>	<u>\$ 30,610,275</u>	<u>\$ (50,178,299)</u>	<u>\$ (40,056,895)</u>	<u>\$ -</u>	<u>\$ (1,649,220)</u>

NOTE A -Investment amounts shown at book carrying value.

NOTE B -Net of accrued interest purchased on investments.

**Northern California Power Agency
Treasurer's Report
Investment Activity Summary
January 31, 2019**

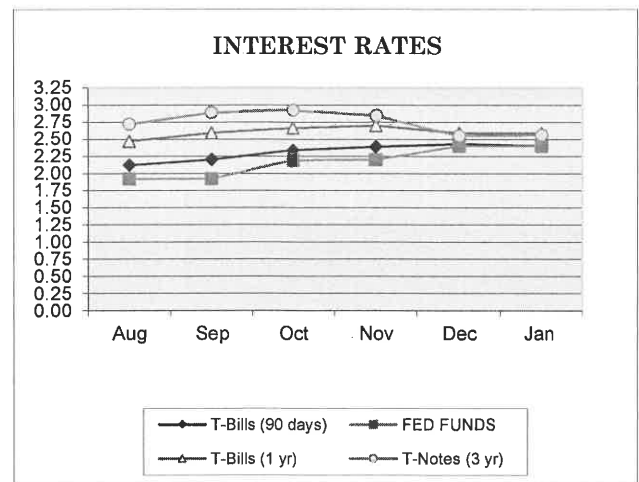
			(NON-CASH)	(NON-CASH)	INVESTMENTS	
	PURCHASED	SOLD OR MATURED	DISC/(PREM) AMORT	GAIN/(LOSS) ON SALE	TRANSFERS	INCREASE / (DECREASE)
NCPA FUNDS						
Operating	\$ 11,073,484	\$ (1,563,991)	\$ 13,846	\$ -	\$ -	\$ 9,523,339
Special Deposits	-	-	-	-	-	-
Construction	888,377	(2,437,000)	4,437	-	-	(1,544,186)
Debt Service	22,242,241	(20,112,332)	36,084	-	-	2,165,993
Special & Reserve	5,852,793	(6,496,952)	(4,605)	(58,461)	-	(707,225)
	<u>\$ 40,056,895</u>	<u>\$ (30,610,275)</u>	<u>\$ 49,762</u>	<u>\$ (58,461)</u>	<u>\$ -</u>	<u>\$ 9,437,921</u>
Less Non- Cash Activity						
Disc/(Prem) Amortization & Gain/(Loss) on Sale						<u>8,699</u>
Net Change in Investment --Before Non-Cash Activity						<u>\$ 9,446,620</u>

NOTE A -Investment amounts shown at book carrying value.

Northern California Power Agency
Interest Rate/Yield Analysis
January 31, 2019

	WEIGHTED AVERAGE INTEREST RATE	BOND EQUIVALENT YIELD
OVERALL COMBINED	2.238%	2.269%
OPERATING FUNDS:	2.105%	2.239%
PROJECTS:		
Geothermal	2.517%	2.688%
Capital Facilities	2.292%	2.299%
Hydroelectric	2.447%	2.506%
Lodi Energy Center	2.023%	1.723%

KEY INTEREST RATES		
	CURRENT	PRIOR YEAR
Fed Fds (Overnight)	2.40%	1.42%
T-Bills (90da.)	2.40%	1.43%
Agency Disc (90da.)	2.33%	1.44%
T-Bills (1yr.)	2.59%	1.79%
Agency Disc (1yr.)	2.34%	1.86%
T-Notes (3yr.)	2.56%	2.21%



**Northern California Power Agency
Total Portfolio
Investment Maturities Analysis
January 31, 2019**

Type	0-7 Days	8-90 Days	91-180 Days	181-270 Days	271-365 Days	1-5 Years	6-10 Years	Total	Percent
US Government Agencies	\$ 1,439	\$ 5,511	\$29,150	\$ 2,515	\$ 2,000	\$ 125,533	\$ 2,000	\$ 168,148	58.45%
Corporate Bonds (MTN)	-	-	-	-	-	51,710	-	51,710	17.98%
US Bank Trust Money Market	2,131	-	-	-	-	-	-	2,131	0.74%
Commercial Paper	13,355	-	-	-	-	-	-	13,355	4.65%
Investment Trusts (LAIF)	41,420	-	-	-	-	-	-	41,420	14.40%
Investment Trusts (CAMP)	5,035	-	-	-	-	-	-	5,035	1.76%
U.S.Treasury Market Acct. *	3,774	-	-	-	-	-	-	3,774	1.31%
U.S.Treasury Bill/Note	-	212	177	48	-	146	-	583	0.20%
Certificates of Deposit	-	10	-	-	-	1,500	-	1,510	0.52%
Total Dollars	\$ 67,154	\$5,733	\$29,327	\$2,563	\$2,000	\$178,889	\$2,000	\$ 287,666	100.00%
Total Percents	23.33%	1.99%	10.19%	0.89%	0.70%	62.19%	0.70%	100.00%	

Investments are shown at Face Value, in thousands.

* The cash balance held at US Bank includes outstanding checks that have not yet cleared. This cash balance is invested nightly in a fully collateralized (U.S. Government Securities) repurchase agreement. Cash held by Union Bank of California is invested nightly in fully collateralized U.S. Treasury Securities.

NORTHERN CALIFORNIA POWER AGENCY

Detail Report Of Investments

APPENDIX

Note: This appendix has been prepared to comply with
Government Code section 53646.

**Northern California Power Agency
Treasurer's Report
01/31/2019**

Operating

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
US Bank, N.A.	USB	5,025,000	1.850	11/26/2014	5,025,000		1	1.850	5,025,000	SYS70101	70101	5,025,000
Local Agency Investm	LAIF	14,930,094	2.399	07/01/2013	14,930,094		1	2.399	14,930,094	SYS70000	70000	14,930,094
California Asset Mgm	CMP	4,410	2.620	10/19/2018	4,410		1	2.620	4,410	SYS70070	70070	4,410
Union Bank of Califo	UBOC	103,656	0.002	07/01/2013	103,656		1	0.002	103,656	SYS70014	70014	103,656
US Bank	USB	1,597,396	0.001	06/30/2013	1,597,396		1	0.001	1,597,396	SYS70050	70050	1,597,396
US Bank	USB	8,330,132	0.850	08/24/2017	8,330,132		1	0.850	8,330,132	SYS70056	70056	8,330,132
US Bank	USB	10,000	0.050	01/07/2019	10,000	04/07/2019	65	0.050	10,000	SYS30316	30316	10,000
Federal Home Loan Mt	UBOC	4,000,000	1.750	06/09/2015	4,046,160	05/30/2019	118	1.450	3,990,800	3137EADG1	26231	4,003,839
General Dynamics	UBOC	1,000,000	2.875	09/20/2018	998,980	05/11/2020	465	2.937	1,002,250	369550BA5	26668	999,206
Federal Home Loan Ba	UBOC	4,975,000	1.600	08/28/2017	4,990,373	07/17/2020	532	1.490	4,907,042	3130ABTW6	26466	4,982,783
Walmart, Inc.	UBOC	1,000,000	1.900	09/20/2018	979,580	12/15/2020	683	2.848	987,110	931142EA7	26674	982,903
John Deere Capital C	UBOC	500,000	2.350	09/21/2018	492,195	01/08/2021	707	3.057	494,865	24422ETZ2	26676	493,422
Federal Home Loan Ba	UBOC	2,785,000	1.400	07/19/2016	2,783,608	01/19/2021	718	1.411	2,720,277	3130A8P80	26355	2,784,391
Cisco Systems Inc.	UBOC	1,000,000	2.200	09/20/2018	982,020	02/28/2021	758	2.969	990,060	17275RBD3	26667	984,703
Federal Home Loan Mt	UBOC	3,000,000	2.530	03/29/2018	3,000,000	03/29/2021	787	2.530	3,000,270	3134GSGT6	26564	3,000,000
Home Depot Inc.	UBOC	500,000	2.000	03/21/2018	487,800	04/01/2021	790	2.846	493,675	437076BL5	26558	491,270
Intel Corp	UBOC	1,000,000	1.700	09/20/2018	968,960	05/19/2021	838	2.919	977,420	458140AW0	26670	973,200
Pfizer Inc	UBOC	500,000	1.950	06/12/2018	487,130	06/03/2021	853	2.858	492,190	717081DX8	26617	489,882
Federal Home Loan Mt	UBOC	1,000,000	2.500	06/28/2018	1,000,000	06/28/2021	878	2.990	1,000,430	3134GSA6	26628	1,000,000
Federal Farm Credit	UBOC	2,602,000	1.720	08/28/2017	2,611,784	07/26/2021	906	1.620	2,549,700	3133EHSR5	26465	2,608,219
Federal Home Loan Mt	UBOC	3,500,000	1.500	11/23/2016	3,500,000	08/23/2021	934	1.500	3,413,480	3134GAVH4	26385	3,500,000
American Honda Finan	UBOC	1,000,000	1.700	09/20/2018	959,220	09/09/2021	951	3.149	966,860	02665WRG5	26669	964,217
3M Company	UBOC	1,000,000	3.000	09/21/2018	999,480	09/14/2021	956	3.018	1,009,090	88579YBA8	26675	999,543
Federal Home Loan Mt	UBOC	202,000	2.200	01/30/2017	202,000	01/26/2022	1,090	2.200	198,938	3134GAV92	26403	202,000
Procter & Gamble	UBOC	1,000,000	2.300	09/20/2018	975,770	02/06/2022	1,101	3.060	990,700	742718DY2	26673	978,380
Johnson & Johnson	UBOC	1,000,000	2.250	09/20/2018	976,140	03/03/2022	1,126	2.982	984,250	478160CD4	26671	978,655
TD Ameritrade	UBOC	500,000	2.950	05/15/2018	493,385	04/01/2022	1,155	3.315	500,510	87236VAE8	26601	494,598
PepsiCo Inc.	UBOC	500,000	2.250	03/21/2018	487,005	05/02/2022	1,186	2.924	493,310	713448DT2	26557	489,725
Apple Inc.	UBOC	1,123,337	2.300	02/01/2018	1,121,966	05/11/2022	1,195	2.329	1,108,071	037633CQ1	26525	1,122,286
NSIar Electric Co.	UBOC	500,000	2.375	06/12/2018	484,480	10/15/2022	1,352	3.144	486,070	67021CAG2	26616	486,754
Boeing Co.	UBOC	500,000	2.200	06/12/2018	482,180	10/30/2022	1,367	3.074	486,995	097023BN4	26612	484,766
American Honda Finan	UBOC	500,000	2.600	06/12/2018	488,550	11/16/2022	1,384	3.157	487,825	02665WCA7	26614	490,195
Chevron Corp.	UBOC	500,000	2.355	03/21/2018	485,760	12/05/2022	1,403	3.008	492,705	166764AB6	26555	488,366
Visa Inc.	UBOC	400,000	2.800	08/03/2018	394,552	12/14/2022	1,412	3.135	401,064	92826CAC6	26647	395,169
Toyota Motor Credit	UBOC	1,000,000	2.700	08/03/2018	974,760	01/11/2023	1,440	3.315	987,930	89236TEL5	26645	977,571
Simon Property Group	UBOC	500,000	2.750	05/15/2018	484,585	02/01/2023	1,461	3.464	490,025	828807CN5	26603	486,912
Oracle Corp.	UBOC	500,000	2.625	03/21/2018	488,010	02/15/2023	1,475	3.154	494,670	68389XBR5	26556	490,117
Exxon Mobil Corporat	UBOC	1,000,000	2.726	08/03/2018	985,450	03/01/2023	1,489	3.068	997,900	30231GAR3	26648	987,022

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Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
John Deere Capital C	UBOC	500,000	2.800	06/12/2018	489,875	03/06/2023	1,494	3.264	497,430	24422ETG4	26613	491,236
Berkshire Hathaway I	UBOC	500,000	2.750	03/21/2018	492,280	03/15/2023	1,503	3.086	496,665	084670BR8	26554	493,614
United Parcel Serv	UBOC	500,000	2.500	05/15/2018	483,225	04/01/2023	1,520	3.248	491,425	911312BK1	26600	485,671
United Parcel Serv	UBOC	500,000	2.500	09/21/2018	483,120	04/01/2023	1,520	3.308	491,425	911312BK1	26677	484,466
Bank of NY Mellon Co	UBOC	500,000	3.500	05/15/2018	501,265	04/28/2023	1,547	3.443	507,965	06406RAG2	26602	501,083
Hershey Company	UBOC	500,000	3.375	06/12/2018	503,125	05/15/2023	1,564	3.236	506,255	427866AZ1	26615	502,721
US Bank	UBOC	1,000,000	3.400	08/03/2018	1,000,000	07/24/2023	1,634	3.399	1,012,580	90331HN1	26646	1,000,000
Microsoft Corp.	UBOC	1,000,000	2.000	09/20/2018	947,350	08/08/2023	1,649	3.172	971,390	594918BQ6	26672	951,273
Federal Farm Credit	UBOC	1,500,000	3.340	11/21/2018	1,500,000	10/04/2023	1,706	3.339	1,506,735	3133EJ99	26714	1,500,000
Fund Total and Average		\$ 75,588,025	1.993		\$ 75,212,811		565	2.143	\$ 75,079,040			\$ 75,220,846

MPP GHG Auction Acct

Local Agency Investm		500,163	2.399	07/01/2013	500,163		1	2.399	500,163	SYS70045	70045	500,163
Fund Total and Average		\$ 500,163	2.399		\$ 500,163		1	2.399	\$ 500,163			\$ 500,163

SCPA Balancing Account

Local Agency Investm	LAIF	778,166	2.399	07/01/2013	778,166		1	2.399	778,166	SYS70022	70022	778,166
Union Bank of Calif	UBOC	10,303	0.002	07/01/2013	10,303		1	0.002	10,303	SYS70023	70023	10,303
Federal Home Loan Ba	UBOC	500,000	2.450	12/20/2018	493,773	06/21/2019	140	2.515	495,275	313384HDA4	26733	495,236
Federal Home Loan Ba	UBOC	750,000	2.875	11/27/2018	750,045	09/11/2020	588	2.870	754,088	313370US5	26717	750,041
Federal National Mtg	UBOC	1,150,000	1.630	12/20/2018	1,128,369	10/30/2020	637	2.672	1,132,555	3135GORM7	26734	1,129,692
Federal Home Loan Mt	UBOC	1,000,000	3.000	12/18/2018	1,000,000	12/18/2020	686	3.000	1,000,990	3134GSF34	26729	1,000,000
Bank of NY Mellon Co	UBOC	500,000	2.050	04/03/2018	486,105	05/03/2021	822	3.000	491,965	06406FAB9	26570	489,835
Federal Home Loan Mt	UBOC	1,000,000	3.200	12/13/2018	1,000,000	12/13/2021	1,046	3.200	1,000,720	3134GSF59	26728	1,000,000
Microsoft Corp.	UBOC	500,000	2.375	04/04/2018	492,295	02/12/2022	1,107	2.798	496,940	594918BA1	26574	493,944
Walt Disney Company/	UBOC	500,000	2.450	07/24/2018	487,520	03/04/2022	1,127	3.186	494,470	25468PDQ6	26630	489,315
TD Ameritrade	UBOC	500,000	2.950	04/03/2018	497,200	04/01/2022	1,155	3.100	500,510	87236YAE8	26571	497,780
Home Depot Inc.	UBOC	500,000	2.625	04/04/2018	494,290	06/01/2022	1,216	2.918	498,405	437076BG6	26572	495,423
Public Storage	UBOC	500,000	2.370	04/04/2018	483,705	09/15/2022	1,322	3.161	486,075	74460DAB5	26573	486,728
Visa Inc.	UBOC	250,000	2.800	07/24/2018	246,975	12/14/2022	1,412	3.096	250,665	92826CAC6	26632	247,333
Intel Corp	UBOC	500,000	2.700	06/22/2018	492,300	12/15/2022	1,413	3.070	498,865	458140AM2	26625	493,345
Toyota Motor Credit	UBOC	550,000	2.625	05/09/2018	536,294	01/10/2023	1,439	3.203	542,421	89233P7F7	26598	538,430
Cisco Systems Inc.	UBOC	500,000	2.600	06/22/2018	487,655	02/28/2023	1,488	3.170	495,705	17275RBE1	26624	489,259
Exxon Mobil Corporat	UBOC	500,000	2.726	05/09/2018	492,670	03/01/2023	1,489	3.055	498,950	30231GAR3	26599	493,779
Berkshire Hathaway I	UBOC	500,000	2.750	05/09/2018	490,280	03/15/2023	1,503	3.185	496,665	084670BR8	26596	491,739
United Parcel Serv	UBOC	500,000	2.500	06/22/2018	484,780	04/01/2023	1,520	3.191	491,425	911312BK1	26627	486,719
Nike Inc	UBOC	500,000	2.250	05/09/2018	480,350	05/01/2023	1,550	3.108	487,815	654106AC7	26597	483,223

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SCPA Balancing Account

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Federal Home Loan Mt	UBOC	2,500,000	2.750	05/24/2018	2,500,000	05/24/2023	1,573	3.326	2,500,250	3134GSLU7	26604	2,500,000
Simon Property Group	UBOC	500,000	2.750	07/24/2018	484,725	06/01/2023	1,581	3.438	487,055	828807DD6	26631	486,360
Federal Home Loan Mt	UBOC	1,000,000	2.700	06/14/2018	1,000,000	06/14/2023	1,594	3.316	1,000,230	3134GSNE1	26622	1,000,000
Federal Home Loan Mt	UBOC	2,000,000	3.000	07/23/2018	1,999,000	06/14/2023	1,594	3.300	2,000,460	3134GSNK7	26629	1,999,107
Federal Home Loan Mt	UBOC	2,600,000	2.750	08/17/2018	2,603,900	06/15/2023	1,595	3.467	2,610,894	3134GSMY8	26653	2,603,532
Pfizer Inc	UBOC	500,000	3.000	06/22/2018	496,550	06/15/2023	1,595	3.150	501,725	717081DH3	26626	496,971
Federal Home Loan Mt	UBOC	2,500,000	3.050	08/28/2018	2,501,250	08/28/2023	1,669	3.039	2,510,475	3134GSUZ6	26654	2,501,144
Federal Home Loan Mt	UBOC	2,000,000	3.000	09/26/2018	1,999,200	09/26/2023	1,698	3.587	2,001,280	3134GSWL5	26678	1,999,256
Federal Home Loan Ba	UBOC	2,000,000	3.100	12/28/2018	2,000,000	12/28/2023	1,791	3.100	2,009,980	3130AFKR7	26736	2,000,000
Fund Total and Average		\$ 27,588,469	2.759		\$ 27,397,700		1363	3.157	\$ 27,525,322			\$ 27,426,660

General Operating Reserve

Local Agency Investm	LAIF	16,226,889	2.399	07/01/2013	16,226,889		1	2.399	16,226,889	SYS70000	70002	16,226,889
California Asset Mgm	CMP	5,031,051	2.620	12/14/2018	5,031,051		1	2.620	5,031,051	SYS70071	70071	5,031,051
Union Bank of Califo	UBOC	1,849,010	0.002	07/01/2013	1,849,010		1	0.002	1,849,010	SYS70019	70019	1,849,010
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYS70051	70051	0
Federal National Mtg	UBOC	2,000,000	1.750	08/28/2015	2,026,240	11/26/2019	298	1.430	1,987,280	3135GZYZ2	26246	2,005,066
Federal Farm Credit	UBOC	4,285,000	1.440	07/20/2016	4,280,715	01/19/2021	718	1.463	4,195,101	3133EGMP7	26356	4,283,126
Federal Home Loan Ba	UBOC	11,720,000	1.400	07/19/2016	11,714,140	01/19/2021	718	1.411	11,447,627	3130A8P80	26354	11,717,439
Federal National Mtg	UBOC	5,162,000	1.625	05/25/2016	5,162,000	05/25/2021	844	1.625	5,043,119	3136G3NL5	26332	5,162,000
Federal National Mtg	UBOC	1,300,000	1.500	08/30/2016	1,300,000	05/28/2021	847	1.500	1,267,019	3136G33W3	26368	1,300,000
Federal Farm Credit	UBOC	10,629,000	1.690	06/02/2016	10,629,000	06/02/2021	852	1.690	10,421,947	3133EGDH5	26335	10,629,000
Federal Home Loan Mt	UBOC	467,000	2.200	01/30/2017	467,000	01/26/2022	1,090	2.200	459,920	3134GAV92	26402	467,000
Microsoft Corp.	UBOC	400,000	2.375	04/26/2018	391,480	02/12/2022	1,107	2.972	397,552	594918BA1	26578	393,195
TD Ameritrade	UBOC	500,000	2.950	04/26/2018	492,950	04/01/2022	1,155	3.335	500,510	87236YAE8	26582	494,320
Apple Inc.	UBOC	4,025,452	2.300	02/01/2018	4,020,538	05/11/2022	1,195	2.329	3,970,746	037833CQ1	26524	4,021,686
Federal Home Loan Ba	UBOC	3,575,000	2.125	08/28/2017	3,634,560	06/10/2022	1,225	1.760	3,524,950	313379Q69	26467	3,616,816
PepsiCo Inc.	UBOC	500,000	3.100	04/26/2018	500,310	07/17/2022	1,262	3.083	506,045	713448CX4	26580	500,254
Walt Disney Company/	UBOC	500,000	2.350	01/30/2019	489,400	12/01/2022	1,399	2.937	491,695	25468PCW4	26739	489,408
Visa Inc.	UBOC	500,000	2.800	04/26/2018	492,600	12/14/2022	1,412	3.145	501,330	92826CAC6	26584	493,820
US Bank, N.A.	UBOC	750,000	2.850	01/30/2019	741,900	01/23/2023	1,452	3.140	743,993	90331HNL3	26737	741,906
Bank of NY Mellon Co	UBOC	500,000	2.950	04/26/2018	491,790	01/29/2023	1,458	3.325	499,380	06406RAE7	26575	493,108
Oracle Corp.	UBOC	500,000	2.625	04/26/2018	487,350	02/15/2023	1,475	3.195	494,670	66389XBR5	26579	489,362
Praxair Inc	UBOC	500,000	2.700	04/26/2018	488,350	02/21/2023	1,481	3.225	492,175	74005PBF0	26581	490,197
Berkshire Hathaway I	UBOC	500,000	2.750	04/26/2018	488,920	03/15/2023	1,503	3.243	496,665	084670BR8	26576	490,652
United Parcel Serv	UBOC	500,000	2.500	04/26/2018	483,135	04/01/2023	1,520	3.245	491,425	911312BK1	26583	485,748
Chevron Corp.	UBOC	750,000	2.566	01/30/2019	738,750	05/16/2023	1,565	2.939	740,843	166764BK5	26740	738,757
Boeing Co.	UBOC	500,000	1.875	01/30/2019	477,500	06/15/2023	1,595	2.979	479,015	097023BQ7	26741	477,514
Pfizer Inc	UBOC	500,000	3.200	01/30/2019	506,250	09/15/2023	1,687	2.908	507,380	717081EN9	26738	506,246

General Operating Reserve

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Federal Farm Credit	UBOC	1,000,000	3.340	11/21/2018	1,000,000	10/04/2023	1,706	3.339	1,004,490	3133EJE39	26715	1,000,000
Fund Total and Average		\$ 74,670,402	1.976		\$ 74,611,828		651	1.996	\$ 73,771,827			\$ 74,593,570
GRAND TOTALS:		\$ 178,347,059	2.105		\$ 177,722,502		723	2.239	\$ 176,876,352			\$ 177,741,239

*Bond Equivalent Yield to Maturity is shown based on a 365 day year to provide a basis for comparison between all types. Investments with less than 6 months to maturity use an approximate method, all others use an exact method.

Current Market Value is based on prices from Trustee/ Custodian Statements or bid prices from the Wall Street Journal as of 01/31/2019

Investment #26332	FNMA	Callable quarterly	Investment #26629	FHLMC	Callable quarterly
Investment #26335	FFCB	Callable anytime	Investment #26646	USB	Callable on 6/23/2023
Investment #26354	FHLB	Callable anytime	Investment #26653	FHLMC	Callable on 6/15/2020
Investment #26355	FHLB	Callable anytime	Investment #26678	FHLMC	Callable quarterly
Investment #26356	FFCB	Callable anytime	Investment #26714	FFCB	Callable on 10/4/2019
Investment #26368	FNMA	Callable quarterly	Investment #26715	FFCB	Callable on 10/4/2019
Investment #26385	FHLMC	Callable quarterly	Investment #26728	FHLMC	Callable quarterly
Investment #26402	FHLMC	Callable quarterly	Investment #26729	FHLMC	Callable quarterly starting 6/18/2019
Investment #26403	FHLMC	Callable quarterly	Investment #26736	FHLB	Callable quarterly
Investment #26564	FHLMC	Callable until 3/29/19			Callable on 12/28/2020



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GEO 2012 Construction Fund

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	CUSIP	Investment #	Carrying Value
Federal Home Loan Mt	USB	895,000	2.400	01/11/2019	888,377	05/02/2019	90	2.451	313396FB4	26743	889,630
Fund Total and Average		\$ 895,000	2.400		\$ 888,377		90	2.451	\$ 889,612		\$ 889,630

Geothermal Debt Service

Federal Home Loan Ba	USBT	1,359,000	2.410	01/11/2019	1,343,443	07/01/2019	150	2.471	313384HP7A	26744	1,345,353
Fund Total and Average		\$ 1,359,000	2.410		\$ 1,343,443		150	2.472	\$ 1,345,179		\$ 1,345,353

Geo 2016A Debt Service

Federal Home Loan Ba	USBT	186,000	2.410	01/11/2019	185,848	07/01/2019	150	2.471	313384HP7A	26745	186,112
Fund Total and Average		\$ 186,000	2.410		\$ 185,848		150	2.472	\$ 186,088		\$ 186,112

Geothermal Special Reserve

Union Bank of Calif	UBOC	0	0.002	07/01/2013	0		1	0.002	0	SYS70015	70015	0
Federal Home Loan Mt	UBOC	1,500,000	3.000	12/18/2018	1,500,000	12/18/2020	686	3.000	1,501,485	3134GSF34	26730	1,500,000
Fund Total and Average		\$ 1,500,000	3.000		\$ 1,500,000		686	3.000	\$ 1,501,485			\$ 1,500,000

Geo Decommissioning Reserve

Local Agency Investm	LAIF	364,097	2.399	07/01/2013	364,097		1	2.399	SYS70027	70027	364,097	
Union Bank of Calif	UBOC	70,193	0.002	07/01/2013	70,193		1	0.002	SYS70034	70034	70,193	
American Honda Finan	UBOC	500,000	2.650	11/30/2018	493,500	02/12/2021	742	3.265	498,310	02665WCD1	26726	494,001
Toyota Motor Credit	UBOC	500,000	2.950	11/30/2018	496,300	04/13/2021	802	3.276	501,555	89236TEU5	26727	496,565
Federal National Mtg	UBOC	2,000,000	1.500	08/30/2016	2,000,000	05/28/2021	847	1.500	1,949,260	3136G33W3	26369	2,000,000
Ally Bank	UBOC	250,000	3.000	08/30/2018	250,000	08/30/2021	941	3.002	250,808	02007GEQ2A	30312	250,000
PNC Bank NA	UBOC	750,000	2.550	03/15/2018	735,450	12/09/2021	1,042	3.103	737,663	69353REY0	26553	738,871
Federal Home Loan Mt	UBOC	1,000,000	3.150	12/20/2018	1,000,000	12/20/2021	1,053	3.150	1,001,180	3134GSH40	26735	1,000,000
Federal Home Loan Mt	UBOC	941,000	2.200	01/30/2017	941,000	01/26/2022	1,090	2.200	926,734	3134GAV92	26404	941,000
Apple Inc.	UBOC	861,211	2.300	11/29/2017	860,117	05/11/2022	1,195	2.329	849,507	037833CQ1	26499	860,405
Wells Fargo Bank	UBOC	250,000	3.150	08/30/2018	250,000	08/30/2022	1,306	3.154	249,638	949763T1LOA	30311	250,000
Great North Bank	UBOC	250,000	3.050	08/31/2018	250,000	08/31/2022	1,307	3.051	250,010	39103QAF3A	30310	250,000
Discover Bank	UBOC	250,000	3.150	09/06/2018	250,000	09/06/2022	1,313	3.152	250,828	254673TMB9A	30313	250,000
Walt Disney Company/	UBOC	750,000	2.350	03/15/2018	728,580	12/01/2022	1,399	3.004	737,543	25468PCW4	26551	732,571
John Deere Capital C	UBOC	750,000	2.800	03/15/2018	739,748	01/27/2023	1,456	3.104	745,133	24422ERT8	26550	741,597

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Geo Decommissioning Reserve

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Bank of NY Mellon Co	UBOC	750,000	2.950	03/15/2018	740,610	01/29/2023	1,458	3.229	749,070	06406RAE7	26549	742,302
IBM Credit LLC	UBOC	500,000	3.000	03/15/2018	496,820	02/06/2023	1,466	3.140	495,825	44932HAH6	26548	497,391
Federal Home Loan Mt	UBOC	2,000,000	2.700	06/14/2018	2,000,000	06/14/2023	1,594	3.316	2,000,460	3134GSNE1	26623	2,000,000
Enerbank USA	UBOC	250,000	3.200	08/30/2018	250,000	08/30/2023	1,671	3.203	250,238	29278TCP3A	30309	250,000
Citibank NA	UBOC	250,000	3.300	09/07/2018	250,000	09/07/2023	1,679	3.301	251,268	17312QS34A	30314	250,000
Federal Home Loan Mt	UBOC	2,000,000	3.000	09/26/2018	1,999,200	09/26/2023	1,698	3.587	2,001,280	3134GSWL5	26679	1,999,256
Federal Farm Credit	UBOC	1,000,000	3.340	11/21/2018	1,000,000	10/04/2023	1,706	3.339	1,004,490	3133EUE39	26716	1,000,000
Federal Home Loan Mt	UBOC	1,000,000	3.500	12/18/2018	1,000,000	12/18/2023	1,781	3.500	1,001,530	3134GSF26	26732	1,000,000
Federal Farm Credit	UBOC	2,000,000	3.450	07/27/2018	1,999,300	07/23/2025	2,364	3.455	2,025,400	3133EJUT4	26644	1,999,351
Fund Total and Average		\$ 19,236,501	2.767		\$ 19,164,915		1413	2.991	\$ 19,162,020			\$ 19,177,600

GEO Debt Service Reserve Acct

Federal Home Loan Mt	USBT	907,000	1.750	06/02/2015	920,886	05/30/2019	118	1.354	904,914	3137EADG1	26228	908,149
U.S. Treasury	USB	40,000	2.273	10/17/2018	39,379	06/20/2019	139	2.333	39,632	912796QM4	26692	39,649
Federal Home Loan Mt	USBT	2,515,000	1.250	02/27/2015	2,483,839	10/02/2019	243	1.530	2,493,748	3137EADM8	26197	2,510,462
Fund Total and Average		\$ 3,462,000	1.393		\$ 3,444,104		209	1.493	\$ 3,438,294			\$ 3,458,260

Geo 2012A DSR Account

U.S. Treasury	USB	12,000	2.394	10/17/2018	11,714	10/10/2019	251	2.472	11,797	912796RF8	26693	11,800
Federal National Mtg	USBT	1,517,000	1.625	05/25/2016	1,517,000	05/25/2021	844	1.625	1,482,063	3136G3NL5	26333	1,517,000
Fund Total and Average		\$ 1,529,000	1.631		\$ 1,528,714		839	1.632	\$ 1,493,860			\$ 1,528,800
GRAND TOTALS:		\$ 28,169,501	2.517		\$ 28,055,401		1084	2.688	\$ 28,016,538.			\$ 28,085,755

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Current Market Value is based on prices from Trustee/ Custodian Statements or bid prices from the Wall Street Journal as of 01/31/2019

Investment #26333	FNMA	Callable quarterly
Investment #26369	FNMA	Callable quarterly
Investment #26404	FHLMC	Callable quarterly
Investment #26644	FFCB	Callable anytime starting 7/23/2021
Investment #26679	FHLMC	Callable quarterly
Investment #26716	FFCB	Callable on 10/4/2019
Investment #26730	FHLMC	Callable quarterly starting 6/18/2019
Investment #26732	FHLMC	Callable quarterly starting 6/18/2019
Investment #26735	FHLMC	Callable quarterly starting 6/20/2019

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Capital Dev. Reserve Hydro

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Local Agency Investm	LAIF	8,257,691	2.399	07/01/2013	8,257,691		1	2.399	8,257,691	SYS70028	70028	8,257,691
Union Bank of Califo	UBOC	48,326	0.002	07/01/2013	48,326		1	0.002	48,326	SYS70031	70031	48,326
Branch Banking & Tru	UBOC	500,000	2.625	06/13/2018	488,420	01/15/2022	1,079	3.314	496,070	07330NAQ8	26618	490,464
Exxon Mobil Corporat	UBOC	500,000	2.397	06/13/2018	490,350	03/06/2022	1,129	2.946	495,990	30231GAJ1	26621	491,988
US Bank	UBOC	550,000	3.000	08/10/2018	546,607	03/15/2022	1,138	3.182	548,543	91159HHC7	26651	547,055
Public Storage	UBOC	500,000	2.370	03/14/2018	485,770	09/15/2022	1,322	3.051	486,075	74460DAB5	26546	488,553
Visa Inc.	UBOC	500,000	2.800	03/14/2018	494,470	12/14/2022	1,412	3.051	501,330	92826CAC6	26547	495,495
Toyota Motor Credit	UBOC	500,000	2.700	06/13/2018	489,100	01/11/2023	1,440	3.215	493,965	89236TEL5	26619	490,608
Oracle Corp.	UBOC	500,000	2.625	03/14/2018	488,715	02/15/2023	1,475	3.121	494,670	68389XBR5	26545	490,735
Boeing Co.	UBOC	500,000	2.800	03/14/2018	496,070	03/01/2023	1,489	2.971	498,420	097023BW4	26544	496,767
United Parcel Serv	UBOC	500,000	2.500	06/13/2018	484,900	04/01/2023	1,520	3.182	491,425	911312BK1	26620	486,892
Colgate-Palmolive Co	UBOC	550,000	2.100	08/09/2018	528,660	05/01/2023	1,550	2.985	534,523	19416QEC0	26652	530,817
Federal Home Loan Ba	UBOC	1,150,000	3.050	08/08/2018	1,145,113	06/13/2023	1,593	3.144	1,150,702	3130AEEJ5	26649	1,145,597
Federal Home Loan Mt	UBOC	1,000,000	3.250	08/08/2018	1,000,000	06/28/2023	1,608	3.249	1,000,590	3134GGSNY7	26650	1,000,000
Federal Home Loan Ba	UBOC	1,500,000	3.250	10/19/2018	1,500,000	10/19/2023	1,721	3.250	1,512,030	3130AEYR5	26701	1,500,000
Federal Home Loan Ba	UBOC	2,000,000	3.100	01/29/2019	2,000,000	01/29/2024	1,823	3.100	2,001,820	3130AFRR0	26742	2,000,000
Fund Total and Average		\$ 19,056,017	2.670		\$ 18,944,192		868	2.810	\$ 19,012,170			\$ 18,960,988

Hydro Initial Facilities

Federal Home Loan Ba	USB	1,683,000	2.380	11/27/2018	1,669,648	03/27/2019	54	2.432	1,676,941	313384DP1	26718	1,676,992
Fund Total and Average		\$ 1,683,000	2.380		\$ 1,669,648		54	2.432	\$ 1,676,941			\$ 1,676,992

Hydro Debt Service

Federal Home Loan Ba	USBT	6,935,000	2.410	01/11/2019	6,855,612	07/01/2019	150	2.471	6,864,471	313384HP7A	26746	6,865,361
Fund Total and Average		\$ 6,935,000	2.410		\$ 6,855,612		150	2.472	\$ 6,864,471			\$ 6,865,361

Hydro 2018A Debt Service

Federal Home Loan Ba	USBT	4,523,000	2.410	01/11/2019	4,471,223	07/01/2019	150	2.471	4,477,001	313384HP7A	26747	4,477,562
Fund Total and Average		\$ 4,523,000	2.410		\$ 4,471,223		150	2.472	\$ 4,477,001			\$ 4,477,562

Hydro 2018B Debt Service

Federal Home Loan Ba	USBT	686,000	2.410	01/11/2019	680,124	07/01/2019	150	2.471	681,003	313384HP7A	26748	681,091
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Northern California Power Agency

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Hydro 2018B Debt Service

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Fund Total and Average		\$ 688,000	2.410		\$ 680,124		150	2.472	\$ 681,003			\$ 681,091

Hydro Debt Service Resrv 2010A

U.S. Treasury	USB	52,000	1.625	02/27/2018	51,780	06/30/2019	149	1.945	51,825	912828WS5	26537	51,933
Federal Home Loan Ba	USB	135,000	4.375	07/28/2017	142,601	07/01/2019	150	1.400	136,087	3133XU3G6	26451	136,645
Federal Home Loan Ba	USB	103,000	2.440	10/17/2018	101,206	07/01/2019	150	2.508	101,952	313384HP7A	26694	101,953
Federal Farm Credit	USB	5,528,000	1.750	08/28/2015	5,546,187	08/04/2020	550	1.680	5,465,202	3133EE5Z9	26243	5,533,561
Fund Total and Average		\$ 5,818,000	1.823		\$ 5,841,774		530	1.690	\$ 5,755,066			\$ 5,824,092

Hydro 2012A Rebate Account

U.S. Treasury	USB	19,000	2.225	10/17/2018	18,810	03/28/2019	55	2.278	18,931	912796PX1	26695	18,935
Federal Home Loan Mt	USB	689,000	1.875	04/28/2017	691,391	08/09/2021	920	1.790	678,761	3134G93A3	26432	690,409
Fund Total and Average		\$ 708,000	1.884		\$ 710,201		897	1.803	\$ 697,692			\$ 709,344

Hydro Special Reserve

Local Agency Investm	LAIF	0	0.377	07/01/2013	0		1	0.377	0	SYS70000	70003	0
Union Bank of Calif	UBOC	0	0.002	07/01/2013	0		1	0.002	0	SYS70016	70016	0
Federal Home Loan Mt	UBOC	1,500,000	3.000	12/18/2018	1,500,000	12/18/2020	686	3.000	1,501,485	3134GSF34	26731	1,500,000
Fund Total and Average		\$ 1,500,000	3.000		\$ 1,500,000		686	3.000	\$ 1,501,485			\$ 1,500,000

Hydro 2012 Cost of Issuance

US Bank	USB	0	0.040	07/01/2013	0		1	0.040	0	SYS79061	79061	0
Fund Total and Average		\$ 0	***.***		\$ 0		***	***.***	\$ 0			\$ 0

Hydro 2012 DSRA

U.S. Treasury	USB	51,000	2.225	10/17/2018	50,489	03/28/2019	55	2.278	50,814	912796PX1	26696	50,827
Federal Farm Credit	USB	100,000	1.750	08/28/2015	100,329	08/04/2020	550	1.680	98,864	3133EE5Z9	26244	100,101
U.S. Treasury	USB	146,000	2.250	02/27/2018	145,992	02/15/2021	745	2.251	145,356	9128283X6	26539	145,995
Federal National Mtg	USB	94,000	1.530	07/28/2016	94,000	07/28/2021	908	1.530	91,101	3136G3S97	26359	94,000
Federal Home Loan Mt	USB	3,928,000	2.375	02/09/2012	3,926,232	01/13/2022	1,077	2.380	3,918,023	3137EAD82	25852	3,927,475
Fund Total and Average		\$ 4,319,000	2.336		\$ 4,317,042		1038	2.340	\$ 4,304,158			\$ 4,318,398

GRAND TOTALS:	\$	45,230,017	2.447	\$	44,989,816	613	2.506	\$	44,969,987.	\$	45,013,848
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Investment #26359	FNMA	Callable quarterly
Investment #26649	FHLB	Callable on 6/13/2019
Investment #26651	USB	Callable on 2/15/2022
Investment #26701	FHLB	Callable until 10/19/2020
Investment #26731	FHLMC	Callable quarterly starting 6/18/2019
Investment #26742	FHLB	Callable quarterly

Cap Facilities Debt Service

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Federal Home Loan Ba	USBT	480,000	2.290	10/17/2018	476,733	02/01/2019	0	2.337	480,000	313384BH1	26686	480,000
Federal Home Loan Ba	USBT	479,000	2.280	10/29/2018	476,118	02/01/2019	0	2.325	479,000	313384BH1	26708	479,000
Federal Home Loan Mt	USBT	480,000	2.160	08/31/2018	475,565	02/01/2019	0	2.210	480,000	313396BHSA	26661	480,000
Fund Total and Average		\$ 1,439,000	2.243		\$ 1,428,416		0	2.291	\$ 1,439,000			\$ 1,439,000

Cap. Fac. Debt Svc Reserve

U.S. Treasury	USB	36,000	2.397	10/17/2018	35,142	10/10/2019	251	2.475	35,391	912796RF8	26697	35,398
Federal National Mtg	USB	71,000	1.530	07/28/2016	71,000	07/28/2021	908	1.530	68,810	3136G3S97	26358	71,000
Federal Home Loan Mt	USB	1,443,000	2.375	02/13/2012	1,447,430	01/13/2022	1,077	2.340	1,439,335	3137EADB2	25845	1,444,318
Fund Total and Average		\$ 1,550,000	2.337		\$ 1,553,572		1050	2.306	\$ 1,543,536			\$ 1,550,716
GRAND TOTALS:		\$ 2,989,000	2.292		\$ 2,981,988		545	2.299	\$ 2,982,536.			\$ 2,989,716

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Current Market Value is based on prices from Trustee/ Custodian Statements or bid prices from the Wall Street Journal as of 01/31/2019

Investment #26358 FNMA Callable quarterly

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LEC GHG Auction Acct

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Local Agency Investm		73,707	2.399	07/01/2013	73,707		1	2.399	73,707	SYS70046	70046	73,707
Fund Total and Average		\$ 73,707	2.399		\$ 73,707		1	2.399	\$ 73,707			\$ 73,707

LEC Issue#1 2010A DS Fund

US Bank Trust	USB	419,518	0.600	07/01/2013	419,518		1	0.600	419,518	SYS79003	79003	419,518
Federal Home Loan Mt	USBT	4,310,000	2.405	01/11/2019	4,270,265	05/29/2019	117	2.461	4,276,253	313396GE7A	26749	4,276,312
Fund Total and Average		\$ 4,729,518	2.244		\$ 4,689,783		107	2.295	\$ 4,695,771			\$ 4,695,830

LEC Issue #1 2010B DS Fund

US Bank Trust	USB	725,245	0.600	07/01/2013	725,245		1	0.600	725,245	SYS79004	79004	725,245
Federal Home Loan Mt	USBT	761,000	2.405	01/11/2019	753,984	05/29/2019	117	2.461	755,041	313396GE7A	26750	755,052
Fund Total and Average		\$ 1,486,245	1.521		\$ 1,479,229		60	1.549	\$ 1,480,286			\$ 1,480,297

LEC Issue #2 2010A DS Fund

US Bank Trust	USB	434,236	0.600	07/01/2013	434,236		1	0.600	434,236	SYS79011	79011	434,236
Federal Home Loan Mt	USBT	2,918,000	2.405	01/11/2019	2,891,098	05/29/2019	117	2.461	2,895,152	313396GE7A	26751	2,895,192
Fund Total and Average		\$ 3,352,236	2.170		\$ 3,325,334		102	2.218	\$ 3,329,388			\$ 3,329,428

LEC Issue #2 2010B DS Fund

US Bank Trust	USB	348,176	0.600	07/01/2013	348,176		1	0.600	348,176	SYS79012	79012	348,176
Federal Home Loan Mt	USBT	366,000	2.405	01/11/2019	362,626	05/29/2019	117	2.461	363,134	313396GE7A	26752	363,139
Fund Total and Average		\$ 714,176	1.521		\$ 710,802		60	1.550	\$ 711,310			\$ 711,315

LEC Issue#1 2017A DS Fund

Federal Home Loan Mt	USBT	432,000	2.405	01/11/2019	428,017	05/29/2019	117	2.461	428,617	313396GE7A	26753	428,623
Fund Total and Average		\$ 432,000	2.405		\$ 428,017		117	2.461	\$ 428,617			\$ 428,623

LEC Issue #1 2010 DSR Fund

US Bank Trust	USB	81,201	0.600	07/01/2013	81,201		1	0.600	81,201	SYS79005	79005	81,201
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LEC Issue #1 2010 DSR Fund

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
U.S. Treasury	USB	82,000	2.214	10/17/2018	81,041	04/25/2019	83	2.271	81,558	912796QC6	26598	81,581
U.S. Treasury	USB	85,000	1.825	02/27/2018	84,641	06/30/2019	149	1.945	84,714	912828WS5	26538	84,890
Federal Farm Credit	USB	4,360,000	1.860	06/08/2016	4,360,000	05/25/2021	844	1.659	4,272,887	3133EGBZ7	26337	4,360,000
Federal Home Loan Mt	USB	150,000	1.125	07/28/2017	146,648	08/12/2021	923	1.699	145,287	3137EAC9	26454	147,900
Federal Home Loan Ba	USB	4,100,000	2.125	08/28/2017	4,168,306	06/10/2022	1,225	1.760	4,042,600	313379Q69	26463	4,147,957
Fund Total and Average		\$ 8,858,201	1.863		\$ 8,921,837		1002	1.706	\$ 8,708,247			\$ 8,903,529

LEC Iss#1 2010B BABS Subs Resv

US Bank Trust	USB	74,356	0.600	07/01/2013	74,356		1	0.600	74,356	SYS79006	79006	74,356
U.S. Treasury	USB	37,000	2.214	10/17/2018	36,567	04/25/2019	83	2.271	36,801	912796QC6	26699	36,811
Federal Home Loan Ba	USB	2,145,000	3.375	07/28/2017	2,255,146	06/12/2020	497	1.540	2,170,268	313370E38	26455	2,197,303
Fund Total and Average		\$ 2,256,356	3.267		\$ 2,366,069		474	1.521	\$ 2,281,425			\$ 2,308,470

LEC Issue #2 2010B DSR BABS

US Bank Trust	USB	47,800	0.600	07/01/2013	47,800		1	0.600	47,800	SYS79013	79013	47,800
U.S. Treasury	USB	23,000	2.214	10/17/2018	22,731	04/25/2019	83	2.271	22,876	912796QC6	26700	22,883
Federal Home Loan Ba	USB	1,025,000	4.375	07/28/2017	1,082,708	07/01/2019	150	1.400	1,033,251	3133XU3G6	26456	1,037,491
Fund Total and Average		\$ 1,095,800	4.168		\$ 1,153,239		142	1.383	\$ 1,103,927			\$ 1,108,174

LEC O & M Reserve

Local Agency Investm		288,896	2.399	07/01/2013	288,896		1	2.399	288,896	SYS70047	70047	288,896
Union Bank of Calif	UBOC	94,758	0.002	07/18/2013	94,758		1	0.002	94,758	SYS70041	70041	94,758
Federal National Mtg	UBOC	2,933,000	1.875	08/28/2015	2,998,142	02/19/2019	18	1.220	2,932,003	3135G0ZA4	26248	2,933,937
Federal Home Loan Ba	USB	3,615,000	1.540	06/30/2017	3,613,952	06/05/2020	490	1.550	3,570,029	3130ABJQ0	26440	3,614,519
Federal National Mtg	UBOC	3,000,000	1.300	06/30/2016	3,000,000	06/30/2020	515	1.300	2,947,350	3136G3UJ2	26341	3,000,000
Fund Total and Average		\$ 9,931,654	1.577		\$ 9,995,748		339	1.387	\$ 9,833,036			\$ 9,932,110
GRAND TOTALS:		\$ 32,929,893	2.023		\$ 33,143,765		442	1.723	\$ 32,645,714.			\$ 32,971,483

*Bond Equivalent Yield to Maturity is shown based on a 365 day year to provide a basis for comparison between all types. Investments with less than 6 months to maturity use an approximate method, all others use an exact method.

Current Market Value is based on prices from Trustee/ Custodian Statements or bid prices from the Wall Street Journal as of 01/31/2019

Investment #26337 FFCEB Callable anytime



12

Commission Staff Report

February 13, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: Debt and Interest Rate Management Report – December 31, 2018

AGENDA CATEGORY: Consent

FROM:	Monty Hanks <i>MH</i> Assistant General Manager/CFO	METHOD OF SELECTION: N/A
Division:	Administrative Services	
Department:	Accounting & Finance	

IMPACTED MEMBERS:		
All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input type="checkbox"/>	City of Lompoc <input type="checkbox"/>	City of Ukiah <input type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input type="checkbox"/>
City of Biggs <input type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input type="checkbox"/>	City of Roseville <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	Other <input type="checkbox"/>
<i>If other, please specify</i>		
<hr/>		
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RECOMMENDATION:

It is recommended the Commission accept the Debt and Interest Rate Management Report for the period ending December 31, 2018.

BACKGROUND:

In accordance with the Debt and Interest Rate Management Policy, Section 20, *Monitoring and Reporting Requirements*, approved by the Commission in May 2017, the Finance team will provide a written report regarding the status of all fixed and variable rate debt and the Agency's interest rate swaps on a semi-annual basis to the Finance Committee and to the Commission.

The report, for the period ending December 31, 2018, is attached for your information and acceptance. Listed below is a summary of the report.

Fixed Rate Debt

No changes or updates from the previous report (6/30/2018).

Variable Rate Debt

The Agency has a total of \$86.1 million of outstanding variable rate debt (\$85.16 million for Hydro 2008 Series A and \$0.9 million Hydro 2008 Series B). The Agency's variable rate debt is structured with a Letter of Credit with the Bank of Montreal. On average, the reset rates continue to trade at or better than the Securities Industry and Financial Markets Association (SIFMA) for the Series A bonds (tax-exempt) but slightly higher for the 1-month London Interbank Offered Rate (LIBOR) for Series B bonds (taxable). The reset rates and index comparisons are included in the attached report.

Interest Rate Swaps

As of December 31, 2018, NCPA had \$86.2 million of outstanding swaps, all related to the Hydroelectric Project bonds, which act as a hedge against the variable rate debt. The total market value of the interest rate swaps was a net liability of \$14.2 million (negative). This amount has improved from the June 30, 2018 net liability of \$15.2 million (negative) due to a rise in interest rates and time value. No new swaps or defaults have occurred in the last six months. The interest rate swaps make up approximately 29% of the outstanding Hydroelectric Project debt portfolio. Additional details of the swap agreements are provided in the attached report.

Counterparties

The counterparty for both interest rate swaps is Citibank, N.A. The credit ratings for Citibank, N.A., are A+/A1/A+ by S&P, Moody's, and Fitch, respective. There have been no changes since the last report.

Rating Changes

There have been no changes since the last report.

FISCAL IMPACT:

The total projected savings over the life of the interest rate swaps was \$13.9 million at the inception of these agreements. Total projected savings through December 31, 2018 was \$6.3 million with actual results at \$10.7 million. The difference between expected savings and actual savings is due to “basis risk”, or the difference between what NCPA pays on the variable rate bonds and the index rate used in the swap transaction. Total basis risk to date is positive, resulting in additional savings over those expected of \$4.4 million. Staff continues to monitor the potential for refinancing these bonds and terminating the swaps, however, the large mark-to-market payment due to Citibank, N.A. of over \$14.2 million (net) is making a potential refund not a feasible option at this time.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a “project” for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation was reviewed by the Finance Committee on February 12, 2019 and was recommended for Commission acceptance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy Howard", followed by the word "for" in a cursive script.

RANDY S. HOWARD
General Manager

Attachments:

- Debt and Interest Rate Management Report as of 12-31-2018



Debt and Interest Rate Management Report

As of December 31, 2018

	<u>Page</u>
• Key Highlights	3
• Debt Overview by Project	4
– Geothermal Project	5
– Hydroelectric Project	6-7
– Capital Facilities	8
– Lodi Energy Center	9
• Fixed Rate Debt Overview	10-11
• Variable Rate Debt Overview	12
– Critical Terms	13
– Performance Versus Indices (inception, fiscal year)	14-15
• Interest Rate Swaps Overview	16
– Swap Performance	17
– Swap Summary and Valuation	18
– Fair Value by Participant	19
– Fair Value Historical Trend	20

Key Highlights

- No negative material changes to any fixed or variable rate debt or outstanding swap agreements occurred since the last report.
- Ratings on all the projects remained the same.
- No defaults under the above swap agreements, fixed rate or variable rate debt have occurred.
- Counterparty rating remained the same; no collateral posting by the counterparty has been required and the counterparty remains highly rated.
- The MTM* on the outstanding swaps changed from a negative value of \$15.2 million on June 29, 2018 to a negative value of \$14.2 million on December 31, 2018.

* Doesn't reflect the GASB 72 Fair Value risk profile of NCPA. This calculation is done at fiscal year-end.

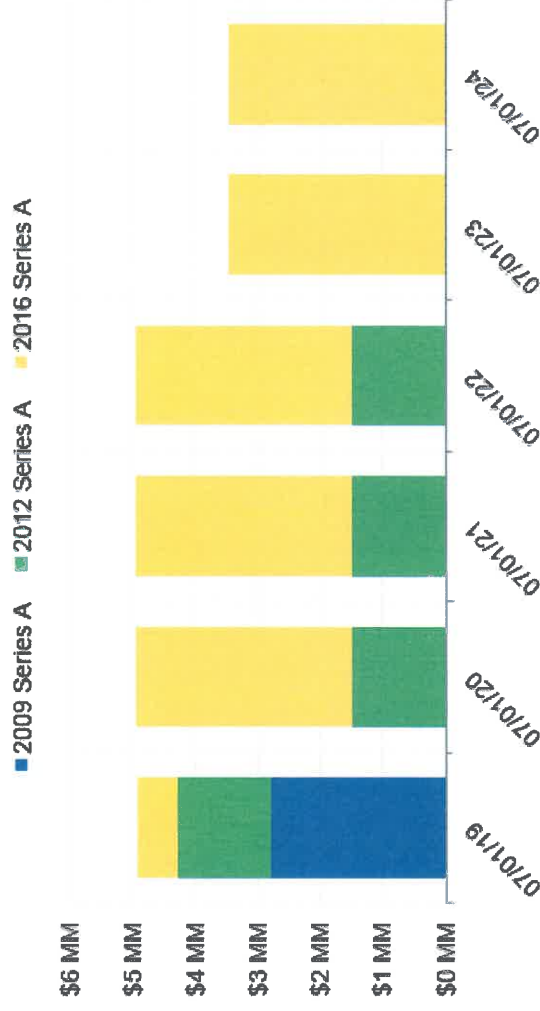
DEBT OVERVIEW BY PROJECT

Geothermal Project Debt Overview

Geothermal Project Participation Percentages

Member	Entitlement Share (%)	Beneficiary Share (%)
Alameda	16.8825	16.8825
Biggs	0.2270	0.2270
Gridley	0.3950	0.3360
Healdsburg	3.6740	3.6740
Lodi	10.2800	10.2800
Lompoc	3.6810	3.6810
Palo Alto	6.1580	0.0000
Plumas-Sierra	0.8145	0.7010
Roseville	7.8830	7.8830
Santa Clara	44.3905	44.3905
TID	0.0000	6.3305
Ukiah	5.6145	5.6145

Geothermal Project Debt Service



Summary of Outstanding Geothermal Project Debt

Ratings (M/S/F): A1/A-/A+, Stable Outlooks

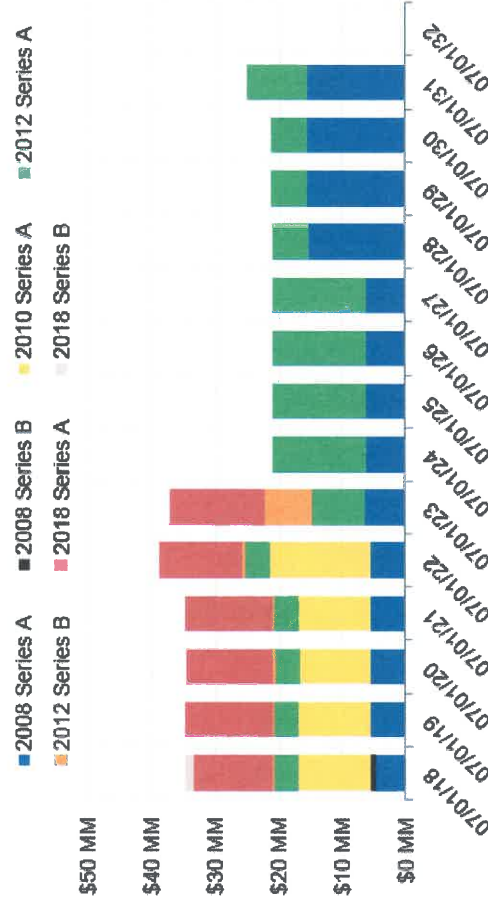
Series	Tax Status	Coupon Type	Issue Size	Outstanding Par	Coupon Range	Call Date	Final Maturity
2009 Series A	Tax-Exempt	Fixed-Rate	\$35,610,000	\$5,220,000	5.000%	-	7/1/2019
2012 Series A	Tax-Exempt	Fixed-Rate	\$12,910,000	\$5,620,000	2.289%	7/1/2017	7/1/2022
2016 Series A	Tax-Exempt	Fixed-Rate	\$16,900,000	\$17,265,000	1.670%	-	7/1/2024

Hydroelectric Project Debt Overview

Hydroelectric Project Participation Percentages

Member	Entitlement Share (%)
Alameda	10.000
Biggs	0.100
Gridley	1.060
Healdsburg	1.660
Lodi	10.370
Lompoc	2.300
Palo Alto	22.920
Roseville	12.000
Santa Clara	35.860
Ukiah	2.040
Plumas-Sierra	1.690

Hydroelectric Project Debt Service



Summary of Outstanding Hydroelectric Project Debt

Ratings (M/S/F): Aa3-/AA-, Stable Outlooks

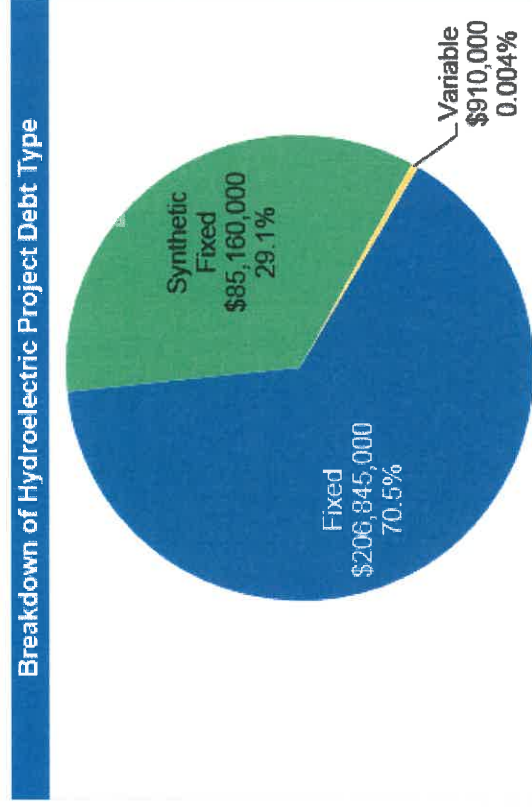
Series	Tax Status	Coupon Type	Issue Size	Outstanding Par	Coupon Range	Call Date	Final Maturity
2008 Series A	Tax-Exempt	Variable-Rate	\$85,160,000	\$85,160,000	Var. (3.819%) ^(S)	Current	7/1/2032
2008 Series B	Taxable	Variable-Rate	\$3,165,000	\$910,000	Variable ^(V)	Current	7/1/2020
2010 Series A	Tax-Exempt	Fixed-Rate	\$101,260,000	\$52,845,000	5.000%	7/1/2019	7/1/2023
2012 Series A	Tax-Exempt	Fixed-Rate	\$76,665,000	\$76,665,000	5.000%	7/1/2022	7/1/2032
2012 Series B	Taxable	Fixed-Rate	\$7,120,000	\$7,120,000	4.320%	Make-Whole	7/1/2024
2018 Series A	Tax-Exempt	Fixed-Rate	\$68,875,000	\$68,875,000	5.000%	Non-Callable	7/1/2024
2018 Series B	Taxable	Fixed-Rate	\$1,340,000	\$1,340,000	2.350%	Non-Callable	7/1/2019

^(S) Swapped; Please see next page for details, ^(V) 4% variable rate assumed for debt service chart

Hydroelectric Project Debt Overview

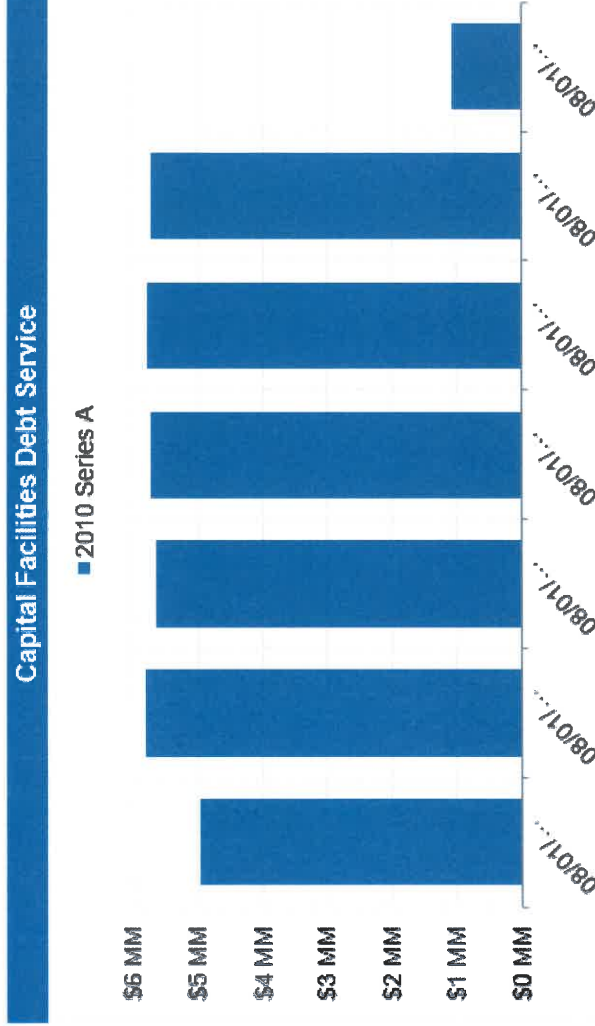
Hydroelectric Project Swap Summary						
Series	NCPA Pays	NCPA Receives	Trade Date	Effective Date	Maturity Date	MTM Value (As of 12/31/18)
2008 Series A	3.8190%	54% of USD-LIBOR + 0.54%	11/24/04	11/24/04	7/1/32	(\$14,352,422)
2008 Series B	USD-LIBOR	5.2910%	11/24/04	11/24/04	7/1/32	\$163,247
						Initial Notional
						\$85,160,000
						Current Notional
						\$85,160,000
						Bank Counterparty
						Citibank, N.A., New York (A1/A+/A+)
						Citibank, N.A., New York (A1/A+/A+)

Hydroelectric Project Liquidity Summary				
Series	LOC Provider	LOC Expiry	Reset (as of 12/26/18)	
2008 Series A	Bank of Montreal (A1/A+/AA-)	September 09, 2019	1.38%	
2008 Series B	Bank of Montreal (A1/A+/AA-)	September 09, 2019	2.60%	



Capital Facilities Debt Overview

Capital Facilities Participation Percentages	
Member	Entitlement Share (%)
Alameda	19.00
Lodi	39.50
Lompoc	5.00
Roseville	36.50



Summary of Outstanding Capital Facilities Debt

Ratings (M/S/F): A2/A-/ , Stable Outlooks

Series	Tax Status	Coupon Type	Issue Size	Outstanding Par	Coupon Range	Call Date	Final Maturity
2010 Series A	Tax-Exempt	Fixed-Rate	\$55,120,000	\$29,645,000	5.000% - 5.250%	2/1/2020	8/1/2025

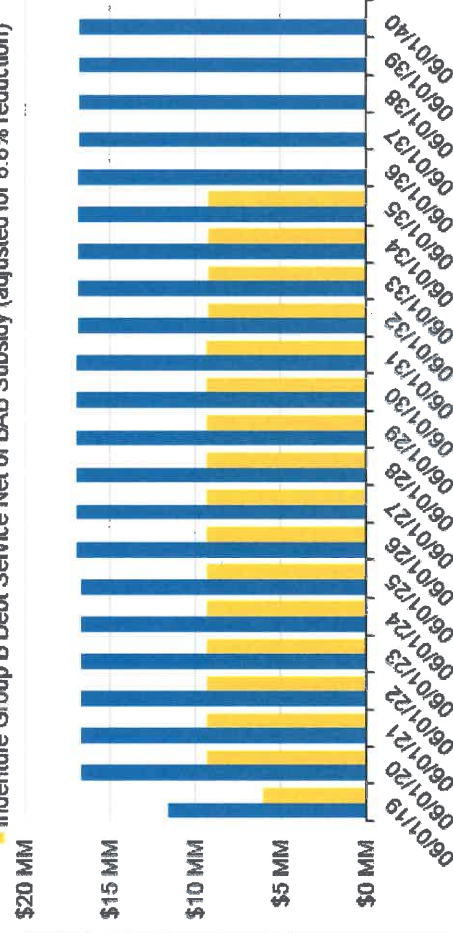
Lodi Energy Center Debt Overview

LEC Participation Percentages

Member	Entitlement Share (%)	Ind. Group A Cost Share (%)
CDWR	33.5000	-
Azusa	2.7857	4.9936
Biggs	0.2679	0.4802
Gridley	1.9643	3.5212
Healdsburg	1.6428	2.9448
Lodi	9.5000	17.0295
Lompoc	2.0357	3.6491
Santa Clara	25.7500	46.1588
Ukiah	1.7857	3.2010
MID	10.7143	-
Plumas-Sierra	0.7857	1.4084
PWRPA	2.6679	4.7824
SFBART	6.6000	11.8310

Lodi Energy Center Debt Service

■ Indenture Group A Debt Service Net of BAB Subsidy (adjusted for 6.6% reduction)
 ■ Indenture Group B Debt Service Net of BAB Subsidy (adjusted for 6.6% reduction)



Summary of Outstanding Lodi Energy Center Debt

Series	Tax Status	Coupon Type	Issue Size	Outstanding Par	Coupon Range	Next Call	Final Maturity
Indenture Group A Ratings (M/S/F): A1/A-A, Stable Outlooks							
2010 Series A	Tax-Exempt	Fixed-Rate	\$78,330,000	\$12,125,000	5.000%	6/1/2020	6/1/2020
2010 Series B	Taxable BABs	Fixed-Rate	\$176,625,000	\$176,625,000	7.311% ⁽¹⁾	Make-Whole	6/1/2040
2017 Series A	Tax-Exempt	Fixed-Rate	\$38,635,000	\$38,635,000	2.270%	-	6/1/2025
Indenture Group B—CADWR Ratings (M/S/F): Aa2/AAA, Stable Outlooks							
2010 Series A	Tax-Exempt	Fixed-Rate	\$30,540,000	\$4,960,000	5.000%	Non-Callable	6/1/2019
2010 Series B	Taxable BABs	Fixed-Rate	\$110,225,000	\$110,225,000	4.630%-5.679% ⁽¹⁾	Make-Whole	6/1/2035

⁽¹⁾ Taxable Build America Bonds; Interest rate gross of BAB subsidy

FIXED RATE DEBT OVERVIEW

Fixed Rate Debt Overview

- Fixed Rate Debt
 - No new issuance(s) or bond refunding(s) occurred since the last report on 6/30/2018.
- Ratings
 - No changes since the last report

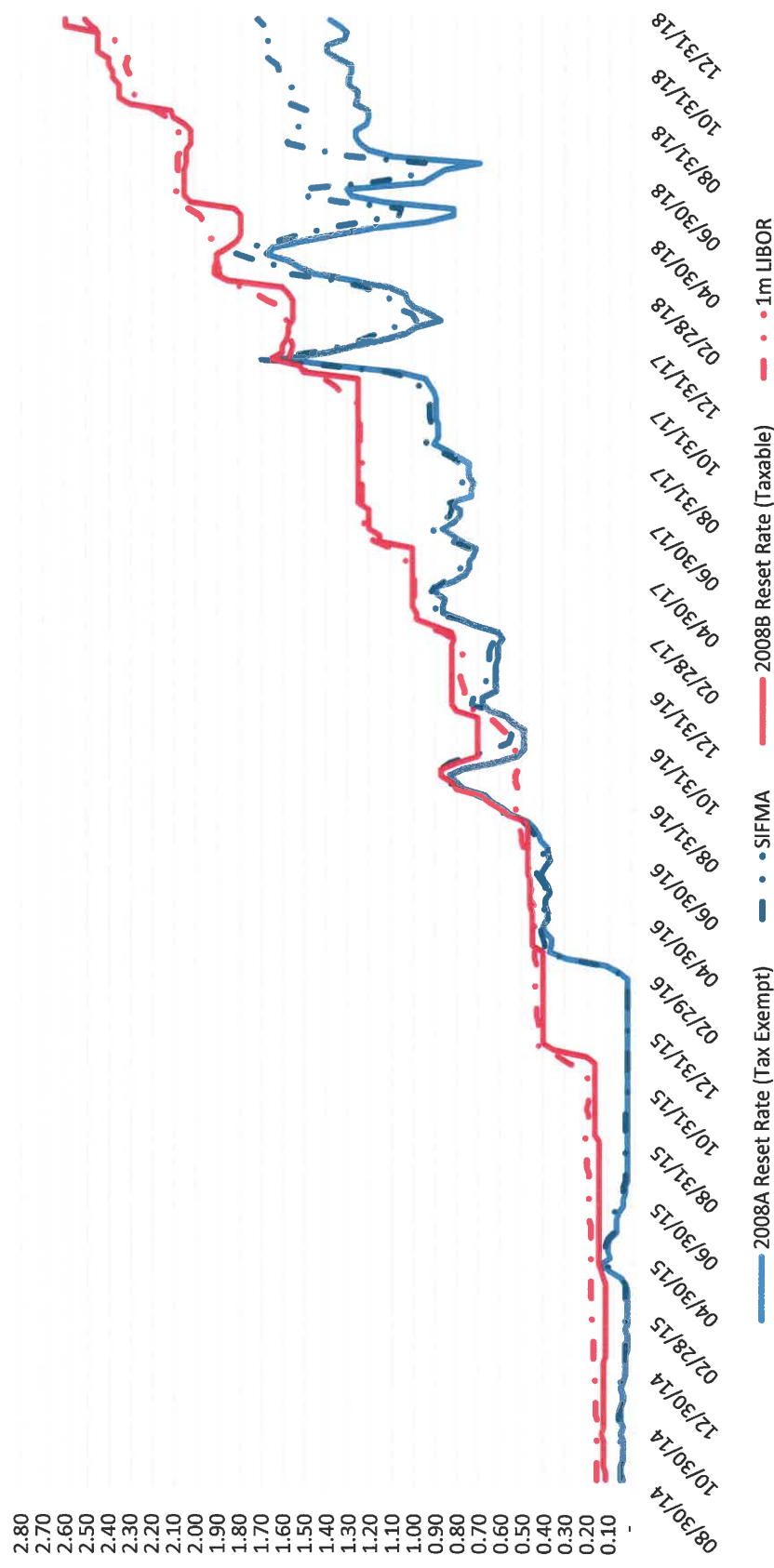
VARIABLE RATE DEBT OVERVIEW

Variable Rate Debt Overview

	Hydro 2008A	Hydro 2008B
Variable Rate Debt Amount Priced Payment	\$85,160,000 Weekly Monthly	\$1,574,000 Weekly Monthly
Swap Counter-party:	Citigroup	Citigroup
Payments	NCPA Pays Fixed @ 3.819%	NCPA Receives Fixed @ 5.291%
From/To: Counterparty	NCPA Receives Floating rate (based on 54% of monthly Libor+.54%)	NCPA Pays Floating rate (based on monthly Libor)
Payment terms:	Semi-Annual (net) Semi-Annual (net)	Semi-Annual (net) Semi-Annual (net)
Liquidity/Letter of Credit Provider ¹ Annual Fee Expiration Date Credit Ratings ²	Bank of Montreal 39.0 bp 9/9/2019 A1/A+/AA-	Bank of Montreal 39.0 bp 9/9/2019 A1/A+/AA-
¹ Effective 9/10/14 Citibank N.A. was replaced as the LOC provider with Bank of Montreal.		
² Effective 5/10/17 Moody's downgraded the Bank of Montreal from Aa3 to A1		

Variable Rate Debt Overview

NCPA Variable Rate Debt Performance Versus Indices



Variable Rate Debt Overview

NCPA Variable Rate Debt Performance Versus Indices



INTEREST RATE SWAPS OVERVIEW

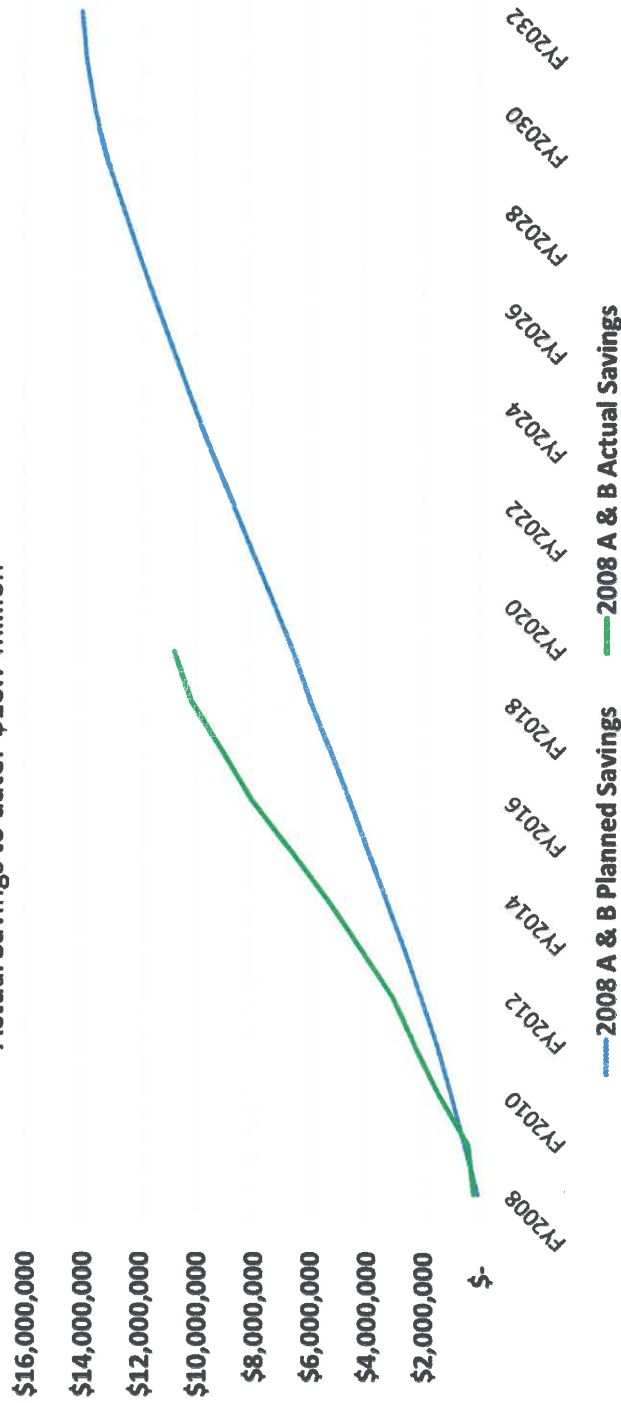
Interest Rate Swaps Overview

Northern California Power Agency Hydroelectric Project Swaps Performance to Date December 31, 2018

Total Projected Savings over life of bonds: \$13.9 million

Total Project Savings to date: \$6.3 million

Actual Savings to date: \$10.7 million



Interest Rate Swaps Overview



PFM Swap Advisors LLC

Phone: 215 567-6100
Fax: 215 567-4180

Transaction Type	Name	Associated Bonds	Client Pay	Client Receives	Trade Date	Effective Date	Maturity Date	Remaining Life
Swap	NCPA 200411240001	Series 2008A	3.8190%	54% of USD-LIBOR + 0.54%	11/24/2004	4/2/2008	7/1/2032	13.5 years
Swap	NCPA 200411240002	Series 2008B	USD-LIBOR	5.2910%	11/24/2004	11/24/2004	7/1/2032	13.5 years

Initial Notional	Current Notional	Bank Counterparty	Counterparty Ratings Moody's / S&P / Fitch	MTM Value	Impact on MTM Value - 50 bp swing
\$85,160,000	\$85,160,000	Citibank, N.A., New York	A1 / A+ / A+	(\$14,352,422)	(\$12,131,130)
\$1,574,000	\$1,038,046	Citibank, N.A., New York	A1 / A+ / A+	\$163,247	\$135,017
\$86,734,000	\$86,198,046			(\$14,189,175)	(\$11,996,114)

Interest Rate Swaps Overview

Transaction Type	Name	Associated Bonds	Client Pay	Client Receives	Trade Date	Maturity Date	Current Notional
Swap	NCPA 200411240001	Series 2008A	3.8190%	54% of USD-LIBOR + 0.54%	11/24/2004	7/1/2032	\$85,160,000
Swap	NCPA 200411240002	Series 2008B	USD-LIBOR	5.2910%	11/24/2004	7/1/2032	\$1,038,046
							<u>\$86,198,046</u>

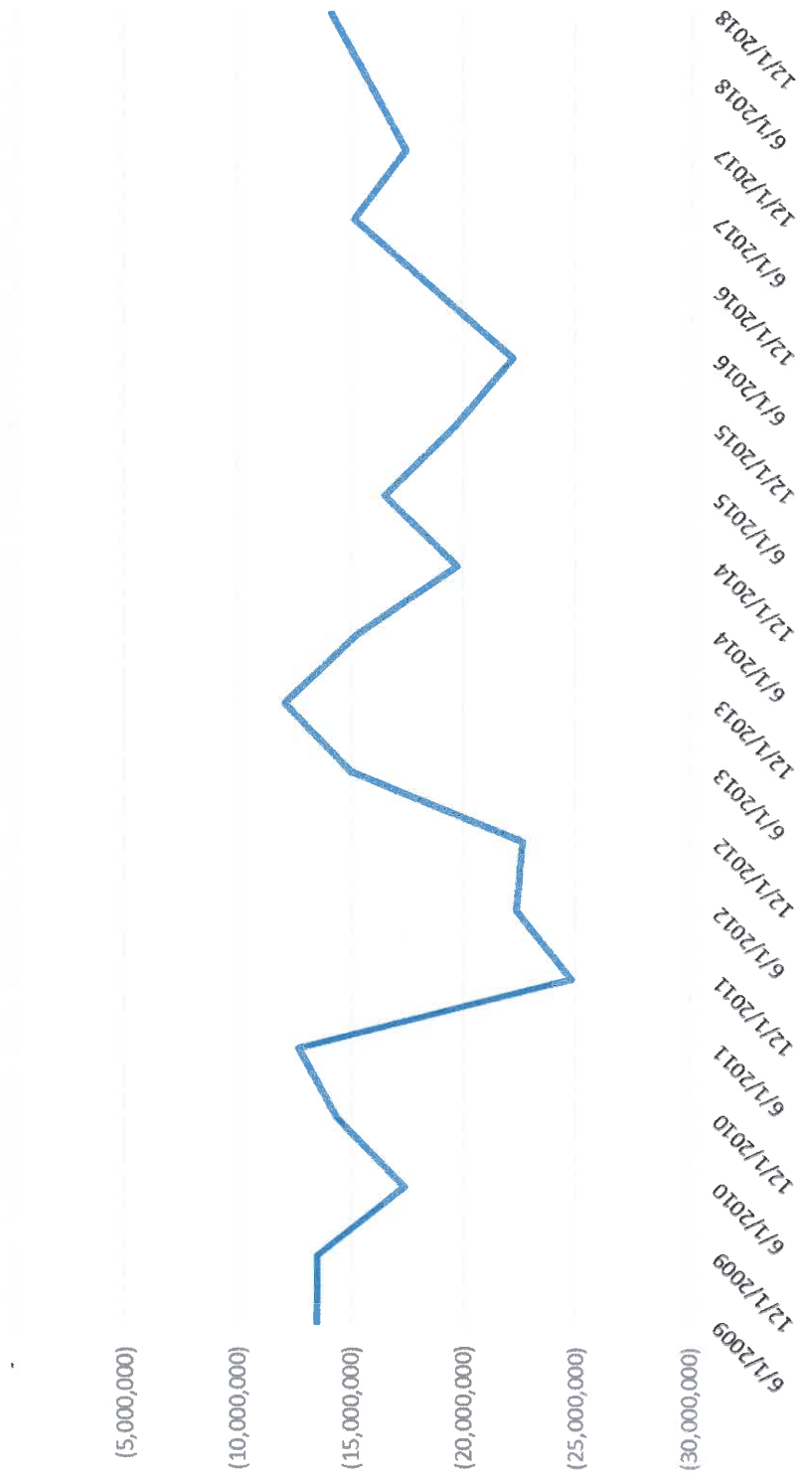
 **pfm**
PFM Swap Advisors LLC
Phone: 215.567.6100
Fax: 215.567.4180

Total MTM Value	Alameda 10%	Healdsburg 1.66%	Lodi 10.37%	Lompoc 2.30%	Palo Alto 22.92%	Plumas-Sierra 1.69%	Roseville 12.00%	Santa Clara 37.02%	Ukiah 2.04%
(\$14,352,422)	(\$1,435,242)	(\$238,250)	(\$1,488,346)	(\$330,106)	(\$3,289,575)	(\$242,556)	(\$1,722,291)	(\$5,313,267)	(\$292,789)
\$163,247	\$16,325	\$2,710	\$16,929	\$3,755	\$37,416	\$2,759	\$19,590	\$60,434	\$3,330
<u>(\$14,189,175)</u>	<u>(\$1,418,918)</u>	<u>(\$235,540)</u>	<u>(\$1,471,416)</u>	<u>(\$326,351)</u>	<u>(\$3,252,159)</u>	<u>(\$239,797)</u>	<u>(\$1,702,702)</u>	<u>(\$5,252,833)</u>	<u>(\$289,459)</u>

Total Impact on MTM Value - 50 bp swing	Alameda 10%	Healdsburg 1.66%	Lodi 10.37%	Lompoc 2.30%	Palo Alto 22.92%	Plumas-Sierra 1.69%	Roseville 12.00%	Santa Clara 37.02%	Ukiah 2.04%
(\$12,131,130)	(\$1,213,113)	(\$201,377)	(\$1,257,998)	(\$279,016)	(\$2,780,455)	(\$205,016)	(\$1,455,736)	(\$4,490,944)	(\$247,475)
\$135,017	\$13,502	\$2,241	\$14,001	\$3,105	\$30,946	\$2,282	\$16,202	\$49,983	\$2,754
<u>(\$11,996,114)</u>	<u>(\$1,199,611)</u>	<u>(\$199,135)</u>	<u>(\$1,243,997)</u>	<u>(\$275,911)</u>	<u>(\$2,749,509)</u>	<u>(\$202,733)</u>	<u>(\$1,439,534)</u>	<u>(\$4,440,961)</u>	<u>(\$244,721)</u>

Interest Rate Swaps Overview

2008 A&B Swap MTM Fair Value





Commission Staff Report

February 13, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: Updates and Modifications to the Nexant Cost Allocation Model for FY2020

AGENDA CATEGORY: Consent

FROM:	Robert Caracristi <i>RWC</i>	METHOD OF SELECTION:
	Manager of Information Services and Power Settlements	N/A
Division:	Administrative Services	<i>If other, please describe:</i>
Department:	Power Settlements	

IMPACTED MEMBERS:

All Members	<input type="checkbox"/>	City of Lodi	<input checked="" type="checkbox"/>	City of Shasta Lake	<input type="checkbox"/>
Alameda Municipal Power	<input checked="" type="checkbox"/>	City of Lompoc	<input checked="" type="checkbox"/>	City of Ukiah	<input checked="" type="checkbox"/>
San Francisco Bay Area Rapid Transit	<input checked="" type="checkbox"/>	City of Palo Alto	<input checked="" type="checkbox"/>	Plumas-Sierra REC	<input checked="" type="checkbox"/>
City of Biggs	<input checked="" type="checkbox"/>	City of Redding	<input type="checkbox"/>	Port of Oakland	<input checked="" type="checkbox"/>
City of Gridley	<input checked="" type="checkbox"/>	City of Roseville	<input checked="" type="checkbox"/>	Truckee Donner PUD	<input type="checkbox"/>
City of Healdsburg	<input checked="" type="checkbox"/>	City of Santa Clara	<input checked="" type="checkbox"/>	Other	<input type="checkbox"/>

If other, please specify

RECOMMENDATION:

Staff recommends approval of Resolution No. 19-14 adopting the updates and modifications to the Nexant Model as proposed by staff in order to allocate budgeted costs to members for Fiscal Year 2020.

BACKGROUND:

The NCPA Commission accepted and approved the Nexant Power Management Allocation Study Phase IIa Report ('Final Report') on January 28, 2010 as part of Resolution 10-16. This study, supervised by the Facilities Committee, determined the methodology for allocating various program costs related to Power Management, Settlements, Risk Management and information system activities using a Nexant Cost Allocation Spreadsheet Model (otherwise commonly referred to as the "Nexant Model"), which changes or modifications to is governed by the Power Management and Administrative Services Agreement.

Pursuant to the Power Management and Administrative Services Agreement, costs attributed to Power Management and Administrative Services for the Fiscal Year 2020 Annual Budget are allocated to members in accordance with the Nexant Model. This model has been in place at NCPA for the past nine budget cycles and is updated each year as part of the annual budget process. The Nexant Model methodology was developed in part to allocate various budgeted costs that use, among other things, defined allocation parameter percentages and determinants intended to correspond to the amount of time and effort required by NCPA staff to provide applicable services. Determinants prescribed by the Nexant studies for use in the Nexant Model include metered demand, resource energy schedules related to each day ahead, hour ahead and real time market, as well as contract deals that represent agreements for the purchase and sale of various products including long-term and short-term energy, resource adequacy capacity, and renewable energy credit transactions. As NCPA's business model, computer application systems and members' needs have evolved over time, staff has identified the need to adapt or refine various determinants used as inputs into the Nexant Model. Changes as those proposed to the model are necessary to better align the allocation of certain budgeted costs for services consistent with cost causation principles.

Staff's proposed changes to the Nexant Model for Fiscal Year 2020 are quite detailed and technical in nature and a description of such changes are provided in the table below:

Table 1: Proposed adjustments to determinants used in Nexant Cost Allocation Model

Item No.	Proposed Change	Reason for Change
1	Modify applicable parameter values for use as determinants in the Nexant Model to apply prorated capacity values and prorated Integrated System unit values to supply resources that are in commercial operation for less than a full calendar year.	The Seattle City Light (SCL) Agreement resource ended at the end of April 2018. In contrast, the use of related fixed parameter values, such as capacity values, in the current Nexant Model allocates costs to the SCL Agreement and all other supply resources on an annual calendar year basis. The proposed modification to the Nexant Model to allow prorated capacity values to reflect discontinued operations prior to the end of a calendar year will result in an improved cost allocation mechanism that better aligns with cost causation principles.

2	Exclude system generated real-time balancing schedules as determinants in the Nexant model.	During CY 2018, NCPA Information Services staff deployed three (3) scheduling provisions to facilitate resource and portfolio balancing for Silicon Valley Power (SVP) as it transitions to the NCPA scheduling application suite and away from web services technology as a way to transmit SVP's resource energy bids to the NCPA scheduling application. These scheduling provisions (RT Adjustment, Grizzly Entitlement and Gross Load) are automatically generated by NCPA's scheduling system and do not require any incremental time by NCPA dispatch staff for the processing of SVP scheduling transactions.
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The scope of proposed changes for each of the items listed above in Table 1 is intended to be a prospective change only and effective for Fiscal Year 2020, as well as any future year to the extent that the current Nexant Model is used.

FISCAL IMPACT:

The recommended adjustments will result in a change to all applicable members' allocated share of Power Management costs by varying amounts. Table 2 of Appendix A provides indicative changes in allocated Nexant Power Management costs to members based on current Fiscal Year 2019 budget after applying updated determinants to the model in addition to the modifications described in items 1 and 2 as presented at the February 6, 2019 Facilities Committee meeting. Many of the Information Services software enhancements to the dispatch operations and associated scheduling and settlements applications performed over the past year have led to improved efficiencies throughout the Agency, which has essentially increased workload capacity. This has allowed Power Management to expand scheduling coordinator services to new customers, generating new revenue, to offset the members' Nexant-related costs without adding new staff.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

Staff presented the final proposed modifications to the Nexant Model at the Facilities Committee meeting on February 6, 2019. All nine (9) Facilities Committee participants in attendance, which represented a quorum, voted unanimously to recommend Commission approval for the modifications described in this staff report.

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachments:

- Appendix A
- Resolution 19-14

Appendix A

Table 2: Indicative allocated Nexant Power Management Costs to members and participants for FY 2020 based on the final version of updated calendar year 2018 data and using current Fiscal Year 2019 budgeted costs for comparison purposes, as presented at the February 6, 2019 Facilities Committee meeting. These results incorporate the proposed changes related to items 1 and 2 described in Table 1 of the staff report. Note: a positive / (negative) value represents an indicative increase / decrease to a member's cost.

FY 2020

MEMBER TOTALS

Member Name	FY 2019 Total Power Mgmt	FY 2020 Total Power Mgmt	Increase (Decrease)
Alameda	\$968,431	\$977,402	\$8,972
BART	\$673,489	\$816,430	\$142,941
Biggs	\$66,042	\$61,290	(\$4,752)
Gridley	\$103,814	\$96,872	(\$6,942)
Healdsburg	\$214,337	\$190,960	(\$23,376)
Lodi	\$1,189,015	\$1,180,185	(\$8,830)
Lompoc	\$322,592	\$317,914	(\$4,678)
Palo Alto	\$1,799,807	\$1,769,645	(\$30,163)
Plumas Sierra	\$352,457	\$352,884	\$427
Port of Oakland	\$403,814	\$475,149	\$71,335
Roseville	\$519,882	\$508,599	(\$11,283)
Santa Clara	\$3,309,908	\$3,228,427	(\$81,481)
Truckee-Donner	\$0	\$0	\$0
Turlock Irrigation District	\$141,584	\$143,366	\$1,783
Ukiah	\$438,229	\$322,672	(\$115,557)
	\$10,503,400	\$10,441,797	(\$61,604)
Direct to Programs - LEC	\$1,375,511	\$1,437,115	\$61,604
FY 2019 Power Mgmt Budget	\$11,878,911	\$11,878,911	(\$0)

RESOLUTION 19-14

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY ADOPTING THE MODIFIED NEXANT COST ALLOCATION MODEL INPUT DETERMINANTS FOR FISCAL YEAR 2020

(reference Staff Report #121:19)

WHEREAS, the NCPA Commission accepted and approved the Nexant Power Management Allocation Study Phase IIa Report ('Final Report') on January 28, 2010 to establish cost allocation of Power Management related activities among the members; and

WHEREAS, staff has reviewed calendar year 2018 data for input into the Nexant Cost Allocation Model for Fiscal Year 2020, and recommends adjustments be performed to certain bill determinants to more accurately reflect their use as allocators as described in Staff Report #121:19 for inputs into the Nexant Power Management Cost Allocation Model in order to allocate certain budgeted costs to members for Fiscal Year 2020; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency adopts the modified Nexant Cost Allocation Model input determinants as described in Staff Report #121:19 as inputs into the Nexant Power Management Cost Allocation Model in order to allocate budgeted costs to members for Fiscal Year 2020.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2019 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
San Francisco BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ROGER FRITH
CHAIR

ATTEST:

CARY A. PADGETT
ASSISTANT SECRETARY



14

Commission Staff Report

Date: February 14, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: North American Substation Services, LLC – Five Year Multi-Task General Services Agreement for transformer related services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA, and SCPPA Members

AGENDA CATEGORY: Consent

FROM:	Ken Speer <i>KS</i>	METHOD OF SELECTION:
	Assistant General Manager	N/A
Division:	Generation Services	<i>If other, please describe:</i>
Department:	Combustion Turbines	

IMPACTED MEMBERS:		
All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input type="checkbox"/>	City of Lompoc <input type="checkbox"/>	City of Ukiah <input type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input type="checkbox"/>
City of Biggs <input type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input type="checkbox"/>	City of Roseville <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	Other <input type="checkbox"/>
<i>If other, please specify</i>		
<hr/>		
<hr/>		

RECOMMENDATION:

Approval of Resolution 19-15 authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with North American Substation Services, LLC for transformer related services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000.00 over five years, for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members.

BACKGROUND:

Transformer related services are required from time to time related to project support at facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members.

FISCAL IMPACT:

Upon execution, the total cost of the agreement is not to exceed \$1,000,000.00 to be used out of the NCPA approved budget. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.

SELECTION PROCESS:

This enabling agreement does not commit NCPA to any expenditure of funds. At the time services are required, NCPA will bid the specific scope of work consistent with NCPA procurement policies and procedures. NCPA seeks bids from multiple qualified providers whenever services are needed. Bids are awarded to the lowest cost provider. NCPA will issue purchase orders based on cost and availability of the services needed at the time the service is required.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a “project” for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation above was reviewed by the Facilities Committee on February 6, 2019, and was recommended for Commission approval on Consent Calendar.

The recommendation above was reviewed by the Lodi Energy Center Project Participant Committee on February 11, 2019, and was approved.

Respectfully submitted,

A handwritten signature in black ink that reads "Randy Howard" followed by "for" in a cursive script.

RANDY S. HOWARD
General Manager

Attachments (2):

- Resolution
- Multi-Task General Services Agreement with North American Substation Services, LLC

RESOLUTION 19-15

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVING A MULTI-TASK GENERAL SERVICES AGREEMENT WITH NORTH AMERICAN SUBSTATION SERVICES, LLC

(reference Staff Report #122:19)

WHEREAS, transformer related services are periodically required at the facilities owned and/or operated by Northern California Power Agency (NCPA), its Members, the Southern California Public Power Authority (SCPPA), and SCPPA Members; and

WHEREAS, North American Substation Services, LLC is a provider of these services; and

WHEREAS, NCPA seeks to enter into a Multi-Task General Services Agreement with North American Substation Services, LLC to provide such services as needed at all NCPA Generation facility locations, Member, SCPPA, and SCPPA Member facilities in an amount not to exceed \$1,000,000 over five years; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager or his designee to enter into a Multi-Task General Services Agreement with North American Substation Services, LLC with any non-substantial changes as approved by the NCPA General Counsel, which shall not exceed \$1,000,000 for transformer related services, for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (SCPPA), or by SCPPA Members.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2019 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
San Francisco BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ROGER FRITH
CHAIR

ATTEST:

CARY A. PADGETT
ASSISTANT SECRETARY



**MULTI-TASK
GENERAL SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
NORTH AMERICAN SUBSTATION SERVICES, LLC**

This Multi-Task General Services Agreement ("Agreement") is made by and between the Northern California Power Agency, a joint powers agency with its main office located at 651 Commerce Drive, Roseville, CA 95678-6420 ("Agency") and North American Substation Services, LLC, a limited liability corporation with its office located at 190 North Westmonte Drive, Altamonte Springs, FL 32714 ("Contractor") (together sometimes referred to as the "Parties") as of _____, 2019 ("Effective Date") in Roseville, California.

Section 1. SCOPE OF WORK. Subject to the terms and conditions set forth in this Agreement, Contractor is willing to provide to Agency the range of services and/or goods described in the Scope of Work attached hereto as Exhibit A and incorporated herein ("Work").

- 1.1 Term of Agreement.** The term of this Agreement shall begin on the Effective Date and shall end when Contractor completes the Work, or no later than five (5) years from the date this Agreement was signed by Agency, whichever is shorter.
- 1.2 Standard of Performance.** Contractor shall perform the Work in the manner and according to the standards observed by a competent practitioner of the profession in which Contractor is engaged and for which Contractor is providing the Work. Contractor represents that it is licensed, qualified and experienced to provide the Work set forth herein.
- 1.3 Assignment of Personnel.** Contractor shall assign only competent personnel to perform the Work. In the event that Agency, in its sole discretion, at any time during the term of this Agreement, requests the reassignment of any such personnel, Contractor shall, immediately upon receiving written notice from Agency of such request, reassign such personnel.
- 1.4 Work Provided.** Work provided under this Agreement by Contractor may include Work directly to the Agency or, as requested by the Agency and consistent with the terms of this Agreement, to Agency members, Southern California Public Power Authority ("SCPPA") or SCPPA members.
- 1.5 Request for Work to be Performed.** At such time that Agency determines to have Contractor perform Work under this Agreement, Agency shall issue a Purchase Order. The Purchase Order shall identify the specific Work to be performed ("Requested Work"), may include a not-to-exceed cap on monetary cap on Requested Work and all related expenditures authorized by that Purchase Order, and shall include a time by which the Requested Work shall be completed. Contractor shall have seven calendar days from the date of the Agency's issuance of the Purchase Order in which to respond in writing that Contractor chooses not to perform the Requested Work. If Contractor agrees to perform the Requested Work, begins to perform the Requested Work, or does not respond within the seven day period specified, then Contractor will have

agreed to perform the Requested Work on the terms set forth in the Purchase Order, this Agreement and its Exhibits.

Section 2. COMPENSATION. Agency hereby agrees to pay Contractor an amount **NOT TO EXCEED** ONE MILLION dollars (\$1,000,000.00) for the Work, which shall include all fees, costs, expenses and other reimbursables, as set forth in Contractor's fee schedule, attached hereto and incorporated herein as Exhibit B. This dollar amount is not a guarantee that Agency will pay that full amount to the Contractor, but is merely a limit of potential Agency expenditures under this Agreement.

2.1 Invoices. Contractor shall submit invoices, not more often than once a month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date. Invoices shall contain the following information:

- The beginning and ending dates of the billing period;
- Work performed;
- The Purchase Order number authorizing the Requested Work;
- At Agency's option, for each work item in each task, a copy of the applicable time entries or time sheets shall be submitted showing the name of the person doing the work, the hours spent by each person, a brief description of the work, and each reimbursable expense, with supporting documentation, to Agency's reasonable satisfaction;
- At Agency's option, the total number of hours of work performed under the Agreement by Contractor and each employee, agent, and subcontractor of Contractor performing work hereunder.

Invoices shall be sent to:

Northern California Power Agency
651 Commerce Drive
Roseville, California 95678
Attn: Accounts Payable
AcctsPayable@ncpa.com

2.2 Monthly Payment. Agency shall make monthly payments, based on invoices received, for Work satisfactorily performed, and for authorized reimbursable costs incurred. Agency shall have thirty (30) days from the receipt of an invoice that complies with all of the requirements above to pay Contractor.

2.3 Payment of Taxes. Contractor is solely responsible for the payment of all federal, state and local taxes, including employment taxes, incurred under this Agreement.

2.4 Authorization to Perform Work. The Contractor is not authorized to perform any Work or incur any costs whatsoever under the terms of this Agreement until receipt of a Purchase Order from the Contract Administrator.

- 2.5 Timing for Submittal of Final Invoice.** Contractor shall have ninety (90) days after completion of the Requested Work to submit its final invoice for the Requested Work. In the event Contractor fails to submit an invoice to Agency for any amounts due within the ninety (90) day period, Contractor is deemed to have waived its right to collect its final payment for the Requested Work from Agency.

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Contractor shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the Work.

Section 4. INSURANCE REQUIREMENTS. Before beginning any Work under this Agreement, Contractor, at its own cost and expense, shall procure the types and amounts of insurance listed below and shall maintain the types and amounts of insurance listed below for the period covered by this Agreement.

- 4.1 Workers' Compensation.** If Contractor employs any person, Contractor shall maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Contractor with limits of not less than one million dollars (\$1,000,000.00) per accident.

4.2 Commercial General and Automobile Liability Insurance.

- 4.2.1 Commercial General Insurance.** Contractor shall maintain commercial general liability insurance for the term of this Agreement, including products liability, covering any loss or liability, including the cost of defense of any action, for bodily injury, death, personal injury and broad form property damage which may arise out of the operations of Contractor. The policy shall provide a minimum limit of \$1,000,000 per occurrence/\$2,000,000 aggregate. Commercial general coverage shall be at least as broad as ISO Commercial General Liability form CG 0001 (current edition) on "an occurrence" basis covering comprehensive General Liability, with a self-insured retention or deductible of no more than \$100,000. No endorsement shall be attached limiting the coverage.

- 4.2.2 Automobile Liability.** Contractor shall maintain automobile liability insurance form CA 0001 (current edition) for the term of this Agreement covering any loss or liability, including the cost of defense of any action, arising from the operation, maintenance or use of any vehicle (symbol 1), whether or not owned by the Contractor, on or off Agency premises. The policy shall provide a minimum limit of \$1,000,000 per each accident, with a self-insured retention or deductible of no more than \$100,000. This insurance shall provide contractual liability covering all motor vehicles and mobile equipment to the extent coverage may be excluded from general liability insurance.

- 4.2.3 General Liability/Umbrella Insurance.** The coverage amounts set forth above may be met by a combination of underlying and umbrella policies as long as in combination the limits equal or exceed those stated.

4.3 Professional Liability Insurance. Not Applicable.

4.4 Pollution Insurance. Not Applicable.

4.5 All Policies Requirements.

4.5.1 Verification of coverage. Prior to beginning any work under this Agreement, Contractor shall provide Agency with (1) a Certificate of Insurance that demonstrates compliance with all applicable insurance provisions contained herein and (2) policy endorsements to the policies referenced in Section 4.2 and in Section 4.4, if applicable, adding the Agency as an additional insured and declaring such insurance primary in regard to work performed pursuant to this Agreement.

4.5.2 Notice of Reduction in or Cancellation of Coverage. Contractor shall provide at least thirty (30) days prior written notice to Agency of any reduction in scope or amount, cancellation, or modification adverse to Agency of the policies referenced in Section 4.

4.5.3 Higher Limits. If Contractor maintains higher limits than the minimums specified herein, the Agency shall be entitled to coverage for the higher limits maintained by the Contractor.

4.5.4 Additional Certificates and Endorsements. If Contractor performs Work for Agency members, SCPPA and/or SCPPA members pursuant to this Agreement, Contractor shall provide the certificates of insurance and policy endorsements, as referenced in Section 4.5.1, naming the specific Agency member, SCPPA and/or SCPPA member for which the Work is to be performed.

4.5.5 Waiver of Subrogation. Contractor agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. In addition, the Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of Agency for all work performed by Contractor, its employees, agents and subcontractors.

4.6 Contractor's Obligation. Contractor shall be solely responsible for ensuring that all equipment, vehicles and other items utilized in the performance of Work are operated, provided or otherwise utilized in a manner that ensures they are and remain covered by the policies referenced in Section 4 during this Agreement. Contractor shall also ensure that all workers involved in the provision of Work are properly classified as employees, agents or independent contractors and are and remain covered by any and all workers' compensation insurance required by applicable law during this Agreement.

Section 5. INDEMNIFICATION AND CONTRACTOR'S RESPONSIBILITIES.

- 5.1 Effect of Insurance.** Agency's acceptance of insurance certificates and endorsements required under this Agreement does not relieve Contractor from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Contractor acknowledges and agrees to the provisions of this section and that it is a material element of consideration.
- 5.2 Scope.** Contractor shall indemnify, defend with counsel reasonably acceptable to the Agency, and hold harmless the Agency, and its officials, commissioners, officers, employees, agents and volunteers from and against all losses, liabilities, claims, demands, suits, actions, damages, expenses, penalties, fines, costs (including without limitation costs and fees of litigation), judgments and causes of action of every nature arising out of or in connection with any acts or omissions by Contractor, its officers, officials, agents, and employees, except as caused by the sole or gross negligence of Agency. Notwithstanding, should this Agreement be construed as a construction agreement under Civil Code section 2783, then the exception referenced above shall also be for the active negligence of Agency.
- 5.3 Transfer of Title.** Not Applicable.

Section 6. STATUS OF CONTRACTOR.

- 6.1 Independent Contractor.** Contractor is an independent contractor and not an employee of Agency. Agency shall have the right to control Contractor only insofar as the results of Contractor's Work and assignment of personnel pursuant to Section 1; otherwise, Agency shall not have the right to control the means by which Contractor accomplishes Work rendered pursuant to this Agreement. Notwithstanding any other Agency, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Contractor and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by Agency, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of Agency and entitlement to any contribution to be paid by Agency for employer contributions and/or employee contributions for PERS benefits.

Contractor shall indemnify, defend, and hold harmless Agency for the payment of any employee and/or employer contributions for PERS benefits on behalf of Contractor or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of Agency. Contractor and Agency acknowledge and agree that compensation paid by Agency to Contractor under this Agreement is based upon Contractor's estimated costs of providing the Work, including salaries and benefits of employees, agents and subcontractors of Contractor.

Contractor shall indemnify, defend, and hold harmless Agency from any lawsuit, administrative action, or other claim for penalties, losses, costs, damages, expense and liability of every kind, nature and description that arise out of, pertain to, or relate to such claims, whether directly or indirectly, due to Contractor's failure to secure workers' compensation insurance for its employees, agents, or subcontractors.

Neither Party shall be liable to the other for special, incidental, indirect or consequential damages including loss of profits or loss of revenue of any kind in connection to the Agreement.

Contractor agrees that it is responsible for the provision of group healthcare benefits to its fulltime employees under 26 U.S.C. § 4980H of the Affordable Care Act. To the extent permitted by law, Contractor shall indemnify, defend and hold harmless Agency from any penalty issued to Agency under the Affordable Care Act resulting from the performance of the Services by any employee, agent, or subcontractor of Contractor.

- 6.2 Contractor Not Agent.** Except as Agency may specify in writing, Contractor shall have no authority, express or implied, to act on behalf of Agency in any capacity whatsoever as an agent. Contractor shall have no authority, express or implied, pursuant to this Agreement to bind Agency to any obligation whatsoever.
- 6.3 Assignment and Subcontracting.** This Agreement contemplates personal performance by Contractor and is based upon a determination of Contractor's unique professional competence, experience, and specialized professional knowledge. A substantial inducement to Agency for entering into this Agreement was and is the personal reputation and competence of Contractor. Contractor may not assign this Agreement or any interest therein without the prior written approval of the Agency. Contractor shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors identified in Exhibit A, without prior written approval of the Agency. Where written approval is granted by the Agency, Contractor shall supervise all work subcontracted by Contractor in performing the Work and shall be responsible for all work performed by a subcontractor as if Contractor itself had performed such work. The subcontracting of any work to subcontractors shall not relieve Contractor from any of its obligations under this Agreement with respect to the Work and Contractor is obligated to ensure that any and all subcontractors performing any Work shall be fully insured in all respects and to the same extent as set forth under Section 4, to Agency's satisfaction.
- 6.4 Certification as to California Energy Commission.** If requested by the Agency, Contractor shall, at the same time it executes this Agreement, execute Exhibit C.
- 6.5 Certification as to California Energy Commission Regarding Hazardous Materials Transport Vendors.** If requested by the Agency, Contractor shall, at the same time it executes this Agreement, execute Exhibit D.

- 6.6** **Maintenance Labor Agreement.** If the Work is subject to the terms of one or more Maintenance Labor Agreements, which are applicable only to certain types of construction, repair and/or maintenance projects, then Contractor shall execute Exhibit E and/or similar documentation as to compliance.

Section 7. LEGAL REQUIREMENTS.

- 7.1** **Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2** **Compliance with Applicable Laws.** Contractor and its subcontractors and agents, if any, shall comply with all laws applicable to the performance of the work hereunder.
- 7.3** **Licenses and Permits.** Contractor represents and warrants to Agency that Contractor and its employees, agents, and subcontractors (if any) have and will maintain at their sole expense during the term of this Agreement all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice their respective professions.
- 7.4** **Monitoring by DIR.** The Work is subject to compliance monitoring and enforcement by the Department of Industrial Relations.
- 7.5** **Registration with DIR.** During the term of this Agreement, Contractor warrants that it is registered with the Department of Industrial Relations and qualified to perform Work consistent with Labor Code section 1725.5.
- 7.6** **Prevailing Wage Rates.** In accordance with California Labor Code Section 1771, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the Work is to be performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work as provided in the California Labor Code must be paid to all workers engaged in performing the Work. In accordance with California Labor Code Section 1770 and following, the Director of Industrial Relations has determined the general prevailing wage per diem rates for the locality in which the Work is to be performed; the Agency has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in the locality in which the Work is to be performed for each craft, classification or type of worker needed to perform the project; and copies of the prevailing rate of per diem wages are on file at the Agency and will be made available on request. Throughout the performance of the Work, Contractor must comply with all applicable laws and regulations that apply to wages earned in performance of the Work. Contractor assumes all responsibility for such payments and shall defend, indemnify and hold the Agency harmless from any and all claims made by the State of California, the Department of Industrial Relations, any subcontractor, any worker or any other third party with regard thereto.

Additionally, in accordance with the California Administrative Code, Title 8, Group 3, Article 2, Section 16000, Publication of Prevailing Wage Rates by Awarding Bodies, copies of the applicable determination of the Director can be found on the web at: <http://www.dir.ca.gov/DLSR/PWD/> and may be reviewed at any time.

Contractor shall be required to submit to the Agency during the contract period, copies of Public Works payroll reporting information per California Department of Industrial Relations, Form A- 1-131 (New 2-80) concerning work performed under this Agreement.

Contractor shall comply with applicable law, including Labor Code Sections 1774 and 1775. In accordance with Section 1775, Contractor shall forfeit as a penalty to Agency \$50.00 for each calendar day or portion thereof, for each worker paid less than the prevailing rates as determined by the Director of Industrial Relations for such work or craft in which such worker is employed for any Work done under the Agreement by Contractor or by any subcontractor under Contractor in violation of the provisions of the Labor Code and in particular, Labor Code Sections 1770 *et seq.* In addition to the penalty and pursuant to Section 1775, the difference between such prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the Contractor.

Section 8. TERMINATION AND MODIFICATION.

- 8.1 Termination.** Agency may cancel this Agreement at any time and without cause upon ten (10) days prior written notice to Contractor.

In the event of termination, Contractor shall be entitled to compensation for Work satisfactorily completed as of the effective date of termination; Agency, however, may condition payment of such compensation upon Contractor delivering to Agency any or all records or documents (as referenced in Section 9.1 hereof).

- 8.2 Amendments.** The Parties may amend this Agreement only by a writing signed by both of the Parties.
- 8.3 Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between Agency and Contractor shall survive the termination of this Agreement.
- 8.4 Options upon Breach by Contractor.** If Contractor materially breaches any of the terms of this Agreement, including but not limited to those set forth in Section 4, Agency's remedies shall include, but not be limited to, the following:

- 8.4.1** Immediately terminate the Agreement;

- 8.4.2 Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Contractor pursuant to this Agreement;
- 8.4.3 Retain a different Contractor to complete the Work not finished by Contractor; and/or
- 8.4.4 Charge Contractor the difference between the costs to complete the Work that is unfinished at the time of breach and the amount that Agency would have paid Contractor pursuant hereto if Contractor had completed the Work.

Section 9. KEEPING AND STATUS OF RECORDS.

- 9.1 **Records Created as Part of Contractor's Performance.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Contractor prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the Agency. Contractor hereby agrees to deliver those documents to the Agency upon termination of the Agreement. Agency and Contractor agree that, unless approved by Agency in writing, Contractor shall not release to any non-parties to this Agreement any data, plans, specifications, reports and other documents.
- 9.2 **Contractor's Books and Records.** Contractor shall maintain any and all records or other documents evidencing or relating to charges for Work or expenditures and disbursements charged to the Agency under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Contractor under this Agreement.
- 9.3 **Inspection and Audit of Records.** Any records or documents that this Agreement requires Contractor to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the Agency. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds ten thousand dollars (\$10,000.00), the Agreement shall be subject to the examination and audit of the State Auditor, at the request of Agency or as part of any audit of the Agency, for a period of three (3) years after final payment under this Agreement.
- 9.4 **Confidential Information and Disclosure.**
 - 9.4.1 **Confidential Information.** The term "Confidential Information", as used herein, shall mean any and all confidential, proprietary, or trade secret information, whether written, recorded, electronic, oral or otherwise, where the Confidential Information is made available in a tangible medium of expression and marked in a prominent location as confidential,

proprietary and/or trade secret information. Confidential Information shall not include information that: (a) was already known to the Receiving Party or is otherwise a matter of public knowledge, (b) was disclosed to Receiving Party by a third party without violating any confidentiality agreement, (c) was independently developed by Receiving Party without reverse engineering, as evidenced by written records thereof, or (d) was not marked as Confidential Information in accordance with this section.

9.4.2 Non-Disclosure of Confidential Information. During the term of this Agreement, either party may disclose (the "Disclosing Party") Confidential Information to the other party (the "Receiving Party"). The Receiving Party: (a) shall hold the Disclosing Party's Confidential Information in confidence; and (b) shall take all reasonable steps to prevent any unauthorized possession, use, copying, transfer or disclosure of such Confidential Information.

9.4.3 Permitted Disclosure. Notwithstanding the foregoing, the following disclosures of Confidential Information are allowed. Receiving Party shall endeavor to provide prior written notice to Disclosing Party of any permitted disclosure made pursuant to Section 9.4.3.2 or 9.4.3.3. Disclosing Party may seek a protective order, including without limitation, a temporary restraining order to prevent or contest such permitted disclosure; provided, however, that Disclosing Party shall seek such remedies at its sole expense. Neither party shall have any liability for such permitted disclosures:

9.4.3.1 Disclosure to employees, agents, contractors, subcontractors or other representatives of Receiving Party that have a need to know in connection with this Agreement.

9.4.3.2 Disclosure in response to a valid order of a court, government or regulatory agency or as may otherwise be required by law; and

9.4.3.3 Disclosure by Agency in response to a request pursuant to the California Public Records Act.

9.4.4 Handling of Confidential Information. Upon conclusion or termination of the Agreement, Receiving Party shall return to Disclosing Party or destroy Confidential Information (including all copies thereof), if requested by Disclosing Party in writing. Notwithstanding the foregoing, the Receiving Party may retain copies of such Confidential Information, subject to the confidentiality provisions of this Agreement: (a) for archival purposes in its computer system; (b) in its legal department files; and (c) in files of Receiving Party's representatives where such copies are necessary to comply with applicable law. Party shall not disclose the Disclosing Party's Information to any person other than those of the Receiving Party's employees, agents, consultants, contractors and

subcontractors who have a need to know in connection with this Agreement.

Section 10. PROJECT SITE.

- 10.1 Operations at the Project Site.** Each Project site may include the power plant areas, all buildings, offices, and other locations where Work is to be performed, including any access roads. Contractor shall perform the Work in such a manner as to cause a minimum of interference with the operations of the Agency; if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4; and other contractors at the Project site and to protect all persons and property thereon from damage or injury. Upon completion of the Work at a Project site, Contractor shall leave such Project site clean and free of all tools, equipment, waste materials and rubbish, stemming from or relating to Contractor's Work.
- 10.2 Contractor's Equipment, Tools, Supplies and Materials.** Contractor shall be solely responsible for the transportation, loading and unloading, and storage of any equipment, tools, supplies or materials required for performing the Work, whether owned, leased or rented. Neither Agency nor, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, will be responsible for any such equipment, supplies or materials which may be lost, stolen or damaged or for any additional rental charges for such. Equipment, tools, supplies and materials left or stored at a Project site, with or without permission, is at Contractor's sole risk. Anything left on the Project site an unreasonable length of time after the Work is completed shall be presumed to have been abandoned by the Contractor. Any transportation furnished by Agency or, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, shall be solely as an accommodation and neither Agency nor, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, shall have liability therefor. Contractor shall assume the risk and is solely responsible for its owned, non-owned and hired automobiles, trucks or other motorized vehicles as well as any equipment, tools, supplies, materials or other property which is utilized by Contractor on the Project site. All materials and supplies used by Contractor in the Work shall be new and in good condition.
- 10.3 Use of Agency Equipment.** Contractor shall assume the risk and is solely responsible for its use of any equipment owned and property provided by Agency and, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, for the performance of Work.

Section 11. WARRANTY.

- 11.1 Nature of Work.** In addition to any and all warranties provided or implied by law or public policy, Contractor warrants that all Work shall be free from defects in

design and workmanship, and that Contractor shall perform all Work in accordance with applicable federal, state, and local laws, rules and regulations including engineering, construction and other codes and standards and prudent electrical utility standards, and in accordance with the terms of this Agreement.

11.2 Deficiencies in Work. In addition to all other rights and remedies which Agency may have, Agency shall have the right to require, and Contractor shall be obligated at its own expense to perform, all further Work which may be required to correct any deficiencies which result from Contractor's failure to perform any Work in accordance with the standards required by this Agreement. If during the term of this Agreement or the one (1) year period following completion of the Work, any equipment, supplies or other materials or Work used or provided by Contractor under this Agreement fails due to defects in material and/or workmanship or other breach of this Agreement, Contractor shall, upon any reasonable written notice from Agency, replace or repair the same to Agency's satisfaction.

11.3 Assignment of Warranties. Contractor hereby assigns to Agency all additional warranties, extended warranties, or benefits like warranties, such as insurance, provided by or reasonably obtainable from suppliers of equipment and material used in the Work.

Section 12. HEALTH AND SAFETY PROGRAMS. The Contractor shall establish, maintain, and enforce safe work practices, and implement an accident/incident prevention program intended to ensure safe and healthful operations under their direction. The program shall include all requisite components of such a program under Federal, State and local regulations and shall comply with all site programs established by Agency and, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4.

12.1 Contractor is responsible for acquiring job hazard assessments as necessary to safely perform the Work and provide a copy to Agency upon request.

12.2 Contractor is responsible for providing all employee health and safety training and personal protective equipment in accordance with potential hazards that may be encountered in performance of the Work and provide copies of the certified training records upon request by Agency. Contractor shall be responsible for proper maintenance and/or disposal of their personal protective equipment and material handling equipment.

12.3 Contractor is responsible for ensuring that its lower-tier subcontractors are aware of and will comply with the requirements set forth herein.

12.4 Agency, or its representatives, may periodically monitor the safety performance of the Contractor performing the Work. Contractors and its subcontractors shall be required to comply with the safety and health obligations as established in the Agreement. Non-compliance with safety, health, or fire requirements may result in cessation of work activities, until items in non-compliance are corrected. It is also expressly acknowledged, understood and agreed that no payment shall be

due from Agency to Contractor under this Agreement at any time when, or for any Work performed when, Contractor is not in full compliance with this Section 12.

- 12.5** Contractor shall immediately report any injuries to the Agency site safety representative. Additionally, the Contractor shall investigate and submit to the Agency site safety representative copies of all written accident reports, and coordinate with Agency if further investigation is requested.
- 12.6** Contractor shall take all reasonable steps and precautions to protect the health of its employees and other site personnel with regard to the Work. Contractor shall conduct occupational health monitoring and/or sampling to determine levels of exposure of its employees to hazardous or toxic substances or environmental conditions. Copies of any sampling results will be forwarded to the Agency site safety representative upon request.
- 12.7** Contractor shall develop a plan to properly handle and dispose of any hazardous wastes, if any, Contractor generates in performing the Work.
- 12.8** Contractor shall advise its employees and subcontractors that any employee who jeopardizes his/her safety and health, or the safety and health of others, may be subject to actions including removal from Work.
- 12.9** Contractor shall, at the sole option of the Agency, develop and provide to the Agency a Hazardous Material Spill Response Plan that includes provisions for spill containment and clean-up, emergency contact information including regulatory agencies and spill sampling and analysis procedures. Hazardous Materials shall include diesel fuel used for trucks owned or leased by the Contractor.
- 12.10** If Contractor is providing Work to an Agency Member, SCPPA or SCPPA member (collectively "Member" solely for the purpose of this section) pursuant to Section 1.4 hereof, then that Member shall have the same rights as the Agency under Sections 12.1, 12.2, 12.4, 12.5, and 12.6 hereof.

Section 13. MISCELLANEOUS PROVISIONS.

- 13.1** **Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.
- 13.2** **Venue.** In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.

- 13.3 Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
- 13.4 No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.
- 13.5 Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.
- 13.6 Conflict of Interest.** Contractor may serve other clients, but none whose activities within the corporate limits of Agency or whose business, regardless of location, would place Contractor in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*

Contractor shall not employ any Agency official in the work performed pursuant to this Agreement. No officer or employee of Agency shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*

- 13.7 Contract Administrator.** This Agreement shall be administered by Ken Speer, Assistant General Manager, or his/her designee, who shall act as the Agency's representative. All correspondence shall be directed to or through the representative.
- 13.8 Notices.** Any written notice to Contractor shall be sent to:

North American Substation Services, LLC
Attention: Pierre Feghali
190 North Westmonte Drive
Altamonte Springs, FL 32714

Any written notice to Agency shall be sent to:

Randy S. Howard
General Manager
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

With a copy to:

Jane E. Luckhardt
General Counsel
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

- 13.9 Professional Seal.** Where applicable in the determination of the Agency, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation.
- 13.10 Integration; Incorporation.** This Agreement, including all the exhibits attached hereto, represents the entire and integrated agreement between Agency and Contractor and supersedes all prior negotiations, representations, or agreements, either written or oral. All exhibits attached hereto are incorporated by reference herein.
- 13.11 Alternative Dispute Resolution.** If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Agency and Contractor agree to resolve the dispute in accordance with the following:
- 13.11.1** Each party shall designate a senior management or executive level representative to negotiate any dispute;
 - 13.11.2** The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.
 - 13.11.3** If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiation between legal counsel. If the above process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.
 - 13.11.4** The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.
 - 13.11.5** The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.
 - 13.11.6** The alternative dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative remedy prior to either Party initiating legal action. This alternative dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 *et seq.*

13.12 Controlling Provisions. In the case of any conflict between the terms of this Agreement and the Exhibits hereto, a Purchase Order, or Contractor's Proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and a Purchase Order or the Contractor's Proposal, the Exhibits shall control. In the case of any conflict between the terms of a Purchase Order and the Contractor's Proposal, the Purchase Order shall control.

13.13 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

13.14 Construction of Agreement. Each party hereto has had an equivalent opportunity to participate in the drafting of the Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting party shall not apply hereto.

13.15 No Third Party Beneficiaries. This Agreement is made solely for the benefit of the parties hereto, with no intent to benefit any non-signator third parties. However, should Contractor provide Work to an Agency member, SCPPA or SCPPA member (collectively for the purpose of this section only "Member") pursuant to Section 1.4, the parties recognize that such Member may be a third party beneficiary solely as to the Purchase Order and Requested Work relating to such Member.

The Parties have executed this Agreement as of the date signed by the Agency.

NORTHERN CALIFORNIA POWER AGENCY

NORTH AMERICAN SUBSTATION
SERVICES, LLC

Date_____

Date_____

RANDY S. HOWARD,
General Manager

PIERRE FEGHALI,
Vice President

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Jane E. Luckhardt, General Counsel

EXHIBIT A
SCOPE OF WORK

North American Substation Services, LLC ("Contractor") shall provide transformer related services related to project support and plant operations as requested by the Northern California Power Agency ("Agency") at any Facilities owned or operated by NCPA, its Members, Southern California Public Power Authority (SCPPA) or SCPPA members.

Services to include, but not be limited to the following:

- Transformer Inspections
- Transformer Assembly
- Transformer Testing
- Transformer Relocation
- Transformer Condition Assessment

No project under this Agreement shall include Work that would qualify as a Public Works Project under the California Public Contract Code.

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all work, including hourly fees and expenses, shall not exceed the amount set forth in Section 2 hereof. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:

Labor Charges	Straight Time	Overtime
	(Monday-Friday)	(After 8 hours & Weekends)
○ Field Service Supervisor	\$150/hour	\$200/hour
○ Field Service Technician	\$120/hour	\$160/hour
○ Travel or Wait Time	\$100/hour	\$130/hour
○ Holiday Time	\$170/hour	
○ Per Diem Expenses	\$200/day per technician	

Equipment Charges

- **Processing Rig:** Includes Baron High Vacuum Oil Purifier & Degasification Trailer; 2400 gallons per hour, 160 kW heat, 342 cfm roughing pump, 1500 cfm blowers, .5 micron inlet filter, 5 micron outlet filter, State-of-the-art monitoring devices, self-contained generators, Regenerative dry air systems, Flow rate of 40 gpm, Allen Bradley PLC controls and alarms; \$150/hour with 8 hour minimum
- **Tool Truck:** \$250/day
- **Equipment Rental Charges** Cost plus 10%
- **Materials Charges** Cost plus 10%

Crew & Equipment Rate

- 4 men @ 10 hours/day & equip. \$7,700/day

Mileage

- Charged at 2017 IRS rate

LTC Technician

- Monday thru Friday
 - \$2,000.00 per day includes per diem (up to 10 hours per day)
- Saturday
 - \$2,200.00 per day includes per diem (all hours)
- Sunday & Holidays
 - \$2,500.00 per day includes per diem (all hours)
- Expenses not included in per diem
 - Airfare Cost + 12%
 - Taxi/Uber Cost + 12%
 - Rental car Cost + 12%
 - Material/parts Cost + 12%
 - Fuel/gas Cost + 12%

Pricing for services to be performed at NCPA Member or SCPPA locations will be quoted at the time services are requested.

NOTE: As a public agency, NCPA shall not reimburse Contractor for travel, food and related costs in excess of those permitted by the Internal Revenue Service.

EXHIBIT C

CERTIFICATION

Affidavit of Compliance for Contractors

I,

(Name of person signing affidavit)(Title)

do hereby certify that background investigations to ascertain the accuracy of the identity and employment history of all employees of

North American Substation Services, LLC

(Company name)

for contract work at:

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

have been conducted as required by the California Energy Commission Decision for the above-named project.

(Signature of officer or agent)

Dated this _____ day of _____, 20 _____.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

NOT APPLICABLE

EXHIBIT D

CERTIFICATION

Affidavit of Compliance for Hazardous Materials Transport Vendors

I, _____,

(Name of person signing affidavit)(Title)

do hereby certify that the below-named company has prepared and implemented security plans in conformity with 49 CFR 172, subpart I and has conducted employee background investigations in conformity with 49 CFR 172.802(a), as the same may be amended from time to time,

(Company name)

for hazardous materials delivery to:

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

as required by the California Energy Commission Decision for the above-named project.

(Signature of officer or agent)

Dated this _____ day of _____, 20 ____.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

EXHIBIT E

**ATTACHMENT A [from MLA]
AGREEMENT TO BE BOUND**

**MAINTENANCE LABOR AGREEMENT ATTACHMENT
LODI ENERGY CENTER PROJECT**

The undersigned hereby certifies and agrees that:

- 1) It is an Employer as that term is defined in Section 1.4 of the Lodi Energy Center Project Maintenance Labor Agreement ("Agreement" solely for the purposes of this Exhibit E) because it has been, or will be, awarded a contract or subcontract to assign, award or subcontract Covered Work on the Project (as defined in Section 1.2 and 2.1 of the Agreement), or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.
- 2) In consideration of the award of such contract or subcontract, and in further consideration of the promises made in the Agreement and all attachments thereto (a copy of which was received and is hereby acknowledged), it accepts and agrees to be bound by the terms and condition of the Agreement, together with any and all amendments and supplements now existing or which are later made thereto.
- 3) If it performs Covered Work, it will be bound by the legally established trust agreements designated in local master collective bargaining agreements, and hereby authorizes the parties to such local trust agreements to appoint trustees and successor trustee to administer the trust funds, and hereby ratifies and accepts the trustees so appointed as if made by the undersigned.
- 4) It has no commitments or agreements that would preclude its full and complete compliance with the terms and conditions of the Agreement.
- 5) It will secure a duly executed Agreement to be Bound, in form identical to this documents, from any Employer(s) at any tier or tiers with which it contracts to assign, award, or subcontract Covered Work, or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.

DATED: _____ Name of Employer _____

(Authorized Officer & Title)

(Address)



Commission Staff Report

Date: February 14, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: Fremouw Environmental Services, Inc. – Five Year Multi-Task General Services Agreement for waste removal services; Applicable to the following projects: All NCPA Facility Locations

AGENDA CATEGORY: Consent

FROM:	Ken Speer <i>KS</i>	METHOD OF SELECTION:
	Assistant General Manager	N/A
Division:	Generation Services	<i>If other, please describe:</i>
Department:	Combustion Turbines	

IMPACTED MEMBERS:		
All Members <input type="checkbox"/>	City of Lodi <input checked="" type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input checked="" type="checkbox"/>	City of Lompoc <input checked="" type="checkbox"/>	City of Ukiah <input checked="" type="checkbox"/>
San Francisco Bay Area Rapid Transit <input checked="" type="checkbox"/>	City of Palo Alto <input checked="" type="checkbox"/>	Plumas-Sierra REC <input checked="" type="checkbox"/>
City of Biggs <input checked="" type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input checked="" type="checkbox"/>	City of Roseville <input checked="" type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input checked="" type="checkbox"/>	City of Santa Clara <input checked="" type="checkbox"/>	Other <input checked="" type="checkbox"/>
<i>If other, please specify</i>		Azusa, CDWR, Modesto
		<u>PWRPA</u>

RECOMMENDATION:

Approval of Resolution 19-16 authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with Fremouw Environmental Services, Inc. for waste removal services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$3,000,000.00 over five years, for use at all facilities owned and/or operated by NCPA.

BACKGROUND:

Waste removal services are required from time to time related to project support at facilities owned and/or operated by NCPA.

FISCAL IMPACT:

Upon execution, the total cost of the agreement is not to exceed \$3,000,000.00 to be used out of the NCPA approved budget. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.

SELECTION PROCESS:

This enabling agreement does not commit NCPA to any expenditure of funds. At the time services are required, NCPA will bid the specific scope of work consistent with NCPA procurement policies and procedures. NCPA currently has similar agreements in place with Patriot Environmental Services and Ponder Environmental Services and seeks bids from multiple qualified providers whenever services are needed. Bids are awarded to the lowest cost provider. NCPA will issue purchase orders based on cost and availability of the services needed at the time the service is required.

For the Combustion Turbine facilities specific services, the Request for Proposal (RFP) went out to potential bidders on September 27, 2018. The RFP was sent to Fremouw Environmental Services, Inc., Patriot Environmental Services and Ponder Environmental Services. The only bid received was from Fremouw. NCPA has utilized Fremouw for the past five years for these services and is very pleased with the service they provide.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a “project” for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation above was reviewed by the Facilities Committee on February 6, 2019, and was recommended for Commission approval on Consent Calendar.

The recommendation above was reviewed by the Lodi Energy Center Project Participant Committee on February 11, 2019, and was approved.

Respectfully submitted,

 for

RANDY S. HOWARD
General Manager

Attachments (2):

- Resolution
- Multi-Task General Services Agreement with Fremouw Environmental Services, Inc.

RESOLUTION 19-16

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVING A MULTI-TASK GENERAL SERVICES AGREEMENT WITH FREMOUW ENVIRONMENTAL SERVICES, INC.

(reference Staff Report #123:19)

WHEREAS, waste removal services are periodically required at the facilities owned and/or operated by Northern California Power Agency (NCPA); and

WHEREAS, Fremouw Environmental Services, Inc. is a provider of these services; and

WHEREAS, NCPA seeks to enter into a Multi-Task General Services Agreement with Fremouw Environmental Services, Inc. to provide such services as needed at all NCPA Generation facility locations, in an amount not to exceed \$3,000,000 over five years; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager or his designee to enter into a Multi-Task General Services Agreement with Fremouw Environmental Services, Inc. with any non-substantial changes as approved by the NCPA General Counsel, which shall not exceed \$3,000,000 for waste removal services for use at all facilities owned and/or operated by NCPA.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2019 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
San Francisco BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ROGER FRITH
CHAIR

ATTEST:

CARY A. PADGETT
ASSISTANT SECRETARY



**MULTI-TASK
GENERAL SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
FREMOUW ENVIRONMENTAL SERVICES, INC.**

This Multi-Task General Services Agreement ("Agreement") is made by and between the Northern California Power Agency, a joint powers agency with its main office located at 651 Commerce Drive, Roseville, CA 95678-6420 ("Agency") and Fremouw Environmental Services, Inc., a corporation with its office located at 6940 Tremont Road, Dixon, CA 95620 ("Contractor") (together sometimes referred to as the "Parties") as of _____, 2019 ("Effective Date") in Roseville, California.

Section 1. SCOPE OF WORK. Subject to the terms and conditions set forth in this Agreement, Contractor is willing to provide to Agency the range of services and/or goods described in the Scope of Work attached hereto as Exhibit A and incorporated herein ("Work").

- 1.1 Term of Agreement.** The term of this Agreement shall begin on the Effective Date and shall end when Contractor completes the Work, or no later than five (5) years from the date this Agreement was signed by Agency, whichever is shorter.
- 1.2 Standard of Performance.** Contractor shall perform the Work in the manner and according to the standards observed by a competent practitioner of the profession in which Contractor is engaged and for which Contractor is providing the Work. Contractor represents that it is licensed, qualified and experienced to provide the Work set forth herein.
- 1.3 Assignment of Personnel.** Contractor shall assign only competent personnel to perform the Work. In the event that Agency, in its sole discretion, at any time during the term of this Agreement, requests the reassignment of any such personnel, Contractor shall, immediately upon receiving written notice from Agency of such request, reassign such personnel.
- 1.4 Work Provided.** Work provided under this Agreement by Contractor may include Work directly to the Agency.
- 1.5 Request for Work to be Performed.** At such time that Agency determines to have Contractor perform Work under this Agreement, Agency shall issue a Purchase Order. The Purchase Order shall identify the specific Work to be performed ("Requested Work"), may include a not-to-exceed cap on monetary cap on Requested Work and all related expenditures authorized by that Purchase Order, and shall include a time by which the Requested Work shall be completed. Contractor shall have seven calendar days from the date of the Agency's issuance of the Purchase Order in which to respond in writing that Contractor chooses not to perform the Requested Work. If Contractor agrees to perform the Requested Work, begins to perform the Requested Work, or does not respond within the seven day period specified, then Contractor will have agreed to perform the Requested Work on the terms set forth in the Purchase Order, this Agreement and its Exhibits.

Section 2. COMPENSATION. Agency hereby agrees to pay Contractor an amount **NOT TO EXCEED THREE MILLION** dollars (\$3,000,000.00) for the Work, which shall include all fees, costs, expenses and other reimbursables, as set forth in Contractor's fee schedule, attached hereto and incorporated herein as Exhibit B. This dollar amount is not a guarantee that Agency will pay that full amount to the Contractor, but is merely a limit of potential Agency expenditures under this Agreement.

2.1 Invoices. Contractor shall submit invoices, not more often than once a month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date. Invoices shall contain the following information:

- The beginning and ending dates of the billing period;
- Work performed;
- The Purchase Order number authorizing the Requested Work;
- At Agency's option, for each work item in each task, a copy of the applicable time entries or time sheets shall be submitted showing the name of the person doing the work, the hours spent by each person, a brief description of the work, and each reimbursable expense, with supporting documentation, to Agency's reasonable satisfaction;
- At Agency's option, the total number of hours of work performed under the Agreement by Contractor and each employee, agent, and subcontractor of Contractor performing work hereunder.

Invoices shall be sent to:

Northern California Power Agency
651 Commerce Drive
Roseville, California 95678
Attn: Accounts Payable
AcctsPayable@ncpa.com

2.2 Monthly Payment. Agency shall make monthly payments, based on invoices received, for Work satisfactorily performed, and for authorized reimbursable costs incurred. Agency shall have thirty (30) days from the receipt of an invoice that complies with all of the requirements above to pay Contractor.

2.3 Payment of Taxes. Contractor is solely responsible for the payment of all federal, state and local taxes, including employment taxes, incurred under this Agreement.

2.4 Authorization to Perform Work. The Contractor is not authorized to perform any Work or incur any costs whatsoever under the terms of this Agreement until receipt of a Purchase Order from the Contract Administrator.

2.5 Timing for Submittal of Final Invoice. Contractor shall have ninety (90) days after completion of the Requested Work to submit its final invoice for the

Requested Work. In the event Contractor fails to submit an invoice to Agency for any amounts due within the ninety (90) day period, Contractor is deemed to have waived its right to collect its final payment for the Requested Work from Agency.

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Contractor shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the Work.

Section 4. INSURANCE REQUIREMENTS. Before beginning any Work under this Agreement, Contractor, at its own cost and expense, shall procure the types and amounts of insurance listed below and shall maintain the types and amounts of insurance listed below for the period covered by this Agreement.

4.1 Workers' Compensation. If Contractor employs any person, Contractor shall maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Contractor with limits of not less than one million dollars (\$1,000,000.00) per accident.

4.2 Commercial General and Automobile Liability Insurance.

4.2.1 Commercial General Insurance. Contractor shall maintain commercial general liability insurance for the term of this Agreement, including products liability, covering any loss or liability, including the cost of defense of any action, for bodily injury, death, personal injury and broad form property damage which may arise out of the operations of Contractor. The policy shall provide a minimum limit of \$1,000,000 per occurrence/\$2,000,000 aggregate. Commercial general coverage shall be at least as broad as ISO Commercial General Liability form CG 0001 (current edition) on "an occurrence" basis covering comprehensive General Liability, with a self-insured retention or deductible of no more than \$100,000. No endorsement shall be attached limiting the coverage.

4.2.2 Automobile Liability. Contractor shall maintain automobile liability insurance form CA 0001 (current edition) for the term of this Agreement covering any loss or liability, including the cost of defense of any action, arising from the operation, maintenance or use of any vehicle (symbol 1), whether or not owned by the Contractor, on or off Agency premises. The policy shall provide a minimum limit of \$1,000,000 per each accident, with a self-insured retention or deductible of no more than \$100,000. This insurance shall provide contractual liability covering all motor vehicles and mobile equipment to the extent coverage may be excluded from general liability insurance.

4.2.3 General Liability/Umbrella Insurance. The coverage amounts set forth above may be met by a combination of underlying and umbrella policies as long as in combination the limits equal or exceed those stated.

4.3 Professional Liability Insurance. Not Applicable.

4.4 Pollution Liability Insurance. Contractor shall maintain Contractors' Pollution Liability Insurance of not less than two million dollars (\$2,000,000) for any one occurrence and not less than four million dollars (\$4,000,000) aggregate. Any deductible or self-insured retention shall not exceed two hundred fifty thousand dollars (\$250,000.00) per claim. Such insurance shall be on "an occurrence" basis. In addition, Contractor shall ensure that such insurance complies with any applicable requirements of the California Department of Toxic Substances Control and California regulations relating to the transport of hazardous materials (Health & Safety Code sections 25160 *et seq.*).

"Hazardous Materials" means any toxic or hazardous substance, hazardous material, dangerous or hazardous waste, dangerous good, radioactive material, petroleum or petroleum-derived products or by-products, or any other chemical, substance, material or emission, that is regulated, listed, or controlled pursuant to any national, state, or local law, statute, ordinance, directive, regulation, or other legal requirement of the United States.

4.5 All Policies Requirements.

4.5.1 Verification of coverage. Prior to beginning any work under this Agreement, Contractor shall provide Agency with (1) a Certificate of Insurance that demonstrates compliance with all applicable insurance provisions contained herein and (2) policy endorsements to the policies referenced in Section 4.2 and in Section 4.4, if applicable, adding the Agency as an additional insured and declaring such insurance primary in regard to work performed pursuant to this Agreement.

4.5.2 Notice of Reduction in or Cancellation of Coverage. Contractor shall provide at least thirty (30) days prior written notice to Agency of any reduction in scope or amount, cancellation, or modification adverse to Agency of the policies referenced in Section 4.

4.5.3 Higher Limits. If Contractor maintains higher limits than the minimums specified herein, the Agency shall be entitled to coverage for the higher limits maintained by the Contractor.

4.5.4 Waiver of Subrogation. Contractor agrees to waive subrogation which any insurer of Contractor may acquire from Contractor with the exception of Pollution Liability by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. In addition, the Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of Agency for all work performed by Contractor, its employees, agents and subcontractors.

4.6 Contractor's Obligation. Contractor shall be solely responsible for ensuring that all equipment, vehicles and other items utilized in the performance of Work are operated, provided or otherwise utilized in a manner that ensures they are and remain covered by the policies referenced in Section 4 during this

Agreement. Contractor shall also ensure that all workers involved in the provision of Work are properly classified as employees, agents or independent contractors and are and remain covered by any and all workers' compensation insurance required by applicable law during this Agreement.

Section 5. INDEMNIFICATION AND CONTRACTOR'S RESPONSIBILITIES.

- 5.1 Effect of Insurance.** Agency's acceptance of insurance certificates and endorsements required under this Agreement does not relieve Contractor from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Contractor acknowledges and agrees to the provisions of this section and that it is a material element of consideration.
- 5.2 Scope.** Contractor shall indemnify, defend with counsel reasonably acceptable to the Agency, and hold harmless the Agency, and its officials, commissioners, officers, employees, agents and volunteers from and against all losses, liabilities, claims, demands, suits, actions, damages, expenses, penalties, fines, costs (including without limitation costs and fees of litigation), judgments and causes of action of every nature arising out of or in connection with any acts or omissions by Contractor, its officers, officials, agents, and employees, except as caused by the sole or gross negligence of Agency. Notwithstanding, should this Agreement be construed as a construction agreement under Civil Code section 2783, then the exception referenced above shall also be for the active negligence of Agency.
- 5.3 Transfer of Title.** If Contractor's Work involves its transporting hazardous materials, Contractor shall be deemed to be in exclusive possession and control of such materials and shall be responsible for any damages or injury caused thereby, including without limitation any spills, leaks, discharges or releases of such materials with the exception of legal requirements contained in CFR 49 and all generator responsibilities pertaining to waste, until Agency accepts delivery at its Site. For the purposes of this Agreement, such acceptance shall occur after Contractor or its agents complete transfer of such materials into appropriate containers, machinery, storage tanks or other storage apparatus identified by NCPA. In the event a spill, leak, discharge or release requires notification to a federal, state or local regulatory agency, Contractor shall be responsible for all such notifications. Should Contractor be required to remedy or remove such materials as a result of a leak, spill, release or discharge of such materials into the environment at Agency's Site or elsewhere, Contractor agrees to remediate, remove or cleanup Agency's Site to a level sufficient to receive a "No Further Action Required" or "Closure Letter" from the appropriate regulatory authority.

Section 6. STATUS OF CONTRACTOR.

- 6.1 Independent Contractor.** Contractor is an independent contractor and not an employee of Agency. Agency shall have the right to control Contractor only insofar as the results of Contractor's Work and assignment of personnel pursuant

to Section 1; otherwise, Agency shall not have the right to control the means by which Contractor accomplishes Work rendered pursuant to this Agreement. Notwithstanding any other Agency, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Contractor and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by Agency, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of Agency and entitlement to any contribution to be paid by Agency for employer contributions and/or employee contributions for PERS benefits.

Contractor shall indemnify, defend, and hold harmless Agency for the payment of any employee and/or employer contributions for PERS benefits on behalf of Contractor or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of Agency. Contractor and Agency acknowledge and agree that compensation paid by Agency to Contractor under this Agreement is based upon Contractor's estimated costs of providing the Work, including salaries and benefits of employees, agents and subcontractors of Contractor.

Contractor shall indemnify, defend, and hold harmless Agency from any lawsuit, administrative action, or other claim for penalties, losses, costs, damages, expense and liability of every kind, nature and description that arise out of, pertain to, or relate to such claims, whether directly or indirectly, due to Contractor's failure to secure workers' compensation insurance for its employees, agents, or subcontractors.

Contractor agrees that it is responsible for the provision of group healthcare benefits to its fulltime employees under 26 U.S.C. § 4980H of the Affordable Care Act. To the extent permitted by law, Contractor shall indemnify, defend and hold harmless Agency from any penalty issued to Agency under the Affordable Care Act resulting from the performance of the Services by any employee, agent, or subcontractor of Contractor.

- 6.2 Contractor Not Agent.** Except as Agency may specify in writing, Contractor shall have no authority, express or implied, to act on behalf of Agency in any capacity whatsoever as an agent. Contractor shall have no authority, express or implied, pursuant to this Agreement to bind Agency to any obligation whatsoever.
- 6.3 Assignment and Subcontracting.** This Agreement contemplates personal performance by Contractor and is based upon a determination of Contractor's unique professional competence, experience, and specialized professional knowledge. A substantial inducement to Agency for entering into this Agreement was and is the personal reputation and competence of Contractor. Contractor may not assign this Agreement or any interest therein without the prior written approval of the Agency. Contractor shall not subcontract any portion of the performance contemplated and provided for herein, other than to the

subcontractors identified in Exhibit A, without prior written approval of the Agency. Where written approval is granted by the Agency, Contractor shall supervise all work subcontracted by Contractor in performing the Work and shall be responsible for all work performed by a subcontractor as if Contractor itself had performed such work. The subcontracting of any work to subcontractors shall not relieve Contractor from any of its obligations under this Agreement with respect to the Work and Contractor is obligated to ensure that any and all subcontractors performing any Work shall be fully insured in all respects and to the same extent as set forth under Section 4, to Agency's satisfaction.

- 6.4 **Certification as to California Energy Commission.** If requested by the Agency, Contractor shall, at the same time it executes this Agreement, execute Exhibit C.
- 6.5 **Certification as to California Energy Commission Regarding Hazardous Materials Transport Vendors.** If requested by the Agency, Contractor shall, at the same time it executes this Agreement, execute Exhibit D.
- 6.6 **Maintenance Labor Agreement.** If the Work is subject to the terms of one or more Maintenance Labor Agreements, which are applicable only to certain types of construction, repair and/or maintenance projects, then Contractor shall execute Exhibit E and/or similar documentation as to compliance.

Section 7. LEGAL REQUIREMENTS.

- 7.1 **Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 **Compliance with Applicable Laws.** Contractor and its subcontractors and agents, if any, shall comply with all laws applicable to the performance of the work hereunder.
- 7.3 **Licenses and Permits.** Contractor represents and warrants to Agency that Contractor and its employees, agents, and subcontractors (if any) have and will maintain at their sole expense during the term of this Agreement all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice their respective professions.
- 7.4 **Monitoring by DIR.** The Work is subject to compliance monitoring and enforcement by the Department of Industrial Relations.
- 7.5 **Registration with DIR.** During the term of this Agreement, Contractor warrants that it is registered with the Department of Industrial Relations and qualified to perform Work consistent with Labor Code section 1725.5.
- 7.6 **Prevailing Wage Rates.** In accordance with California Labor Code Section 1771, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the Work is to be performed, and not less

than the general prevailing rate of per diem wages for holiday and overtime work as provided in the California Labor Code must be paid to all workers engaged in performing the Work. In accordance with California Labor Code Section 1770 and following, the Director of Industrial Relations has determined the general prevailing wage per diem rates for the locality in which the Work is to be performed; the Agency has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in the locality in which the Work is to be performed for each craft, classification or type of worker needed to perform the project; and copies of the prevailing rate of per diem wages are on file at the Agency and will be made available on request. Throughout the performance of the Work, Contractor must comply with all applicable laws and regulations that apply to wages earned in performance of the Work. Contractor assumes all responsibility for such payments and shall defend, indemnify and hold the Agency harmless from any and all claims made by the State of California, the Department of Industrial Relations, any subcontractor, any worker or any other third party with regard thereto.

Additionally, in accordance with the California Administrative Code, Title 8, Group 3, Article 2, Section 16000, Publication of Prevailing Wage Rates by Awarding Bodies, copies of the applicable determination of the Director can be found on the web at: <http://www.dir.ca.gov/DLSR/PWD/> and may be reviewed at any time.

Contractor shall be required to submit to the Agency during the contract period, copies of Public Works payroll reporting information per California Department of Industrial Relations, Form A- 1-131 (New 2-80) concerning work performed under this Agreement.

Contractor shall comply with applicable law, including Labor Code Sections 1774 and 1775. In accordance with Section 1775, Contractor shall forfeit as a penalty to Agency \$50.00 for each calendar day or portion thereof, for each worker paid less than the prevailing rates as determined by the Director of Industrial Relations for such work or craft in which such worker is employed for any Work done under the Agreement by Contractor or by any subcontractor under Contractor in violation of the provisions of the Labor Code and in particular, Labor Code Sections 1770 *et seq.* In addition to the penalty and pursuant to Section 1775, the difference between such prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the Contractor.

Section 8. TERMINATION AND MODIFICATION.

8.1 Termination. Agency may cancel this Agreement at any time and without cause upon ten (10) days prior written notice to Contractor.

In the event of termination, Contractor shall be entitled to compensation for Work satisfactorily completed as of the effective date of termination; Agency, however,

may condition payment of such compensation upon Contractor delivering to Agency any or all records or documents (as referenced in Section 9.1 hereof).

- 8.2 Amendments.** The Parties may amend this Agreement only by a writing signed by both of the Parties.
- 8.3 Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between Agency and Contractor shall survive the termination of this Agreement.
- 8.4 Options upon Breach by Contractor.** If Contractor materially breaches any of the terms of this Agreement, including but not limited to those set forth in Section 4, Agency's remedies shall include, but not be limited to, the following:
- 8.4.1** Immediately terminate the Agreement;
 - 8.4.2** Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Contractor pursuant to this Agreement;
 - 8.4.3** Retain a different Contractor to complete the Work not finished by Contractor; and/or
 - 8.4.4** Charge Contractor the difference between the costs to complete the Work that is unfinished at the time of breach and the amount that Agency would have paid Contractor pursuant hereto if Contractor had completed the Work.

Section 9. KEEPING AND STATUS OF RECORDS.

- 9.1 Records Created as Part of Contractor's Performance.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Contractor prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the Agency. Contractor hereby agrees to deliver those documents to the Agency upon termination of the Agreement. Agency and Contractor agree that, unless approved by Agency in writing, Contractor shall not release to any non-parties to this Agreement any data, plans, specifications, reports and other documents.
- 9.2 Contractor's Books and Records.** Contractor shall maintain any and all records or other documents evidencing or relating to charges for Work or expenditures and disbursements charged to the Agency under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Contractor under this Agreement.

9.3 Inspection and Audit of Records. Any records or documents that this Agreement requires Contractor to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the Agency. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds ten thousand dollars (\$10,000.00), the Agreement shall be subject to the examination and audit of the State Auditor, at the request of Agency or as part of any audit of the Agency, for a period of three (3) years after final payment under this Agreement.

9.4 Confidential Information and Disclosure.

9.4.1 Confidential Information. The term "Confidential Information", as used herein, shall mean any and all confidential, proprietary, or trade secret information, whether written, recorded, electronic, oral or otherwise, where the Confidential Information is made available in a tangible medium of expression and marked in a prominent location as confidential, proprietary and/or trade secret information. Confidential Information shall not include information that: (a) was already known to the Receiving Party or is otherwise a matter of public knowledge, (b) was disclosed to Receiving Party by a third party without violating any confidentiality agreement, (c) was independently developed by Receiving Party without reverse engineering, as evidenced by written records thereof, or (d) was not marked as Confidential Information in accordance with this section.

9.4.2 Non-Disclosure of Confidential Information. During the term of this Agreement, either party may disclose (the "Disclosing Party") Confidential Information to the other party (the "Receiving Party"). The Receiving Party: (a) shall hold the Disclosing Party's Confidential Information in confidence; and (b) shall take all reasonable steps to prevent any unauthorized possession, use, copying, transfer or disclosure of such Confidential Information.

9.4.3 Permitted Disclosure. Notwithstanding the foregoing, the following disclosures of Confidential Information are allowed. Receiving Party shall endeavor to provide prior written notice to Disclosing Party of any permitted disclosure made pursuant to Section 9.4.3.2 or 9.4.3.3. Disclosing Party may seek a protective order, including without limitation, a temporary restraining order to prevent or contest such permitted disclosure; provided, however, that Disclosing Party shall seek such remedies at its sole expense. Neither party shall have any liability for such permitted disclosures:

9.4.3.1 Disclosure to employees, agents, contractors, subcontractors or other representatives of Receiving Party that have a need to know in connection with this Agreement.

9.4.3.2 Disclosure in response to a valid order of a court, government or regulatory agency or as may otherwise be required by law; and

9.4.3.3 Disclosure by Agency in response to a request pursuant to the California Public Records Act.

9.4.4 Handling of Confidential Information. Upon conclusion or termination of the Agreement, Receiving Party shall return to Disclosing Party or destroy Confidential Information (including all copies thereof), if requested by Disclosing Party in writing. Notwithstanding the foregoing, the Receiving Party may retain copies of such Confidential Information, subject to the confidentiality provisions of this Agreement: (a) for archival purposes in its computer system; (b) in its legal department files; and (c) in files of Receiving Party's representatives where such copies are necessary to comply with applicable law. Party shall not disclose the Disclosing Party's Information to any person other than those of the Receiving Party's employees, agents, consultants, contractors and subcontractors who have a need to know in connection with this Agreement.

Section 10. PROJECT SITE.

- 10.1 Operations at the Project Site.** Each Project site may include the power plant areas, all buildings, offices, and other locations where Work is to be performed, including any access roads. Contractor shall perform the Work in such a manner as to cause a minimum of interference with the operations of the Agency; and other contractors at the Project site and to protect all persons and property thereon from damage or injury. Upon completion of the Work at a Project site, Contractor shall leave such Project site clean and free of all tools, equipment, waste materials and rubbish, stemming from or relating to Contractor's Work.
- 10.2 Contractor's Equipment, Tools, Supplies and Materials.** Contractor shall be solely responsible for the transportation, loading and unloading, and storage of any equipment, tools, supplies or materials required for performing the Work, whether owned, leased or rented. The Agency will be responsible for any such equipment, supplies or materials which may be lost, stolen or damaged or for any additional rental charges for such. Equipment, tools, supplies and materials left or stored at a Project site, with or without permission, is at Contractor's sole risk. Anything left on the Project site an unreasonable length of time after the Work is completed shall be presumed to have been abandoned by the Contractor. Any transportation furnished by Agency shall be solely as an accommodation and the Agency shall have no liability therefor. Contractor shall assume the risk and is solely responsible for its owned, non-owned and hired automobiles, trucks or other motorized vehicles as well as any equipment, tools, supplies, materials or other property which is utilized by Contractor on the Project site. All materials and supplies used by Contractor in the Work shall be new and in good condition.

- 10.3 Use of Agency Equipment.** Contractor shall assume the risk and is solely responsible for its use of any equipment owned and property provided by Agency for the performance of Work.

Section 11. WARRANTY.

- 11.1 Nature of Work.** In addition to any and all warranties provided or implied by law or public policy, Contractor warrants that all Work shall be free from defects in design and workmanship, and that Contractor shall perform all Work in accordance with applicable federal, state, and local laws, rules and regulations including engineering, construction and other codes and standards and prudent electrical utility standards, and in accordance with the terms of this Agreement.
- 11.2 Deficiencies in Work.** In addition to all other rights and remedies which Agency may have, Agency shall have the right to require, and Contractor shall be obligated at its own expense to perform, all further Work which may be required to correct any deficiencies which result from Contractor's failure to perform any Work in accordance with the standards required by this Agreement. If during the term of this Agreement or the one (1) year period following completion of the Work, any equipment, supplies or other materials or Work used or provided by Contractor under this Agreement fails due to defects in material and/or workmanship or other breach of this Agreement, Contractor shall, upon any reasonable written notice from Agency, replace or repair the same to Agency's satisfaction.
- 11.3 Assignment of Warranties.** Contractor hereby assigns to Agency all additional warranties, extended warranties, or benefits like warranties, such as insurance, provided by or reasonably obtainable from suppliers of equipment and material used in the Work.

Section 12. HEALTH AND SAFETY PROGRAMS. The Contractor shall establish, maintain, and enforce safe work practices, and implement an accident/incident prevention program intended to ensure safe and healthful operations under their direction. The program shall include all requisite components of such a program under Federal, State and local regulations and shall comply with all site programs established by Agency.

- 12.1** Contractor is responsible for acquiring job hazard assessments as necessary to safely perform the Work and provide a copy to Agency upon request.
- 12.2** Contractor is responsible for providing all employee health and safety training and personal protective equipment in accordance with potential hazards that may be encountered in performance of the Work and provide copies of the certified training records upon request by Agency. Contractor shall be responsible for proper maintenance and/or disposal of their personal protective equipment and material handling equipment.
- 12.3** Contractor is responsible for ensuring that its lower-tier subcontractors are aware of and will comply with the requirements set forth herein.

- 12.4** Agency, or its representatives, may periodically monitor the safety performance of the Contractor performing the Work. Contractors and its subcontractors shall be required to comply with the safety and health obligations as established in the Agreement. Non-compliance with safety, health, or fire requirements may result in cessation of work activities, until items in non-compliance are corrected. It is also expressly acknowledged, understood and agreed that no payment shall be due from Agency to Contractor under this Agreement at any time when, or for any Work performed when, Contractor is not in full compliance with this Section 12.
- 12.5** Contractor shall immediately report any injuries to the Agency site safety representative. Additionally, the Contractor shall investigate and submit to the Agency site safety representative copies of all written accident reports, and coordinate with Agency if further investigation is requested.
- 12.6** Contractor shall take all reasonable steps and precautions to protect the health of its employees and other site personnel with regard to the Work. Contractor shall conduct occupational health monitoring and/or sampling to determine levels of exposure of its employees to hazardous or toxic substances or environmental conditions. Copies of any sampling results will be forwarded to the Agency site safety representative upon request.
- 12.7** Contractor shall develop a plan to properly handle and dispose of any hazardous wastes, if any, Contractor generates in performing the Work.
- 12.8** Contractor shall advise its employees and subcontractors that any employee who jeopardizes his/her safety and health, or the safety and health of others, may be subject to actions including removal from Work.
- 12.9** Contractor shall, at the sole option of the Agency, develop and provide to the Agency a Hazardous Material Spill Response Plan that includes provisions for spill containment and clean-up, emergency contact information including regulatory agencies and spill sampling and analysis procedures. Hazardous Materials shall include diesel fuel used for trucks owned or leased by the Contractor.

Section 13. MISCELLANEOUS PROVISIONS.

- 13.1 Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.
- 13.2 Venue.** In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.

- 13.3 Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
- 13.4 No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.
- 13.5 Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.
- 13.6 Conflict of Interest.** Contractor may serve other clients, but none whose activities within the corporate limits of Agency or whose business, regardless of location, would place Contractor in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*

Contractor shall not employ any Agency official in the work performed pursuant to this Agreement. No officer or employee of Agency shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*

- 13.7 Contract Administrator.** This Agreement shall be administered by Ken Speer, Assistant General Manager, or his/her designee, who shall act as the Agency's representative. All correspondence shall be directed to or through the representative.
- 13.8 Notices.** Any written notice to Contractor shall be sent to:

Fremouw Environmental Services, Inc.
Attention: Phil Fremouw
6940 Tremont Road
Dixon, CA 95620

Any written notice to Agency shall be sent to:

Randy S. Howard
General Manager
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

With a copy to:

Jane E. Luckhardt
General Counsel
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

- 13.9 Professional Seal.** Where applicable in the determination of the Agency, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation.
- 13.10 Integration; Incorporation.** This Agreement, including all the exhibits attached hereto, represents the entire and integrated agreement between Agency and Contractor and supersedes all prior negotiations, representations, or agreements, either written or oral. All exhibits attached hereto are incorporated by reference herein.
- 13.11 Alternative Dispute Resolution.** If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Agency and Contractor agree to resolve the dispute in accordance with the following:
- 13.11.1** Each party shall designate a senior management or executive level representative to negotiate any dispute;
 - 13.11.2** The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.
 - 13.11.3** If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiation between legal counsel. If the above process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.
 - 13.11.4** The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.
 - 13.11.5** The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.
 - 13.11.6** The alternative dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative remedy prior to either Party initiating legal action. This alternative dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 *et seq.*

13.12 Controlling Provisions. In the case of any conflict between the terms of this Agreement and the Exhibits hereto, a Purchase Order, or Contractor's Proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and a Purchase Order or the Contractor's Proposal, the Exhibits shall control. In the case of any conflict between the terms of a Purchase Order and the Contractor's Proposal, the Purchase Order shall control.

13.13 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

13.14 Construction of Agreement. Each party hereto has had an equivalent opportunity to participate in the drafting of the Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting party shall not apply hereto.

13.15 No Third Party Beneficiaries. This Agreement is made solely for the benefit of the parties hereto, with no intent to benefit any non-signator third parties.

The Parties have executed this Agreement as of the date signed by the Agency.

NORTHERN CALIFORNIA POWER AGENCY

FREMOUW ENVIRONMENTAL
SERVICES, INC.

Date _____

Date _____

RANDY S. HOWARD,
General Manager

PHIL FREMOUW,
Vice President

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Jane E. Luckhardt, General Counsel

EXHIBIT A

SCOPE OF WORK

Fremouw Environmental Services, Inc. ("Contractor") shall provide waste cleanup services related to project support and plant operations as requested by the Northern California Power Agency ("Agency") at any Facilities owned or operated by NCPA.

NCPA CT Facilities specific services to include, but not be limited to the following:

- (1) Provide filter cake bins and cake disposal services at LEC site, including, but not limited to providing the following:
 - a) 24-hour turnaround for waste bin(s) drop-off and pickup.
 - b) Waste cake profiling quarterly for bins prior to disposal until such profiling is no longer required by the corresponding landfill or NCPA
 - c) Classification of all materials where applicable
 - d) Supply 2x20 yard lined bins on site at all times for disposal of Filter Cake.
 - e) Remove and replace filter cake bins on a regular schedule.
 - f) Transport bins to final disposal facilities.
 - g) Provide all paperwork, including profiling, labeling and manifesting in accordance with DOT regulations (49 CFR).
 - h) Sample periodically and get analytical results from lab if needed
- (2) Act as the Emergency Responder at the Lodi Energy Center ("LEC"), STIG, Lodi CT1, and Alameda CT1 sites, including providing all labor, equipment and materials to perform cleanup of hazardous and non-hazardous material and substance spill incident and transport and disposal;
- (3) Provide Hazardous & Non-Hazardous Waste transporter services for LEC, STIG, Lodi CT1, and Alameda CT1 sites to state permitted treatment, storage, or disposal facilities (TSFD). Services will include but not be limited to the manifesting and transportation of used oil, oily absorbents, HRSG debris, cooling tower sludge, OWS pump-outs, and universal waste.

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all work, including hourly fees and expenses, shall not exceed the amount set forth in Section 2 hereof. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:

CT Facilities Specific Rates:

- (1) Filter Cake Bins and Disposal Service Rates - See Following Rate Sheets
- (2) Emergency Response Rates - See Following Rate Sheets
- (3) Miscellaneous Waste Removal Rates - See Following Rate Sheets

< INSERT RATES FROM PROPOSAL WHEN PDF CREATED >

Pricing for services to be performed at other NCPA facilities will be quoted at the time services are requested.

NOTE: As a public agency, NCPA shall not reimburse Contractor for travel, food and related costs in excess of those permitted by the Internal Revenue Service.

EXHIBIT C

CERTIFICATION

Affidavit of Compliance for Contractors

I,

(Name of person signing affidavit)(Title)

do hereby certify that background investigations to ascertain the accuracy of the identity and employment history of all employees of

Fremouw Environmental Services, Inc.

(Company name)

for contract work at:

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

have been conducted as required by the California Energy Commission Decision for the above-named project.

(Signature of officer or agent)

Dated this _____ day of _____, 20 _____.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

EXHIBIT D

CERTIFICATION

Affidavit of Compliance for Hazardous Materials Transport Vendors

I, _____,

(Name of person signing affidavit)(Title)

do hereby certify that the below-named company has prepared and implemented security plans in conformity with 49 CFR 172, subpart I and has conducted employee background investigations in conformity with 49 CFR 172.802(a), as the same may be amended from time to time,

Fremouw Environmental Services, Inc.

(Company name)

for hazardous materials delivery to:

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

as required by the California Energy Commission Decision for the above-named project.

(Signature of officer or agent)

Dated this _____ day of _____, 20 ____.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

NOT APPLICABLE

EXHIBIT E

**ATTACHMENT A [from MLA]
AGREEMENT TO BE BOUND**

**MAINTENANCE LABOR AGREEMENT ATTACHMENT
LODI ENERGY CENTER PROJECT**

The undersigned hereby certifies and agrees that:

- 1) It is an Employer as that term is defined in Section 1.4 of the Lodi Energy Center Project Maintenance Labor Agreement ("Agreement" solely for the purposes of this Exhibit E) because it has been, or will be, awarded a contract or subcontract to assign, award or subcontract Covered Work on the Project (as defined in Section 1.2 and 2.1 of the Agreement), or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.
- 2) In consideration of the award of such contract or subcontract, and in further consideration of the promises made in the Agreement and all attachments thereto (a copy of which was received and is hereby acknowledged), it accepts and agrees to be bound by the terms and condition of the Agreement, together with any and all amendments and supplements now existing or which are later made thereto.
- 3) If it performs Covered Work, it will be bound by the legally established trust agreements designated in local master collective bargaining agreements, and hereby authorizes the parties to such local trust agreements to appoint trustees and successor trustee to administer the trust funds, and hereby ratifies and accepts the trustees so appointed as if made by the undersigned.
- 4) It has no commitments or agreements that would preclude its full and complete compliance with the terms and conditions of the Agreement.
- 5) It will secure a duly executed Agreement to be Bound, in form identical to this documents, from any Employer(s) at any tier or tiers with which it contracts to assign, award, or subcontract Covered Work, or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.

DATED: _____ Name of Employer _____

(Authorized Officer & Title)

(Address)



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Commission Staff Report

Date: February 14, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: Valley Power Systems North, Inc. – Five Year Multi-Task General Services Agreement for fire pump maintenance services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA, and SCPPA Members

AGENDA CATEGORY: Consent

FROM:	Ken Speer <i>KS</i>	METHOD OF SELECTION:
	Assistant General Manager	N/A
Division:	Generation Services	<i>If other, please describe:</i>
Department:	Combustion Turbines	

IMPACTED MEMBERS:		
All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input type="checkbox"/>	City of Lompoc <input type="checkbox"/>	City of Ukiah <input type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input type="checkbox"/>
City of Biggs <input type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input type="checkbox"/>	City of Roseville <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	Other <input type="checkbox"/>
<i>If other, please specify</i>		
<hr/>		
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RECOMMENDATION:

Approval of Resolution 19-17 authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with Valley Power Systems North, Inc. for fire pump maintenance services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$500,000.00 over five years, for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members.

BACKGROUND:

Fire pump maintenance services are required from time to time related to project support at facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members.

FISCAL IMPACT:

Upon execution, the total cost of the agreement is not to exceed \$500,000.00 to be used out of the NCPA approved budget. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.

SELECTION PROCESS:

This enabling agreement does not commit NCPA to any expenditure of funds. At the time services are required, NCPA will bid the specific scope of work consistent with NCPA procurement policies and procedures. NCPA currently has similar agreements in place with Bay Cities Pyrotector and Sabah International and seeks bids from multiple qualified providers whenever services are needed. Bids are awarded to the lowest cost provider. NCPA will issue purchase orders based on cost and availability of the services needed at the time the service is required.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a “project” for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation above was reviewed by the Facilities Committee on February 6, 2019, and was recommended for Commission approval on Consent Calendar.

The recommendation above was reviewed by the Lodi Energy Center Project Participant Committee on February 11, 2019, and was approved.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Randy Howard" with a stylized flourish at the end.

RANDY S. HOWARD
General Manager

Attachments (2):

- Resolution
- Multi-Task General Services Agreement with Valley Power Systems North, Inc.

RESOLUTION 19-17

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVING A MULTI-TASK GENERAL SERVICES AGREEMENT WITH VALLEY POWER SYSTEMS NORTH, INC.

(reference Staff Report #124:19)

WHEREAS, fire pump maintenance services are periodically required at the facilities owned and/or operated by Northern California Power Agency (NCPA), its Members, the Southern California Public Power Authority (SCPPA), and SCPPA Members; and

WHEREAS, Valley Power Systems North, Inc. is a provider of these services; and

WHEREAS, NCPA seeks to enter into a Multi-Task General Services Agreement with Valley Power Systems North, Inc. to provide such services as needed at all NCPA Generation facility locations, Member, SCPPA, and SCPPA Member facilities in an amount not to exceed \$500,000 over five years; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager or his designee to enter into a Multi-Task General Services Agreement with Valley Power Systems North, Inc. with any non-substantial changes as approved by the NCPA General Counsel, which shall not exceed \$500,000 for fire pump maintenance services for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (SCPPA), or by SCPPA Members.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2019 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
San Francisco BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ROGER FRITH
CHAIR

ATTEST:

CARY A. PADGETT
ASSISTANT SECRETARY



**MULTI-TASK
GENERAL SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
VALLEY POWER SYSTEMS NORTH, INC.**

This Multi-Task General Services Agreement ("Agreement") is made by and between the Northern California Power Agency, a joint powers agency with its main office located at 651 Commerce Drive, Roseville, CA 95678-6420 ("Agency") and Valley Power Systems North, Inc., a corporation with its office located at 425 S. Hacienda Blvd., City of Industry, CA 91745 ("Contractor") (together sometimes referred to as the "Parties") as of _____, 2019 ("Effective Date") in Roseville, California.

Section 1. SCOPE OF WORK. Subject to the terms and conditions set forth in this Agreement, Contractor is willing to provide to Agency the range of services and/or goods described in the Scope of Work attached hereto as Exhibit A and incorporated herein ("Work").

- 1.1 Term of Agreement.** The term of this Agreement shall begin on the Effective Date and shall end when Contractor completes the Work, or no later than five (5) years from the date this Agreement was signed by Agency, whichever is shorter.
- 1.2 Standard of Performance.** Contractor shall perform the Work in the manner and according to the standards observed by a competent practitioner of the profession in which Contractor is engaged and for which Contractor is providing the Work. Contractor represents that it is licensed, qualified and experienced to provide the Work set forth herein.
- 1.3 Assignment of Personnel.** Contractor shall assign only competent personnel to perform the Work. In the event that Agency, in its sole discretion, at any time during the term of this Agreement, requests the reassignment of any such personnel, Contractor shall, immediately upon receiving written notice from Agency of such request, reassign such personnel.
- 1.4 Work Provided.** Work provided under this Agreement by Contractor may include Work directly to the Agency or, as requested by the Agency and consistent with the terms of this Agreement, to Agency members, Southern California Public Power Authority ("SCPPA") or SCPPA members.
- 1.5 Request for Work to be Performed.** At such time that Agency determines to have Contractor perform Work under this Agreement, Agency shall issue a Purchase Order. The Purchase Order shall identify the specific Work to be performed ("Requested Work"), may include a not-to-exceed cap on monetary cap on Requested Work and all related expenditures authorized by that Purchase Order, and shall include a time by which the Requested Work shall be completed. Contractor shall have seven calendar days from the date of the Agency's issuance of the Purchase Order in which to respond in writing that Contractor chooses not to perform the Requested Work. If Contractor agrees to perform the Requested Work, begins to perform the Requested Work, or does not respond within the seven day period specified, then Contractor will have

agreed to perform the Requested Work on the terms set forth in the Purchase Order, this Agreement and its Exhibits.

Section 2. COMPENSATION. Agency hereby agrees to pay Contractor an amount **NOT TO EXCEED FIVE HUNDRED THOUSAND** dollars (\$500,000.00) for the Work, which shall include all fees, costs, expenses and other reimbursables, as set forth in Contractor's fee schedule, attached hereto and incorporated herein as Exhibit B. This dollar amount is not a guarantee that Agency will pay that full amount to the Contractor, but is merely a limit of potential Agency expenditures under this Agreement.

2.1 Invoices. Contractor shall submit invoices, not more often than once a month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date. Invoices shall contain the following information:

- The beginning and ending dates of the billing period;
- Work performed;
- The Purchase Order number authorizing the Requested Work;
- At Agency's option, for each work item in each task, a copy of the applicable time entries or time sheets shall be submitted showing the name of the person doing the work, the hours spent by each person, a brief description of the work, and each reimbursable expense, with supporting documentation, to Agency's reasonable satisfaction;
- At Agency's option, the total number of hours of work performed under the Agreement by Contractor and each employee, agent, and subcontractor of Contractor performing work hereunder.

Invoices shall be sent to:

Northern California Power Agency
651 Commerce Drive
Roseville, California 95678
Attn: Accounts Payable
AcctsPayable@ncpa.com

2.2 Monthly Payment. Agency shall make monthly payments, based on invoices received, for Work satisfactorily performed, and for authorized reimbursable costs incurred. Agency shall have thirty (30) days from the receipt of an invoice that complies with all of the requirements above to pay Contractor.

2.3 Payment of Taxes. Contractor is solely responsible for the payment of all federal, state and local taxes, including employment taxes, incurred under this Agreement.

2.4 Authorization to Perform Work. The Contractor is not authorized to perform any Work or incur any costs whatsoever under the terms of this Agreement until receipt of a Purchase Order from the Contract Administrator.

- 2.5 Timing for Submittal of Final Invoice.** Contractor shall have ninety (90) days after completion of the Requested Work to submit its final invoice for the Requested Work. In the event Contractor fails to submit an invoice to Agency for any amounts due within the ninety (90) day period, Contractor is deemed to have waived its right to collect its final payment for the Requested Work from Agency.

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Contractor shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the Work.

Section 4. INSURANCE REQUIREMENTS. Before beginning any Work under this Agreement, Contractor, at its own cost and expense, shall procure the types and amounts of insurance listed below and shall maintain the types and amounts of insurance listed below for the period covered by this Agreement.

- 4.1 Workers' Compensation.** If Contractor employs any person, Contractor shall maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Contractor with limits of not less than one million dollars (\$1,000,000.00) per accident.

4.2 Commercial General and Automobile Liability Insurance.

4.2.1 Commercial General Insurance. Contractor shall maintain commercial general liability insurance for the term of this Agreement, including products liability, covering any loss or liability, including the cost of defense of any action, for bodily injury, death, personal injury and broad form property damage which may arise out of the operations of Contractor. The policy shall provide a minimum limit of \$1,000,000 per occurrence/\$2,000,000 aggregate. Commercial general coverage shall be at least as broad as ISO Commercial General Liability form CG 0001 (current edition) on "an occurrence" basis covering comprehensive General Liability, with a self-insured retention or deductible of no more than \$100,000. No endorsement shall be attached limiting the coverage.

4.2.2 Automobile Liability. Contractor shall maintain automobile liability insurance form CA 0001 (current edition) for the term of this Agreement covering any loss or liability, including the cost of defense of any action, arising from the operation, maintenance or use of any vehicle (symbol 1), whether or not owned by the Contractor, on or off Agency premises. The policy shall provide a minimum limit of \$1,000,000 per each accident, with a self-insured retention or deductible of no more than \$100,000. This insurance shall provide contractual liability covering all motor vehicles and mobile equipment to the extent coverage may be excluded from general liability insurance.

4.2.3 General Liability/Umbrella Insurance. The coverage amounts set forth above may be met by a combination of underlying and umbrella policies as long as in combination the limits equal or exceed those stated.

4.3 Professional Liability Insurance. Not Applicable.

4.4 Pollution Insurance. Not Applicable.

4.5 All Policies Requirements.

4.5.1 Verification of coverage. Prior to beginning any work under this Agreement, Contractor shall provide Agency with (1) a Certificate of Insurance that demonstrates compliance with all applicable insurance provisions contained herein and (2) policy endorsements to the policies referenced in Section 4.2 and in Section 4.4, if applicable, adding the Agency as an additional insured and declaring such insurance primary in regard to work performed pursuant to this Agreement.

4.5.2 Notice of Reduction in or Cancellation of Coverage. Contractor shall provide at least thirty (30) days prior written notice to Agency of any reduction in scope or amount, cancellation, or modification adverse to Agency of the policies referenced in Section 4.

4.5.3 Higher Limits. If Contractor maintains higher limits than the minimums specified herein, the Agency shall be entitled to coverage for the higher limits maintained by the Contractor.

4.5.4 Additional Certificates and Endorsements. If Contractor performs Work for Agency members, SCPPA and/or SCPPA members pursuant to this Agreement, Contractor shall provide the certificates of insurance and policy endorsements, as referenced in Section 4.5.1, naming the specific Agency member, SCPPA and/or SCPPA member for which the Work is to be performed.

4.5.5 Waiver of Subrogation. Contractor agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. In addition, the Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of Agency for all work performed by Contractor, its employees, agents and subcontractors.

4.6 Contractor's Obligation. Contractor shall be solely responsible for ensuring that all equipment, vehicles and other items utilized in the performance of Work are operated, provided or otherwise utilized in a manner that ensures they are and remain covered by the policies referenced in Section 4 during this Agreement. Contractor shall also ensure that all workers involved in the provision of Work are properly classified as employees, agents or independent contractors and are and remain covered by any and all workers' compensation insurance required by applicable law during this Agreement.

Section 5. INDEMNIFICATION AND CONTRACTOR'S RESPONSIBILITIES.

- 5.1 Effect of Insurance.** Agency's acceptance of insurance certificates and endorsements required under this Agreement does not relieve Contractor from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Contractor acknowledges and agrees to the provisions of this section and that it is a material element of consideration.
- 5.2 Scope.** Contractor shall indemnify, defend with counsel reasonably acceptable to the Agency, and hold harmless the Agency, and its officials, commissioners, officers, employees, agents and volunteers from and against all losses, liabilities, claims, demands, suits, actions, damages, expenses, penalties, fines, costs (including without limitation costs and fees of litigation), judgments and causes of action of every nature arising out of or in connection with any acts or omissions by Contractor, its officers, officials, agents, and employees, except as caused by the sole or gross negligence of Agency. Notwithstanding, should this Agreement be construed as a construction agreement under Civil Code section 2783, then the exception referenced above shall also be for the active negligence of Agency.
- 5.3 Transfer of Title.** Not Applicable.

Section 6. STATUS OF CONTRACTOR.

- 6.1 Independent Contractor.** Contractor is an independent contractor and not an employee of Agency. Agency shall have the right to control Contractor only insofar as the results of Contractor's Work and assignment of personnel pursuant to Section 1; otherwise, Agency shall not have the right to control the means by which Contractor accomplishes Work rendered pursuant to this Agreement. Notwithstanding any other Agency, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Contractor and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by Agency, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of Agency and entitlement to any contribution to be paid by Agency for employer contributions and/or employee contributions for PERS benefits.

Contractor shall indemnify, defend, and hold harmless Agency for the payment of any employee and/or employer contributions for PERS benefits on behalf of Contractor or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of Agency. Contractor and Agency acknowledge and agree that compensation paid by Agency to Contractor under this Agreement is based upon Contractor's estimated costs of providing the Work, including salaries and benefits of employees, agents and subcontractors of Contractor.

Contractor shall indemnify, defend, and hold harmless Agency from any lawsuit, administrative action, or other claim for penalties, losses, costs, damages, expense and liability of every kind, nature and description that arise out of, pertain to, or relate to such claims, whether directly or indirectly, due to Contractor's failure to secure workers' compensation insurance for its employees, agents, or subcontractors.

Contractor agrees that it is responsible for the provision of group healthcare benefits to its fulltime employees under 26 U.S.C. § 4980H of the Affordable Care Act. To the extent permitted by law, Contractor shall indemnify, defend and hold harmless Agency from any penalty issued to Agency under the Affordable Care Act resulting from the performance of the Services by any employee, agent, or subcontractor of Contractor.

- 6.2 Contractor Not Agent.** Except as Agency may specify in writing, Contractor shall have no authority, express or implied, to act on behalf of Agency in any capacity whatsoever as an agent. Contractor shall have no authority, express or implied, pursuant to this Agreement to bind Agency to any obligation whatsoever.
- 6.3 Assignment and Subcontracting.** This Agreement contemplates personal performance by Contractor and is based upon a determination of Contractor's unique professional competence, experience, and specialized professional knowledge. A substantial inducement to Agency for entering into this Agreement was and is the personal reputation and competence of Contractor. Contractor may not assign this Agreement or any interest therein without the prior written approval of the Agency. Contractor shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors identified in Exhibit A, without prior written approval of the Agency. Where written approval is granted by the Agency, Contractor shall supervise all work subcontracted by Contractor in performing the Work and shall be responsible for all work performed by a subcontractor as if Contractor itself had performed such work. The subcontracting of any work to subcontractors shall not relieve Contractor from any of its obligations under this Agreement with respect to the Work and Contractor is obligated to ensure that any and all subcontractors performing any Work shall be fully insured in all respects and to the same extent as set forth under Section 4, to Agency's satisfaction.
- 6.4 Certification as to California Energy Commission.** If requested by the Agency, Contractor shall, at the same time it executes this Agreement, execute Exhibit C.
- 6.5 Certification as to California Energy Commission Regarding Hazardous Materials Transport Vendors.** If requested by the Agency, Contractor shall, at the same time it executes this Agreement, execute Exhibit D.
- 6.6 Maintenance Labor Agreement.** If the Work is subject to the terms of one or more Maintenance Labor Agreements, which are applicable only to certain types

of construction, repair and/or maintenance projects, then Contractor shall execute Exhibit E and/or similar documentation as to compliance.

Section 7. LEGAL REQUIREMENTS.

- 7.1 Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 Compliance with Applicable Laws.** Contractor and its subcontractors and agents, if any, shall comply with all laws applicable to the performance of the work hereunder.
- 7.3 Licenses and Permits.** Contractor represents and warrants to Agency that Contractor and its employees, agents, and subcontractors (if any) have and will maintain at their sole expense during the term of this Agreement all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice their respective professions.
- 7.4 Monitoring by DIR.** The Work is subject to compliance monitoring and enforcement by the Department of Industrial Relations.
- 7.5 Registration with DIR.** During the term of this Agreement, Contractor warrants that it is registered with the Department of Industrial Relations and qualified to perform Work consistent with Labor Code section 1725.5.
- 7.6 Prevailing Wage Rates.** In accordance with California Labor Code Section 1771, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the Work is to be performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work as provided in the California Labor Code must be paid to all workers engaged in performing the Work. In accordance with California Labor Code Section 1770 and following, the Director of Industrial Relations has determined the general prevailing wage per diem rates for the locality in which the Work is to be performed; the Agency has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in the locality in which the Work is to be performed for each craft, classification or type of worker needed to perform the project; and copies of the prevailing rate of per diem wages are on file at the Agency and will be made available on request. Throughout the performance of the Work, Contractor must comply with all applicable laws and regulations that apply to wages earned in performance of the Work. Contractor assumes all responsibility for such payments and shall defend, indemnify and hold the Agency harmless from any and all claims made by the State of California, the Department of Industrial Relations, any subcontractor, any worker or any other third party with regard thereto.

Additionally, in accordance with the California Administrative Code, Title 8, Group 3, Article 2, Section 16000, Publication of Prevailing Wage Rates by Awarding

Bodies, copies of the applicable determination of the Director can be found on the web at: <http://www.dir.ca.gov/DLSR/PWD/> and may be reviewed at any time.

Contractor shall be required to submit to the Agency during the contract period, copies of Public Works payroll reporting information per California Department of Industrial Relations, Form A- 1-131 (New 2-80) concerning work performed under this Agreement.

Contractor shall comply with applicable law, including Labor Code Sections 1774 and 1775. In accordance with Section 1775, Contractor shall forfeit as a penalty to Agency \$50.00 for each calendar day or portion thereof, for each worker paid less than the prevailing rates as determined by the Director of Industrial Relations for such work or craft in which such worker is employed for any Work done under the Agreement by Contractor or by any subcontractor under Contractor in violation of the provisions of the Labor Code and in particular, Labor Code Sections 1770 *et seq.* In addition to the penalty and pursuant to Section 1775, the difference between such prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the Contractor.

Section 8. TERMINATION AND MODIFICATION.

- 8.1 Termination.** Agency may cancel this Agreement at any time and without cause upon ten (10) days prior written notice to Contractor.

In the event of termination, Contractor shall be entitled to compensation for Work satisfactorily completed as of the effective date of termination; Agency, however, may condition payment of such compensation upon Contractor delivering to Agency any or all records or documents (as referenced in Section 9.1 hereof).

- 8.2 Amendments.** The Parties may amend this Agreement only by a writing signed by both of the Parties.

- 8.3 Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between Agency and Contractor shall survive the termination of this Agreement.

- 8.4 Options upon Breach by Contractor.** If Contractor materially breaches any of the terms of this Agreement, including but not limited to those set forth in Section 4, Agency's remedies shall include, but not be limited to, the following:

8.4.1 Immediately terminate the Agreement;

8.4.2 Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Contractor pursuant to this Agreement;

8.4.3 Retain a different Contractor to complete the Work not finished by Contractor; and/or

8.4.4 Charge Contractor the difference between the costs to complete the Work that is unfinished at the time of breach and the amount that Agency would have paid Contractor pursuant hereto if Contractor had completed the Work.

Section 9. KEEPING AND STATUS OF RECORDS.

9.1 Records Created as Part of Contractor's Performance. All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Contractor prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the Agency. Contractor hereby agrees to deliver those documents to the Agency upon termination of the Agreement. Agency and Contractor agree that, unless approved by Agency in writing, Contractor shall not release to any non-parties to this Agreement any data, plans, specifications, reports and other documents.

9.2 Contractor's Books and Records. Contractor shall maintain any and all records or other documents evidencing or relating to charges for Work or expenditures and disbursements charged to the Agency under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Contractor under this Agreement.

9.3 Inspection and Audit of Records. Any records or documents that this Agreement requires Contractor to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the Agency. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds ten thousand dollars (\$10,000.00), the Agreement shall be subject to the examination and audit of the State Auditor, at the request of Agency or as part of any audit of the Agency, for a period of three (3) years after final payment under this Agreement.

9.4 Confidential Information and Disclosure.

9.4.1 Confidential Information. The term "Confidential Information", as used herein, shall mean any and all confidential, proprietary, or trade secret information, whether written, recorded, electronic, oral or otherwise, where the Confidential Information is made available in a tangible medium of expression and marked in a prominent location as confidential, proprietary and/or trade secret information. Confidential Information shall not include information that: (a) was already known to the Receiving Party or is otherwise a matter of public knowledge, (b) was disclosed to Receiving Party by a third party without violating any confidentiality

agreement, (c) was independently developed by Receiving Party without reverse engineering, as evidenced by written records thereof, or (d) was not marked as Confidential Information in accordance with this section.

9.4.2 Non-Disclosure of Confidential Information. During the term of this Agreement, either party may disclose (the "Disclosing Party") Confidential Information to the other party (the "Receiving Party"). The Receiving Party: (a) shall hold the Disclosing Party's Confidential Information in confidence; and (b) shall take all reasonable steps to prevent any unauthorized possession, use, copying, transfer or disclosure of such Confidential Information.

9.4.3 Permitted Disclosure. Notwithstanding the foregoing, the following disclosures of Confidential Information are allowed. Receiving Party shall endeavor to provide prior written notice to Disclosing Party of any permitted disclosure made pursuant to Section 9.4.3.2 or 9.4.3.3. Disclosing Party may seek a protective order, including without limitation, a temporary restraining order to prevent or contest such permitted disclosure; provided, however, that Disclosing Party shall seek such remedies at its sole expense. Neither party shall have any liability for such permitted disclosures:

9.4.3.1 Disclosure to employees, agents, contractors, subcontractors or other representatives of Receiving Party that have a need to know in connection with this Agreement.

9.4.3.2 Disclosure in response to a valid order of a court, government or regulatory agency or as may otherwise be required by law; and

9.4.3.3 Disclosure by Agency in response to a request pursuant to the California Public Records Act.

9.4.4 Handling of Confidential Information. Upon conclusion or termination of the Agreement, Receiving Party shall return to Disclosing Party or destroy Confidential Information (including all copies thereof), if requested by Disclosing Party in writing. Notwithstanding the foregoing, the Receiving Party may retain copies of such Confidential Information, subject to the confidentiality provisions of this Agreement: (a) for archival purposes in its computer system; (b) in its legal department files; and (c) in files of Receiving Party's representatives where such copies are necessary to comply with applicable law. Party shall not disclose the Disclosing Party's Information to any person other than those of the Receiving Party's employees, agents, consultants, contractors and subcontractors who have a need to know in connection with this Agreement.

Section 10. PROJECT SITE.

- 10.1 Operations at the Project Site.** Each Project site may include the power plant areas, all buildings, offices, and other locations where Work is to be performed, including any access roads. Contractor shall perform the Work in such a manner as to cause a minimum of interference with the operations of the Agency; if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4; and other contractors at the Project site and to protect all persons and property thereon from damage or injury. Upon completion of the Work at a Project site, Contractor shall leave such Project site clean and free of all tools, equipment, waste materials and rubbish, stemming from or relating to Contractor's Work.
- 10.2 Contractor's Equipment, Tools, Supplies and Materials.** Contractor shall be solely responsible for the transportation, loading and unloading, and storage of any equipment, tools, supplies or materials required for performing the Work, whether owned, leased or rented. Neither Agency nor, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, will be responsible for any such equipment, supplies or materials which may be lost, stolen or damaged or for any additional rental charges for such. Equipment, tools, supplies and materials left or stored at a Project site, with or without permission, is at Contractor's sole risk. Anything left on the Project site an unreasonable length of time after the Work is completed shall be presumed to have been abandoned by the Contractor. Any transportation furnished by Agency or, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, shall be solely as an accommodation and neither Agency nor, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, shall have liability therefor. Contractor shall assume the risk and is solely responsible for its owned, non-owned and hired automobiles, trucks or other motorized vehicles as well as any equipment, tools, supplies, materials or other property which is utilized by Contractor on the Project site. All materials and supplies used by Contractor in the Work shall be new and in good condition.
- 10.3 Use of Agency Equipment.** Contractor shall assume the risk and is solely responsible for its use of any equipment owned and property provided by Agency and, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, for the performance of Work.

Section 11. WARRANTY.

- 11.1 Nature of Work.** In addition to any and all warranties provided or implied by law or public policy, Contractor warrants that all Work shall be free from defects in design and workmanship, and that Contractor shall perform all Work in accordance with applicable federal, state, and local laws, rules and regulations including engineering, construction and other codes and standards and prudent electrical utility standards, and in accordance with the terms of this Agreement.

- 11.2 Deficiencies in Work.** In addition to all other rights and remedies which Agency may have, Agency shall have the right to require, and Contractor shall be obligated at its own expense to perform, all further Work which may be required to correct any deficiencies which result from Contractor's failure to perform any Work in accordance with the standards required by this Agreement. If during the term of this Agreement or the one (1) year period following completion of the Work, any equipment, supplies or other materials or Work used or provided by Contractor under this Agreement fails due to defects in material and/or workmanship or other breach of this Agreement, Contractor shall, upon any reasonable written notice from Agency, replace or repair the same to Agency's satisfaction.
- 11.3 Assignment of Warranties.** Contractor hereby assigns to Agency all additional warranties, extended warranties, or benefits like warranties, such as insurance, provided by or reasonably obtainable from suppliers of equipment and material used in the Work.

Section 12. HEALTH AND SAFETY PROGRAMS. The Contractor shall establish, maintain, and enforce safe work practices, and implement an accident/incident prevention program intended to ensure safe and healthful operations under their direction. The program shall include all requisite components of such a program under Federal, State and local regulations and shall comply with all site programs established by Agency and, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4.

- 12.1** Contractor is responsible for acquiring job hazard assessments as necessary to safely perform the Work and provide a copy to Agency upon request.
- 12.2** Contractor is responsible for providing all employee health and safety training and personal protective equipment in accordance with potential hazards that may be encountered in performance of the Work and provide copies of the certified training records upon request by Agency. Contractor shall be responsible for proper maintenance and/or disposal of their personal protective equipment and material handling equipment.
- 12.3** Contractor is responsible for ensuring that its lower-tier subcontractors are aware of and will comply with the requirements set forth herein.
- 12.4** Agency, or its representatives, may periodically monitor the safety performance of the Contractor performing the Work. Contractors and its subcontractors shall be required to comply with the safety and health obligations as established in the Agreement. Non-compliance with safety, health, or fire requirements may result in cessation of work activities, until items in non-compliance are corrected. It is also expressly acknowledged, understood and agreed that no payment shall be due from Agency to Contractor under this Agreement at any time when, or for any Work performed when, Contractor is not in full compliance with this Section 12.

- 12.5** Contractor shall immediately report any injuries to the Agency site safety representative. Additionally, the Contractor shall investigate and submit to the Agency site safety representative copies of all written accident reports, and coordinate with Agency if further investigation is requested.
- 12.6** Contractor shall take all reasonable steps and precautions to protect the health of its employees and other site personnel with regard to the Work. Contractor shall conduct occupational health monitoring and/or sampling to determine levels of exposure of its employees to hazardous or toxic substances or environmental conditions. Copies of any sampling results will be forwarded to the Agency site safety representative upon request.
- 12.7** Contractor shall develop a plan to properly handle and dispose of any hazardous wastes, if any, Contractor generates in performing the Work.
- 12.8** Contractor shall advise its employees and subcontractors that any employee who jeopardizes his/her safety and health, or the safety and health of others, may be subject to actions including removal from Work.
- 12.9** Contractor shall, at the sole option of the Agency, develop and provide to the Agency a Hazardous Material Spill Response Plan that includes provisions for spill containment and clean-up, emergency contact information including regulatory agencies and spill sampling and analysis procedures. Hazardous Materials shall include diesel fuel used for trucks owned or leased by the Contractor.
- 12.10** If Contractor is providing Work to an Agency Member, SCPPA or SCPPA member (collectively "Member" solely for the purpose of this section) pursuant to Section 1.4 hereof, then that Member shall have the same rights as the Agency under Sections 12.1, 12.2, 12.4, 12.5, and 12.6 hereof.

Section 13. MISCELLANEOUS PROVISIONS.

- 13.1** **Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.
- 13.2** **Venue.** In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.
- 13.3** **Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in

whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

13.4 No Implied Waiver of Breach. The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.

13.5 Successors and Assigns. The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.

13.6 Conflict of Interest. Contractor may serve other clients, but none whose activities within the corporate limits of Agency or whose business, regardless of location, would place Contractor in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*

Contractor shall not employ any Agency official in the work performed pursuant to this Agreement. No officer or employee of Agency shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*

13.7 Contract Administrator. This Agreement shall be administered by Ken Speer, Assistant General Manager, or his/her designee, who shall act as the Agency's representative. All correspondence shall be directed to or through the representative.

13.8 Notices. Any written notice to Contractor shall be sent to:

Valley Power Systems North, Inc.
Attention: Jason Wolfe
2070 Farallon Drive
San Leandro, CA 94577

With copy to:
Michael Lee
President
Valley Power Systems North, Inc.
425 S Hacienda Blvd
City of Industry, CA 91745

Any written notice to Agency shall be sent to:

Randy S. Howard
General Manager
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

With a copy to:

Jane E. Luckhardt
General Counsel
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

- 13.9 Professional Seal.** Where applicable in the determination of the Agency, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation.
- 13.10 Integration; Incorporation.** This Agreement, including all the exhibits attached hereto, represents the entire and integrated agreement between Agency and Contractor and supersedes all prior negotiations, representations, or agreements, either written or oral. All exhibits attached hereto are incorporated by reference herein.
- 13.11 Alternative Dispute Resolution.** If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Agency and Contractor agree to resolve the dispute in accordance with the following:
- 13.11.1** Each party shall designate a senior management or executive level representative to negotiate any dispute;
 - 13.11.2** The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.
 - 13.11.3** If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiation between legal counsel. If the above process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.
 - 13.11.4** The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.
 - 13.11.5** The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.
 - 13.11.6** The alternative dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative remedy prior to either Party initiating legal action. This alternative dispute resolution process is not intended to nor shall be

construed to change the time periods for filing a claim or action specified by Government Code §§ 900 *et seq.*

13.12 Controlling Provisions. In the case of any conflict between the terms of this Agreement and the Exhibits hereto, a Purchase Order, or Contractor's Proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and a Purchase Order or the Contractor's Proposal, the Exhibits shall control. In the case of any conflict between the terms of a Purchase Order and the Contractor's Proposal, the Purchase Order shall control.

13.13 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

13.14 Construction of Agreement. Each party hereto has had an equivalent opportunity to participate in the drafting of the Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting party shall not apply hereto.

13.15 No Third Party Beneficiaries. This Agreement is made solely for the benefit of the parties hereto, with no intent to benefit any non-signator third parties. However, should Contractor provide Work to an Agency member, SCPPA or SCPPA member (collectively for the purpose of this section only "Member") pursuant to Section 1.4, the parties recognize that such Member may be a third party beneficiary solely as to the Purchase Order and Requested Work relating to such Member.

The Parties have executed this Agreement as of the date signed by the Agency.

NORTHERN CALIFORNIA POWER AGENCY

VALLEY POWER SYSTEMS NORTH, INC.

Date _____

Date _____

RANDY S. HOWARD,
General Manager

MIKE LEE,
President

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Jane E. Luckhardt, General Counsel

EXHIBIT A

SCOPE OF WORK

Valley Power Systems North, Inc. ("Contractor") shall provide fire pump maintenance related services related to project support and plant operations as requested by the Northern California Power Agency ("Agency") at any Facilities owned or operated by NCPA, its Members, Southern California Public Power Authority (SCPPA) or SCPPA members.

Services to include, but not be limited to the following:

- Fire Pump Maintenance Tune-Ups
- Fire Pump Service Inspections/Diagnostics

No project under this Agreement shall include Work that would qualify as a Public Works Project under the California Public Contract Code.

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all work, including hourly fees and expenses, shall not exceed the amount set forth in Section 2 hereof. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:

Labor rates, per man hour.

Regular time:	\$ 160.00
Overtime:	\$ 240.00
Doubletime:	\$ 320.00
Per mile travel charge:	\$ 2.50

Note: 4-hour minimum charge for emergency service calls.

Pricing for services to be performed at NCPA Member or SCPPA locations will be quoted at the time services are requested.

NOTE: As a public agency, NCPA shall not reimburse Contractor for travel, food and related costs in excess of those permitted by the Internal Revenue Service.

EXHIBIT C

CERTIFICATION

Affidavit of Compliance for Contractors

I,

(Name of person signing affidavit)(Title)

do hereby certify that background investigations to ascertain the accuracy of the identity and employment history of all employees of

Valley Power Systems North, Inc.

(Company name)

for contract work at:

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

have been conducted as required by the California Energy Commission Decision for the above-named project.

(Signature of officer or agent)

Dated this _____ day of _____, 20 _____.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

NOT APPLICABLE

EXHIBIT D

CERTIFICATION

Affidavit of Compliance for Hazardous Materials Transport Vendors

I, _____,

(Name of person signing affidavit)(Title)

do hereby certify that the below-named company has prepared and implemented security plans in conformity with 49 CFR 172, subpart I and has conducted employee background investigations in conformity with 49 CFR 172.802(a), as the same may be amended from time to time,

(Company name)

for hazardous materials delivery to:

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

as required by the California Energy Commission Decision for the above-named project.

(Signature of officer or agent)

Dated this _____ day of _____, 20 ____.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

NOT APPLICABLE

EXHIBIT E

**ATTACHMENT A [from MLA]
AGREEMENT TO BE BOUND**

**MAINTENANCE LABOR AGREEMENT ATTACHMENT
LODI ENERGY CENTER PROJECT**

The undersigned hereby certifies and agrees that:

- 1) It is an Employer as that term is defined in Section 1.4 of the Lodi Energy Center Project Maintenance Labor Agreement ("Agreement" solely for the purposes of this Exhibit E) because it has been, or will be, awarded a contract or subcontract to assign, award or subcontract Covered Work on the Project (as defined in Section 1.2 and 2.1 of the Agreement), or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.
- 2) In consideration of the award of such contract or subcontract, and in further consideration of the promises made in the Agreement and all attachments thereto (a copy of which was received and is hereby acknowledged), it accepts and agrees to be bound by the terms and condition of the Agreement, together with any and all amendments and supplements now existing or which are later made thereto.
- 3) If it performs Covered Work, it will be bound by the legally established trust agreements designated in local master collective bargaining agreements, and hereby authorizes the parties to such local trust agreements to appoint trustees and successor trustee to administer the trust funds, and hereby ratifies and accepts the trustees so appointed as if made by the undersigned.
- 4) It has no commitments or agreements that would preclude its full and complete compliance with the terms and conditions of the Agreement.
- 5) It will secure a duly executed Agreement to be Bound, in form identical to this documents, from any Employer(s) at any tier or tiers with which it contracts to assign, award, or subcontract Covered Work, or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.

DATED: _____ Name of Employer _____

(Authorized Officer & Title)

(Address)



Commission Staff Report

Date: February 14, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: Bayside Insulation & Construction, Inc. – Five Year Multi-Task General Services Agreement for insulation services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA, and SCPPA Members

AGENDA CATEGORY: Consent

FROM:	Ken Speer <i>KS</i>	METHOD OF SELECTION:
	Assistant General Manager	N/A
Division:	Generation Services	<i>If other, please describe:</i>
Department:	Combustion Turbines	

IMPACTED MEMBERS:		
All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input type="checkbox"/>	City of Lompoc <input type="checkbox"/>	City of Ukiah <input type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input type="checkbox"/>
City of Biggs <input type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input type="checkbox"/>	City of Roseville <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	Other <input type="checkbox"/>
<i>If other, please specify</i>		
<hr/>		
<hr/>		

RECOMMENDATION:

Approval of Resolution 19-18 authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with Bayside Insulation & Construction, Inc. for insulation services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$500,000.00 over five years, for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority ("SCPPA"), or by SCPPA Members.

BACKGROUND:

Insulation services are required from time to time related to project support at facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority ("SCPPA"), or by SCPPA Members.

FISCAL IMPACT:

Upon execution, the total cost of the agreement is not to exceed \$500,000.00 to be used out of the NCPA approved budget. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.

SELECTION PROCESS:

This enabling agreement does not commit NCPA to any expenditure of funds. At the time services are required, NCPA will bid the specific scope of work consistent with NCPA procurement policies and procedures. NCPA currently has similar agreements in place with BrandSafway Services (pending), Farwest Insulation and Performance Contracting and seeks bids from multiple qualified providers whenever services are needed. Bids are awarded to the lowest cost provider. NCPA will issue purchase orders based on cost and availability of the services needed at the time the service is required.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation above was reviewed by the Facilities Committee on January 3, 2019, and was recommended for Commission approval on Consent Calendar.

The recommendation above was reviewed by the Lodi Energy Center Project Participant Committee on January 7, 2019, and was approved.

Respectfully submitted,

A handwritten signature in black ink that reads "Randy Howard for". The signature is written in a cursive, flowing style.

RANDY S. HOWARD
General Manager

Attachments (2):

- Resolution
- Multi-Task General Services Agreement with Bayside Insulation & Construction, Inc.

RESOLUTION 19-18

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVING A MULTI-TASK GENERAL SERVICES AGREEMENT WITH BAYSIDE INSULATION & CONSTRUCTION, INC.

(reference Staff Report #125:19)

WHEREAS, insulation services are periodically required at the facilities owned and/or operated by Northern California Power Agency (NCPA), its Members, the Southern California Public Power Authority (SCPPA), and SCPPA Members; and

WHEREAS, Bayside Insulation & Construction, Inc. is a provider of these services; and

WHEREAS, NCPA seeks to enter into a Multi-Task General Services Agreement with Bayside Insulation & Construction, Inc. to provide such services as needed at all NCPA Generation facility locations, Member, SCPPA, and SCPPA Member facilities in an amount not to exceed \$500,000 over five years; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager or his designee to enter into a Multi-Task General Services Agreement with Bayside Insulation & Construction, Inc. with any non-substantial changes as approved by the NCPA General Counsel, which shall not exceed \$500,000 for insulation services for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (SCPPA), or by SCPPA Members.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2019 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
San Francisco BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ROGER FRITH
CHAIR

ATTEST:

CARY A. PADGETT
ASSISTANT SECRETARY



**MULTI-TASK
GENERAL SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
BAYSIDE INSULATION & CONSTRUCTION, INC.**

This Multi-Task General Services Agreement ("Agreement") is made by and between the Northern California Power Agency, a joint powers agency with its main office located at 651 Commerce Drive, Roseville, CA 95678-6420 ("Agency") and Bayside Insulation & Construction, Inc., a corporation with its office located at 1635 Challenge Drive, Concord, CA 94520 ("Contractor") (together sometimes referred to as the "Parties") as of _____, 20__ ("Effective Date") in Roseville, California.

Section 1. SCOPE OF WORK. Subject to the terms and conditions set forth in this Agreement, Contractor is willing to provide to Agency the range of services and/or goods described in the Scope of Work attached hereto as Exhibit A and incorporated herein ("Work").

- 1.1 Term of Agreement.** The term of this Agreement shall begin on the Effective Date and shall end when Contractor completes the Work, or no later than five (5) years from the date this Agreement was signed by Agency, whichever is shorter.
- 1.2 Standard of Performance.** Contractor shall perform the Work in the manner and according to the standards observed by a competent practitioner of the profession in which Contractor is engaged and for which Contractor is providing the Work. Contractor represents that it is licensed, qualified and experienced to provide the Work set forth herein.
- 1.3 Assignment of Personnel.** Contractor shall assign only competent personnel to perform the Work. In the event that Agency, in its sole discretion, at any time during the term of this Agreement, requests the reassignment of any such personnel, Contractor shall, immediately upon receiving written notice from Agency of such request, reassign such personnel.
- 1.4 Work Provided.** Work provided under this Agreement by Contractor may include Work directly to the Agency or, as requested by the Agency and consistent with the terms of this Agreement, to Agency members, Southern California Public Power Authority ("SCPPA") or SCPPA members.
- 1.5 Request for Work to be Performed.** At such time that Agency determines to have Contractor perform Work under this Agreement, Agency shall issue a Purchase Order. The Purchase Order shall identify the specific Work to be performed ("Requested Work"), may include a not-to-exceed cap on monetary cap on Requested Work and all related expenditures authorized by that Purchase Order, and shall include a time by which the Requested Work shall be completed. Contractor shall have seven calendar days from the date of the Agency's issuance of the Purchase Order in which to respond in writing that Contractor chooses not to perform the Requested Work. If Contractor agrees to perform the Requested Work, begins to perform the Requested Work, or does not respond within the seven day period specified, then Contractor will have

agreed to perform the Requested Work on the terms set forth in the Purchase Order, this Agreement and its Exhibits.

Section 2. COMPENSATION. Agency hereby agrees to pay Contractor an amount **NOT TO EXCEED FIVE HUNDRED THOUSAND** dollars (\$500,000.00) for the Work, which shall include all fees, costs, expenses and other reimbursables, as set forth in Contractor's fee schedule, attached hereto and incorporated herein as Exhibit B. This dollar amount is not a guarantee that Agency will pay that full amount to the Contractor, but is merely a limit of potential Agency expenditures under this Agreement.

2.1 Invoices. Contractor shall submit invoices, not more often than once a month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date. Invoices shall contain the following information:

- The beginning and ending dates of the billing period;
- Work performed;
- The Purchase Order number authorizing the Requested Work;
- At Agency's option, for each work item in each task, a copy of the applicable time entries or time sheets shall be submitted showing the name of the person doing the work, the hours spent by each person, a brief description of the work, and each reimbursable expense, with supporting documentation, to Agency's reasonable satisfaction;
- At Agency's option, the total number of hours of work performed under the Agreement by Contractor and each employee, agent, and subcontractor of Contractor performing work hereunder.

Invoices shall be sent to:

Northern California Power Agency
651 Commerce Drive
Roseville, California 95678
Attn: Accounts Payable
AcctsPayable@ncpa.com

2.2 Monthly Payment. Agency shall make monthly payments, based on invoices received, for Work satisfactorily performed, and for authorized reimbursable costs incurred. Agency shall have thirty (30) days from the receipt of an invoice that complies with all of the requirements above to pay Contractor.

2.3 Payment of Taxes. Contractor is solely responsible for the payment of all federal, state and local taxes, including employment taxes, incurred under this Agreement.

2.4 Authorization to Perform Work. The Contractor is not authorized to perform any Work or incur any costs whatsoever under the terms of this Agreement until receipt of a Purchase Order from the Contract Administrator.

- 2.5 Timing for Submittal of Final Invoice.** Contractor shall have ninety (90) days after completion of the Requested Work to submit its final invoice for the Requested Work. In the event Contractor fails to submit an invoice to Agency for any amounts due within the ninety (90) day period, Contractor is deemed to have waived its right to collect its final payment for the Requested Work from Agency.

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Contractor shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the Work.

Section 4. INSURANCE REQUIREMENTS. Before beginning any Work under this Agreement, Contractor, at its own cost and expense, shall procure the types and amounts of insurance listed below and shall maintain the types and amounts of insurance listed below for the period covered by this Agreement.

- 4.1 Workers' Compensation.** If Contractor employs any person, Contractor shall maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Contractor with limits of not less than one million dollars (\$1,000,000.00) per accident.

4.2 Commercial General and Automobile Liability Insurance.

- 4.2.1 Commercial General Insurance.** Contractor shall maintain commercial general liability insurance for the term of this Agreement, including products liability, covering any loss or liability, including the cost of defense of any action, for bodily injury, death, personal injury and broad form property damage which may arise out of the operations of Contractor. The policy shall provide a minimum limit of \$1,000,000 per occurrence/\$2,000,000 aggregate. Commercial general coverage shall be at least as broad as ISO Commercial General Liability form CG 0001 (current edition) on "an occurrence" basis covering comprehensive General Liability, with a self-insured retention or deductible of no more than \$100,000. No endorsement shall be attached limiting the coverage.
- 4.2.2 Automobile Liability.** Contractor shall maintain automobile liability insurance form CA 0001 (current edition) for the term of this Agreement covering any loss or liability, including the cost of defense of any action, arising from the operation, maintenance or use of any vehicle (symbol 1), whether or not owned by the Contractor, on or off Agency premises. The policy shall provide a minimum limit of \$1,000,000 per each accident, with a self-insured retention or deductible of no more than \$100,000. This insurance shall provide contractual liability covering all motor vehicles and mobile equipment to the extent coverage may be excluded from general liability insurance.
- 4.2.3 General Liability/Umbrella Insurance.** The coverage amounts set forth above may be met by a combination of underlying and umbrella policies as long as in combination the limits equal or exceed those stated.

4.3 Professional Liability Insurance. Not Applicable.

4.4 Pollution Insurance. Not Applicable.

4.5 All Policies Requirements.

4.5.1 Verification of coverage. Prior to beginning any work under this Agreement, Contractor shall provide Agency with (1) a Certificate of Insurance that demonstrates compliance with all applicable insurance provisions contained herein and (2) policy endorsements to the policies referenced in Section 4.2 and in Section 4.4, if applicable, adding the Agency as an additional insured and declaring such insurance primary in regard to work performed pursuant to this Agreement.

4.5.2 Notice of Reduction in or Cancellation of Coverage. Contractor shall provide at least thirty (30) days prior written notice to Agency of any reduction in scope or amount, cancellation, or modification adverse to Agency of the policies referenced in Section 4.

4.5.3 Higher Limits. If Contractor maintains higher limits than the minimums specified herein, the Agency shall be entitled to coverage for the higher limits maintained by the Contractor.

4.5.4 Additional Certificates and Endorsements. If Contractor performs Work for Agency members, SCPPA and/or SCPPA members pursuant to this Agreement, Contractor shall provide the certificates of insurance and policy endorsements, as referenced in Section 4.5.1, naming the specific Agency member, SCPPA and/or SCPPA member for which the Work is to be performed.

4.5.5 Waiver of Subrogation. Contractor agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. In addition, the Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of Agency for all work performed by Contractor, its employees, agents and subcontractors.

4.6 Contractor's Obligation. Contractor shall be solely responsible for ensuring that all equipment, vehicles and other items utilized in the performance of Work are operated, provided or otherwise utilized in a manner that ensures they are and remain covered by the policies referenced in Section 4 during this Agreement. Contractor shall also ensure that all workers involved in the provision of Work are properly classified as employees, agents or independent contractors and are and remain covered by any and all workers' compensation insurance required by applicable law during this Agreement.

Section 5. INDEMNIFICATION AND CONTRACTOR'S RESPONSIBILITIES.

- 5.1 Effect of Insurance.** Agency's acceptance of insurance certificates and endorsements required under this Agreement does not relieve Contractor from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Contractor acknowledges and agrees to the provisions of this section and that it is a material element of consideration.
- 5.2 Scope.** Contractor shall indemnify, defend with counsel reasonably acceptable to the Agency, and hold harmless the Agency, and its officials, commissioners, officers, employees, agents and volunteers from and against all losses, liabilities, claims, demands, suits, actions, damages, expenses, penalties, fines, costs (including without limitation costs and fees of litigation), judgments and causes of action of every nature arising out of or in connection with any acts or omissions by Contractor, its officers, officials, agents, and employees, except as caused by the sole or gross negligence of Agency. Notwithstanding, should this Agreement be construed as a construction agreement under Civil Code section 2783, then the exception referenced above shall also be for the active negligence of Agency.
- 5.3 Transfer of Title.** Not Applicable.

Section 6. STATUS OF CONTRACTOR.

- 6.1 Independent Contractor.** Contractor is an independent contractor and not an employee of Agency. Agency shall have the right to control Contractor only insofar as the results of Contractor's Work and assignment of personnel pursuant to Section 1; otherwise, Agency shall not have the right to control the means by which Contractor accomplishes Work rendered pursuant to this Agreement. Notwithstanding any other Agency, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Contractor and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by Agency, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of Agency and entitlement to any contribution to be paid by Agency for employer contributions and/or employee contributions for PERS benefits.

Contractor shall indemnify, defend, and hold harmless Agency for the payment of any employee and/or employer contributions for PERS benefits on behalf of Contractor or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of Agency. Contractor and Agency acknowledge and agree that compensation paid by Agency to Contractor under this Agreement is based upon Contractor's estimated costs of providing the Work, including salaries and benefits of employees, agents and subcontractors of Contractor.

Contractor shall indemnify, defend, and hold harmless Agency from any lawsuit, administrative action, or other claim for penalties, losses, costs, damages, expense and liability of every kind, nature and description that arise out of, pertain to, or relate to such claims, whether directly or indirectly, due to Contractor's failure to secure workers' compensation insurance for its employees, agents, or subcontractors.

Contractor agrees that it is responsible for the provision of group healthcare benefits to its fulltime employees under 26 U.S.C. § 4980H of the Affordable Care Act. To the extent permitted by law, Contractor shall indemnify, defend and hold harmless Agency from any penalty issued to Agency under the Affordable Care Act resulting from the performance of the Services by any employee, agent, or subcontractor of Contractor.

- 6.2 Contractor Not Agent.** Except as Agency may specify in writing, Contractor shall have no authority, express or implied, to act on behalf of Agency in any capacity whatsoever as an agent. Contractor shall have no authority, express or implied, pursuant to this Agreement to bind Agency to any obligation whatsoever.
- 6.3 Assignment and Subcontracting.** This Agreement contemplates personal performance by Contractor and is based upon a determination of Contractor's unique professional competence, experience, and specialized professional knowledge. A substantial inducement to Agency for entering into this Agreement was and is the personal reputation and competence of Contractor. Contractor may not assign this Agreement or any interest therein without the prior written approval of the Agency. Contractor shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors identified in Exhibit A, without prior written approval of the Agency. Where written approval is granted by the Agency, Contractor shall supervise all work subcontracted by Contractor in performing the Work and shall be responsible for all work performed by a subcontractor as if Contractor itself had performed such work. The subcontracting of any work to subcontractors shall not relieve Contractor from any of its obligations under this Agreement with respect to the Work and Contractor is obligated to ensure that any and all subcontractors performing any Work shall be fully insured in all respects and to the same extent as set forth under Section 4, to Agency's satisfaction.
- 6.4 Certification as to California Energy Commission.** If requested by the Agency, Contractor shall, at the same time it executes this Agreement, execute Exhibit C.
- 6.5 Certification as to California Energy Commission Regarding Hazardous Materials Transport Vendors.** If requested by the Agency, Contractor shall, at the same time it executes this Agreement, execute Exhibit D.
- 6.6 Maintenance Labor Agreement.** If the Work is subject to the terms of one or more Maintenance Labor Agreements, which are applicable only to certain types

of construction, repair and/or maintenance projects, then Contractor shall execute Exhibit E and/or similar documentation as to compliance.

Section 7. LEGAL REQUIREMENTS.

- 7.1 Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 Compliance with Applicable Laws.** Contractor and its subcontractors and agents, if any, shall comply with all laws applicable to the performance of the work hereunder.
- 7.3 Licenses and Permits.** Contractor represents and warrants to Agency that Contractor and its employees, agents, and subcontractors (if any) have and will maintain at their sole expense during the term of this Agreement all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice their respective professions.
- 7.4 Monitoring by DIR.** The Work is subject to compliance monitoring and enforcement by the Department of Industrial Relations.
- 7.5 Registration with DIR.** During the term of this Agreement, Contractor warrants that it is registered with the Department of Industrial Relations and qualified to perform Work consistent with Labor Code section 1725.5.
- 7.6 Prevailing Wage Rates.** In accordance with California Labor Code Section 1771, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the Work is to be performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work as provided in the California Labor Code must be paid to all workers engaged in performing the Work. In accordance with California Labor Code Section 1770 and following, the Director of Industrial Relations has determined the general prevailing wage per diem rates for the locality in which the Work is to be performed; the Agency has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in the locality in which the Work is to be performed for each craft, classification or type of worker needed to perform the project; and copies of the prevailing rate of per diem wages are on file at the Agency and will be made available on request. Throughout the performance of the Work, Contractor must comply with all applicable laws and regulations that apply to wages earned in performance of the Work. Contractor assumes all responsibility for such payments and shall defend, indemnify and hold the Agency harmless from any and all claims made by the State of California, the Department of Industrial Relations, any subcontractor, any worker or any other third party with regard thereto.

Additionally, in accordance with the California Administrative Code, Title 8, Group 3, Article 2, Section 16000, Publication of Prevailing Wage Rates by Awarding

Bodies, copies of the applicable determination of the Director can be found on the web at: <http://www.dir.ca.gov/DLSR/PWD/> and may be reviewed at any time.

Contractor shall be required to submit to the Agency during the contract period, copies of Public Works payroll reporting information per California Department of Industrial Relations, Form A- 1-131 (New 2-80) concerning work performed under this Agreement.

Contractor shall comply with applicable law, including Labor Code Sections 1774 and 1775. In accordance with Section 1775, Contractor shall forfeit as a penalty to Agency \$50.00 for each calendar day or portion thereof, for each worker paid less than the prevailing rates as determined by the Director of Industrial Relations for such work or craft in which such worker is employed for any Work done under the Agreement by Contractor or by any subcontractor under Contractor in violation of the provisions of the Labor Code and in particular, Labor Code Sections 1770 *et seq.* In addition to the penalty and pursuant to Section 1775, the difference between such prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the Contractor.

Section 8. TERMINATION AND MODIFICATION.

- 8.1 Termination.** Agency may cancel this Agreement at any time and without cause upon ten (10) days prior written notice to Contractor.

In the event of termination, Contractor shall be entitled to compensation for Work satisfactorily completed as of the effective date of termination; Agency, however, may condition payment of such compensation upon Contractor delivering to Agency any or all records or documents (as referenced in Section 9.1 hereof).

- 8.2 Amendments.** The Parties may amend this Agreement only by a writing signed by both of the Parties.

- 8.3 Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between Agency and Contractor shall survive the termination of this Agreement.

- 8.4 Options upon Breach by Contractor.** If Contractor materially breaches any of the terms of this Agreement, including but not limited to those set forth in Section 4, Agency's remedies shall include, but not be limited to, the following:

8.4.1 Immediately terminate the Agreement;

8.4.2 Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Contractor pursuant to this Agreement;

8.4.3 Retain a different Contractor to complete the Work not finished by Contractor; and/or

8.4.4 Charge Contractor the difference between the costs to complete the Work that is unfinished at the time of breach and the amount that Agency would have paid Contractor pursuant hereto if Contractor had completed the Work.

Section 9. KEEPING AND STATUS OF RECORDS.

9.1 Records Created as Part of Contractor's Performance. All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Contractor prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the Agency. Contractor hereby agrees to deliver those documents to the Agency upon termination of the Agreement. Agency and Contractor agree that, unless approved by Agency in writing, Contractor shall not release to any non-parties to this Agreement any data, plans, specifications, reports and other documents.

9.2 Contractor's Books and Records. Contractor shall maintain any and all records or other documents evidencing or relating to charges for Work or expenditures and disbursements charged to the Agency under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Contractor under this Agreement.

9.3 Inspection and Audit of Records. Any records or documents that this Agreement requires Contractor to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the Agency. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds ten thousand dollars (\$10,000.00), the Agreement shall be subject to the examination and audit of the State Auditor, at the request of Agency or as part of any audit of the Agency, for a period of three (3) years after final payment under this Agreement.

9.4 Confidential Information and Disclosure.

9.4.1 Confidential Information. The term "Confidential Information", as used herein, shall mean any and all confidential, proprietary, or trade secret information, whether written, recorded, electronic, oral or otherwise, where the Confidential Information is made available in a tangible medium of expression and marked in a prominent location as confidential, proprietary and/or trade secret information. Confidential Information shall not include information that: (a) was already known to the Receiving Party or is otherwise a matter of public knowledge, (b) was disclosed to Receiving Party by a third party without violating any confidentiality

agreement, (c) was independently developed by Receiving Party without reverse engineering, as evidenced by written records thereof, or (d) was not marked as Confidential Information in accordance with this section.

9.4.2 Non-Disclosure of Confidential Information. During the term of this Agreement, either party may disclose (the "Disclosing Party") Confidential Information to the other party (the "Receiving Party"). The Receiving Party: (a) shall hold the Disclosing Party's Confidential Information in confidence; and (b) shall take all reasonable steps to prevent any unauthorized possession, use, copying, transfer or disclosure of such Confidential Information.

9.4.3 Permitted Disclosure. Notwithstanding the foregoing, the following disclosures of Confidential Information are allowed. Receiving Party shall endeavor to provide prior written notice to Disclosing Party of any permitted disclosure made pursuant to Section 9.4.3.2 or 9.4.3.3. Disclosing Party may seek a protective order, including without limitation, a temporary restraining order to prevent or contest such permitted disclosure; provided, however, that Disclosing Party shall seek such remedies at its sole expense. Neither party shall have any liability for such permitted disclosures:

9.4.3.1 Disclosure to employees, agents, contractors, subcontractors or other representatives of Receiving Party that have a need to know in connection with this Agreement.

9.4.3.2 Disclosure in response to a valid order of a court, government or regulatory agency or as may otherwise be required by law; and

9.4.3.3 Disclosure by Agency in response to a request pursuant to the California Public Records Act.

9.4.4 Handling of Confidential Information. Upon conclusion or termination of the Agreement, Receiving Party shall return to Disclosing Party or destroy Confidential Information (including all copies thereof), if requested by Disclosing Party in writing. Notwithstanding the foregoing, the Receiving Party may retain copies of such Confidential Information, subject to the confidentiality provisions of this Agreement: (a) for archival purposes in its computer system; (b) in its legal department files; and (c) in files of Receiving Party's representatives where such copies are necessary to comply with applicable law. Party shall not disclose the Disclosing Party's Information to any person other than those of the Receiving Party's employees, agents, consultants, contractors and subcontractors who have a need to know in connection with this Agreement.

Section 10. PROJECT SITE.

- 10.1 Operations at the Project Site.** Each Project site may include the power plant areas, all buildings, offices, and other locations where Work is to be performed, including any access roads. Contractor shall perform the Work in such a manner as to cause a minimum of interference with the operations of the Agency; if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4; and other contractors at the Project site and to protect all persons and property thereon from damage or injury. Upon completion of the Work at a Project site, Contractor shall leave such Project site clean and free of all tools, equipment, waste materials and rubbish, stemming from or relating to Contractor's Work.
- 10.2 Contractor's Equipment, Tools, Supplies and Materials.** Contractor shall be solely responsible for the transportation, loading and unloading, and storage of any equipment, tools, supplies or materials required for performing the Work, whether owned, leased or rented. Neither Agency nor, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, will be responsible for any such equipment, supplies or materials which may be lost, stolen or damaged or for any additional rental charges for such. Equipment, tools, supplies and materials left or stored at a Project site, with or without permission, is at Contractor's sole risk. Anything left on the Project site an unreasonable length of time after the Work is completed shall be presumed to have been abandoned by the Contractor. Any transportation furnished by Agency or, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, shall be solely as an accommodation and neither Agency nor, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, shall have liability therefor. Contractor shall assume the risk and is solely responsible for its owned, non-owned and hired automobiles, trucks or other motorized vehicles as well as any equipment, tools, supplies, materials or other property which is utilized by Contractor on the Project site. All materials and supplies used by Contractor in the Work shall be new and in good condition.
- 10.3 Use of Agency Equipment.** Contractor shall assume the risk and is solely responsible for its use of any equipment owned and property provided by Agency and, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, for the performance of Work.

Section 11. WARRANTY.

- 11.1 Nature of Work.** In addition to any and all warranties provided or implied by law or public policy, Contractor warrants that all Work shall be free from defects in design and workmanship, and that Contractor shall perform all Work in accordance with applicable federal, state, and local laws, rules and regulations including engineering, construction and other codes and standards and prudent electrical utility standards, and in accordance with the terms of this Agreement.

- 11.2 Deficiencies in Work.** In addition to all other rights and remedies which Agency may have, Agency shall have the right to require, and Contractor shall be obligated at its own expense to perform, all further Work which may be required to correct any deficiencies which result from Contractor's failure to perform any Work in accordance with the standards required by this Agreement. If during the term of this Agreement or the one (1) year period following completion of the Work, any equipment, supplies or other materials or Work used or provided by Contractor under this Agreement fails due to defects in material and/or workmanship or other breach of this Agreement, Contractor shall, upon any reasonable written notice from Agency, replace or repair the same to Agency's satisfaction.
- 11.3 Assignment of Warranties.** Contractor hereby assigns to Agency all additional warranties, extended warranties, or benefits like warranties, such as insurance, provided by or reasonably obtainable from suppliers of equipment and material used in the Work.

Section 12. HEALTH AND SAFETY PROGRAMS. The Contractor shall establish, maintain, and enforce safe work practices, and implement an accident/incident prevention program intended to ensure safe and healthful operations under their direction. The program shall include all requisite components of such a program under Federal, State and local regulations and shall comply with all site programs established by Agency and, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4.

- 12.1** Contractor is responsible for acquiring job hazard assessments as necessary to safely perform the Work and provide a copy to Agency upon request.
- 12.2** Contractor is responsible for providing all employee health and safety training and personal protective equipment in accordance with potential hazards that may be encountered in performance of the Work and provide copies of the certified training records upon request by Agency. Contractor shall be responsible for proper maintenance and/or disposal of their personal protective equipment and material handling equipment.
- 12.3** Contractor is responsible for ensuring that its lower-tier subcontractors are aware of and will comply with the requirements set forth herein.
- 12.4** Agency, or its representatives, may periodically monitor the safety performance of the Contractor performing the Work. Contractors and its subcontractors shall be required to comply with the safety and health obligations as established in the Agreement. Non-compliance with safety, health, or fire requirements may result in cessation of work activities, until items in non-compliance are corrected. It is also expressly acknowledged, understood and agreed that no payment shall be due from Agency to Contractor under this Agreement at any time when, or for any Work performed when, Contractor is not in full compliance with this Section 12.

- 12.5** Contractor shall immediately report any injuries to the Agency site safety representative. Additionally, the Contractor shall investigate and submit to the Agency site safety representative copies of all written accident reports, and coordinate with Agency if further investigation is requested.
- 12.6** Contractor shall take all reasonable steps and precautions to protect the health of its employees and other site personnel with regard to the Work. Contractor shall conduct occupational health monitoring and/or sampling to determine levels of exposure of its employees to hazardous or toxic substances or environmental conditions. Copies of any sampling results will be forwarded to the Agency site safety representative upon request.
- 12.7** Contractor shall develop a plan to properly handle and dispose of any hazardous wastes, if any, Contractor generates in performing the Work.
- 12.8** Contractor shall advise its employees and subcontractors that any employee who jeopardizes his/her safety and health, or the safety and health of others, may be subject to actions including removal from Work.
- 12.9** Contractor shall, at the sole option of the Agency, develop and provide to the Agency a Hazardous Material Spill Response Plan that includes provisions for spill containment and clean-up, emergency contact information including regulatory agencies and spill sampling and analysis procedures. Hazardous Materials shall include diesel fuel used for trucks owned or leased by the Contractor.
- 12.10** If Contractor is providing Work to an Agency Member, SCPPA or SCPPA member (collectively "Member" solely for the purpose of this section) pursuant to Section 1.4 hereof, then that Member shall have the same rights as the Agency under Sections 12.1, 12.2, 12.4, 12.5, and 12.6 hereof.

Section 13. MISCELLANEOUS PROVISIONS.

- 13.1 Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.
- 13.2 Venue.** In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.
- 13.3 Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in

whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

13.4 No Implied Waiver of Breach. The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.

13.5 Successors and Assigns. The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.

13.6 Conflict of Interest. Contractor may serve other clients, but none whose activities within the corporate limits of Agency or whose business, regardless of location, would place Contractor in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*

Contractor shall not employ any Agency official in the work performed pursuant to this Agreement. No officer or employee of Agency shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*

13.7 Contract Administrator. This Agreement shall be administered by Ken Speer, Assistant General Manager, or his/her designee, who shall act as the Agency's representative. All correspondence shall be directed to or through the representative.

13.8 Notices. Any written notice to Contractor shall be sent to:

Bayside Insulation & Construction, Inc.
Attention: Phillip J. Ramirez
1635 Challenge Drive
Concord, CA 94520

Any written notice to Agency shall be sent to:

Randy S. Howard
General Manager
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

With a copy to:

Jane E. Luckhardt
General Counsel
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

- 13.9 Professional Seal.** Where applicable in the determination of the Agency, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation.
- 13.10 Integration; Incorporation.** This Agreement, including all the exhibits attached hereto, represents the entire and integrated agreement between Agency and Contractor and supersedes all prior negotiations, representations, or agreements, either written or oral. All exhibits attached hereto are incorporated by reference herein.
- 13.11 Alternative Dispute Resolution.** If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Agency and Contractor agree to resolve the dispute in accordance with the following:
- 13.11.1** Each party shall designate a senior management or executive level representative to negotiate any dispute;
 - 13.11.2** The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.
 - 13.11.3** If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiation between legal counsel. If the above process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.
 - 13.11.4** The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.
 - 13.11.5** The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.
 - 13.11.6** The alternative dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative remedy prior to either Party initiating legal action. This alternative dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 *et seq.*
- 13.12 Controlling Provisions.** In the case of any conflict between the terms of this Agreement and the Exhibits hereto, a Purchase Order, or Contractor's Proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and a Purchase Order or the Contractor's Proposal, the Exhibits shall control. In the case of any conflict between the terms of a Purchase Order and the Contractor's Proposal, the Purchase Order shall control.

13.13 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

13.14 Construction of Agreement. Each party hereto has had an equivalent opportunity to participate in the drafting of the Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting party shall not apply hereto.

13.15 No Third Party Beneficiaries. This Agreement is made solely for the benefit of the parties hereto, with no intent to benefit any non-signator third parties. However, should Contractor provide Work to an Agency member, SCPPA or SCPPA member (collectively for the purpose of this section only "Member") pursuant to Section 1.4, the parties recognize that such Member may be a third party beneficiary solely as to the Purchase Order and Requested Work relating to such Member.

The Parties have executed this Agreement as of the date signed by the Agency.

NORTHERN CALIFORNIA POWER AGENCY

BAYSIDE INSULATION &
CONSTRUCTION, INC.

Date _____

Date _____

RANDY S. HOWARD,
General Manager

SHAHRAM AMELI,
President

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Jane E. Luckhardt, General Counsel

EXHIBIT A

SCOPE OF WORK

Bayside Insulation & Construction, Inc. ("Contractor") shall provide insulation services related to project support and plant operations as requested by the Northern California Power Agency ("Agency") at any Facilities owned or operated by NCPA, its Members, Southern California Public Power Authority (SCPPA) or SCPPA Members.

No project under this Agreement shall include Work that would qualify as a Public Works Project under the California Public Contract Code.

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all work, including hourly fees and expenses, shall not exceed the amount set forth in Section 2 hereof. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:

LABOR RATE SCHEDULE

	ST	OT	DT
General Foreman	\$124.38	\$170.90	\$217.42
Foreman	\$100.97	\$135.78	\$170.59
Mechanic	\$97.15	\$130.05	\$162.96
Apprentice 5th Year	\$90.03	\$119.65	\$149.26
Apprentice 4th Year	\$83.46	\$109.78	\$136.10
Apprentice 3rd Year	\$73.58	\$94.97	\$116.35
Apprentice 2nd Year	\$56.91	\$74.13	\$91.36
Apprentice 1st Year	\$40.94	\$54.10	\$67.25

Labor rates do not include travel pay.

Travel / Lodging will be charged at \$30.00 per man per day.

Any work performed on recognized holidays will be paid at double time rates.

Materials mark-up, cost + 10%

Subcontractor mark-up, cost + 10%

Outside Rentals, cost + 10%

Truck / Van will be charged at \$20.00 per hour

Effective Dates: 08-01-18 thru 07-31-19

Pricing for services to be performed at NCPA Member or SCPA locations will be quoted at the time services are requested.

NOTE: As a public agency, NCPA shall not reimburse Contractor for travel, food and related costs in excess of those permitted by the Internal Revenue Service.

EXHIBIT C

CERTIFICATION

Affidavit of Compliance for Contractors

I,

(Name of person signing affidavit)(Title)

do hereby certify that background investigations to ascertain the accuracy of the identity and employment history of all employees of

Bayside Insulation & Construction, Inc.

(Company name)

for contract work at:

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

have been conducted as required by the California Energy Commission Decision for the above-named project.

(Signature of officer or agent)

Dated this _____ day of _____, 20 _____.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

NOT APPLICABLE

EXHIBIT D

CERTIFICATION

Affidavit of Compliance for Hazardous Materials Transport Vendors

I, _____,

(Name of person signing affidavit)(Title)

do hereby certify that the below-named company has prepared and implemented security plans in conformity with 49 CFR 172, subpart I and has conducted employee background investigations in conformity with 49 CFR 172.802(a), as the same may be amended from time to time,

(Company name)

for hazardous materials delivery to:

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

as required by the California Energy Commission Decision for the above-named project.

(Signature of officer or agent)

Dated this _____ day of _____, 20 ____.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

EXHIBIT E

**ATTACHMENT A [from MLA]
AGREEMENT TO BE BOUND**

**MAINTENANCE LABOR AGREEMENT ATTACHMENT
LODI ENERGY CENTER PROJECT**

The undersigned hereby certifies and agrees that:

- 1) It is an Employer as that term is defined in Section 1.4 of the Lodi Energy Center Project Maintenance Labor Agreement ("Agreement" solely for the purposes of this Exhibit E) because it has been, or will be, awarded a contract or subcontract to assign, award or subcontract Covered Work on the Project (as defined in Section 1.2 and 2.1 of the Agreement), or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.
- 2) In consideration of the award of such contract or subcontract, and in further consideration of the promises made in the Agreement and all attachments thereto (a copy of which was received and is hereby acknowledged), it accepts and agrees to be bound by the terms and condition of the Agreement, together with any and all amendments and supplements now existing or which are later made thereto.
- 3) If it performs Covered Work, it will be bound by the legally established trust agreements designated in local master collective bargaining agreements, and hereby authorizes the parties to such local trust agreements to appoint trustees and successor trustee to administer the trust funds, and hereby ratifies and accepts the trustees so appointed as if made by the undersigned.
- 4) It has no commitments or agreements that would preclude its full and complete compliance with the terms and conditions of the Agreement.
- 5) It will secure a duly executed Agreement to be Bound, in form identical to this documents, from any Employer(s) at any tier or tiers with which it contracts to assign, award, or subcontract Covered Work, or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.

DATED: _____ Name of Employer _____

(Authorized Officer & Title)

(Address)



18

Commission Staff Report

Date: February 14, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: K.S. Dunbar & Associates, Inc. – Five Year Multi-Task Consulting Services Agreement for NEPA and CEQA document preparation and consulting services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA and SCPPA Members

AGENDA CATEGORY: Consent

FROM:	Ken Speer <i>KS</i>	METHOD OF SELECTION:
	Assistant General Manager	N/A
Division:	Generation Services	<i>If other, please describe:</i>
Department:	Hydroelectric	

IMPACTED MEMBERS:		
All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input type="checkbox"/>	City of Lompoc <input type="checkbox"/>	City of Ukiah <input type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input type="checkbox"/>
City of Biggs <input type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input type="checkbox"/>	City of Roseville <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	Other <input type="checkbox"/>
<i>If other, please specify</i>		
<hr/>		
<hr/>		

RECOMMENDATION:

Approval of Resolution 19-19 authorizing the General Manager or his designee to enter into a Multi-Task Consulting Services Agreement with K.S. Dunbar & Associates, Inc. for NEPA and CEQA document preparation and consulting services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000 over five years for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority ("SCPPA"), or by SCPPA Members.

BACKGROUND:

NCPA has had a long history with K.S. Dunbar & Associates dating back more than 30 years. Collaboration on prior projects includes assistance with permitting on the Hydroelectric project and more recently NEPA and CEQA documentation on the Microwave Communication Link to Collierville Powerhouse. NEPA and CEQA consulting are required on many new projects undertaken by facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority ("SCPPA"), or by SCPPA members.

FISCAL IMPACT:

Upon execution, the total cost of the agreement is not-to-exceed \$1,000,000 over five years to be used out of NCPA approved budgets as services are rendered. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.

SELECTION PROCESS:

This enabling agreement does not commit NCPA to any expenditure of funds. At the time services are required, NCPA will bid the specific scope of work consistent with NCPA procurement policies and procedures. NCPA currently has in place an enabling agreement with ECORP for similar services and seeks bids from as many qualified providers as possible. Bids are awarded to the lowest cost provider. NCPA will issue purchase orders based on cost and availability of the services needed at the time the service is required.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation above was reviewed by the Facilities Committee on February 6, 2019, and was recommended for Commission approval on Consent Calendar.

The recommendation above was reviewed by the Lodi Energy Center Project Participant Committee on February 11, 2019, and was approved.

Respectfully submitted,

A handwritten signature in cursive script that reads "Randy S. Howard" followed by the word "for" in a smaller, simpler script.

RANDY S. HOWARD
General Manager

Attachments (2):

- Resolution
- Multi-Task Consulting Services Agreement with K.S. Dunbar & Associates, Inc.

RESOLUTION 19-19

**RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY
APPROVAL OF A MULTI-TASK CONSULTING SERVICES AGREEMENT WITH
K.S. DUNBAR & ASSOCIATES, INC.**

(reference Staff Report #126:19)

WHEREAS, NCPA undertakes projects and/or upgrades that potentially disturb the environment necessitating CEQA and/or NEPA studies to be conducted and permitting processes initiated. As such, NCPA and its members occasionally require specialized knowledge and consulting services to adhere to federal and state permitting requirements; and

WHEREAS, K.S. Dunbar & Associates provides NEPA and CEQA document preparation and consulting services; and

WHEREAS, NCPA has had a long, trusted alliance with K.S. Dunbar & Associates, Inc. for over 30 years; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager or his designee to enter into a Multi-Task Consulting Services Agreement with K.S. Dunbar & Associates, Inc., with any non-substantial changes as approved by the NCPA General Counsel, which shall not exceed \$1,000,000 over five years for NEPA and CEQA document preparation and consulting services, for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (SCPPA), or by SCPPA Members.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2019 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
San Francisco BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ROGER FRITH
CHAIR

ATTEST:

CARY A. PADGETT
ASSISTANT SECRETARY



MULTI-TASK CONSULTING SERVICES AGREEMENT BETWEEN THE NORTHERN CALIFORNIA POWER AGENCY AND K.S. DUNBAR & ASSOCIATES, INC.

This Consulting Services Agreement ("Agreement") is made by and between the Northern California Power Agency, a joint powers agency with its main office located at 651 Commerce Drive, Roseville, CA 95678-6420 ("Agency") and K.S. Dunbar & Associates, Inc., a corporation with its office located at 45375 Vista Del Mar, Temecula, CA 92590 ("Consultant") (together sometimes referred to as the "Parties") as of _____, 20__ ("Effective Date") in Roseville, California.

Section 1. SERVICES. Subject to the terms and conditions set forth in this Agreement, Consultant shall provide to Agency the services described in the Scope of Services attached hereto as Exhibit A and incorporated herein ("Services"), at the time and place and in the manner specified therein.

- 1.1 **Term of Agreement.** The term of this Agreement shall begin on the Effective Date and shall end when Consultant completes the Services, or no later than five (5) year from the date this Agreement was signed by Agency, whichever is shorter.
- 1.2 **Standard of Performance.** Consultant shall perform the Services in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged and for which Consultant is providing the Services. Consultant represents that it is licensed, qualified and experienced to provide the Services set forth herein.
- 1.3 **Assignment of Personnel.** Consultant shall assign only competent personnel to perform the Services. In the event that Agency, in its sole discretion, at any time during the term of this Agreement, requests the reassignment of any such personnel, Consultant shall, immediately upon receiving written notice from Agency of such request, reassign such personnel.
- 1.4 **Services Provided.** Services provided under this Agreement by Consultant may include Services directly to the Agency or, as requested by the Agency and consistent with the terms of this Agreement, to Agency members, Southern California Public Power Authority ("SCPPA") or SCPPA members.
- 1.5 **Request for Services.** At such time that Agency determines to use Consultant's Services under this Agreement, Agency shall issue a Purchase Order. The Purchase Order shall identify the specific services to be performed ("Requested Services"), may include a not-to-exceed monetary cap on Requested Services and expenditures authorized by that Purchase Order, and a time by which the Requested Services shall be completed. Consultant shall have seven calendar days from the date of the Agency's issuance of the Purchase Order in which to respond in writing that Consultant chooses not to perform the Requested Services. If Consultant agrees to perform the Requested Services, begins to perform the Requested Services, or does not respond within the seven day

period specified, then Consultant will have agreed to perform the Requested Services on the terms set forth in the Purchase Order, this Agreement and its Exhibits.

Section 2. COMPENSATION. Agency hereby agrees to pay Consultant an amount **NOT TO EXCEED** one million dollars (\$1,000,000) for the Services, which shall include all fees, costs, expenses and other reimbursables, as set forth in Consultant's fee schedule, attached hereto and incorporated herein as Exhibit B. This dollar amount is not a guarantee that Agency will pay that full amount to the Consultant, but is merely a limit of potential Agency expenditures under this Agreement.

2.1 Invoices. Consultant shall submit invoices, not more often than once a month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date. Invoices shall contain the following information:

- The beginning and ending dates of the billing period;
- Services performed;
- The Purchase Order number authorizing the Services;
- At Agency's option, the total number of hours of work performed under the Agreement by Consultant and each employee, agent, and subcontractor of Consultant performing services hereunder; and
- At Agency's option, when the Consultant's Scope of Work identifies tasks, for each work item in each task, a copy of the applicable time entries showing the name of the person doing the work, the hours spent by each person, a brief description of the work, and each reimbursable expense, with supporting documentation, to Agency's reasonable satisfaction.

Invoices shall be sent to:

Northern California Power Agency
651 Commerce Drive
Roseville, California 95678
Attn: Accounts Payable
AcctsPayable@ncpa.com

2.2 Monthly Payment. Agency shall make monthly payments, based on invoices received, for services satisfactorily performed, and for authorized reimbursable costs incurred. Agency shall have fifteen (15) days from the receipt of an invoice that complies with all of the requirements above to pay Consultant.

2.3 Payment of Taxes. Consultant is solely responsible for the payment of all federal, state and local taxes, including employment taxes, incurred under this Agreement.

- 2.4 Authorization to Perform Services.** The Consultant is not authorized to perform any Services or incur any costs whatsoever under the terms of this Agreement until receipt of written authorization from the Contract Administrator.
- 2.5 Timing for Submittal of Final Invoice.** Consultant shall have ninety (90) days after completion of its Services to submit its final invoice for the Requested Services. In the event Consultant fails to submit an invoice to Agency for any amounts due within the ninety (90) day period, Consultant is deemed to have waived its right to collect its final payment from Agency.

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Consultant shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the Services.

Section 4. INSURANCE REQUIREMENTS. Before beginning any work under this Agreement, Consultant, at its own cost and expense, shall procure the types and amounts of insurance listed below and shall maintain the types and amounts of insurance listed below for the period covered by this Agreement.

- 4.1 Workers' Compensation.** If Consultant employs any person, Consultant shall maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Consultant with limits of not less than one million dollars (\$1,000,000.00) per accident.

4.2 Commercial General and Automobile Liability Insurance.

- 4.2.1 Commercial General Insurance.** Consultant shall maintain commercial general liability insurance for the term of this Agreement, including products liability, covering any loss or liability, including the cost of defense of any action, for bodily injury, death, personal injury and broad form property damage which may arise out of the operations of Consultant. The policy shall provide a minimum limit of \$1,000,000 per occurrence/\$2,000,000 aggregate. Commercial general coverage shall be at least as broad as ISO Commercial General Liability form CG 0001 (current edition) on "an occurrence" basis covering comprehensive General Liability, with a self-insured retention or deductible of no more than \$100,000. No endorsement shall be attached limiting the coverage.
- 4.2.2 Automobile Liability.** Consultant shall maintain automobile liability insurance form CA 0001 (current edition) for the term of this Agreement covering any loss or liability, including the cost of defense of any action, arising from the operation, maintenance or use of any vehicle (symbol 1), whether or not owned by the Consultant, on or off Agency premises. The policy shall provide a minimum limit of \$1,000,000 per each accident, with a self-insured retention or deductible of no more than \$100,000. This insurance shall provide contractual liability covering all motor vehicles and

mobile equipment to the extent coverage may be excluded from general liability insurance.

4.2.3 General Liability/Umbrella Insurance. The coverage amounts set forth above may be met by a combination of underlying and umbrella policies as long as in combination the limits equal or exceed those stated.

4.3 Professional Liability Insurance. Consultant shall maintain professional liability insurance appropriate to Consultant's profession performing work in connection with this Agreement in an amount not less than one million dollars (\$1,000,000.00) and two million dollars (\$2,000,000) aggregate covering the Consultant's errors and omissions. Any deductible or self-insured retention shall not exceed two hundred fifty thousand dollars (\$250,000) per claim. Such insurance shall be on a "claims-made" basis, subject to the following conditions: (1) the retroactive date of the policy shall be on or before the Effective Date of this Agreement; (2) the policy shall be maintained for at least five (5) years after completion of the Services and, if requested by Agency, evidence of coverage shall be provided during this period; and (3) if, within five (5) years of completion of the Services, coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Effective Date of this Agreement, Consultant shall purchase "extended reporting" coverage for a minimum of five (5) years after completion of the Services and, if requested by Agency, provide evidence of coverage during this period.

4.4 All Policies Requirements.

4.4.1 Verification of coverage. Prior to beginning any work under this Agreement, Consultant shall provide Agency with (1) a Certificate of Insurance that demonstrates compliance with all applicable insurance provisions contained herein and (2) policy endorsements to the policies referenced in Section 4.2, adding the Agency as an additional insured and declaring such insurance primary in regard to work performed pursuant to this Agreement.

4.4.2 Notice of Reduction in or Cancellation of Coverage. Consultant shall provide at least thirty (30) days prior written notice to Agency of any reduction in scope or amount, cancellation, or modification adverse to Agency of the policies referenced in Section 4.

4.4.3 Higher Limits. If Consultant maintains higher limits than the minimums specified herein, the Agency shall be entitled to coverage for the higher limits maintained by the Consultant.

4.4.4 Additional Certificates and Endorsements. If Consultant provides services to Agency members, SCPA, and/or SCPA members pursuant to this Agreement, Consultant shall provide certificates of insurance and

policy endorsements, as referenced in Section 4.4.1, naming the specific Agency member, SCPPA or SCPPA member.

4.5.5 Waiver of Subrogation. Consultant agrees to waive subrogation which any insurer of Consultant may acquire from Consultant by virtue of the payment of any loss. Consultant agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. In addition, the Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of Agency for all work performed by Consultant, its employees, agents and subcontractors.

4.6 Consultant's Obligation. Consultant shall be solely responsible for ensuring that all equipment, vehicles and other items utilized in the performance of Services are operated, provided or otherwise utilized in a manner that ensures they are and remain covered by the policies referenced in Section 4 during this Agreement. Consultant shall also ensure that all workers involved in the provision of Services are properly classified as employees, agents or independent contractors and are and remain covered by any and all workers' compensation insurance required by applicable law during this Agreement.

Section 5. INDEMNIFICATION AND CONSULTANT'S RESPONSIBILITIES.

5.1 Effect of Insurance. Agency's acceptance of insurance certificates and endorsements required under this Agreement does not relieve Consultant from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Consultant acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

5.2 Scope. Consultant shall indemnify, defend with counsel reasonably acceptable to the Agency, and hold harmless the Agency and its officials, commissioners, officers, employees, and volunteers from and against any and all claims that arise out of, pertain to or relate to the negligence, recklessness or willful misconduct of the Consultant in its performance of Services under this Agreement. Consultant shall bear all losses, costs, damages, expense and liability of every kind, nature and description that arise out of, pertain to, or relate to such claims, whether directly or indirectly ("Liabilities"). Such obligations to defend, hold harmless and indemnify the Agency shall not apply to the extent that such Liabilities are caused by the sole negligence, active negligence, or willful misconduct of the Agency.

Section 6. STATUS OF CONSULTANT.

6.1 Independent Contractor. Consultant is an independent contractor and not an employee of Agency. Agency shall have the right to control Consultant only

insofar as the results of Consultant's Services and assignment of personnel pursuant to Section 1; otherwise, Agency shall not have the right to control the means by which Consultant accomplishes Services rendered pursuant to this Agreement. Notwithstanding any other Agency, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by Agency, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of Agency and entitlement to any contribution to be paid by Agency for employer contributions and/or employee contributions for PERS benefits.

Consultant shall indemnify, defend, and hold harmless Agency for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of Agency. Consultant and Agency acknowledge and agree that compensation paid by Agency to Consultant under this Agreement is based upon Consultant's estimated costs of providing the Services, including salaries and benefits of employees, agents and subcontractors of Consultant.

Consultant shall indemnify, defend, and hold harmless Agency from any lawsuit, administrative action, or other claim for penalties, losses, costs, damages, expense and liability of every kind, nature and description that arise out of, pertain to, or relate to such claims, whether directly or indirectly, due to Consultant's failure to secure workers' compensation insurance for its employees, agents, or subcontractors.

Consultant agrees that it is responsible for the provision of group healthcare benefits to its fulltime employees under 26 U.S.C. § 4980H of the Affordable Care Act. To the extent permitted by law, Consultant shall indemnify, defend and hold harmless Agency from any penalty issued to Agency under the Affordable Care Act resulting from the performance of the Services by any employee, agent, or subcontractor of Consultant.

- 6.2 Consultant Not Agent.** Except as Agency may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of Agency in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied, pursuant to this Agreement to bind Agency to any obligation whatsoever.
- 6.3 Assignment and Subcontracting.** This Agreement contemplates personal performance by Consultant and is based upon a determination of Consultant's unique professional competence, experience, and specialized professional knowledge. A substantial inducement to Agency for entering into this Agreement

was and is the personal reputation and competence of Consultant. Consultant may not assign this Agreement or any interest therein without the prior written approval of the Agency. Consultant shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors identified in Exhibit A, without prior written approval of the Agency. Where written approval is granted by the Agency, Consultant shall supervise all work subcontracted by Consultant in performing the services and shall be responsible for all work performed by a subcontractor as if Consultant itself had performed such work. The subcontracting of any work to subcontractors shall not relieve Consultant from any of its obligations under this Agreement with respect to the services and Consultant is obligated to ensure that any and all subcontractors performing any services shall be fully insured in all respects and to the same extent as set forth under Section 4, to Agency's satisfaction.

- 6.4 Certification as to California Energy Commission.** If requested by the Agency, Consultant shall, at the same time it executes this Agreement, execute Exhibit C.

Section 7. LEGAL REQUIREMENTS.

- 7.1 Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 Compliance with Applicable Laws.** Consultant and its subcontractors and agents, if any, shall comply with all laws applicable to the performance of the work hereunder.
- 7.3 Licenses and Permits.** Consultant represents and warrants to Agency that Consultant and its employees, agents, and subcontractors (if any) have and will maintain at their sole expense during the term of this Agreement all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice their respective professions.

Section 8. TERMINATION AND MODIFICATION.

- 8.1 Termination.** Agency may cancel this Agreement at any time and without cause upon ten (10) days prior written notice to Consultant.

In the event of termination, Consultant shall be entitled to compensation for Services satisfactorily completed as of the effective date of termination; Agency, however, may condition payment of such compensation upon Consultant delivering to Agency any or all records or documents, as referenced in Section 9.1 hereof.

- 8.2 Amendments.** The Parties may amend this Agreement only by a writing signed by all the Parties.
- 8.3 Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between Agency and Consultant shall survive the termination of this Agreement.
- 8.4 Options upon Breach by Consultant.** If Consultant materially breaches any of the terms of this Agreement, including but not limited to those set forth in Section 4, Agency's remedies shall include, but not be limited to, the following:
- 8.4.1** Immediately terminate the Agreement;
 - 8.4.2** Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Consultant pursuant to this Agreement;
 - 8.4.3** Retain a different consultant to complete the Services not finished by Consultant; and/or
 - 8.4.4** Charge Consultant the difference between the costs to complete the Services that is unfinished at the time of breach and the amount that Agency would have paid Consultant pursuant hereto if Consultant had completed the Services.

Section 9. KEEPING AND STATUS OF RECORDS.

- 9.1 Records Created as Part of Consultant's Performance.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Consultant prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the Agency. Consultant hereby agrees to deliver those documents to the Agency upon termination of the Agreement. Agency and Consultant agree that, unless approved by Agency in writing, Consultant shall not release to any non-parties to this Agreement any data, plans, specifications, reports and other documents.
- 9.2 Consultant's Books and Records.** Consultant shall maintain any and all records or other documents evidencing or relating to charges for Services or expenditures and disbursements charged to the Agency under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Consultant to this Agreement.
- 9.3 Inspection and Audit of Records.** Any records or documents that this Agreement requires Consultant to maintain shall be made available for

inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the Agency. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds ten thousand dollars (\$10,000.00), the Agreement shall be subject to the examination and audit of the State Auditor, at the request of Agency or as part of any audit of the Agency, for a period of three (3) years after final payment under the Agreement.

9.4 Confidential Information and Disclosure.

9.4.1 Confidential Information. The term "Confidential Information", as used herein, shall mean any and all confidential, proprietary, or trade secret information, whether written, recorded, electronic, oral or otherwise, where the Confidential Information is made available in a tangible medium of expression and marked in a prominent location as confidential, proprietary and/or trade secret information. Confidential Information shall not include information that: (a) was already known to the Receiving Party or is otherwise a matter of public knowledge, (b) was disclosed to Receiving Party by a third party without violating any confidentiality agreement, (c) was independently developed by Receiving Party without reverse engineering, as evidenced by written records thereof, or (d) was not marked as confidential Information in accordance with this section.

9.4.2 Non-Disclosure of Confidential Information. During the term of this Agreement, either party may disclose ("The Disclosing Party") confidential Information to the other party ("the Receiving Party"). The Receiving Party: (a) shall hold the Disclosing Party's Confidential Information in confident; and (b) shall take all reasonable steps to prevent any unauthorized possession, use, copying, transfer or disclosure of such Confidential Information.

9.4.3 Permitted Disclosure. Notwithstanding the foregoing, the following disclosures of Confidential Information are allowed. Receiving Party shall endeavor to provide prior written notice to Disclosing Party of any permitted disclosure made pursuant to Section 9.4.3.2 or 9.4.3.3. Disclosing Party may seek a protective order, including without limitation, a temporary restraining order to prevent or contest such permitted disclosure; provided, however, that Disclosing Party shall seek such remedies at its sole expense. Neither party shall have any liability for such permitted disclosures:

9.4.3.1 Disclosure to employees, agents, consultants, contractors, subcontractors or other representatives of Receiving Party that have a need to know in connection with this Agreement.

9.4.3.2 Disclosure in response to a valid order of a court, government or regulatory agency or as may otherwise be required by law; and

9.4.3.3 Disclosure by Agency in response to a request pursuant to the California Public Records Act.

9.4.4 **Handling of Confidential Information.** Upon conclusion or termination of the Agreement, Receiving Party shall return to Disclosing Party or destroy Confidential Information (including all copies thereof), if requested by Disclosing Party in writing. Notwithstanding the foregoing, the Receiving Party may retain copies of such Confidential Information, subject to the confidentiality provisions of this Agreement: (a) for archival purposes in its computer system; (b) in its legal department files; and (c) in files of Receiving Party's representatives where such copies are necessary to comply with applicable law. Party shall not disclose the Disclosing Party's Information to any person other than those of the Receiving Party's employees, agents, consultants, contractors and subcontractors who have a need to know in connection with this Agreement.

Section 10. MISCELLANEOUS PROVISIONS.

- 10.1** **Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.
- 10.2** **Venue.** In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.
- 10.3** **Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
- 10.4** **No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.
- 10.5** **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.

- 10.6 Conflict of Interest.** Consultant may serve other clients, but none whose activities within the corporate limits of Agency or whose business, regardless of location, would place Consultant in a “conflict of interest,” as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*

Consultant shall not employ any Agency official in the work performed pursuant to this Agreement. No officer or employee of Agency shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*

- 10.7 Contract Administrator.** This Agreement shall be administered by Ken Speer, Assistant General Manager, or his/her designee, who shall act as the Agency's representative. All correspondence shall be directed to or through the representative.

- 10.8 Notices.** Any written notice to Consultant shall be sent to:

Keith S. Dunbar, CEO
K.S. Dunbar & Associates, Inc.
45375 Vista Del Mar
Temecula, CA 92590-4314
951-699-2082

Any written notice to Agency shall be sent to:

Randy S. Howard
General Manager
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

With a copy to:

Jane E. Luckhardt
General Counsel
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

- 10.9 Professional Seal.** Where applicable in the determination of the Agency, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation.

- 10.10 Integration; Incorporation.** This Agreement, including all the exhibits attached hereto, represents the entire and integrated agreement between Agency and Consultant and supersedes all prior negotiations, representations, or agreements, either written or oral. All exhibits attached hereto are incorporated by reference herein.
- 10.11 Alternative Dispute Resolution.** If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Agency and Consultant agree to resolve the dispute in accordance with the following:
- 10.11.1** Each party shall designate a senior management or executive level representative to negotiate any dispute;
 - 10.11.2** The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.
 - 10.11.3** If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiation between legal counsel. If the above process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.
 - 10.11.4** The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.
 - 10.11.5** The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.
 - 10.11.6** The alternative dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative prior to either Party initiating legal action. This alternative dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 *et seq.*
- 10.12 Controlling Provisions.** In the case of any conflict between the terms of this Agreement and the Exhibits hereto, a Purchase Order, or Consultant's Proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and a Purchase Order or the Consultant's Proposal, the Exhibits shall control. In the case of any conflict between the terms of a Purchase Order and the Consultant's Proposal, the Purchase Order shall control.

10.13 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

10.14 Construction of Agreement. Each party hereto has had an equivalent opportunity to participate in the drafting of the Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting party shall not apply hereto.

10.15 No Third Party Beneficiaries. This Agreement is made solely for the benefit of the parties hereto, with no intent to benefit any non-signator third parties. However, should Consultant provide Services to an Agency member, SCCPA and/or a SCPPA member (collectively for the purposes of this section only "Member") pursuant to section 1.4, the parties recognize that such Member may be a third party beneficiary solely as to the Purchase Order and Requested Services relating to such Member.

The Parties have executed this Agreement as of the date signed by the Agency.

NORTHERN CALIFORNIA POWER AGENCY

K.S. DUNBAR & ASSOCIATES, INC.

Date _____

Date _____

RANDY HOWARD, General Manager

KEITH S. DUNBAR, CEO

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Jane E. Luckhardt, General Counsel

EXHIBIT A

SCOPE OF SERVICES

K.S. Dunbar & Associates, Inc. ("Consultant") shall provide the following services as requested by the Northern California Power Agency ("Agency") at any facilities owned or operated by the Agency, its Members, SCPPA, or SCPPA Members, including:

- NEPA & CEQA document preparation and consulting services.

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all work, including hourly fees and expenses, shall not exceed the amount set forth in Section 2 hereof. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:

K.S. Dunbar & Associates, Inc.

Environmental Engineering

Fee Schedule

Effective January 2019

Personnel	Hourly Rate
Keith S. Dunbar, P.E., BCEE, Hon.D.WRE., F. ASCE, Project Manager	\$200
Thomas J. McGill, Ph.D., Principal Biologist	\$200
Travis J. McGill, Biologist	\$140
Christopher A. Duran, M.A. RPA, Principal Investigator	\$170
Hannah Haas, M.A., RPA, Cultural Resources Project Manager	\$120
Allison Valencia, GIS Analyst	\$110
Kelsey Anderson, Administrative Assistant	\$75

Direct costs are billed at cost plus 10% to cover general and administrative services.

Pricing for services to be performed at NCPA Member or SCPPA locations will be quoted at the time services are requested.

NOTE: As a public agency, NCPA shall not reimburse Consultant for travel, food and related costs in excess of those permitted by the Internal Revenue Service.

EXHIBIT C

CERTIFICATION

Affidavit of Compliance for Contractors

I, _____
(Name of person signing affidavit)(Title)

do hereby certify that background investigations to ascertain the accuracy of the identity and employment history of all employees of

(Company name)

for contract work at:

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

have been conducted as required by the California Energy Commission Decision for the above-named project.

(Signature of officer or agent)

Dated this _____ day of _____, 20 _____.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.



19

Commission Staff Report

Date: February 14, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: Hart High-Voltage Apparatus Repair and Testing Co., Inc. – First Amendment to Five Year Multi-Task General Services Agreement for specialized electrical services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA, and SCPPA Members

AGENDA CATEGORY: Consent

FROM:	Ken Speer <i>KS</i>	METHOD OF SELECTION:
	Assistant General Manager	N/A
Division:	Generation Services	<i>If other, please describe:</i>
Department:	Geothermal	

IMPACTED MEMBERS:		
All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input type="checkbox"/>	City of Lompoc <input type="checkbox"/>	City of Ukiah <input type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input type="checkbox"/>
City of Biggs <input type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input type="checkbox"/>	City of Roseville <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	Other <input type="checkbox"/>
<i>If other, please specify</i>		
<hr/>		
<hr/>		

RECOMMENDATION:

Approval of Resolution 19-20 authorizing the General Manager or his designee to enter into a First Amendment to the Multi-Task General Services Agreement with Hart High-Voltage Apparatus Repair and Testing Co., Inc. for specialized electrical services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall increase the not to exceed amount from \$700,000 to \$2,700,000, for use at all facilities owned and/or operated by NCPA, its Members, Southern California Public Power Authority (SCPPA), or SCPPA Members.

BACKGROUND:

Specialized electrical services are required from time to time at facilities owned and/or operated by NCPA, its Members, Southern California Public Power Authority (SCPPA), or SCPPA Members.

NCPA entered into a five year Multi-Task General Services Agreement with Hart High-Voltage Apparatus Repair and Testing Co., Inc. effective October 31, 2016 for an amount not to exceed \$700,000. NCPA has found this vendor to be reliable, with competitive pricing, and continues to have a good working relationship with them. The Agency continues to use this vendor and anticipates utilizing this vendor for the upcoming Geothermal Plant 1 Unit 1 & 2 Overhaul Project. In anticipation of this and other potential upcoming work, the agency is requesting an increase in the not to exceed amount from \$700,000 to \$2,700,000. This amendment is still available for use at any facilities owned and/or operated by NCPA, its Members, the Southern California Public Power Authority (SCPPA), and SCPPA Members.

FISCAL IMPACT:

Upon execution, the total cost of the agreement is not to exceed \$2,700,000, to be used out of the NCPA approved budget. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.

SELECTION PROCESS:

This enabling agreement does not commit NCPA to any expenditure of funds. At the time services are required, NCPA will bid the specific scope of work consistent with NCPA procurement policies and procedures. NCPA currently has in place enabling agreements with Sage Engineering and Eaton Corporation for similar services and seeks bids from as many qualified providers as possible. Bids are awarded to the lowest cost provider. NCPA will issue purchase orders based on cost and availability of the services needed at the time the service is required.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation above was reviewed by the Facilities Committee on February 6, 2019, and was recommended for Commission approval on Consent Calendar.

The recommendation above was reviewed by the Lodi Energy Center Project Participant Committee on February 11, 2019, and was approved.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy Howard for". The signature is written in a cursive, flowing style.

RANDY S. HOWARD
General Manager

Attachments (3):

- Resolution
- Multi-Task General Services Agreement with Hart High-Voltage Apparatus Repair and Testing Co., Inc.
- First Amendment to the Multi-Task General Services Agreement with Hart High-Voltage Apparatus Repair and Testing, Co.

RESOLUTION 19-20

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVING A FIRST AMENDMENT TO THE MULTI-TASK GENERAL SERVICES AGREEMENT WITH HART HIGH-VOLTAGE APPARATUS REPAIRS AND TESTING CO., INC.

(reference Staff Report #127:19)

WHEREAS, specialized electrical services are periodically required at facilities owned and/or operated by NCPA, its Members, Southern California Public Power Authority (SCPPA), or SCPPA Members; and

WHEREAS, Hart High-Voltage Apparatus Repairs and Testing Co., Inc. is a provider of these services; and

WHEREAS, NCPA entered into a Multi-Task General Services Agreement with Hart High-Voltage Apparatus Repairs and Testing Co., Inc. effective October 31, 2016, to provide such services as needed at any facilities owned and/or operated by NCPA, its Members, SCPPA, or SCPPA Members in an amount not to exceed \$700,000 over five years; and

WHEREAS, NCPA seeks to enter into a First Amendment to the Multi-Task General Services Agreement with Hart High-Voltage Apparatus Repairs and Testing Co., Inc. increasing the not to exceed amount from \$700,000 to \$2,700,000; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager or his designee to enter into a First Amendment to the Multi-Task General Services Agreement with Hart High-Voltage Apparatus Repairs and Testing Co., Inc. with any non-substantial changes as approved by the NCPA General Counsel, which shall not exceed \$2,700,000 for specialized electrical services for at any facilities owned and/or operated by NCPA, its Members, Southern California Public Power Authority (SCPPA) or SCPPA Members.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2019 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
San Francisco BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ROGER FRITH
CHAIR

ATTEST:

CARY A. PADGETT
ASSISTANT SECRETARY



**FIRST AMENDMENT TO MULTI-TASK GENERAL SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND HART HIGH-VOLTAGE APPARATUS
REPAIR AND TESTING CO., INC.**

This First Amendment ("Amendment") to Multi-Task General Services Agreement is entered into by and between the Northern California Power Agency ("Agency") and Hart High-Voltage Apparatus Repair And Testing Co., Inc. ("Contractor") (collectively referred to as "the Parties") as of _____, 2019.

WHEREAS, the Parties entered into a Multi-Task General Services Agreement dated effective October 31, 2016, (the "Agreement") for Hart High-Voltage Apparatus Repair And Testing Co., Inc. to provide specialized electrical services as requested by NCPA at any facilities owned or operated by Agency, its Members, Southern California Public Authority (SCPPA) or SCPPA members; and

WHEREAS, the Agency now desires to amend the Agreement to increase the total compensation authorized by the Agreement from a NOT TO EXCEED amount of \$700,000 to a NOT TO EXCEED amount of \$2,700,000; and

WHEREAS, the Parties have agreed to modify the Agreement as set forth above; and

WHEREAS, in accordance with Section 8.2 all changes to the Agreement must be in writing and signed by all the Parties; and

NOW, THEREFORE, the Parties agree as follows:

1. **Section 2—Compensation** of the Agreement is amended and restated to read as follows:

Agency hereby agrees to pay Contractor an amount **NOT TO EXCEED TWO MILLION SEVEN HUNDRED THOUSAND** dollars (\$2,700,000) for the Work, which shall include all fees, costs, expenses and other reimbursables, as set forth in Contractor's fee schedule, attached hereto and incorporated herein as Exhibit B. This dollar amount is not a guarantee that Agency will pay that full amount to the Contractor, but is merely a limit of potential Agency expenditures under this Agreement.

The remainder of Section 2 of the Agreement is unchanged.

2. **Exhibit B – COMPENSATION SCHEDULE** is amended and restated to read in full as set forth in the Attached Exhibit B.
3. This Amendment in no way alters the terms and conditions of the Agreement except as specifically set forth herein.

SIGNATURES ON FOLLOWING PAGE

Date: _____

NORTHERN CALIFORNIA POWER AGENCY

RANDY S. HOWARD, General Manager

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Jane E. Luckhardt, General Counsel

Date: _____

HART HIGH-VOLTAGE APPARATUS
REPAIRS AND TESTING CO., INC.

JIM WOLFGRAM, President

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all work, including hourly fees and expenses, shall not exceed the amount set forth in Section 2 hereof. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:



2019 Rate Schedule

High-voltage Apparatus Repair & Testing (HART) offers complete testing and maintenance service for high and low voltage power distribution systems and equipment, and we are on call 24 hours a day.

Billing Rates	Straight Time*	Overtime**	Double-time***
Field Technicians	\$165.00/Hour	\$247.50/Hour	\$330.00/Hour

* Straight time rates apply to all work or travel during a normal eight hour workday, Monday–Friday, excluding Holidays.

** Overtime rates apply to all work or travel time other than that qualifying as straight time.

*** Double-time rates apply to all nationally recognized holidays, Sundays, and after 12 hours.

<u>Minimum Billing</u>	<u>0 - 4/hrs Billed @ 4.0hrs + Exp</u> <u>4 - 8/hrs Billed @ 8.0hrs + Exp</u>
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Equipment Charges (Partial List)

Doble Power Factor Test Set M-4000	\$500.00/Day
AVO MPRT	\$120.00/Day
Multi-Amp PS 9160 High Current Test Set	\$100.00/Day
Multi-Amp CB 845 High Current Test Set	\$ 50.00/Day
Multi-Amp CTER 91 Current Transformer Test Set	\$ 60.00/Day
Multi-Amp Pulsar Relay Test Set	\$ 80.00/Day
Multi-Amp SR 90 Relay Test Set	\$ 60.00/Day
Vanguard Transformer Ohmmeter	\$ 50.00/Day
Vanguard Time Travel Analyzer	\$ 50.00/Day
Biddle 5 KV Motorized Meggar	\$ 50.00/Day
Biddle DLRO Ductor	\$ 25.00/Day
Biddle TTR Test Set	\$ 25.00/Day
Hipotronics 80 KV HiPot	\$ 50.00/Day
Biddle DET 2/2 Earth Tester	\$ 50.00/Day

Expenses:

Living Expenses	\$250.00/Per Diem/Per Man
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Miscellaneous expenses such as equipment rental, parking, telephone, bridge tolls, automobile rentals, and expendable materials will be billed at cost plus 30% plus applicable tax and freight charges.

Mileage

Under 1 Ton	\$ 1.46/Mile Portal – To – Portal
1 Ton and Over	\$ 1.66/Mile Portal – To – Portal

Pricing excludes any bonds, fees, permits, and/or owner controlled insurance programs that are project related. If an OCIP is required, a separate proposal will be submitted to cover the additional insurance costs.

Rates subject to annual adjustment.

Invoices not paid per terms will be subject to a 1-1/2% per month service charge.

Pricing for services to be performed at NCPA Member or SPPA locations will be quoted at the time services are requested.

NOTE: As a public agency, NCPA shall not reimburse Contractor for travel, food and related costs in excess of those permitted by the Internal Revenue Service.



**MULTI-TASK
GENERAL SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
HART HIGH-VOLTAGE APPARATUS REPAIR AND TESTING CO., INC.**

This agreement for general services ("Agreement") is made by and between the Northern California Power Agency, a joint powers agency, with its main office located at 651 Commerce Drive, Roseville, CA 95678-6420 ("Agency") and Hart High-Voltage Apparatus Repair & Testing Co., Inc., a corporation, with its office located at 1612 Poole Blvd., Yuba City, CA 95993 ("Contractor") (together sometimes referred to as the "Parties") as of 10/31, 2016 ("Effective Date") in Roseville, California.

Section 1. SCOPE OF WORK. Subject to the terms and conditions set forth in this Agreement, Contractor is willing to provide to Agency the range of services and/or goods described in the Scope of Work attached hereto as Exhibit A and incorporated herein ("Work").

- 1.1 Term of Agreement.** The term of this Agreement shall begin on the Effective Date and shall end when Contractor completes the Work, or no later than five (5) years from the date this Agreement was signed by Agency, whichever is shorter.
- 1.2 Standard of Performance.** Contractor shall perform the Work in the manner and according to the standards observed by a competent practitioner of the profession in which Contractor is engaged and for which Contractor is providing the Work. Contractor represents that it is licensed, qualified and experienced to provide the Work set forth herein.
- 1.3 Assignment of Personnel.** Contractor shall assign only competent personnel to perform the Work. In the event that Agency, in its sole discretion, at any time during the term of this Agreement, requests the reassignment of any such personnel, Contractor shall, immediately upon receiving written notice from Agency of such request, reassign such personnel.
- 1.4 Work Provided.** Work provided under this Agreement by Contractor may include Work directly to the Agency or, as requested by the Agency and consistent with the terms of this Agreement, to Agency members, Southern California Public Power Authority ("SCPPA") or SCPPA members.
- 1.5 Request for Work to be Performed.** At such time that Agency determines to have Contractor perform Work under this Agreement, Agency shall issue a Purchase Order. The Purchase Order shall identify the specific Work to be performed ("Requested Work"), may include a not-to-exceed cap on monetary cap on Requested Work and all related expenditures authorized by that Purchase Order, and shall include a time by which the Requested Work shall be completed. Contractor shall have seven calendar days from the date of the Agency's issuance of the Purchase Order in which to respond in writing that Contractor chooses not to perform the Requested Work. If Contractor agrees to perform

2.4 Authorization to Perform Work. The Contractor is not authorized to perform any Work or incur any costs whatsoever under the terms of this Agreement until receipt of a Purchase Order from the Contract Administrator.

2.5 Timing for Submittal of Final Invoice. Contractor shall have ninety (90) days after completion of the Requested Work to submit its final invoice for the Requested Work. In the event Contractor fails to submit an invoice to Agency for any amounts due within the ninety (90) day period, Contractor is deemed to have waived its right to collect its final payment for the Requested Work from Agency.

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Contractor shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the Work.

Section 4. INSURANCE REQUIREMENTS. Before beginning any Work under this Agreement, Contractor, at its own cost and expense, shall procure the types and amounts of insurance listed below and shall maintain the types and amounts of insurance listed below for the period covered by this Agreement.

4.1 Workers' Compensation. If Contractor employs any person, Contractor shall maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Contractor with limits of not less than one million dollars (\$1,000,000.00) per accident.

4.2 Commercial General and Automobile Liability Insurance.

4.2.1 Commercial General Insurance. Contractor shall maintain commercial general liability insurance for the term of this Agreement, including products liability, covering any loss or liability, including the cost of defense of any action, for bodily injury, death, personal injury and broad form property damage which may arise out of the operations of Contractor. The policy shall provide a minimum limit of \$1,000,000 per occurrence/\$2,000,000 aggregate. Commercial general coverage shall be at least as broad as ISO Commercial General Liability form CG 0001 (current edition) on "an occurrence" basis covering comprehensive General Liability, with a self-insured retention or deductible of no more than \$100,000. No endorsement shall be attached limiting the coverage.

4.2.2 Automobile Liability. Contractor shall maintain automobile liability insurance form CA 0001 (current edition) for the term of this Agreement covering any loss or liability, including the cost of defense of any action, arising from the operation, maintenance or use of any vehicle (symbol 1), whether or not owned by the Contractor, on or off Agency premises. The policy shall provide a minimum limit of \$1,000,000 per each accident, with a self-insured retention or deductible of no more than \$100,000. This insurance shall provide contractual liability covering all motor vehicles and mobile equipment to the extent coverage may be excluded from general liability insurance.

agents or independent contractors and are and remain covered by any and all workers' compensation insurance required by applicable law during this Agreement.

Section 5. INDEMNIFICATION AND CONTRACTOR'S RESPONSIBILITIES.

- 5.1 Effect of Insurance.** Agency's acceptance of insurance certificates and endorsements required under this Agreement does not relieve Contractor from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Contractor acknowledges and agrees to the provisions of this section and that it is a material element of consideration.
- 5.2 Scope.** Contractor shall indemnify, defend with counsel reasonably acceptable to the Agency, and hold harmless the Agency, and its officials, commissioners, officers, employees, agents and volunteers from and against all losses, liabilities, claims, demands, suits, actions, damages, expenses, penalties, fines, costs (including without limitation costs and fees of litigation), judgments and causes of action of every nature arising out of or in connection with any acts or omissions by Contractor, its officers, officials, agents, and employees, except as caused by the sole or gross negligence of Agency. Notwithstanding, should this Agreement be construed as a construction agreement under Civil Code section 2783, then the exception referenced above shall also be for the active negligence of Agency.

Section 6. STATUS OF CONTRACTOR.

- 6.1 Independent Contractor.** Contractor is an independent contractor and not an employee of Agency. Agency shall have the right to control Contractor only insofar as the results of Contractor's Work and assignment of personnel pursuant to Section 1; otherwise, Agency shall not have the right to control the means by which Contractor accomplishes Work rendered pursuant to this Agreement. Notwithstanding any other Agency, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Contractor and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by Agency, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of Agency and entitlement to any contribution to be paid by Agency for employer contributions and/or employee contributions for PERS benefits.

Contractor shall indemnify, defend, and hold harmless Agency for the payment of any employee and/or employer contributions for PERS benefits on behalf of Contractor or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of Agency. Contractor and Agency acknowledge and agree that compensation paid by Agency to

- 6.6 Maintenance Labor Agreement.** If the Work is subject to the terms of one or more Maintenance Labor Agreements, which are applicable only to certain types of construction, repair and/or maintenance projects, then Contractor shall execute Exhibit E and/or similar documentation as to compliance.

Section 7. LEGAL REQUIREMENTS.

- 7.1 Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 Compliance with Applicable Laws.** Contractor and its subcontractors and agents, if any, shall comply with all laws applicable to the performance of the work hereunder.
- 7.3 Licenses and Permits.** Contractor represents and warrants to Agency that Contractor and its employees, agents, and subcontractors (if any) have and will maintain at their sole expense during the term of this Agreement all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice their respective professions.
- 7.4 Monitoring by DIR.** The Work is subject to compliance monitoring and enforcement by the Department of Industrial Relations.
- 7.5 Registration with DIR.** During the term of this Agreement, Contractor warrants that it is registered with the Department of Industrial Relations and qualified to perform Work consistent with Labor Code section 1725.5.
- 7.6 Prevailing Wage Rates.** In accordance with California Labor Code Section 1771, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the Work is to be performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work as provided in the California Labor Code must be paid to all workers engaged in performing the Work. In accordance with California Labor Code Section 1770 and following, the Director of Industrial Relations has determined the general prevailing wage per diem rates for the locality in which the Work is to be performed; the Agency has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in the locality in which the Work is to be performed for each craft, classification or type of worker needed to perform the project; and copies of the prevailing rate of per diem wages are on file at the Agency and will be made available on request. Throughout the performance of the Work, Contractor must comply with all applicable laws and regulations that apply to wages earned in performance of the Work. Contractor assumes all responsibility for such payments and shall defend, indemnify and hold the Agency harmless from any and all claims made by the State of California, the Department of Industrial Relations, any subcontractor, any worker or any other third party with regard thereto.

- 8.4.2 Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Contractor pursuant to this Agreement;
- 8.4.3 Retain a different Contractor to complete the Work not finished by Contractor; and/or
- 8.4.4 Charge Contractor the difference between the costs to complete the Work that is unfinished at the time of breach and the amount that Agency would have paid Contractor pursuant hereto if Contractor had completed the Work.

Section 9. KEEPING AND STATUS OF RECORDS.

- 9.1 **Records Created as Part of Contractor's Performance.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Contractor prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the Agency. Contractor hereby agrees to deliver those documents to the Agency upon termination of the Agreement. Agency and Contractor agree that, unless approved by Agency in writing, Contractor shall not release to any non-parties to this Agreement any data, plans, specifications, reports and other documents.
- 9.2 **Contractor's Books and Records.** Contractor shall maintain any and all records or other documents evidencing or relating to charges for Work or expenditures and disbursements charged to the Agency under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Contractor under this Agreement.
- 9.3 **Inspection and Audit of Records.** Any records or documents that this Agreement requires Contractor to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the Agency. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds ten thousand dollars (\$10,000.00), the Agreement shall be subject to the examination and audit of the State Auditor, at the request of Agency or as part of any audit of the Agency, for a period of three (3) years after final payment under this Agreement.
- 9.4 **Confidential Information and Disclosure.**
 - 9.4.1 **Confidential Information.** The term "Confidential Information", as used herein, shall mean any and all confidential, proprietary, or trade secret information, whether written, recorded, electronic, oral or otherwise, where the Confidential Information is made available in a tangible medium of expression and marked in a

Party's employees, agents, consultants, contractors and subcontractors who have a need to know in connection with this Agreement.

Section 10. PROJECT SITE.

- 10.1 Operations at the Project Site.** Each Project site may include the power plant areas, all buildings, offices, and other locations where Work is to be performed, including any access roads. Contractor shall perform the Work in such a manner as to cause a minimum of interference with the operations of the Agency; if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4; and other contractors at the Project site and to protect all persons and property thereon from damage or injury. Upon completion of the Work at a Project site, Contractor shall leave such Project site clean and free of all tools, equipment, waste materials and rubbish, stemming from or relating to Contractor's Work.
- 10.2 Contractor's Equipment, Tools, Supplies and Materials.** Contractor shall be solely responsible for the transportation, loading and unloading, and storage of any equipment, tools, supplies or materials required for performing the Work, whether owned, leased or rented. Neither Agency nor, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, will be responsible for any such equipment, supplies or materials which may be lost, stolen or damaged or for any additional rental charges for such. Equipment, tools, supplies and materials left or stored at a Project site, with or without permission, is at Contractor's sole risk. Anything left on the Project site an unreasonable length of time after the Work is completed shall be presumed to have been abandoned by the Contractor. Any transportation furnished by Agency or, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, shall be solely as an accommodation and neither Agency nor, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, shall have liability therefor. Contractor shall assume the risk and is solely responsible for its owned, non-owned and hired automobiles, trucks or other motorized vehicles as well as any equipment, tools, supplies, materials or other property which is utilized by Contractor on the Project site. All materials and supplies used by Contractor in the Work shall be new and in good condition.
- 10.3 Use of Agency Equipment.** Contractor shall assume the risk and is solely responsible for its use of any equipment owned and property provided by Agency and, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, for the performance of Work.

Section 11. WARRANTY.

- 11.1 Nature of Work.** In addition to any and all warranties provided or implied by law or public policy, Contractor warrants that all Work shall be free from defects in design and workmanship, and that Contractor shall perform all Work in accordance with applicable

Agreement at any time when, or for any Work performed when, Contractor is not in full compliance with this Section 12.

- 12.5** Contractor shall immediately report any injuries to the Agency site safety representative. Additionally, the Contractor shall investigate and submit to the Agency site safety representative copies of all written accident reports, and coordinate with Agency if further investigation is requested.
- 12.6** Contractor shall take all reasonable steps and precautions to protect the health of its employees and other site personnel with regard to the Work. Contractor shall conduct occupational health monitoring and/or sampling to determine levels of exposure of its employees to hazardous or toxic substances or environmental conditions. Copies of any sampling results will be forwarded to the Agency site safety representative upon request.
- 12.7** Contractor shall develop a plan to properly handle and dispose of any hazardous wastes, if any, Contractor generates in performing the Work.
- 12.8** Contractor shall advise its employees and subcontractors that any employee who jeopardizes his/her safety and health, or the safety and health of others, may be subject to actions including removal from Work.
- 12.9** Contractor shall, at the sole option of the Agency, develop and provide to the Agency a Hazardous Material Spill Response Plan that includes provisions for spill containment and clean-up, emergency contact information including regulatory agencies and spill sampling and analysis procedures. Hazardous Materials shall include diesel fuel used for trucks owned or leased by the Contractor.
- 12.10** If Contractor is providing Work to an Agency Member, SCPPA or SCPPA member (collectively "Member" solely for the purpose of this section) pursuant to Section 1.4 hereof, then that Member shall have the same rights as the Agency under Sections 12.1, 12.2, 12.4, 12.5, and 12.6 hereof.

Section 13 **MISCELLANEOUS PROVISIONS.**

- 13.1** **Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.
- 13.2** **Venue.** In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.

Michael F. Dean
General Counsel
Northern California Power Agency
Meyers Nave
555 Capitol Mall, Suite 1200
Sacramento, CA 95814

- 13.9 Professional Seal.** Where applicable in the determination of the Agency, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation.
- 13.10 Integration; Incorporation.** This Agreement, including all the exhibits attached hereto, represents the entire and integrated agreement between Agency and Contractor and supersedes all prior negotiations, representations, or agreements, either written or oral. All exhibits attached hereto are incorporated by reference herein.
- 13.11 Alternative Dispute Resolution.** If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Agency and Contractor agree to resolve the dispute in accordance with the following:
- 13.11.1** Each party shall designate a senior management or executive level representative to negotiate any dispute;
 - 13.11.2** The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.
 - 13.11.3** If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiation between legal counsel. If the above process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.
 - 13.11.4** The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.
 - 13.11.5** The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.
 - 13.11.6** The alternative dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative remedy prior to either Party initiating legal action. This alternative dispute resolution process is not intended to nor shall be construed to change the time

Approved as to Form:

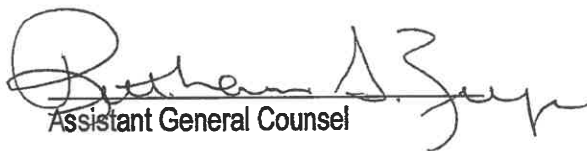

Assistant General Counsel

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all work, including hourly fees and expenses, shall not exceed the amount set forth in Section 2 hereof. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:

Billing Rates	Straight Time*	Overtime**	Double-time***
Field Technicians	\$155.00/Hour	\$232.50/Hour	\$310.00/Hour

* Straight time rates apply to all work or travel during a normal eight hour workday, Monday–Friday, excluding Holidays.

** Overtime rates apply to all work or travel time other than that qualifying as straight time.

*** Double-time rates apply to all nationally recognized holidays, Sundays, and after 12 hours.

<u>Minimum Billing</u>	<u>0 - 4/hrs Billed @ 4.0hrs + Exp</u>
	<u>4 - 8/hrs Billed @ 8.0hrs + Exp</u>

Equipment Charges (Partial List)

Doble Power Factor Test Set M-4000	\$500.00/Day
AVO MPRT	\$120.00/Day
Multi-Amp PS 9160 High Current Test Set	\$100.00/Day
Multi-Amp CB 845 High Current Test Set	\$ 50.00/Day
Multi-Amp CTER 91 Current Transformer Test Set	\$ 60.00/Day
Multi-Amp Pulsar Relay Test Set	\$ 80.00/Day
Multi-Amp SR 90 Relay Test Set	\$ 60.00/Day
Vanguard Transformer Ohmmeter	\$ 50.00/Day
Vanguard Time Travel Analyzer	\$ 50.00/Day
Biddle 5 KV Motorized Meggar	\$ 50.00/Day
Biddle DLRO Ductor	\$ 25.00/Day
Biddle TTR Test Set	\$ 25.00/Day
Hipotronics 80 KV HiPot	\$ 50.00/Day
Biddle DET 2/2 Earth Tester	\$ 50.00/Day

Expenses

Living Expenses	\$220.00/Per Diem/Per Man
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Miscellaneous expenses such as equipment rental, parking, telephone, bridge tolls, automobile rentals, and expendable materials will be billed at cost plus 30% plus applicable tax and freight charges.

EXHIBIT C

CERTIFICATION

Affidavit of Compliance for Contractors

I, Jim Wolfgram, General Manager
(Name of person signing affidavit)(Title)

do hereby certify that background investigations to ascertain the accuracy of the identity and employment history of all employees of

HART HIGH-VOLTAGE APPARATUS REPAIRS & TESTING CO., INC.

(Company name)

for contract work at:

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

have been conducted as required by the California Energy Commission Decision for the above-named project.

[Signature]
(Signature of officer or agent)

Dated this 27th day of October, 20 16

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

EXHIBIT E – NOT APPLICABLE

**ATTACHMENT A [from MLA]
AGREEMENT TO BE BOUND**

**MAINTENANCE LABOR AGREEMENT ATTACHMENT
LODI ENERGY CENTER PROJECT**

The undersigned hereby certifies and agrees that:

- 1) It is an Employer as that term is defined in Section 1.4 of the Lodi Energy Center Project Maintenance Labor Agreement ("Agreement" solely for the purposes of this Exhibit E) because it has been, or will be, awarded a contract or subcontract to assign, award or subcontract Covered Work on the Project (as defined in Section 1.2 and 2.1 of the Agreement), or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.
- 2) In consideration of the award of such contract or subcontract, and in further consideration of the promises made in the Agreement and all attachments thereto (a copy of which was received and is hereby acknowledged), it accepts and agrees to be bound by the terms and condition of the Agreement, together with any and all amendments and supplements now existing or which are later made thereto.
- 3) If it performs Covered Work, it will be bound by the legally establishes trust agreements designated in local master collective bargaining agreements, and hereby authorizes the parties to such local trust agreements to appoint trustees and successor trustee to administer the trust funds, and hereby ratifies and accepts the trustees so appointed as if made by the undersigned.
- 4) It has no commitments or agreements that would preclude its full and complete compliance with the terms and conditions of the Agreement.
- 5) It will secure a duly executed Agreement to be Bound, in form identical to this documents, from any Employer(s) at any tier or tiers with which it contracts to assign, award, or subcontract Covered Work, or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.

DATED: _____ Name of Employer _____

(Authorized Officer & Title)

(Address)



COPY

**MULTI-TASK
GENERAL SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
HART HIGH-VOLTAGE APPARATUS REPAIR AND TESTING CO., INC.**

This agreement for general services ("Agreement") is made by and between the Northern California Power Agency, a joint powers agency, with its main office located at 651 Commerce Drive, Roseville, CA 95678-6420 ("Agency") and Hart High-Voltage Apparatus Repair & Testing Co., Inc., a corporation, with its office located at 1612 Poole Blvd., Yuba City, CA 95993 ("Contractor") (together sometimes referred to as the "Parties") as of 10/31/, 2016 ("Effective Date") in Roseville, California.

Section 1. SCOPE OF WORK. Subject to the terms and conditions set forth in this Agreement, Contractor is willing to provide to Agency the range of services and/or goods described in the Scope of Work attached hereto as Exhibit A and incorporated herein ("Work").

- 1.1 Term of Agreement.** The term of this Agreement shall begin on the Effective Date and shall end when Contractor completes the Work, or no later than five (5) years from the date this Agreement was signed by Agency, whichever is shorter.
- 1.2 Standard of Performance.** Contractor shall perform the Work in the manner and according to the standards observed by a competent practitioner of the profession in which Contractor is engaged and for which Contractor is providing the Work. Contractor represents that it is licensed, qualified and experienced to provide the Work set forth herein.
- 1.3 Assignment of Personnel.** Contractor shall assign only competent personnel to perform the Work. In the event that Agency, in its sole discretion, at any time during the term of this Agreement, requests the reassignment of any such personnel, Contractor shall, immediately upon receiving written notice from Agency of such request, reassign such personnel.
- 1.4 Work Provided.** Work provided under this Agreement by Contractor may include Work directly to the Agency or, as requested by the Agency and consistent with the terms of this Agreement, to Agency members, Southern California Public Power Authority ("SCPPA") or SCPPA members.
- 1.5 Request for Work to be Performed.** At such time that Agency determines to have Contractor perform Work under this Agreement, Agency shall issue a Purchase Order. The Purchase Order shall identify the specific Work to be performed ("Requested Work"), may include a not-to-exceed cap on monetary cap on Requested Work and all related expenditures authorized by that Purchase Order, and shall include a time by which the Requested Work shall be completed. Contractor shall have seven calendar days from the date of the Agency's issuance of the Purchase Order in which to respond in writing that Contractor chooses not to perform the Requested Work. If Contractor agrees to perform

the Requested Work, begins to perform the Requested Work, or does not respond within the seven day period specified, then Contractor will have agreed to perform the Requested Work on the terms set forth in the Purchase Order, this Agreement and its Exhibits.

Section 2. COMPENSATION. Agency hereby agrees to pay Contractor an amount **NOT TO EXCEED SEVEN HUNDRED THOUSAND** dollars (\$700,000.00) for the Work, which shall include all fees, costs, expenses and other reimbursables, as set forth in Contractor's fee schedule, attached hereto and incorporated herein as Exhibit B. This dollar amount is not a guarantee that Agency will pay that full amount to the Contractor, but is merely a limit of potential Agency expenditures under this Agreement.

2.1 Invoices. Contractor shall submit invoices, not more often than once a month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date. Invoices shall contain the following information:

- The beginning and ending dates of the billing period;
- Work performed;
- The Purchase Order number authorizing the Requested Work;
- At Agency's option, for each work item in each task, a copy of the applicable time entries or time sheets shall be submitted showing the name of the person doing the work, the hours spent by each person, a brief description of the work, and each reimbursable expense, with supporting documentation, to Agency's reasonable satisfaction;
- At Agency's option, the total number of hours of work performed under the Agreement by Contractor and each employee, agent, and subcontractor of Contractor performing work hereunder.

Invoices shall be sent to:

Northern California Power Agency
651 Commerce Drive
Roseville, California 95678
Attn: Accounts Payable
AcctsPayable@ncpa.com

2.2 Monthly Payment. Agency shall make monthly payments, based on invoices received, for Work satisfactorily performed, and for authorized reimbursable costs incurred. Agency shall have thirty (30) days from the receipt of an invoice that complies with all of the requirements above to pay Contractor.

2.3 Payment of Taxes. Contractor is solely responsible for the payment of all federal, state and local taxes, including employment taxes, incurred under this Agreement.

2.4 Authorization to Perform Work. The Contractor is not authorized to perform any Work or incur any costs whatsoever under the terms of this Agreement until receipt of a Purchase Order from the Contract Administrator.

2.5 Timing for Submittal of Final Invoice. Contractor shall have ninety (90) days after completion of the Requested Work to submit its final invoice for the Requested Work. In the event Contractor fails to submit an invoice to Agency for any amounts due within the ninety (90) day period, Contractor is deemed to have waived its right to collect its final payment for the Requested Work from Agency.

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Contractor shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the Work.

Section 4. INSURANCE REQUIREMENTS. Before beginning any Work under this Agreement, Contractor, at its own cost and expense, shall procure the types and amounts of insurance listed below and shall maintain the types and amounts of insurance listed below for the period covered by this Agreement.

4.1 Workers' Compensation. If Contractor employs any person, Contractor shall maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Contractor with limits of not less than one million dollars (\$1,000,000.00) per accident.

4.2 Commercial General and Automobile Liability Insurance.

4.2.1 Commercial General Insurance. Contractor shall maintain commercial general liability insurance for the term of this Agreement, including products liability, covering any loss or liability, including the cost of defense of any action, for bodily injury, death, personal injury and broad form property damage which may arise out of the operations of Contractor. The policy shall provide a minimum limit of \$1,000,000 per occurrence/\$2,000,000 aggregate. Commercial general coverage shall be at least as broad as ISO Commercial General Liability form CG 0001 (current edition) on "an occurrence" basis covering comprehensive General Liability, with a self-insured retention or deductible of no more than \$100,000. No endorsement shall be attached limiting the coverage.

4.2.2 Automobile Liability. Contractor shall maintain automobile liability insurance form CA 0001 (current edition) for the term of this Agreement covering any loss or liability, including the cost of defense of any action, arising from the operation, maintenance or use of any vehicle (symbol 1), whether or not owned by the Contractor, on or off Agency premises. The policy shall provide a minimum limit of \$1,000,000 per each accident, with a self-insured retention or deductible of no more than \$100,000. This insurance shall provide contractual liability covering all motor vehicles and mobile equipment to the extent coverage may be excluded from general liability insurance.

4.2.3 General Liability/Umbrella Insurance. The coverage amounts set forth above may be met by a combination of underlying and umbrella policies as long as in combination the limits equal or exceed those stated.

4.3 Professional Liability Insurance. Intentionally left blank.

4.5 All Policies Requirements.

4.5.1 Verification of coverage. Prior to beginning any work under this Agreement, Contractor shall provide Agency with (1) a Certificate of Insurance that demonstrates compliance with all applicable insurance provisions contained herein and (2) policy endorsements to the policies referenced in Section 4.2 and in Section 4.4, if applicable, adding the Agency as an additional insured and declaring such insurance primary in regard to work performed pursuant to this Agreement.

4.5.2 Notice of Reduction in or Cancellation of Coverage. Contractor shall provide at least thirty (30) days prior written notice to Agency of any reduction in scope or amount, cancellation, or modification adverse to Agency of the policies referenced in Section 4.

4.5.3 Higher Limits. If Contractor maintains higher limits than the minimums specified herein, the Agency shall be entitled to coverage for the higher limits maintained by the Contractor.

4.5.4 Additional Certificates and Endorsements. If Contractor performs Work for Agency members, SCPPA and/or SCPPA members pursuant to this Agreement, Agency shall the right to require Contractor to provide the certificates of insurance and/or policy endorsements, as referenced in Section 4.4.1, naming the specific Agency member, SCPPA and/or SCPPA member for which the Work is to be performed.

4.6 Waiver of Subrogation. Contractor agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of Agency for all work performed by Contractor, its employees, agents and subcontractors.

4.7 Contractor's Obligation. Contractor shall be solely responsible for ensuring that all equipment, vehicles and other items utilized in the performance of Work are operated, provided or otherwise utilized in a manner that ensures they are and remain covered by the policies referenced in Section 4 during this Agreement. Contractor shall also ensure that all workers involved in the provision of Work are properly classified as employees,

agents or independent contractors and are and remain covered by any and all workers' compensation insurance required by applicable law during this Agreement.

Section 5. INDEMNIFICATION AND CONTRACTOR'S RESPONSIBILITIES.

5.1 Effect of Insurance. Agency's acceptance of insurance certificates and endorsements required under this Agreement does not relieve Contractor from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Contractor acknowledges and agrees to the provisions of this section and that it is a material element of consideration.

5.2 Scope. Contractor shall indemnify, defend with counsel reasonably acceptable to the Agency, and hold harmless the Agency, and its officials, commissioners, officers, employees, agents and volunteers from and against all losses, liabilities, claims, demands, suits, actions, damages, expenses, penalties, fines, costs (including without limitation costs and fees of litigation), judgments and causes of action of every nature arising out of or in connection with any acts or omissions by Contractor, its officers, officials, agents, and employees, except as caused by the sole or gross negligence of Agency. Notwithstanding, should this Agreement be construed as a construction agreement under Civil Code section 2783, then the exception referenced above shall also be for the active negligence of Agency.

Section 6. STATUS OF CONTRACTOR.

6.1 Independent Contractor. Contractor is an independent contractor and not an employee of Agency. Agency shall have the right to control Contractor only insofar as the results of Contractor's Work and assignment of personnel pursuant to Section 1; otherwise, Agency shall not have the right to control the means by which Contractor accomplishes Work rendered pursuant to this Agreement. Notwithstanding any other Agency, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Contractor and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by Agency, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of Agency and entitlement to any contribution to be paid by Agency for employer contributions and/or employee contributions for PERS benefits.

Contractor shall indemnify, defend, and hold harmless Agency for the payment of any employee and/or employer contributions for PERS benefits on behalf of Contractor or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of Agency. Contractor and Agency acknowledge and agree that compensation paid by Agency to

Contractor under this Agreement is based upon Contractor's estimated costs of providing the Work, including salaries and benefits of employees, agents and subcontractors of Contractor.

Contractor shall indemnify, defend, and hold harmless Agency from any lawsuit, administrative action, or other claim for penalties, losses, costs, damages, expense and liability of every kind, nature and description that arise out of, pertain to, or relate to such claims, whether directly or indirectly, due to Contractor's failure to secure workers' compensation insurance for its employees, agents, or subcontractors.

Contractor agrees that it is responsible for the provision of group healthcare benefits to its fulltime employees under 26 U.S.C. § 4980H of the Affordable Care Act. To the extent permitted by law, Contractor shall indemnify, defend and hold harmless Agency from any penalty issued to Agency under the Affordable Care Act resulting from the performance of the Services by any employee, agent, or subcontractor of Contractor.

- 6.2 Contractor Not Agent.** Except as Agency may specify in writing, Contractor shall have no authority, express or implied, to act on behalf of Agency in any capacity whatsoever as an agent. Contractor shall have no authority, express or implied, pursuant to this Agreement to bind Agency to any obligation whatsoever.
- 6.3 Assignment and Subcontracting.** This Agreement contemplates personal performance by Contractor and is based upon a determination of Contractor's unique professional competence, experience, and specialized professional knowledge. A substantial inducement to Agency for entering into this Agreement was and is the personal reputation and competence of Contractor. Contractor may not assign this Agreement or any interest therein without the prior written approval of the Agency. Contractor shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors identified in Exhibit A, without prior written approval of the Agency. Where written approval is granted by the Agency, Contractor shall supervise all work subcontracted by Contractor in performing the Work and shall be responsible for all work performed by a subcontractor as if Contractor itself had performed such work. The subcontracting of any work to subcontractors shall not relieve Contractor from any of its obligations under this Agreement with respect to the Work and Contractor is obligated to ensure that any and all subcontractors performing any Work shall be fully insured in all respects and to the same extent as set forth under Section 4, to Agency's satisfaction.
- 6.4 Certification as to California Energy Commission.** If requested by the Agency, Contractor shall, at the same time it executes this Agreement, execute Exhibit C.
- 6.5 Certification as to California Energy Commission Regarding Hazardous Materials Transport Vendors.** If requested by the Agency, Contractor shall, at the same time it executes this Agreement, execute Exhibit D.

- 6.6 Maintenance Labor Agreement.** If the Work is subject to the terms of one or more Maintenance Labor Agreements, which are applicable only to certain types of construction, repair and/or maintenance projects, then Contractor shall execute Exhibit E and/or similar documentation as to compliance.

Section 7. LEGAL REQUIREMENTS.

- 7.1 Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 Compliance with Applicable Laws.** Contractor and its subcontractors and agents, if any, shall comply with all laws applicable to the performance of the work hereunder.
- 7.3 Licenses and Permits.** Contractor represents and warrants to Agency that Contractor and its employees, agents, and subcontractors (if any) have and will maintain at their sole expense during the term of this Agreement all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice their respective professions.
- 7.4 Monitoring by DIR.** The Work is subject to compliance monitoring and enforcement by the Department of Industrial Relations.
- 7.5 Registration with DIR.** During the term of this Agreement, Contractor warrants that it is registered with the Department of Industrial Relations and qualified to perform Work consistent with Labor Code section 1725.5.
- 7.6 Prevailing Wage Rates.** In accordance with California Labor Code Section 1771, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the Work is to be performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work as provided in the California Labor Code must be paid to all workers engaged in performing the Work. In accordance with California Labor Code Section 1770 and following, the Director of Industrial Relations has determined the general prevailing wage per diem rates for the locality in which the Work is to be performed; the Agency has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in the locality in which the Work is to be performed for each craft, classification or type of worker needed to perform the project; and copies of the prevailing rate of per diem wages are on file at the Agency and will be made available on request. Throughout the performance of the Work, Contractor must comply with all applicable laws and regulations that apply to wages earned in performance of the Work. Contractor assumes all responsibility for such payments and shall defend, indemnify and hold the Agency harmless from any and all claims made by the State of California, the Department of Industrial Relations, any subcontractor, any worker or any other third party with regard thereto.

Additionally, in accordance with the California Administrative Code, Title 8, Group 3, Article 2, Section 16000, Publication of Prevailing Wage Rates by Awarding Bodies, copies of the applicable determination of the Director can be found on the web at: <http://www.dir.ca.gov/DLSR/PWD/> and may be reviewed at any time.

Contractor shall be required to submit to the Agency during the contract period, copies of Public Works payroll reporting information per California Department of Industrial Relations, Form A- 1-131 (New 2-80) concerning work performed under this Agreement.

Contractor shall comply with applicable law, including Labor Code Sections 1774 and 1775. In accordance with Section 1775, Contractor shall forfeit as a penalty to Agency \$50.00 for each calendar day or portion thereof, for each worker paid less than the prevailing rates as determined by the Director of Industrial Relations for such work or craft in which such worker is employed for any Work done under the Agreement by Contractor or by any subcontractor under Contractor in violation of the provisions of the Labor Code and in particular, Labor Code Sections 1770 *et seq.* In addition to the penalty and pursuant to Section 1775, the difference between such prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the Contractor.

Section 8. TERMINATION AND MODIFICATION.

- 8.1 Termination.** Agency may cancel this Agreement at any time and without cause upon ten (10) days prior written notice to Contractor.

In the event of termination, Contractor shall be entitled to compensation for Work satisfactorily completed as of the effective date of termination; Agency, however, may condition payment of such compensation upon Contractor delivering to Agency any or all records or documents (as referenced in Section 9.1 hereof).

- 8.2 Amendments.** The Parties may amend this Agreement only by a writing signed by all the Parties.
- 8.3 Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between Agency and Contractor shall survive the termination of this Agreement.
- 8.4 Options upon Breach by Contractor.** If Contractor materially breaches any of the terms of this Agreement, including but not limited to those set forth in Section 4, Agency's remedies shall include, but not be limited to, the following:

- 8.4.1** Immediately terminate the Agreement;

- 8.4.2 Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Contractor pursuant to this Agreement;
- 8.4.3 Retain a different Contractor to complete the Work not finished by Contractor; and/or
- 8.4.4 Charge Contractor the difference between the costs to complete the Work that is unfinished at the time of breach and the amount that Agency would have paid Contractor pursuant hereto if Contractor had completed the Work.

Section 9. KEEPING AND STATUS OF RECORDS.

- 9.1 **Records Created as Part of Contractor's Performance.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Contractor prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the Agency. Contractor hereby agrees to deliver those documents to the Agency upon termination of the Agreement. Agency and Contractor agree that, unless approved by Agency in writing, Contractor shall not release to any non-parties to this Agreement any data, plans, specifications, reports and other documents.
- 9.2 **Contractor's Books and Records.** Contractor shall maintain any and all records or other documents evidencing or relating to charges for Work or expenditures and disbursements charged to the Agency under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Contractor under this Agreement.
- 9.3 **Inspection and Audit of Records.** Any records or documents that this Agreement requires Contractor to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the Agency. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds ten thousand dollars (\$10,000.00), the Agreement shall be subject to the examination and audit of the State Auditor, at the request of Agency or as part of any audit of the Agency, for a period of three (3) years after final payment under this Agreement.
- 9.4 **Confidential Information and Disclosure.**
 - 9.4.1 **Confidential Information.** The term "Confidential Information", as used herein, shall mean any and all confidential, proprietary, or trade secret information, whether written, recorded, electronic, oral or otherwise, where the Confidential Information is made available in a tangible medium of expression and marked in a

prominent location as confidential, proprietary and/or trade secret information. Confidential Information shall not include information that: (a) was already known to the Receiving Party or is otherwise a matter of public knowledge, (b) was disclosed to Receiving Party by a third party without violating any confidentiality agreement, (c) was independently developed by Receiving Party without reverse engineering, as evidenced by written records thereof, or (d) was not marked as Confidential Information in accordance with this section.

9.4.2 Non-Disclosure of Confidential Information. During the term of this Agreement, either party may disclose (the "Disclosing Party") Confidential Information to the other party (the "Receiving Party"). The Receiving Party: (a) shall hold the Disclosing Party's Confidential Information in confidence; and (b) shall take all reasonable steps to prevent any unauthorized possession, use, copying, transfer or disclosure of such Confidential Information.

9.4.3 Permitted Disclosure. Notwithstanding the foregoing, the following disclosures of Confidential Information are allowed. Receiving Party shall endeavor to provide prior written notice to Disclosing Party of any permitted disclosure made pursuant to Section 9.4.3.2 or 9.4.3.3. Disclosing Party may seek a protective order, including without limitation, a temporary restraining order to prevent or contest such permitted disclosure; provided, however, that Disclosing Party shall seek such remedies at its sole expense. Neither party shall have any liability for such permitted disclosures:

9.4.3.1 Disclosure to employees, agents, contractors, subcontractors or other representatives of Receiving Party that have a need to know in connection with this Agreement.

9.4.3.2 Disclosure in response to a valid order of a court, government or regulatory agency or as may otherwise be required by law; and

9.4.3.3 Disclosure by Agency in response to a request pursuant to the California Public Records Act.

9.4.4 Handling of Confidential Information. Upon conclusion or termination of the Agreement, Receiving Party shall return to Disclosing Party or destroy Confidential Information (including all copies thereof), if requested by Disclosing Party in writing. Notwithstanding the foregoing, the Receiving Party may retain copies of such Confidential Information, subject to the confidentiality provisions of this Agreement: (a) for archival purposes in its computer system; (b) in its legal department files; and (c) in files of Receiving Party's representatives where such copies are necessary to comply with applicable law. Party shall not disclose the Disclosing Party's Information to any person other than those of the Receiving

Party's employees, agents, consultants, contractors and subcontractors who have a need to know in connection with this Agreement.

Section 10. PROJECT SITE.

- 10.1 Operations at the Project Site.** Each Project site may include the power plant areas, all buildings, offices, and other locations where Work is to be performed, including any access roads. Contractor shall perform the Work in such a manner as to cause a minimum of interference with the operations of the Agency; if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4; and other contractors at the Project site and to protect all persons and property thereon from damage or injury. Upon completion of the Work at a Project site, Contractor shall leave such Project site clean and free of all tools, equipment, waste materials and rubbish, stemming from or relating to Contractor's Work.
- 10.2 Contractor's Equipment, Tools, Supplies and Materials.** Contractor shall be solely responsible for the transportation, loading and unloading, and storage of any equipment, tools, supplies or materials required for performing the Work, whether owned, leased or rented. Neither Agency nor, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, will be responsible for any such equipment, supplies or materials which may be lost, stolen or damaged or for any additional rental charges for such. Equipment, tools, supplies and materials left or stored at a Project site, with or without permission, is at Contractor's sole risk. Anything left on the Project site an unreasonable length of time after the Work is completed shall be presumed to have been abandoned by the Contractor. Any transportation furnished by Agency or, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, shall be solely as an accommodation and neither Agency nor, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, shall have liability therefor. Contractor shall assume the risk and is solely responsible for its owned, non-owned and hired automobiles, trucks or other motorized vehicles as well as any equipment, tools, supplies, materials or other property which is utilized by Contractor on the Project site. All materials and supplies used by Contractor in the Work shall be new and in good condition.
- 10.3 Use of Agency Equipment.** Contractor shall assume the risk and is solely responsible for its use of any equipment owned and property provided by Agency and, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, for the performance of Work.

Section 11. WARRANTY.

- 11.1 Nature of Work.** In addition to any and all warranties provided or implied by law or public policy, Contractor warrants that all Work shall be free from defects in design and workmanship, and that Contractor shall perform all Work in accordance with applicable

federal, state, and local laws, rules and regulations including engineering, construction and other codes and standards and prudent electrical utility standards, and in accordance with the terms of this Agreement.

11.2 Deficiencies in Work. In addition to all other rights and remedies which Agency may have, Agency shall have the right to require, and Contractor shall be obligated at its own expense to perform, all further Work which may be required to correct any deficiencies which result from Contractor's failure to perform any Work in accordance with the standards required by this Agreement. If during the term of this Agreement or the one (1) year period following completion of the Work, any equipment, supplies or other materials or Work used or provided by Contractor under this Agreement fails due to defects in material and/or workmanship or other breach of this Agreement, Contractor shall, upon any reasonable written notice from Agency, replace or repair the same to Agency's satisfaction.

11.3 Assignment of Warranties. Contractor hereby assigns to Agency all additional warranties, extended warranties, or benefits like warranties, such as insurance, provided by or reasonably obtainable from suppliers of equipment and material used in the Work.

Section 12. HEALTH AND SAFETY PROGRAMS. The Contractor shall establish, maintain, and enforce safe work practices, and implement an accident/incident prevention program intended to ensure safe and healthful operations under their direction. The program shall include all requisite components of such a program under Federal, State and local regulations and shall comply with all site programs established by Agency and, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4.

12.1 Contractor is responsible for acquiring job hazard assessments as necessary to safely perform the Work and provide a copy to Agency upon request.

12.2 Contractor is responsible for providing all employee health and safety training and personal protective equipment in accordance with potential hazards that may be encountered in performance of the Work and provide copies of the certified training records upon request by Agency. Contractor shall be responsible for proper maintenance and/or disposal of their personal protective equipment and material handling equipment.

12.3 Contractor is responsible for ensuring that its lower-tier subcontractors are aware of and will comply with the requirements set forth herein.

12.4 Agency, or its representatives, may periodically monitor the safety performance of the Contractor performing the Work. Contractors and its subcontractors shall be required to comply with the safety and health obligations as established in the Agreement. Non-compliance with safety, health, or fire requirements may result in cessation of work activities, until items in non-compliance are corrected. It is also expressly acknowledged, understood and agreed that no payment shall be due from Agency to Contractor under this

Agreement at any time when, or for any Work performed when, Contractor is not in full compliance with this Section 12.

- 12.5** Contractor shall immediately report any injuries to the Agency site safety representative. Additionally, the Contractor shall investigate and submit to the Agency site safety representative copies of all written accident reports, and coordinate with Agency if further investigation is requested.
- 12.6** Contractor shall take all reasonable steps and precautions to protect the health of its employees and other site personnel with regard to the Work. Contractor shall conduct occupational health monitoring and/or sampling to determine levels of exposure of its employees to hazardous or toxic substances or environmental conditions. Copies of any sampling results will be forwarded to the Agency site safety representative upon request.
- 12.7** Contractor shall develop a plan to properly handle and dispose of any hazardous wastes, if any, Contractor generates in performing the Work.
- 12.8** Contractor shall advise its employees and subcontractors that any employee who jeopardizes his/her safety and health, or the safety and health of others, may be subject to actions including removal from Work.
- 12.9** Contractor shall, at the sole option of the Agency, develop and provide to the Agency a Hazardous Material Spill Response Plan that includes provisions for spill containment and clean-up, emergency contact information including regulatory agencies and spill sampling and analysis procedures. Hazardous Materials shall include diesel fuel used for trucks owned or leased by the Contractor.
- 12.10** If Contractor is providing Work to an Agency Member, SCPPA or SCPPA member (collectively "Member" solely for the purpose of this section) pursuant to Section 1.4 hereof, then that Member shall have the same rights as the Agency under Sections 12.1, 12.2, 12.4, 12.5, and 12.6 hereof.

Section 13 **MISCELLANEOUS PROVISIONS.**

- 13.1** **Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.
- 13.2** **Venue.** In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.

- 13.3 **Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
- 13.4 **No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.
- 13.5 **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.
- 13.6 **Conflict of Interest.** Contractor may serve other clients, but none whose activities within the corporate limits of Agency or whose business, regardless of location, would place Contractor in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*

Contractor shall not employ any Agency official in the work performed pursuant to this Agreement. No officer or employee of Agency shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*

- 13.7 **Contract Administrator.** This Agreement shall be administered by Ken Speer, Assistant General Manager, or his/her designee, who shall act as the Agency's representative. All correspondence shall be directed to or through the representative.
- 13.8 **Notices.** Any written notice to Contractor shall be sent to:

Hart High-Voltage Apparatus Repairs & Testing Co., Inc.
Attention: Jim Wolfgram
P.O. Box 3389
Yuba City, CA 95992

Any written notice to Agency shall be sent to:

Randy S. Howard
General Manager
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

With a copy to:

Michael F. Dean
General Counsel
Northern California Power Agency
Meyers Nave
555 Capitol Mall, Suite 1200
Sacramento, CA 95814

- 13.9 Professional Seal.** Where applicable in the determination of the Agency, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation.
- 13.10 Integration; Incorporation.** This Agreement, including all the exhibits attached hereto, represents the entire and integrated agreement between Agency and Contractor and supersedes all prior negotiations, representations, or agreements, either written or oral. All exhibits attached hereto are incorporated by reference herein.
- 13.11 Alternative Dispute Resolution.** If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Agency and Contractor agree to resolve the dispute in accordance with the following:
- 13.11.1** Each party shall designate a senior management or executive level representative to negotiate any dispute;
 - 13.11.2** The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.
 - 13.11.3** If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiation between legal counsel. If the above process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.
 - 13.11.4** The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.
 - 13.11.5** The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.
 - 13.11.6** The alternative dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative remedy prior to either Party initiating legal action. This alternative dispute resolution process is not intended to nor shall be construed to change the time

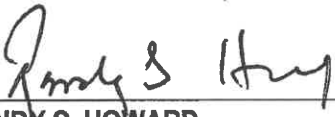
periods for filing a claim or action specified by Government Code §§ 900 *et seq.*

- 13.12 Controlling Provisions.** In the case of any conflict between the terms of this Agreement and the Exhibits hereto, a Purchase Order, or Contractor's Proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and a Purchase Order or the Contractor's Proposal, the Exhibits shall control. In the case of any conflict between the terms of a Purchase Order and the Contractor's Proposal, the Purchase Order shall control.
- 13.13 Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.
- 13.14 Construction of Agreement.** Each party hereto has had an equivalent opportunity to participate in the drafting of the Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting party shall not apply hereto.
- 13.15 No Third Party Beneficiaries.** This Agreement is made solely for the benefit of the parties hereto, with no intent to benefit any non-signator third parties. However, should Contractor provide Work to an Agency member, SCPPA or SCPPA member (collectively for the purpose of this section only "Member") pursuant to Section 1.4, the parties recognize that such Member may be a third party beneficiary solely as to the Purchase Order and Requested Work relating to such Member.

The Parties have executed this Agreement as of the date signed by the Agency.

NORTHERN CALIFORNIA POWER AGENCY

Date 10/31/16



RANDY S. HOWARD,
General Manager

Attest:


Assistant Secretary of the Commission

HART HIGH-VOLTAGE APPARATUS
REPAIRS & TESTING CO., INC.

Date 10/27/16


JIM WOLFRAM,
President

Approved as to Form:

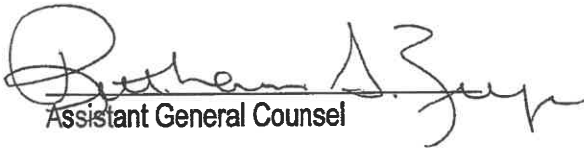

Assistant General Counsel

EXHIBIT A

SCOPE OF WORK

Hart High-Voltage Apparatus Repairs & Testing Co., Inc. ("Contractor") shall provide specialized electrical services as requested by the Northern California Power Agency ("Agency") at any facilities owned or operated by Agency, its Members, Southern California Public Power Authority (SCPPA) or SCPPA members.

Services to include but not be limited to the following:

Core testing performed as follows:

- Microprocessor, solid state and electro-mechanical protective relays (setting, programming etc.)
- Current transformers
- Potential transformers
- Current circuit verification
- Potential circuit verification
- Control circuit verification
- Open air disconnect switch
- Circuit breaker
- Transformer
- Generator
- Grounding

Typical substation tests performed as follows:

- Protective relays: Perform automated and manual testing using 3Ø voltage and 3Ø current test sets, verify logic.
- Current transformers: Ratio, saturation, power factor, insulation resistance.
- Potential transformers: Ratio, power factor, insulation resistance.
- Current circuit: Burden, circuit verification per drawings.
- Potential circuit: Burden, circuit verification per drawings.
- Control circuit: Circuit verification per drawings.
- Open air disconnect: Contact resistance, insulation resistance, operational.
- Circuit breaker: Contact resistance, insulation resistance, time travel, power factor, insulation resistance, operational.
- Transformer: Power factor, excitation, turns ratio, wdg resistance, insulation resistance, dielectric, sweep frequency response, operational.
- Generator: Insulation resistance, wdg resistance, power factor.
- Grounding: Resistance to remote earth, point-to-point.

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all work, including hourly fees and expenses, shall not exceed the amount set forth in Section 2 hereof. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:

Billing Rates	Straight Time*	Overtime**	Double-time***
Field Technicians	\$155.00/Hour	\$232.50/Hour	\$310.00/Hour

* Straight time rates apply to all work or travel during a normal eight hour workday, Monday–Friday, excluding Holidays.

** Overtime rates apply to all work or travel time other than that qualifying as straight time.

*** Double-time rates apply to all nationally recognized holidays, Sundays, and after 12 hours.

<u>Minimum Billing</u>	<u>0 - 4/hrs Billed @ 4.0hrs + Exp</u>
	<u>4 - 8/hrs Billed @ 8.0hrs + Exp</u>

Equipment Charges (Partial List)

Doble Power Factor Test Set M-4000	\$500.00/Day
AVO MPRT	\$120.00/Day
Multi-Amp PS 9160 High Current Test Set	\$100.00/Day
Multi-Amp CB 845 High Current Test Set	\$ 50.00/Day
Multi-Amp CTER 91 Current Transformer Test Set	\$ 60.00/Day
Multi-Amp Pulsar Relay Test Set	\$ 80.00/Day
Multi-Amp SR 90 Relay Test Set	\$ 60.00/Day
Vanguard Transformer Ohmmeter	\$ 50.00/Day
Vanguard Time Travel Analyzer	\$ 50.00/Day
Biddle 5 KV Motorized Meggar	\$ 50.00/Day
Biddle DLRO Ductor	\$ 25.00/Day
Biddle TTR Test Set	\$ 25.00/Day
Hipotronics 80 KV HiPot	\$ 50.00/Day
Biddle DET 2/2 Earth Tester	\$ 50.00/Day

Expenses

Living Expenses	\$220.00/Per Diem/Per Man
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Miscellaneous expenses such as equipment rental, parking, telephone, bridge tolls, automobile rentals, and expendable materials will be billed at cost plus 30% plus applicable tax and freight charges.

Mileage

Under 1 Ton	\$ 1.46/Mile Portal – To – Portal
1 Ton and Over	\$ 1.66/Mile Portal – To – Portal

Pricing excludes any bonds, fees, permits, and/or owner controlled insurance programs that are project related. If an OCIP is required, a separate proposal will be submitted to cover the additional insurance costs.

All rates subject to annual adjustment upon 30 days' written notice to Agency.

Invoices not paid per terms will be subject to a 1-½% per month service charge.

Pricing for services to be performed at NCPA Member or SCPPA locations will be quoted at the time services are requested.

NOTE: As a public agency, NCPA shall not reimburse Contractor for travel, food and related costs in excess of those permitted by the Internal Revenue Service.

EXHIBIT C

CERTIFICATION

Affidavit of Compliance for Contractors

I, Jim Wolfgram, General Manager
(Name of person signing affidavit)(Title)

do hereby certify that background investigations to ascertain the accuracy of the identity and employment history of all employees of

HART HIGH-VOLTAGE APPARATUS REPAIRS & TESTING CO., INC.

(Company name)

for contract work at:

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

have been conducted as required by the California Energy Commission Decision for the above-named project.

[Signature]
(Signature of officer or agent)

Dated this 27th day of October, 20 16

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

EXHIBIT D – NOT APPLICABLE

CERTIFICATION

Affidavit of Compliance for Hazardous Materials Transport Vendors

I, _____,

(Name of person signing affidavit)(Title)

do hereby certify that the below-named company has prepared and implemented security plans in conformity with 49 CFR 172, subpart I and has conducted employee background investigations in conformity with 49 CFR 172.802(a), as the same may be amended from time to time,

(Company name)

for hazardous materials delivery to:

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

as required by the California Energy Commission Decision for the above-named project.

(Signature of officer or agent)

Dated this _____ day of _____, 20 ____.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

EXHIBIT E – NOT APPLICABLE

**ATTACHMENT A [from MLA]
AGREEMENT TO BE BOUND**

**MAINTENANCE LABOR AGREEMENT ATTACHMENT
LODI ENERGY CENTER PROJECT**

The undersigned hereby certifies and agrees that:

- 1) It is an Employer as that term is defined in Section 1.4 of the Lodi Energy Center Project Maintenance Labor Agreement ("Agreement" solely for the purposes of this Exhibit E) because it has been, or will be, awarded a contract or subcontract to assign, award or subcontract Covered Work on the Project (as defined in Section 1.2 and 2.1 of the Agreement), or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.
- 2) In consideration of the award of such contract or subcontract, and in further consideration of the promises made in the Agreement and all attachments thereto (a copy of which was received and is hereby acknowledged), it accepts and agrees to be bound by the terms and condition of the Agreement, together with any and all amendments and supplements now existing or which are later made thereto.
- 3) If it performs Covered Work, it will be bound by the legally establishes trust agreements designated in local master collective bargaining agreements, and hereby authorizes the parties to such local trust agreements to appoint trustees and successor trustee to administer the trust funds, and hereby ratifies and accepts the trustees so appointed as if made by the undersigned.
- 4) It has no commitments or agreements that would preclude its full and complete compliance with the terms and conditions of the Agreement.
- 5) It will secure a duly executed Agreement to be Bound, in form identical to this documents, from any Employer(s) at any tier or tiers with which it contracts to assign, award, or subcontract Covered Work, or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.

DATED: _____ Name of Employer _____

(Authorized Officer & Title)

(Address)



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Commission Staff Report

Date: February 14, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: Brian Davis dba Northern Industrial Construction – First Amendment to Five-Year Multi-Task General Services Agreement for welding, labor and materials for miscellaneous maintenance services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA, and SCPPA Members

AGENDA CATEGORY: Consent

FROM:	Ken Speer <i>KS</i>	METHOD OF SELECTION:
	Assistant General Manager	N/A
Division:	Generation Services	<i>If other, please describe:</i>
Department:	Geothermal	

IMPACTED MEMBERS:		
All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input type="checkbox"/>	City of Lompoc <input type="checkbox"/>	City of Ukiah <input type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input type="checkbox"/>
City of Biggs <input type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input type="checkbox"/>	City of Roseville <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	Other <input type="checkbox"/>
<i>If other, please specify</i>		
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RECOMMENDATION:

Approval of Resolution 19-21 authorizing the General Manager or his designee to enter into a First Amendment to the Multi-Task General Services Agreement for miscellaneous maintenance services, including but not limited to welding, labor, and materials, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall increase the not to exceed amount from \$1,000,000 to \$2,000,000, for use at any facilities owned and/or operated by NCPA, its Members, Southern California Public Power Authority (SCPPA), or SCPPA Members.

BACKGROUND:

Miscellaneous maintenance services, including welding, labor, and materials are required from time to time related to project support at facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (SCPPA), or SCPPA Members.

NCPA entered into a five year Multi-Task General Services Agreement with Brian Davis dba Northern Industrial Construction effective April 22, 2017 for an amount not to exceed \$1,000,000. NCPA has found this vendor to be reliable, with competitive pricing, and continues to have a good working relationship with them. The Agency continues to use this vendor and anticipates utilizing this vendor for the upcoming Geothermal Plant 1 Unit 1 & 2 Overhaul Project. In anticipation of this and other potential upcoming work, the agency is requesting an increase in the not to exceed amount from \$1,000,000 to \$2,000,000. This amendment is still available for use at any facilities owned and/or operated by NCPA, its Members, the Southern California Public Power Authority (SCPPA), and SCPPA Members.

FISCAL IMPACT:

Upon execution, the total cost of the agreement is not to exceed \$2,000,000, to be used out of the NCPA approved budget. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.

SELECTION PROCESS:

This enabling agreement does not commit NCPA to any expenditure of funds. At the time services are required, NCPA will bid the specific scope of work consistent with NCPA procurement policies and procedures. NCPA currently has similar agreements in place with Gifford's Backhoe Services and Epidendio Construction, Inc. and seeks bids from as many qualified providers as possible. Bids are awarded to the lowest cost provider. NCPA will issue purchase orders based on cost and availability of the services needed at the time the service is required.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation above was reviewed by the Facilities Committee on February 6, 2019, and was recommended for Commission approval on Consent Calendar.

The recommendation above was reviewed by the Lodi Energy Center Project Participant Committee on February 11, 2019, and was approved.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Walter Howard for", written over the printed name.

RANDY S. HOWARD
General Manager

Attachments (3):

- Resolution
- Multi-Task General Services Agreement with Brian Davis dba Northern Industrial Construction
- First Amendment to the Multi-Task General Services Agreement with Brian Davis dba Northern Industrial Construction

RESOLUTION 19-21

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVING A FIRST AMENDMENT TO THE MULTI-TASK GENERAL SERVICES AGREEMENT WITH BRIAN DAVIS DBA NORTHERN INDUSTRIAL CONSTRUCTION

(reference Staff Report #128:19)

WHEREAS, miscellaneous maintenance services, including welding, labor, and materials are periodically required at the facilities owned and/or operated by Northern California Power Agency (NCPA), its Members, the Southern California Public Power Authority (SCPPA), and SCPPA Members; and

WHEREAS, Brian Davis dba Northern Industrial Construction is a provider of these services; and

WHEREAS, NCPA entered into a Multi-Task General Services Agreement with Brian Davis dba Northern Industrial Construction effective April 22, 2017, to provide such services as needed at any facilities owned and/or operated by NCPA, its Members, SCPPA, or SCPPA Members, in an amount not to exceed \$1,000,000 over five years; and

WHEREAS, NCPA seeks to enter into a First Amendment to the Multi-Task General Services Agreement with Brian Davis dba Northern Industrial Construction, increasing the not to exceed amount from \$1,000,000 to \$2,000,000 over five years; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager or his designee to enter into a First Amendment to the Multi-Task General Services Agreement with Brian Davis dba Northern Industrial Construction with any non-substantial changes as approved by the NCPA General Counsel, which shall not exceed \$2,000,000 for miscellaneous maintenance services, including but not limited to, welding, labor, and materials, for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (SCPPA), or by SCPPA Members.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2019 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
San Francisco BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ROGER FRITH
CHAIR

ATTEST:

CARY A. PADGETT
ASSISTANT SECRETARY



FIRST AMENDMENT TO MULTI-TASK GENERAL SERVICES AGREEMENT BETWEEN THE NORTHERN CALIFORNIA POWER AGENCY AND BRIAN DAVIS DBA NORTHERN INDUSTRIAL CONSTRUCTION

This First Amendment ("Amendment") to Multi-Task General Services Agreement is entered into by and between the Northern California Power Agency ("Agency") and Brian Davis dba Northern Industrial Construction ("Contractor") (collectively referred to as "the Parties") as of _____, 2019.

WHEREAS, the Parties entered into a Multi-Task General Services Agreement dated effective April 22, 2017, (the "Agreement") for Brian Davis dba Northern Industrial Construction to provide maintenance services which include but are not limited to welding, labor and materials for miscellaneous maintenances services for use at any facilities owned and/or operated by Agency, its Members, Southern California Public Power Authority ("SCPPA") or SCPPA members; and

WHEREAS, the Agency now desires to amend the Agreement to increase the total compensation authorized by the Agreement from a NOT TO EXCEED amount of \$1,000,000 to a NOT TO EXCEED amount of \$2,000,000; and

WHEREAS, the Parties have agreed to update Exhibit A and Exhibit B to provide the current Scope of Work and Compensation Schedule; and

WHEREAS, the Parties have agreed to modify the Agreement as set forth above; and

WHEREAS, in accordance with Section 8.2 all changes to the Agreement must be in writing and signed by all the Parties; and

NOW, THEREFORE, the Parties agree as follows:

1. **Section 2—Compensation** of the Agreement is amended and restated to read as follows:

Agency hereby agrees to pay Contractor an amount **NOT TO EXCEED TWO MILLION** dollars (\$2,000,000) for the Work, which shall include all fees, costs, expenses and other reimbursables, as set forth in Contractor's fee schedule, attached hereto and incorporated herein as Exhibit B. This dollar amount is not a guarantee that Agency will pay that full amount to the Contractor, but is merely a limit of potential Agency expenditures under this Agreement.

The remainder of Section 2 of the Agreement is unchanged.

2. **Exhibit A – SCOPE OF SERVICES** is amended and restated to read in full as set forth in the attached Exhibit A.
3. **Exhibit B – COMPENSATION SCHEDULE** is amended and restated to read in full as set forth in the Attached Exhibit B.

4. This Amendment in no way alters the terms and conditions of the Agreement except as specifically set forth herein.

Date: _____

NORTHERN CALIFORNIA POWER AGENCY

Date: _____

BRIAN DAVIS DBA NORTHERN INDUSTRIAL
CONSTRUCTION

RANDY S. HOWARD, General Manager

BRIAN DAVIS, Owner

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Jane E. Luckhardt, General Counsel

EXHIBIT A

SCOPE OF WORK

Brian Davis dba Northern Industrial Construction ("Contractor") shall provide maintenance services which include but are not limited to welding, labor, and materials for miscellaneous maintenance as requested by Northern California Power Agency ("Agency") at any facilities owned and/or operated by Agency, its Members, Southern California Public Power Authority ("SCPPA") or SCPPA members.

No project under this Agreement shall include Work that would qualify as a Public Works Project under the California Public Contracts Code.

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all work, including hourly fees and expenses, shall not exceed the amount set forth in Section 2 hereof. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:

Refer to Attached Rate Sheet following.

**2019
RATE SCHEDULE**

MANPOWER:	<u>STRAIGHT TIME</u> First 10 hr/day Mon-Thurs	<u>OVERTIME</u> Up to 12/hrs day Mon-Thurs Fri- Sat 8 hrs	<u>DOUBLE TIME</u> Over 12 hrs/day
NIC Shop Rates	\$85.00/hr	\$95.00/hr	\$115.00/hr
General Foreman	\$ 65.00/hr	\$ 80.00/hr	\$ 90.00/hr
Working Leadman - Fitter, Welder, Millwright	\$ 75.00/hr	\$ 90.00/hr	\$ 100.00/hr
"B" Craft Person (Laborer)	\$ 55.00/hr	\$ 70.00/hr	\$ 85.00/hr
Call Out	4 hrs Minimum	OT Rate Applies	\$ 100.00/hr
Fire Watch (minimal tools)(site prep, weed eating, ect)	\$ 40.00/hr	\$ 55.00/hr	\$ 70.00/hr
Heavy Equipment Operator	\$ 75.00/hr	\$ 90.00/hr	\$ 100.00/hr
Spotter for Heavy Equipment	\$ 40.00/hr	\$ 55.00/hr	\$ 70.00/hr

PREVAILING WAGES PER LABOR CODES: EFFECTIVE TILL JUNE 2019

General Foreman	\$87.00/hr	\$102.00/hr	\$122.00/hr
Welder/Fitter	\$90.00/hr	\$110.00/hr	\$130.00/hr
Laborer	\$81.00/hr	\$96.00 hr	\$116.00/hr
Heavy Equipment Operator	\$82.00/hr	\$97.00/hr	\$120.00/hr
Spotter for Heavy Equipment Operations	\$76.00/hr	\$91.00 hr	\$116.00/hr

EQUIPMENT & MATERIALS RATES:

Vehicles:

#15 1995 L9000 International	\$40.00/hr
#26 1999 Int Boom Truck (Big Red)	\$55.00/hr
#28 2008 Dodge Dually Sevice Truck	\$40.00/hr
#30 2000 F-350 White Service Truck	\$40.00/hr
#32 2008 Ford Ranger	#25.00/hr
#34 2007 Dodge Red Service Truck	\$35.00/hr
#36 2006 Dodge (Red 4-door)	\$30.00/hr
#37 2013 International Boom Truck (Little Boom Truck)	\$55.00/hr
#38 2001 Dodge Blue Service Truck	\$35.00/hr
#39 2001 Ford F-450 White Service Truck	\$40.00/hr
#42 1997 Dodge 3500	\$40.00/hr
#43 2000 Ford F-450	\$40.00/hr
#44 2004 Dodge	\$35.00/hr
#45 96 Toyota	\$30.00/hr
#49 99 Ford F-550	\$45.00/hr
#50 30K Boom Truck	#65.00/hr

HEAVY EQUIPMENT RATES:

#41 2007 Mini Excavator	\$50.00/hr
#46 60' Manlift	\$40.00/hr
#48 D4 Dozer	\$55.00/hr
Tractor	\$30.00/hr

TRAILER RATES:

24 GVW Transport	\$20.00/hr
20' Flat Bed Trailer	\$15.00/hr
8' Dual Axle Box Trailer	\$15.00/hr
14' Dual Axle Box Trailer	\$18.00/hr

MISC EQUIPMENT RATES:

Certified Fresh Air Equipment \$280.00/day
 Fire Suppression Equipment (Water Wagon) \$100.00/day \$350.00/week \$1,000.00/month
 Concrete Saw \$15.00/hr
 Jack Hammer \$15.00/hr
 Pressure Washer \$15.00/hr
 Rental Equipment/Manlift, etc Cost plus 15%
 All Sub-Contractors Cost plus 15%
 Materials Cost plus 15%
 Per Diem (If required Per-Man night only) \$125.00/night
 Travel Time (If required) Straight Time Rates will apply

HOT SHOT SERVICE RATES

One Driver with One One-Ton Truck \$90.00/hr
 One Driver with One Half-Ton Truck \$85.00/hr

*Note: Hot Shots longer than 10hrs straight, additional driver required or allow 8 hrs down time with Per Diem

All services will be billed according to Time & Material (T&M) Rates.

Prices are subject to change with 30 days' advance written notice to Agency.

Pricing for services to be performed at other NCPA facilities, NCPA Member, or SCPPA locations will be quoted at the time services are requested.

NOTE: As a public agency, NCPA shall not reimburse Contractor for travel, food and related costs in excess of those permitted by the Internal Revenue Service.



COPY

**MULTI-TASK
GENERAL SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
BRIAN DAVIS DBA NORTHERN INDUSTRIAL CONSTRUCTION**

This agreement for general services ("Agreement") is made by and between the Northern California Power Agency, a joint powers agency with its main office located at 651 Commerce Drive, Roseville, CA 95678-6420 ("Agency") and Brian Davis dba Northern Industrial Construction, a sole proprietorship with its office located at P.O. Box 653, Middletown, CA 95461 ("Contractor") (together sometimes referred to as the "Parties") as of 4.22, 2017 ("Effective Date") in Roseville, California.

Section 1. SCOPE OF WORK. Subject to the terms and conditions set forth in this Agreement, Contractor is willing to provide to Agency the range of services and/or goods described in the Scope of Work attached hereto as Exhibit A and incorporated herein ("Work").

- 1.1 Term of Agreement.** The term of this Agreement shall begin on the Effective Date and shall end when Contractor completes the Work, or no later than five (5) years from the date this Agreement was signed by Agency, whichever is shorter.
- 1.2 Standard of Performance.** Contractor shall perform the Work in the manner and according to the standards observed by a competent practitioner of the profession in which Contractor is engaged and for which Contractor is providing the Work. Contractor represents that it is licensed, qualified and experienced to provide the Work set forth herein.
- 1.3 Assignment of Personnel.** Contractor shall assign only competent personnel to perform the Work. In the event that Agency, in its sole discretion, at any time during the term of this Agreement, requests the reassignment of any such personnel, Contractor shall, immediately upon receiving written notice from Agency of such request, reassign such personnel.
- 1.4 Work Provided.** Work provided under this Agreement by Contractor may include Work directly to the Agency or, as requested by the Agency and consistent with the terms of this Agreement, to Agency members, Southern California Public Power Authority ("SCPPA") or SCPPA members.
- 1.5 Request for Work to be Performed.** At such time that Agency determines to have Contractor perform Work under this Agreement, Agency shall issue a Purchase Order. The Purchase Order shall identify the specific Work to be performed ("Requested Work"), may include a not-to-exceed cap on monetary cap on Requested Work and all related expenditures authorized by that Purchase Order, and shall include a time by which the Requested Work shall be completed. Contractor shall have seven calendar days from the date of the Agency's issuance of the Purchase Order in which to respond in writing that Contractor chooses not to perform the Requested Work. If Contractor agrees to perform

the Requested Work, begins to perform the Requested Work, or does not respond within the seven day period specified, then Contractor will have agreed to perform the Requested Work on the terms set forth in the Purchase Order, this Agreement and its Exhibits.

Section 2. COMPENSATION. Agency hereby agrees to pay Contractor an amount **NOT TO EXCEED ONE MILLION** dollars (\$1,000,000) for the Work, which shall include all fees, costs, expenses and other reimbursables, as set forth in Contractor's fee schedule, attached hereto and incorporated herein as Exhibit B. This dollar amount is not a guarantee that Agency will pay that full amount to the Contractor, but is merely a limit of potential Agency expenditures under this Agreement.

2.1 Invoices. Contractor shall submit invoices, not more often than once a month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date. Invoices shall contain the following information:

- The beginning and ending dates of the billing period;
- Work performed;
- The Purchase Order number authorizing the Requested Work;
- At Agency's option, for each work item in each task, a copy of the applicable time entries or time sheets shall be submitted showing the name of the person doing the work, the hours spent by each person, a brief description of the work, and each reimbursable expense, with supporting documentation, to Agency's reasonable satisfaction;
- At Agency's option, the total number of hours of work performed under the Agreement by Contractor and each employee, agent, and subcontractor of Contractor performing work hereunder.

Invoices shall be sent to:

Northern California Power Agency
651 Commerce Drive
Roseville, California 95678
Attn: Accounts Payable
AcctsPayable@ncpa.com

2.2 Monthly Payment. Agency shall make monthly payments, based on invoices received, for Work satisfactorily performed, and for authorized reimbursable costs incurred. Agency shall have thirty (30) days from the receipt of an invoice that complies with all of the requirements above to pay Contractor.

2.3 Payment of Taxes. Contractor is solely responsible for the payment of all federal, state and local taxes, including employment taxes, incurred under this Agreement.

2.4 Authorization to Perform Work. The Contractor is not authorized to perform any Work or incur any costs whatsoever under the terms of this Agreement until receipt of a Purchase Order from the Contract Administrator.

2.5 Timing for Submittal of Final Invoice. Contractor shall have ninety (90) days after completion of the Requested Work to submit its final invoice for the Requested Work. In the event Contractor fails to submit an invoice to Agency for any amounts due within the ninety (90) day period, Contractor is deemed to have waived its right to collect its final payment for the Requested Work from Agency.

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Contractor shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the Work.

Section 4. INSURANCE REQUIREMENTS. Before beginning any Work under this Agreement, Contractor, at its own cost and expense, shall procure the types and amounts of insurance listed below and shall maintain the types and amounts of insurance listed below for the period covered by this Agreement.

4.1 Workers' Compensation. If Contractor employs any person, Contractor shall maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Contractor with limits of not less than one million dollars (\$1,000,000.00) per accident.

4.2 Commercial General and Automobile Liability Insurance.

4.2.1 Commercial General Insurance. Contractor shall maintain commercial general liability insurance for the term of this Agreement, including products liability, covering any loss or liability, including the cost of defense of any action, for bodily injury, death, personal injury and broad form property damage which may arise out of the operations of Contractor. The policy shall provide a minimum limit of \$1,000,000 per occurrence/\$2,000,000 aggregate. Commercial general coverage shall be at least as broad as ISO Commercial General Liability form CG 0001 (current edition) on "an occurrence" basis covering comprehensive General Liability, with a self-insured retention or deductible of no more than \$100,000. No endorsement shall be attached limiting the coverage.

4.2.2 Automobile Liability. Contractor shall maintain automobile liability insurance form CA 0001 (current edition) for the term of this Agreement covering any loss or liability, including the cost of defense of any action, arising from the operation, maintenance or use of any vehicle (symbol 1), whether or not owned by the Contractor, on or off Agency premises. The policy shall provide a minimum limit of \$1,000,000 per each accident, with a self-insured retention or deductible of no more than \$100,000. This insurance shall provide contractual liability covering all motor vehicles and mobile equipment to the extent coverage may be excluded from general liability insurance.

4.2.3 General Liability/Umbrella Insurance. The coverage amounts set forth above may be met by a combination of underlying and umbrella policies as long as in combination the limits equal or exceed those stated.

4.3 Professional Liability Insurance. Intentionally Omitted.

4.4 Pollution Insurance. Intentionally Omitted.

4.5 All Policies Requirements.

4.5.1 Verification of coverage. Prior to beginning any work under this Agreement, Contractor shall provide Agency with (1) a Certificate of Insurance that demonstrates compliance with all applicable insurance provisions contained herein and (2) policy endorsements to the policies referenced in Section 4.2 and in Section 4.4, if applicable, adding the Agency as an additional insured and declaring such insurance primary in regard to work performed pursuant to this Agreement.

4.5.2 Notice of Reduction in or Cancellation of Coverage. Contractor shall provide at least thirty (30) days prior written notice to Agency of any reduction in scope or amount, cancellation, or modification adverse to Agency of the policies referenced in Section 4.

4.5.3 Higher Limits. If Contractor maintains higher limits than the minimums specified herein, the Agency shall be entitled to coverage for the higher limits maintained by the Contractor.

4.5.4 Additional Certificates and Endorsements. If Contractor performs Work for Agency members, SCPPA and/or SCPPA members pursuant to this Agreement, Agency shall the right to require Contractor to provide the certificates of insurance and/or policy endorsements, as referenced in Section 4.4.1, naming the specific Agency member, SCPPA and/or SCPPA member for which the Work is to be performed.

4.6 Waiver of Subrogation. Contractor agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of Agency for all work performed by Contractor, its employees, agents and subcontractors.

- 4.7 **Contractor's Obligation.** Contractor shall be solely responsible for ensuring that all equipment, vehicles and other items utilized in the performance of Work are operated, provided or otherwise utilized in a manner that ensures they are and remain covered by the policies referenced in Section 4 during this Agreement. Contractor shall also ensure that all workers involved in the provision of Work are properly classified as employees, agents or independent contractors and are and remain covered by any and all workers' compensation insurance required by applicable law during this Agreement.

Section 5. INDEMNIFICATION AND CONTRACTOR'S RESPONSIBILITIES.

- 5.1 **Effect of Insurance.** Agency's acceptance of insurance certificates and endorsements required under this Agreement does not relieve Contractor from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Contractor acknowledges and agrees to the provisions of this section and that it is a material element of consideration.
- 5.2 **Scope.** Contractor shall indemnify, defend with counsel reasonably acceptable to the Agency, and hold harmless the Agency, and its officials, commissioners, officers, employees, agents and volunteers from and against all losses, liabilities, claims, demands, suits, actions, damages, expenses, penalties, fines, costs (including without limitation costs and fees of litigation), judgments and causes of action of every nature arising out of or in connection with any acts or omissions by Contractor, its officers, officials, agents, and employees, except as caused by the sole or gross negligence of Agency. Notwithstanding, should this Agreement be construed as a construction agreement under Civil Code section 2783, then the exception referenced above shall also be for the active negligence of Agency.
- 5.3 **Transfer of Title.** Intentionally Omitted.

Section 6. STATUS OF CONTRACTOR.

- 6.1 **Independent Contractor.** Contractor is an independent contractor and not an employee of Agency. Agency shall have the right to control Contractor only insofar as the results of Contractor's Work and assignment of personnel pursuant to Section 1; otherwise, Agency shall not have the right to control the means by which Contractor accomplishes Work rendered pursuant to this Agreement. Notwithstanding any other Agency, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Contractor and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by Agency, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an

employee of Agency and entitlement to any contribution to be paid by Agency for employer contributions and/or employee contributions for PERS benefits.

Contractor shall indemnify, defend, and hold harmless Agency for the payment of any employee and/or employer contributions for PERS benefits on behalf of Contractor or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of Agency. Contractor and Agency acknowledge and agree that compensation paid by Agency to Contractor under this Agreement is based upon Contractor's estimated costs of providing the Work, including salaries and benefits of employees, agents and subcontractors of Contractor.

Contractor shall indemnify, defend, and hold harmless Agency from any lawsuit, administrative action, or other claim for penalties, losses, costs, damages, expense and liability of every kind, nature and description that arise out of, pertain to, or relate to such claims, whether directly or indirectly, due to Contractor's failure to secure workers' compensation insurance for its employees, agents, or subcontractors.

Contractor agrees that it is responsible for the provision of group healthcare benefits to its fulltime employees under 26 U.S.C. § 4980H of the Affordable Care Act. To the extent permitted by law, Contractor shall indemnify, defend and hold harmless Agency from any penalty issued to Agency under the Affordable Care Act resulting from the performance of the Services by any employee, agent, or subcontractor of Contractor.

- 6.2 Contractor Not Agent.** Except as Agency may specify in writing, Contractor shall have no authority, express or implied, to act on behalf of Agency in any capacity whatsoever as an agent. Contractor shall have no authority, express or implied, pursuant to this Agreement to bind Agency to any obligation whatsoever.
- 6.3 Assignment and Subcontracting.** This Agreement contemplates personal performance by Contractor and is based upon a determination of Contractor's unique professional competence, experience, and specialized professional knowledge. A substantial inducement to Agency for entering into this Agreement was and is the personal reputation and competence of Contractor. Contractor may not assign this Agreement or any interest therein without the prior written approval of the Agency. Contractor shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors identified in Exhibit A, without prior written approval of the Agency. Where written approval is granted by the Agency, Contractor shall supervise all work subcontracted by Contractor in performing the Work and shall be responsible for all work performed by a subcontractor as if Contractor itself had performed such work. The subcontracting of any work to subcontractors shall not relieve Contractor from any of its obligations under this Agreement with respect to the Work and Contractor is obligated to ensure that any and all subcontractors performing any Work shall be fully insured in all respects and to the same extent as set forth under Section 4, to Agency's satisfaction.

- 6.4 **Certification as to California Energy Commission.** If requested by the Agency, Contractor shall, at the same time it executes this Agreement, execute Exhibit C.
- 6.5 **Certification as to California Energy Commission Regarding Hazardous Materials Transport Vendors.** If requested by the Agency, Contractor shall, at the same time it executes this Agreement, execute Exhibit D.
- 6.6 **Maintenance Labor Agreement.** If the Work is subject to the terms of one or more Maintenance Labor Agreements, which are applicable only to certain types of construction, repair and/or maintenance projects, then Contractor shall execute Exhibit E and/or similar documentation as to compliance.

Section 7. LEGAL REQUIREMENTS.

- 7.1 **Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 **Compliance with Applicable Laws.** Contractor and its subcontractors and agents, if any, shall comply with all laws applicable to the performance of the work hereunder.
- 7.3 **Licenses and Permits.** Contractor represents and warrants to Agency that Contractor and its employees, agents, and subcontractors (if any) have and will maintain at their sole expense during the term of this Agreement all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice their respective professions.
- 7.4 **Monitoring by DIR.** The Work is subject to compliance monitoring and enforcement by the Department of Industrial Relations.
- 7.5 **Registration with DIR.** During the term of this Agreement, Contractor warrants that it is registered with the Department of Industrial Relations and qualified to perform Work consistent with Labor Code section 1725.5.
- 7.6 **Prevailing Wage Rates.** In accordance with California Labor Code Section 1771, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the Work is to be performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work as provided in the California Labor Code must be paid to all workers engaged in performing the Work. In accordance with California Labor Code Section 1770 and following; the Director of Industrial Relations has determined the general prevailing wage per diem rates for the locality in which the Work is to be performed; the Agency has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in the locality in which the Work is to be performed for each craft, classification or type of worker needed to perform the project; and copies of the prevailing rate of per diem wages are on file at the Agency and will be made available on request. Throughout the performance of the Work, Contractor must

comply with all applicable laws and regulations that apply to wages earned in performance of the Work. Contractor assumes all responsibility for such payments and shall defend, indemnify and hold the Agency harmless from any and all claims made by the State of California, the Department of Industrial Relations, any subcontractor, any worker or any other third party with regard thereto.

Additionally, in accordance with the California Administrative Code, Title 8, Group 3, Article 2, Section 16000, Publication of Prevailing Wage Rates by Awarding Bodies, copies of the applicable determination of the Director can be found on the web at: <http://www.dir.ca.gov/DLSR/PWD/> and may be reviewed at any time.

Contractor shall be required to submit to the Agency during the contract period, copies of Public Works payroll reporting information per California Department of Industrial Relations, Form A- 1-131 (New 2-80) concerning work performed under this Agreement.

Contractor shall comply with applicable law, including Labor Code Sections 1774 and 1775. In accordance with Section 1775, Contractor shall forfeit as a penalty to Agency \$50.00 for each calendar day or portion thereof, for each worker paid less than the prevailing rates as determined by the Director of Industrial Relations for such work or craft in which such worker is employed for any Work done under the Agreement by Contractor or by any subcontractor under Contractor in violation of the provisions of the Labor Code and in particular, Labor Code Sections 1770 *et seq.* In addition to the penalty and pursuant to Section 1775, the difference between such prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the Contractor.

Section 8. TERMINATION AND MODIFICATION.

- 8.1 Termination.** Agency may cancel this Agreement at any time and without cause upon ten (10) days prior written notice to Contractor.

In the event of termination, Contractor shall be entitled to compensation for Work satisfactorily completed as of the effective date of termination; Agency, however, may condition payment of such compensation upon Contractor delivering to Agency any or all records or documents (as referenced in Section 9.1 hereof).

- 8.2 Amendments.** The Parties may amend this Agreement only by a writing signed by all the Parties.

- 8.3 Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between Agency and Contractor shall survive the termination of this Agreement.

8.4 Options upon Breach by Contractor. If Contractor materially breaches any of the terms of this Agreement, including but not limited to those set forth in Section 4, Agency's remedies shall include, but not be limited to, the following:

8.4.1 Immediately terminate the Agreement;

8.4.2 Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Contractor pursuant to this Agreement;

8.4.3 Retain a different Contractor to complete the Work not finished by Contractor; and/or

8.4.4 Charge Contractor the difference between the costs to complete the Work that is unfinished at the time of breach and the amount that Agency would have paid Contractor pursuant hereto if Contractor had completed the Work.

Section 9. KEEPING AND STATUS OF RECORDS.

9.1 Records Created as Part of Contractor's Performance. All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications; records, files, or any other documents or materials, in electronic or any other form, that Contractor prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the Agency. Contractor hereby agrees to deliver those documents to the Agency upon termination of the Agreement. Agency and Contractor agree that, unless approved by Agency in writing, Contractor shall not release to any non-parties to this Agreement any data, plans, specifications, reports and other documents.

9.2 Contractor's Books and Records. Contractor shall maintain any and all records or other documents evidencing or relating to charges for Work or expenditures and disbursements charged to the Agency under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Contractor under this Agreement.

9.3 Inspection and Audit of Records. Any records or documents that this Agreement requires Contractor to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the Agency. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds ten thousand dollars (\$10,000.00), the Agreement shall be subject to the examination and audit of the State Auditor, at the request of Agency or as part of any audit of the Agency, for a period of three (3) years after final payment under this Agreement.

9.4 Confidential Information and Disclosure.

- 9.4.1 Confidential Information.** The term "Confidential Information", as used herein, shall mean any and all confidential, proprietary, or trade secret information, whether written, recorded, electronic, oral or otherwise, where the Confidential Information is made available in a tangible medium of expression and marked in a prominent location as confidential, proprietary and/or trade secret information. Confidential Information shall not include information that: (a) was already known to the Receiving Party or is otherwise a matter of public knowledge, (b) was disclosed to Receiving Party by a third party without violating any confidentiality agreement, (c) was independently developed by Receiving Party without reverse engineering, as evidenced by written records thereof, or (d) was not marked as Confidential Information in accordance with this section.
- 9.4.2 Non-Disclosure of Confidential Information.** During the term of this Agreement, either party may disclose (the "Disclosing Party") Confidential Information to the other party (the "Receiving Party"). The Receiving Party: (a) shall hold the Disclosing Party's Confidential Information in confidence; and (b) shall take all reasonable steps to prevent any unauthorized possession, use, copying, transfer or disclosure of such Confidential Information.
- 9.4.3 Permitted Disclosure.** Notwithstanding the foregoing, the following disclosures of Confidential Information are allowed. Receiving Party shall endeavor to provide prior written notice to Disclosing Party of any permitted disclosure made pursuant to Section 9.4.3.2 or 9.4.3.3. Disclosing Party may seek a protective order, including without limitation, a temporary restraining order to prevent or contest such permitted disclosure; provided, however, that Disclosing Party shall seek such remedies at its sole expense. Neither party shall have any liability for such permitted disclosures:
- 9.4.3.1** Disclosure to employees, agents, contractors, subcontractors or other representatives of Receiving Party that have a need to know in connection with this Agreement.
 - 9.4.3.2** Disclosure in response to a valid order of a court, government or regulatory agency or as may otherwise be required by law; and
 - 9.4.3.3** Disclosure by Agency in response to a request pursuant to the California Public Records Act.
- 9.4.4 Handling of Confidential Information.** Upon conclusion or termination of the Agreement, Receiving Party shall return to Disclosing Party or destroy Confidential Information (including all copies thereof), if requested by Disclosing Party in

writing. Notwithstanding the foregoing, the Receiving Party may retain copies of such Confidential Information, subject to the confidentiality provisions of this Agreement: (a) for archival purposes in its computer system; (b) in its legal department files; and (c) in files of Receiving Party's representatives where such copies are necessary to comply with applicable law. Party shall not disclose the Disclosing Party's Information to any person other than those of the Receiving Party's employees, agents, consultants, contractors and subcontractors who have a need to know in connection with this Agreement.

Section 10. PROJECT SITE.

- 10.1 Operations at the Project Site.** Each Project site may include the power plant areas, all buildings, offices, and other locations where Work is to be performed, including any access roads. Contractor shall perform the Work in such a manner as to cause a minimum of interference with the operations of the Agency; if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4; and other contractors at the Project site and to protect all persons and property thereon from damage or injury. Upon completion of the Work at a Project site, Contractor shall leave such Project site clean and free of all tools, equipment, waste materials and rubbish, stemming from or relating to Contractor's Work.
- 10.2 Contractor's Equipment, Tools, Supplies and Materials.** Contractor shall be solely responsible for the transportation, loading and unloading, and storage of any equipment, tools, supplies or materials required for performing the Work, whether owned, leased or rented. Neither Agency nor, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, will be responsible for any such equipment, supplies or materials which may be lost, stolen or damaged or for any additional rental charges for such. Equipment, tools, supplies and materials left or stored at a Project site, with or without permission, is at Contractor's sole risk. Anything left on the Project site an unreasonable length of time after the Work is completed shall be presumed to have been abandoned by the Contractor. Any transportation furnished by Agency or, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, shall be solely as an accommodation and neither Agency nor, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, shall have liability therefor. Contractor shall assume the risk and is solely responsible for its owned, non-owned and hired automobiles, trucks or other motorized vehicles as well as any equipment, tools, supplies, materials or other property which is utilized by Contractor on the Project site. All materials and supplies used by Contractor in the Work shall be new and in good condition.
- 10.3 Use of Agency Equipment.** Contractor shall assume the risk and is solely responsible for its use of any equipment owned and property provided by Agency and, if applicable, the

entity for which Contractor is performing the Work, as referenced in Section 1.4, for the performance of Work.

Section 11. WARRANTY.

- 11.1 Nature of Work.** In addition to any and all warranties provided or implied by law or public policy, Contractor warrants that all Work shall be free from defects in design and workmanship, and that Contractor shall perform all Work in accordance with applicable federal, state, and local laws, rules and regulations including engineering, construction and other codes and standards and prudent electrical utility standards, and in accordance with the terms of this Agreement.
- 11.2 Deficiencies in Work.** In addition to all other rights and remedies which Agency may have, Agency shall have the right to require, and Contractor shall be obligated at its own expense to perform, all further Work which may be required to correct any deficiencies which result from Contractor's failure to perform any Work in accordance with the standards required by this Agreement. If during the term of this Agreement or the one (1) year period following completion of the Work, any equipment, supplies or other materials or Work used or provided by Contractor under this Agreement fails due to defects in material and/or workmanship or other breach of this Agreement, Contractor shall, upon any reasonable written notice from Agency, replace or repair the same to Agency's satisfaction.
- 11.3 Assignment of Warranties.** Contractor hereby assigns to Agency all additional warranties, extended warranties, or benefits like warranties, such as insurance, provided by or reasonably obtainable from suppliers of equipment and material used in the Work.

Section 12. HEALTH AND SAFETY PROGRAMS. The Contractor shall establish, maintain, and enforce safe work practices, and implement an accident/incident prevention program intended to ensure safe and healthful operations under their direction. The program shall include all requisite components of such a program under Federal, State and local regulations and shall comply with all site programs established by Agency and, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4.

- 12.1** Contractor is responsible for acquiring job hazard assessments as necessary to safely perform the Work and provide a copy to Agency upon request.
- 12.2** Contractor is responsible for providing all employee health and safety training and personal protective equipment in accordance with potential hazards that may be encountered in performance of the Work and provide copies of the certified training records upon request by Agency. Contractor shall be responsible for proper maintenance and/or disposal of their personal protective equipment and material handling equipment.

- 12.3** Contractor is responsible for ensuring that its lower-tier subcontractors are aware of and will comply with the requirements set forth herein.
- 12.4** Agency, or its representatives, may periodically monitor the safety performance of the Contractor performing the Work. Contractors and its subcontractors shall be required to comply with the safety and health obligations as established in the Agreement. Non-compliance with safety, health, or fire requirements may result in cessation of work activities, until items in non-compliance are corrected. It is also expressly acknowledged, understood and agreed that no payment shall be due from Agency to Contractor under this Agreement at any time when, or for any Work performed when, Contractor is not in full compliance with this Section 12.
- 12.5** Contractor shall immediately report any injuries to the Agency site safety representative. Additionally, the Contractor shall investigate and submit to the Agency site safety representative copies of all written accident reports, and coordinate with Agency if further investigation is requested.
- 12.6** Contractor shall take all reasonable steps and precautions to protect the health of its employees and other site personnel with regard to the Work. Contractor shall conduct occupational health monitoring and/or sampling to determine levels of exposure of its employees to hazardous or toxic substances or environmental conditions. Copies of any sampling results will be forwarded to the Agency site safety representative upon request.
- 12.7** Contractor shall develop a plan to properly handle and dispose of any hazardous wastes, if any, Contractor generates in performing the Work.
- 12.8** Contractor shall advise its employees and subcontractors that any employee who jeopardizes his/her safety and health, or the safety and health of others, may be subject to actions including removal from Work.
- 12.9** Contractor shall, at the sole option of the Agency, develop and provide to the Agency a Hazardous Material Spill Response Plan that includes provisions for spill containment and clean-up, emergency contact information including regulatory agencies and spill sampling and analysis procedures. Hazardous Materials shall include diesel fuel used for trucks owned or leased by the Contractor.
- 12.10** If Contractor is providing Work to an Agency Member, SCPPA or SCPPA member (collectively "Member" solely for the purpose of this section) pursuant to Section 1.4 hereof, then that Member shall have the same rights as the Agency under Sections 12.1, 12.2, 12.4, 12.5, and 12.6 hereof.

Section 13 **MISCELLANEOUS PROVISIONS.**

- 13.1 **Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.
- 13.2 **Venue.** In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.
- 13.3 **Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
- 13.4 **No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.
- 13.5 **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.
- 13.6 **Conflict of Interest.** Contractor may serve other clients, but none whose activities within the corporate limits of Agency or whose business, regardless of location, would place Contractor in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*

Contractor shall not employ any Agency official in the work performed pursuant to this Agreement. No officer or employee of Agency shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*

- 13.7 **Contract Administrator.** This Agreement shall be administered by Ken Speer, Assistant General Manager, or his/her designee, who shall act as the Agency's representative. All correspondence shall be directed to or through the representative.

- 13.8 **Notices.** Any written notice to Contractor shall be sent to:

Brian Davis dba Northern Industrial Construction
P.O. Box 653
Middletown, CA 95461

Any written notice to Agency shall be sent to:

Randy S. Howard
General Manager
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

With a copy to:

General Counsel
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

- 13.9 Professional Seal.** Where applicable in the determination of the Agency, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation.
- 13.10 Integration; Incorporation.** This Agreement, including all the exhibits attached hereto, represents the entire and integrated agreement between Agency and Contractor and supersedes all prior negotiations, representations, or agreements, either written or oral. All exhibits attached hereto are incorporated by reference herein.
- 13.11 Alternative Dispute Resolution.** If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Agency and Contractor agree to resolve the dispute in accordance with the following:
- 13.11.1** Each party shall designate a senior management or executive level representative to negotiate any dispute;
 - 13.11.2** The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.
 - 13.11.3** If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiation between legal counsel. If the above process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.
 - 13.11.4** The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be

commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.

13.11.5 The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.

13.11.6 The alternative dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative remedy prior to either Party initiating legal action. This alternative dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 *et seq.*

13.12 **Controlling Provisions.** In the case of any conflict between the terms of this Agreement and the Exhibits hereto, a Purchase Order, or Contractor's Proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and a Purchase Order or the Contractor's Proposal, the Exhibits shall control. In the case of any conflict between the terms of a Purchase Order and the Contractor's Proposal, the Purchase Order shall control.

13.13 **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

13.14 **Construction of Agreement.** Each party hereto has had an equivalent opportunity to participate in the drafting of the Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting party shall not apply hereto.

13.15 **No Third Party Beneficiaries.** This Agreement is made solely for the benefit of the parties hereto, with no intent to benefit any non-signator third parties. However, should Contractor provide Work to an Agency member, SCPPA or SCPPA member (collectively for the purpose of this section only "Member") pursuant to Section 1.4, the parties recognize that such Member may be a third party beneficiary solely as to the Purchase Order and Requested Work relating to such Member.

SIGNATURES ON FOLLOWING PAGE

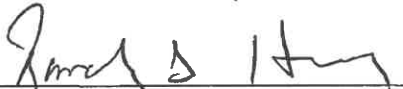
The Parties have executed this Agreement as of the date signed by the Agency.

NORTHERN CALIFORNIA POWER AGENCY

BRIAN DAVIS DBA NORTHERN
INDUSTRIAL CONSTRUCTION

Date 4/22/17

Date 3-10-17


RANDY S. HOWARD, General Manager


BRIAN DAVIS, Owner

Attest:


Assistant Secretary of the Commission

Approved as to Form:

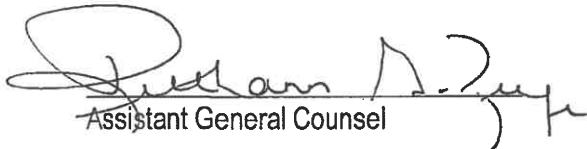

Assistant General Counsel

EXHIBIT A
SCOPE OF WORK

Brian Davis dba Northern Industrial Construction ("Contractor") shall provide maintenance services which include but are not limited to welding, labor and materials for miscellaneous maintenance as requested by Northern California Power Agency ("Agency") at any facilities owned and/or operated by Agency, its Members, Southern California Public Power Authority ("SCPPA") or SCPPA members.

All services identified above shall be promptly provided by Contractor to Agency as directed by Agency and in accordance with all Agency specifications.

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all work, including hourly fees and expenses, shall not exceed the amount set forth in Section 2 hereof. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:

Refer to Attached Rate Sheet Below

NORTHERN INDUSTRIAL CONSTRUCTION

P.O. BOX 194
KELSEYVILLE, CA
Brian Davis (Owner)
(619) 729-3915 (Cell)
(707) 692-7025 (Fax)
bpravis@hotmail.com

**2017
RATE SCHEDULE**

MANPOWER:	<u>STRAIGHT TIME</u>	<u>OVERTIME</u>	<u>DOUBLE TIME</u>
	First 10 hr/day Mon-Thurs	Up to 12hrs day Mon-Thurs Fri- Sat 8 hrs	Over 12 hrs/day
NIC Shop Rates	\$85.00/hr	\$95.00/hr	\$115.00/hr
General Foreman	\$ 65.00/hr	\$ 80.00/hr	\$ 90.00/hr
Working Leadman - Fitter, Welder, Millwright	\$ 65.00/hr	\$ 80.00/hr	\$ 90.00/hr
"B" Craft Person (Laborer)	\$ 55.00/hr	\$ 70.00/hr	\$ 85.00/hr
Call Out	4 hrs Minimum	OT Rate Applies	\$ 100.00/hr
Fire Watch (minimal tools)(site prep, weed eating, ect)	\$ 40.00/hr	\$ 55.00/hr	\$ 70.00/hr
Heavy Equipment Operator	\$ 65.00/hr	\$ 80.00/hr	\$ 90.00/hr
Spotter for Heavy Equipment	\$ 40.00/hr	\$ 55.00/hr	\$ 70.00/hr
PREVAILING WAGES PER LABOR CODES: EFFECTIVE TILL JUNE 2017			
General Foreman	\$85.00/hr	\$100.00/hr	\$120.00/hr
Welder	\$85.00/hr	\$100.00/hr	\$120.00/hr
Laborer	\$60.00/hr	\$95.00 hr	\$115.00/hr
Heavy Equipment Operator	\$80.00/hr	\$95.00/hr	\$120.00/hr
Spotter for Heavy Equipment Operations	\$75.00/hr	\$90.00 hr	\$115.00/hr
EQUIPMENT & MATERIALS RATES:			
Vehicles:			
#15 1995 L9000 International	\$40.00/hr		
#26 1999 int Boom Truck (Big Red)	\$50.00/hr		
#28 2008 Dodge Dually Service Truck	\$35.00/hr		
#30 2000 F-350 White Service Truck	\$35.00/hr		
#32 2008 Ford Ranger Pick-up	\$20.00/hr		
#34 2007 Dodge Red Service Truck	\$35.00/hr		
#36 2006 Dodge (Red 4-door)	\$30.00/hr		
#37 2013 International Boom Truck (Little Boom Truck)	\$50.00/hr		
#38 2001 Dodge Blue Service Truck	\$35.00/hr		
#39 2001 Ford F-450 White Service Truck	\$35.00/hr		
#42 1997 Dodge 3500	\$35.00/hr		
#43 2000 Ford F-450	\$35.00/hr		
#44 2004 Dodge	\$30.00/hr		
#45 97 Toyota	\$30.00/hr		
HEAVY EQUIPMENT RATES:			
#40 1986 Excavator	\$35.00/hr		
#41 2007 Mini Excavator	\$50.00/hr		
#46 60' Manlift	\$40.00/hr		
TRAILER RATES:			
24 GVW Transport	\$18.00/hr		
20' Flat Bed Trailer	\$15.00/hr		
14" Dual Axle Box Trailer	\$18.00/hr		
MISC EQUIPMENT RATES:			
Fire Suppression Equipment (Water Wagon)	\$100.00/day \$350.00/week \$1,000.00/month		
Rental Equipment/Manlift, etc	Cost plus 15%		
All Sub-Contractors	Cost plus 15%		
Materials	Cost plus 15%		
Per Diem (If required Per-Man night only)	\$125.00/night		
Travel Time (If required)	Straight Time Rates will apply		
HOT SHOT SERVICE RATES			
One Driver with One One-Ton Truck	\$85.00/hr		
One Driver with One Half-Ton Truck	\$80.00/hr		
*Note: Hot Shots longer than 10hrs straight, additional driver required or allow 8 hrs down time with Per Diem			

12/8/2016

All services will be billed according to Time & Material (T&M) Rates.

Prices are subject to change with 30 days' advance written notice to Agency.

Pricing for services to be performed at other NCPA facilities, NCPA Member, or SCPPA locations will be quoted at the time services are requested.

NOTE: As a public agency, NCPA shall not reimburse Contractor for travel, food and related costs in excess of those permitted by the Internal Revenue Service.

EXHIBIT C

CERTIFICATION

Affidavit of Compliance for Contractors

I, Brian Davis - Owner

(Name of person signing affidavit)(Title)

do hereby certify that background investigations to ascertain the accuracy of the identity and employment history of all employees of

Northern Industrial Construction

(Company name)

for contract work at

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

have been conducted as required by the California Energy Commission Decision for the above-named project.

Brian PR Davis

(Signature of officer or agent)

Dated this 10th day of March, 20 17.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

EXHIBIT D

CERTIFICATION

Affidavit of Compliance for Hazardous Materials Transport Vendors

I, Brian Davis - Owner

(Name of person signing affidavit)(Title)

do hereby certify that the below-named company has prepared and implemented security plans in conformity with 49 CFR 172, subpart I and has conducted employee background investigations in conformity with 49 CFR 172.802(a), as the same may be amended from time to time,

Northern Industrial Construction

(Company name)

for hazardous materials delivery to:

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

as required by the California Energy Commission Decision for the above-named project.

Brian P. Davis

(Signature of officer or agent)

Dated this 10th day of March, 20 17.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

EXHIBIT E

ATTACHMENT A [from MLA]
AGREEMENT TO BE BOUND

MAINTENANCE LABOR AGREEMENT ATTACHMENT
LODI ENERGY CENTER PROJECT

The undersigned hereby certifies and agrees that:

- 1) It is an Employer as that term is defined in Section 1.4 of the Lodi Energy Center Project Maintenance Labor Agreement ("Agreement" solely for the purposes of this Exhibit E) because it has been, or will be, awarded a contract or subcontract to assign, award or subcontract Covered Work on the Project (as defined in Section 1.2 and 2.1 of the Agreement), or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.
- 2) In consideration of the award of such contract or subcontract, and in further consideration of the promises made in the Agreement and all attachments thereto (a copy of which was received and is hereby acknowledged), it accepts and agrees to be bound by the terms and condition of the Agreement, together with any and all amendments and supplements now existing or which are later made thereto.
- 3) If it performs Covered Work, it will be bound by the legally establishes trust agreements designated in local master collective bargaining agreements, and hereby authorizes the parties to such local trust agreements to appoint trustees and successor trustee to administer the trust funds, and hereby ratifies and accepts the trustees so appointed as if made by the undersigned.
- 4) It has no commitments or agreements that would preclude its full and complete compliance with the terms and conditions of the Agreement.
- 5) It will secure a duly executed Agreement to be Bound, in form identical to this documents, from any Employer(s) at any tier or tiers with which it contracts to assign, award, or subcontract Covered Work, or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.

DATED: 3-10-17

Name of Employer

(NIC)
Brian P. Davis
(Authorized Officer & Title)
PO box 194
Kelseyville CA 95451
(Address)



21

Commission Staff Report

Date February 14, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: Geothermal Resource Group – Five Year Multi-Task Consulting Services for assisting in development of new or production well workovers, interpretation of well analysis reports and supervision during drilling operations. Applicable to the following projects: NCPA Geothermal plant facility.

AGENDA CATEGORY: Consent

FROM:	Ken Speer KS	METHOD OF SELECTION:
	Assistant General Manager	N/A
Division:	Generation Services	<i>If other, please describe:</i>
Department:	Geothermal	

IMPACTED MEMBERS:		
All Members <input type="checkbox"/>	City of Lodi <input checked="" type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input checked="" type="checkbox"/>	City of Lompoc <input checked="" type="checkbox"/>	City of Ukiah <input checked="" type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input checked="" type="checkbox"/>
City of Biggs <input checked="" type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input checked="" type="checkbox"/>	City of Roseville <input checked="" type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input checked="" type="checkbox"/>	City of Santa Clara <input checked="" type="checkbox"/>	Other <input checked="" type="checkbox"/>
<i>If other, please specify</i>		Turlock

RECOMMENDATION:

Approval of Resolution 19-22 authorizing the General Manager or his designee to enter into a Multi-Task Consulting Services Agreement with Geothermal Resource Group for assisting in development of new or production well workovers, interpretation of well analysis reports, and supervision during drilling operations, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$500,000 over five years, for use at the NCPA Geothermal plant facility.

BACKGROUND:

Assisting in development of new or production well workovers, interpretation of well analysis reports and supervision during drilling operations are required from time to time related to project support at the NCPA Geothermal plant facility.

FISCAL IMPACT:

Upon execution, the total cost of the agreement is not to exceed \$500,000 to be used out of the NCPA approved budget. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.

SELECTION PROCESS:

This enabling agreement does not commit NCPA to any expenditure of funds. At the time services are required, NCPA will bid the specific scope of work consistent with NCPA procurement policies and procedures. NCPA currently has a similar agreement in place with Capuano Engineering Company and is soliciting additional consultants for similar services, including Rodney Bray, Steve Gamble, and Keith Powers, and seeks bids from as many qualified providers as possible. Bids are awarded to the lowest cost provider. NCPA will issue purchase orders based on cost and availability of the services needed at the time the service is required.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a “project” for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation above was reviewed by the Facilities Committee on February 6, 2019, and was recommended for Commission approval on Consent Calendar.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy Howard", followed by the word "for" in a cursive script.

RANDY S. HOWARD
General Manager

Attachments (2):

- Resolution
- Multi-Task Consulting Services Agreement with Geothermal Resource Group

RESOLUTION 19-22

**RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY
APPROVING A MULTI-TASK CONSULTING SERVICES AGREEMENT WITH GEOTHERMAL
RESOURCE GROUP**

(reference Staff Report #129:19)

WHEREAS, assisting in development of new or production well workovers, interpretation of well analysis reports, and supervision during drilling operations are periodically required at the NCPA Geothermal plant facility; and

WHEREAS, Geothermal Resource Group is a provider of these services; and

WHEREAS, NCPA seeks to enter into a Multi-Task Consulting Services Agreement with Geothermal Resource Group to provide such services as needed at the NCPA Geothermal plant facility; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager or his designee to enter into a Multi-Task Consulting Services Agreement with Geothermal Resource Group, with any non-substantial changes as approved by the NCPA General Counsel, which shall not exceed \$500,000 over five years for assisting in development of new or production well workovers, interpretation of well analysis reports, and supervision during drilling operations for use at the NCPA Geothermal plant facility.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2019 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
San Francisco BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ROGER FRITH
CHAIR

ATTEST:

CARY A. PADGETT
ASSISTANT SECRETARY



MULTI-TASK CONSULTING SERVICES AGREEMENT BETWEEN THE NORTHERN CALIFORNIA POWER AGENCY AND GEOTHERMAL RESOURCE GROUP, INC.

This Consulting Services Agreement ("Agreement") is made by and between the Northern California Power Agency, a joint powers agency with its main office located at 651 Commerce Drive, Roseville, CA 95678-6420 ("Agency") and Geothermal Resource Group, Inc., a corporation, with its office located at 77530 Enfield Lane, Building E, Palm Desert, CA 92211 ("Consultant") (together sometimes referred to as the "Parties") as of _____, 2019 ("Effective Date") in Roseville, California.

Section 1. SERVICES. Subject to the terms and conditions set forth in this Agreement, Consultant shall provide to Agency the services described in the Scope of Services attached hereto as Exhibit A and incorporated herein ("Services"), at the time and place and in the manner specified therein.

- 1.1 Term of Agreement.** The term of this Agreement shall begin on the Effective Date and shall end when Consultant completes the Services, or no later than five (5) year from the date this Agreement was signed by Agency, whichever is shorter.
- 1.2 Standard of Performance.** Consultant shall perform the Services in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged and for which Consultant is providing the Services. Consultant represents that it is licensed, qualified and experienced to provide the Services set forth herein.
- 1.3 Assignment of Personnel.** Consultant shall assign only competent personnel to perform the Services. In the event that Agency, at any time during the term of this Agreement, requests the reassignment of any such personnel, Consultant shall, upon receiving written notice from Agency of such request, reassign such personnel, as soon as a qualified person becomes available.
- 1.4 Services Provided.** Services provided under this Agreement by Consultant may include Services directly to the Agency.
- 1.5 Request for Services.** At such time that Agency determines to use Consultant's Services under this Agreement, Agency shall issue a Purchase Order. The Purchase Order shall identify the specific services to be performed ("Requested Services"), may include a not-to-exceed monetary cap on Requested Services and expenditures authorized by that Purchase Order, and a time by which the Requested Services shall be completed. Consultant shall have seven (7) calendar days from the date of the Agency's issuance of the Purchase Order in which to respond in writing that Consultant chooses not to perform the Requested Services. If Consultant agrees to perform the Requested Services, begins to perform the Requested Services, or does not respond within the seven (7) day period specified, then Consultant will have agreed to perform the

Requested Services on the terms set forth in the Purchase Order, this Agreement and its Exhibits.

Section 2. COMPENSATION. Agency hereby agrees to pay Consultant an amount **NOT TO EXCEED FIVE HUNDRED THOUSAND** dollars (\$500,000) for the Services, which shall include all fees, costs, expenses and other reimbursables, as set forth in Consultant's fee schedule, attached hereto and incorporated herein as Exhibit B. This dollar amount is not a guarantee that Agency will pay that full amount to the Consultant, but is merely a limit of potential Agency expenditures under this Agreement.

2.1 Invoices. Consultant shall submit invoices, not more often than once a month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date. Invoices shall contain the following information:

- The beginning and ending dates of the billing period;
- Services performed;
- The Purchase Order number authorizing the Services;
- At Agency's option, the total number of hours of work performed under the Agreement by Consultant and each employee, agent, and subcontractor of Consultant performing services hereunder; and
- At Agency's option, when the Consultant's Scope of Work identifies tasks, for each work item in each task, a copy of the applicable time entries showing the name of the person doing the work, the hours spent by each person, a brief description of the work, and each reimbursable expense, with supporting documentation, to Agency's reasonable satisfaction.

Invoices shall be sent to:

Northern California Power Agency
651 Commerce Drive
Roseville, California 95678
Attn: Accounts Payable
AcctsPayable@ncpa.com

2.2 Monthly Payment. Agency shall make monthly payments, based on invoices received, for services satisfactorily performed, and for authorized reimbursable costs incurred. Agency shall have thirty (30) days from the receipt of an invoice that complies with all of the requirements above to pay Consultant.

2.3 Payment of Taxes. Consultant is solely responsible for the payment of all federal, state and local taxes, including employment taxes, incurred under this Agreement.

- 2.4 Authorization to Perform Services.** The Consultant is not authorized to perform any Services or incur any costs whatsoever under the terms of this Agreement without verbal or written authorization from the Contract Administrator.
- 2.5 Timing for Submittal of Final Invoice.** Consultant shall use its best efforts to within ninety (90) days after completion of its Services submit its final invoice for the Requested Services. In the event Consultant is delayed in billing due to receipt of an invoice from a third party, it shall so advise Agency. In the event Consultant fails to submit an invoice to Agency for any amounts due within 120 days from completion of its Services, Consultant is deemed to have waived its right to collect its final payment from Agency.

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Consultant shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the Services.

Section 4. INSURANCE REQUIREMENTS. Before beginning any work under this Agreement, Consultant, at its own cost and expense, shall procure the types and amounts of insurance listed below and shall maintain the types and amounts of insurance listed below for the period covered by this Agreement.

- 4.1 Workers' Compensation.** If Consultant employs any person, Consultant shall maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Consultant with limits of not less than one million dollars (\$1,000,000.00) per accident.
- 4.2 Commercial General and Automobile Liability Insurance.**
- 4.2.1 Commercial General Insurance.** Consultant shall maintain commercial general liability insurance for the term of this Agreement, including products liability, covering any loss or liability, including the cost of defense of any action, for bodily injury, death, personal injury and broad form property damage which may arise out of the operations of Consultant. The policy shall provide a minimum limit of \$1,000,000 per occurrence/\$2,000,000 aggregate. Commercial general coverage shall be at least as broad as ISO Commercial General Liability form CG 0001 (current edition) on "an occurrence" basis covering comprehensive General Liability, with a self-insured retention or deductible of no more than \$100,000. No endorsement shall be attached limiting the coverage.
- 4.2.2 Automobile Liability.** Consultant shall maintain automobile liability insurance form CA 0001 (current edition) for the term of this Agreement covering any loss or liability, including the cost of defense of any action, arising from the operation, maintenance or use of any vehicle (symbol 1), whether or not owned by the Consultant, on or off Agency premises. The

policy shall provide a minimum limit of \$1,000,000 per each accident, with a self-insured retention or deductible of no more than \$100,000. This insurance shall provide contractual liability covering all motor vehicles and mobile equipment to the extent coverage may be excluded from general liability insurance.

4.2.3 General Liability/Umbrella Insurance. The coverage amounts set forth above may be met by a combination of underlying and umbrella policies as long as in combination the limits equal or exceed those stated.

4.3 Professional Liability Insurance. Intentionally Omitted

4.4 All Policies Requirements.

4.4.1 Verification of coverage. Prior to beginning any work under this Agreement, Consultant shall provide Agency with (1) a Certificate of Insurance that demonstrates compliance with all applicable insurance provisions contained herein and (2) policy endorsements to the policies referenced in Section 4.2, adding the Agency as an additional insured and declaring such insurance primary in regard to work performed pursuant to this Agreement.

4.4.2 Notice of Reduction in or Cancellation of Coverage. Consultant shall provide at least thirty (30) days prior written notice to Agency of any reduction in scope or amount, cancellation, or modification adverse to Agency of the policies referenced in Section 4.

4.4.3 Higher Limits. If Consultant maintains higher limits than the minimums specified herein, the Agency shall be entitled to coverage for the higher limits maintained by the Consultant.

4.4.4 Additional Certificates and Endorsements. Intentionally Omitted

4.4.5 Waiver of Subrogation. Consultant agrees to waive subrogation which any insurer of Consultant may acquire from Consultant by virtue of the payment of any loss. Consultant agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. In addition, the Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of Agency for all work performed by Consultant, its employees, agents and subcontractors.

4.6 Consultant's Obligation. Consultant shall be solely responsible for ensuring that all equipment, vehicles and other items utilized in the performance of Services are operated, provided or otherwise utilized in a manner that ensures they are and remain covered by the policies referenced in Section 4 during this Agreement. Consultant shall also ensure that all workers involved in the

provision of Services are properly classified as employees, agents or independent contractors and are and remain covered by any and all workers' compensation insurance required by applicable law during this Agreement.

Section 5. INDEMNIFICATION AND CONSULTANT'S RESPONSIBILITIES.

- 5.1 Effect of Insurance.** Agency's acceptance of insurance certificates and endorsements required under this Agreement does not relieve Consultant from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Consultant acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.
- 5.2 Scope.** Consultant shall indemnify, defend with counsel reasonably acceptable to the Agency, and hold harmless the Agency, and its officials, commissioners, officers, employees, agents and volunteers from and against all losses, liabilities, claims, demands, suits, actions, damages, expenses, penalties, fines, costs (including without limitation costs and fees of litigation) arising out of Consultant's operations or the misconduct or negligent acts, errors or omissions by Consultant, its officers, officials, agents, and employees while providing the Services, except as caused by the sole or gross negligence of Agency. Notwithstanding, should this Agreement be construed as a construction agreement under Civil Code section 2783, then the exception referenced above shall also be for the active negligence of Agency.

Section 6. STATUS OF CONSULTANT.

- 6.1 Independent Contractor.** Consultant is an independent contractor and not an employee of Agency. Agency shall have the right to control Consultant only insofar as the results of Consultant's Services and assignment of personnel pursuant to Section 1; otherwise, Agency shall not have the right to control the means by which Consultant accomplishes Services rendered pursuant to this Agreement. Notwithstanding any other Agency, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by Agency, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of Agency and entitlement to any contribution to be paid by Agency for employer contributions and/or employee contributions for PERS benefits.

Consultant shall indemnify, defend, and hold harmless Agency for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the

payment of any penalties and interest on such contributions, which would otherwise be the responsibility of Agency. Consultant and Agency acknowledge and agree that compensation paid by Agency to Consultant under this Agreement is based upon Consultant's estimated costs of providing the Services, including salaries and benefits of employees, agents and subcontractors of Consultant.

Consultant shall indemnify, defend, and hold harmless Agency from any lawsuit, administrative action, or other claim for penalties, losses, costs, damages, expense and liability of every kind, nature and description that arise out of, pertain to, or relate to such claims, whether directly or indirectly, due to Consultant's failure to secure workers' compensation insurance for its employees, agents, or subcontractors.

Consultant agrees that it is responsible for the provision of group healthcare benefits to its fulltime employees under 26 U.S.C. § 4980H of the Affordable Care Act. To the extent permitted by law, Consultant shall indemnify, defend and hold harmless Agency from any penalty issued to Agency under the Affordable Care Act resulting from the performance of the Services by any employee, agent, or subcontractor of Consultant.

- 6.2 Consultant Not Agent.** Except as Agency may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of Agency in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied, pursuant to this Agreement to bind Agency to any obligation whatsoever.
- 6.3 Assignment and Subcontracting.** This Agreement contemplates personal performance by Consultant and is based upon a determination of Consultant's unique professional competence, experience, and specialized professional knowledge. A substantial inducement to Agency for entering into this Agreement was and is the personal reputation and competence of Consultant. Consultant may not assign this Agreement or any interest therein without the prior written approval of the Agency. Consultant shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors identified in Exhibit A, without prior written approval of the Agency. Where written approval is granted by the Agency, Consultant shall supervise all work subcontracted by Consultant in performing the services and shall be responsible for all work performed by a subcontractor as if Consultant itself had performed such work. The subcontracting of any work to subcontractors shall not relieve Consultant from any of its obligations under this Agreement with respect to the services and Consultant is obligated to ensure that any and all subcontractors performing any services shall be fully insured in all respects and to the same extent as set forth under Section 4, to Agency's satisfaction.

Section 7. LEGAL REQUIREMENTS.

- 7.1 **Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 **Compliance with Applicable Laws.** Consultant and its subcontractors and agents, if any, shall comply with all laws applicable to the performance of the work hereunder.
- 7.3 **Licenses and Permits.** Consultant represents and warrants to Agency that Consultant and its employees, agents, and subcontractors (if any) have and will maintain at their sole expense during the term of this Agreement all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice their respective professions.

Section 8. TERMINATION AND MODIFICATION.

- 8.1 **Termination.** Agency may cancel this Agreement at any time and without cause upon ten (10) days prior written notice to Consultant.

In the event of termination, Consultant shall be entitled to compensation for Services satisfactorily completed as of the effective date of termination; Agency, however, may condition payment of such compensation upon Consultant delivering to Agency any or all records or documents, as referenced in Section 9.1 hereof.

- 8.2 **Amendments.** The Parties may amend this Agreement only by a writing signed by all the Parties.
- 8.3 **Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between Agency and Consultant shall survive the termination of this Agreement.
- 8.4 **Options upon Breach by Consultant.** If Consultant materially breaches any of the terms of this Agreement, including but not limited to those set forth in Section 4, Agency's remedies shall include, but not be limited to, the following:
- 8.4.1 Immediately terminate the Agreement with prior written Notice;
 - 8.4.2 Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Consultant pursuant to the Services provided;
 - 8.4.3 Retain a different consultant to complete the Services not finished by Consultant; and/or
 - 8.4.4 Charge Consultant the cost to complete the Services that are unfinished at the time of material breach.

Section 9. KEEPING AND STATUS OF RECORDS.

- 9.1 Records Created as Part of Consultant's Performance.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Consultant prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the Agency. Consultant hereby agrees to deliver those documents to the Agency upon termination of the Agreement. Agency and Consultant agree that, unless approved by Agency in writing or as required by Law, Consultant shall not release to any non-parties to this Agreement any data, plans, specifications, reports and other documents.
- 9.2 Consultant's Books and Records.** Consultant shall maintain any and all records or other documents evidencing or relating to charges for Services or expenditures and disbursements charged to the Agency under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Consultant to this Agreement.
- 9.3 Inspection and Audit of Records.** Any records or documents that this Agreement requires Consultant to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the Agency. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds ten thousand dollars (\$10,000.00), the Agreement shall be subject to the examination and audit of the State Auditor, at the request of Agency or as part of any audit of the Agency, for a period of three (3) years after final payment under the Agreement.
- 9.4 Confidential Information and Disclosure.**
- 9.4.1 Confidential Information.** The term "Confidential Information", as used herein, shall mean any and all confidential, proprietary, or trade secret information, whether written, recorded, electronic, oral or otherwise, where the Confidential Information is made available in a tangible medium of expression and marked in a prominent location as confidential, proprietary and/or trade secret information. Confidential Information shall not include information that: (a) was already known to the Receiving Party or is otherwise a matter of public knowledge, (b) was disclosed to Receiving Party by a third party without violating any confidentiality agreement, (c) was independently developed by Receiving Party without reverse engineering, as evidenced by written records thereof, or (d) was not marked as confidential Information in accordance with this section.
- 9.4.2 Non-Disclosure of Confidential Information.** During the term of this Agreement, either party may disclose ("The Disclosing Party") confidential

Information to the other party ("the Receiving Party"). The Receiving Party: (a) shall hold the Disclosing Party's Confidential Information in confident; and (b) shall take all reasonable steps to prevent any unauthorized possession, use, copying, transfer or disclosure of such Confidential Information.

9.4.3 Permitted Disclosure. Notwithstanding the foregoing, the following disclosures of Confidential Information are allowed. Receiving Party shall endeavor to provide prior written notice to Disclosing Party of any permitted disclosure made pursuant to Section 9.4.3.2 or 9.4.3.3. Disclosing Party may seek a protective order, including without limitation, a temporary restraining order to prevent or contest such permitted disclosure; provided, however, that Disclosing Party shall seek such remedies at its sole expense. Neither party shall have any liability for such permitted disclosures:

9.4.3.1 Disclosure to employees, agents, consultants, contractors, subcontractors or other representatives of Receiving Party that have a need to know in connection with this Agreement.

9.4.3.2 Disclosure in response to a valid order of a court, government or regulatory agency or as may otherwise be required by law; and

9.4.3.3 Disclosure by Agency in response to a request pursuant to the California Public Records Act.

9.4.4 Handling of Confidential Information. Upon conclusion or termination of the Agreement, Receiving Party shall return to Disclosing Party or destroy Confidential Information (including all copies thereof), if requested by Disclosing Party in writing. Notwithstanding the foregoing, the Receiving Party may retain copies of such Confidential Information, subject to the confidentiality provisions of this Agreement: (a) for archival purposes in its computer system; (b) in its legal department files; and (c) in files of Receiving Party's representatives where such copies are necessary to comply with applicable law. Party shall not disclose the Disclosing Party's Information to any person other than those of the Receiving Party's employees, agents, consultants, contractors and subcontractors who have a need to know in connection with this Agreement or the Services provided.

Section 10. MISCELLANEOUS PROVISIONS.

10.1 Attorneys' Fees. If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in

addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.

- 10.2 Venue.** In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.
- 10.3 Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
- 10.4 No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.
- 10.5 Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.
- 10.6 Conflict of Interest.** Consultant may serve other clients, but none whose activities within the corporate limits of Agency or whose business, regardless of location, would place Consultant in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*
- Consultant shall not employ any Agency official in the work performed pursuant to this Agreement. No officer or employee of Agency shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*
- 10.7 Contract Administrator.** This Agreement shall be administered by Ken Speer, Assistant General Manager, or his/her designee, who shall act as the Agency's representative. All correspondence shall be directed to or through the representative.
- 10.8 Notices.** Any written notice to Consultant shall be sent to:

William M. Rickard
President
Geothermal Resource Group, Inc.
77530 Enfield Land, Building E
Palm Desert, CA 92211

With a copy to:

Monica E. Amboss, Attorney
Law Office of Monica E. Amboss, a California Professional Law Corporation
40634 Eastwood Lane
Palm Desert, CA 92211

Any written notice to Agency shall be sent to:

Randy S. Howard
General Manager
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

With a copy to:

Jane E. Luckhardt
General Counsel
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

- 10.9 Professional Seal.** Where applicable in the determination of the Agency, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation.
- 10.10 Integration; Incorporation.** This Agreement, including all the exhibits attached hereto, represents the entire and integrated agreement between Agency and Consultant and supersedes all prior negotiations, representations, or agreements, either written or oral. All exhibits attached hereto are incorporated by reference herein.
- 10.11 Alternative Dispute Resolution.** If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Agency and Consultant agree to resolve the dispute in accordance with the following:
- 10.11.1** Each party shall designate a senior management or executive level representative to negotiate any dispute;
 - 10.11.2** The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.
 - 10.11.3** If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiation between legal counsel. If the above process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.

- 10.11.4** The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.
- 10.11.5** The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.
- 10.11.6** The alternative dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative prior to either Party initiating legal action. This alternative dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 *et seq.*

10.12 Controlling Provisions. In the case of any conflict between the terms of this Agreement and the Exhibits hereto, a Purchase Order, or Consultant's Proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and a Purchase Order or the Consultant's Proposal, the Exhibits shall control. In the case of any conflict between the terms of a Purchase Order and the Consultant's Proposal, the Purchase Order shall control.

10.13 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

10.14 Construction of Agreement. Each party hereto has had an equivalent opportunity to participate in the drafting of the Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting party shall not apply hereto.

10.15 No Third Party Beneficiaries. This Agreement is made solely for the benefit of the parties hereto, with no intent to benefit any non-signator third parties. .

The Parties have executed this Agreement as of the date signed by the Agency.

NORTHERN CALIFORNIA POWER AGENCY

GEOHERMAL RESOURCE GROUP, INC.

Date _____

Date _____

RANDY S. HOWARD, General Manager

William M. RICKARD, President

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Jane E. Luckhardt, General Counsel

EXHIBIT A

SCOPE OF SERVICES

Geothermal Resource Group, Inc. ("Consultant") shall provide consulting services as requested by the Northern California Power Agency ("Agency") at the Geyser's Geothermal Facility Plant. Services shall include, but not be limited to the following:

- Assist in the development of new or production well workover plans and bid packages for drilling rig operations.
- Provide drilling engineering.
- Provide day and/or night supervision at the drill rig site for all drilling activities performed at the work site, including but not limited to:
 - Supervise the operation of the drill rig and all of the contractors that will be working on the drill rig site, with an emphasis on safety and the environment ; and
 - Track costs while managing the drilling operation in the most fiscally responsible method possible.
- Plan and supervise well testing activities.
- Wellsite geology.
- Interpret well analysis reports and assist to derive best solutions.

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all tasks, including hourly fees and expenses, shall not exceed the amount stated in Section 2 of the Agreement. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:

Geothermal Resource Group Rates

Rates may be adjusted annually to reflect merit, market, and changes in the expected level and mode of operations upon the giving of 30 days' written notice to Agency. Revised fee schedules and charges will apply to existing and new assignments.

Engineering and Geoscience

The charge for time required to perform engineering and geosciences services and related consultation, including office, field and travel time, is charged at the hourly and daily rates set forth below for the labor classifications indicated.

<u>Labor Classification</u>	<u>Rate per Hour</u>	<u>Rate per Day</u>
Senior Technical Advisor	\$480	\$4800
Principal Engineer	\$290	\$2900
Senior Engineer/Geologist	\$225	\$2250
Project Engineer/Geologist	\$170	\$1700
Staff Engineer/Geologist	\$110	\$1100
Technician	\$85	\$850
Clerical	\$60	\$600

Field Management and Supervision

<u>Labor Classification</u>	<u>Rate per Day</u>
Drilling Manager	\$2250
Coordinating Supervisor	\$2000
Drilling Supervisor	\$1900
Well Test Engineer	\$2250
Well Site Geologist	\$1700
Geochemist	\$1700
Survey Engineer	\$1500

Other Charges

Travel and Other Direct Costs

The minimum charge for work performed away from the point of origin is one half day. All travel is charged portal to portal, and travel over 5 hours is charged a full day. The cost of travel, transfers and other direct project costs are charged at cost plus 18%. Air travel over 4 hours is via business class seating. A per diem charge of \$250 per day may be used for lodging, meals

and incidentals in lieu of actual costs, or \$90 per day for meals and incidentals if lodging is not required. Personal vehicle mileage is reimbursed at the rate permitted by the Internal Revenue Service.

Third-Party Costs

Third party costs will be billed at cost plus 18%.

Consulting Retainer

A consulting retainer may be required for Clients without established GRG credit history.

NOTE: As a public agency, NCPA shall not reimburse Consultant for travel, food and related costs in excess of those permitted by the Internal Revenue Service.



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Commission Staff Report

Date February 14, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: Nick Barbieri Trucking, LLC dba Redwood Coast Fuels – Five Year Agreement for Purchase of Equipment, Materials and Supplies to provide delivery of fuels, oils, lubricants and other miscellaneous petroleum products; Applicable to the following projects: NCPA Geothermal plant facility.

AGENDA CATEGORY: Consent

FROM:	Ken Speer <i>KS</i>	METHOD OF SELECTION:
	Assistant General Manager	N/A
Division:	Generation Services	<i>If other, please describe:</i>
Department:	Geothermal	

IMPACTED MEMBERS:		
All Members <input type="checkbox"/>	City of Lodi <input checked="" type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input checked="" type="checkbox"/>	City of Lompoc <input checked="" type="checkbox"/>	City of Ukiah <input checked="" type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input checked="" type="checkbox"/>
City of Biggs <input checked="" type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input checked="" type="checkbox"/>	City of Roseville <input checked="" type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input checked="" type="checkbox"/>	City of Santa Clara <input checked="" type="checkbox"/>	Other <input checked="" type="checkbox"/>
<i>If other, please specify</i>		Turlock

RECOMMENDATION:

Approval of Resolution 19-23 authorizing the General Manager or his designee to enter into an Agreement for Purchase of Equipment, Materials and Supplies with Nick Barbieri Trucking, LLC dba Redwood Coast Fuels for the delivery of fuels, oils, lubricants, and other miscellaneous petroleum products with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$2,000,000 over five years, for use at the NCPA Geothermal plant facility.

BACKGROUND:

The delivery of fuels, oils, lubricants, and other miscellaneous petroleum products are required from time to time at the NCPA Geothermal plant facility.

FISCAL IMPACT:

Upon execution, the total cost of the agreement is not to exceed \$2,000,000 to be used out of the NCPA approved budget. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.

SELECTION PROCESS

This enabling agreement does not commit NCPA to any expenditure of funds. At the time services are required, NCPA will bid the specific scope of work consistent with NCPA procurement policies and procedures. NCPA currently has a similar agreement in place with Westgate Petroleum Company, Inc., and seeks bids from as many qualified providers as possible. Bids are awarded to the lowest cost provider. NCPA will issue purchase orders based on cost and availability of the services needed at the time the service is required.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a “project” for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation above was reviewed by the Facilities Committee on February 6, 2019, and was recommended for Commission approval on Consent Calendar.

Respectfully submitted,

A handwritten signature in black ink that reads "Warty Haul for". The signature is written in a cursive, stylized font.

RANDY S. HOWARD
General Manager

Attachments (2):

- Resolution
- Agreement for Purchase of Equipment, Materials And Supplies with Nick Barbieri Trucking, LLC dba Redwood Coast Fuels

RESOLUTION 19-23

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVING AN AGREEMENT FOR PURCHASE OF EQUIPMENT, MATERIALS AND SUPPLIES WITH NICK BARBIERI TRUCKING, LLC DBA REDWOOD COAST FUELS

(reference Staff Report #130:19)

WHEREAS, purchase and delivery of fuel, oils, lubricants and other miscellaneous petroleum products purchases are required at the NCPA Geothermal plant facility; and

WHEREAS, Nick Barbieri Trucking, LLC dba Redwood Coast Fuels is a provider of these products and services; and

WHEREAS, NCPA seeks to enter in an Agreement For Purchase of Equipment, Materials and Supplies with Nick Barbieri Trucking, LLC dba Redwood Coast Fuels to provide such services as needed at the NCPA Geothermal plant facility in an amount not to exceed \$2,000,000 over five years; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager or his designee to enter into an Agreement For Purchase of Equipment, Materials and Supplies with Nick Barbieri Trucking, LLC dba Redwood Coast Fuels with any non-substantial changes as approved by the NCPA General Counsel, which shall not exceed \$2,000,000 for the purchase and delivery of fuel, oils, lubricants and other miscellaneous petroleum products for use at the NCPA Geothermal plant facility

PASSED, ADOPTED and APPROVED this ____ day of _____, 2019 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
San Francisco BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ROGER FRITH
CHAIR

ATTEST:

CARY A. PADGETT
ASSISTANT SECRETARY



**AGREEMENT FOR PURCHASE OF
EQUIPMENT, MATERIALS AND SUPPLIES
BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
NICK BARBIERI TRUCKING, LLC DBA REDWOOD COAST FUELS
(Single Task)**

This Agreement for Purchase of Equipment, Materials and Supplies ("Agreement") is made by and between the Northern California Power Agency, a joint powers agency with its main office located at 651 Commerce Drive, Roseville, CA, 95678-6420 ("Agency"), and Nick Barbieri Trucking, LLC dba Redwood Coast Fuels, with its office located at 3471 N State Street, Ukiah, CA 95482 ("Supplier"), (together sometimes referred to as the "Parties") as of _____, 2019 (the "Effective Date") in Roseville, California.

Section 1. SCOPE. In accordance with the terms and conditions set forth in this Agreement, Supplier agrees to deliver the equipment, materials and supplies ("Goods") described in Exhibit A, attached hereto and incorporated herein to Agency's Project Site, DDP, located at Middletown, CA. Supplier shall be responsible at its sole expense for delivering the Goods to Agency's Project Site and title shall not pass until the Agency accepts delivery at this Site. In the event of a conflict or inconsistency between the terms of this Agreement and Exhibit A, this Agreement shall prevail.

Section 2. TERM OF AGREEMENT. This Agreement shall begin upon Effective Date and shall end on the earlier of five (5) years after the Effective Date or when Supplier has provided to Agency the Goods described in Exhibit A.

Section 3. COMPENSATION. Agency hereby agrees to pay Supplier for the Goods an amount not to exceed TWO MILLION \$2,000,000 as total compensation under this Agreement, which includes all shipping, taxes (if applicable), insurance, delivery charges, and any other fees, costs or charges. This dollar amount is not a guarantee that Agency will pay that full amount to the Supplier, but is merely a limit of potential Agency expenditures under this Agreement.

3.1 Invoices. Supplier shall have ninety (90) days after the delivery of Goods to invoice Agency for all amounts due and outstanding under this Agreement. Supplier shall include the number of the Purchase Order which authorized the Goods for which Supplier is seeking payment. In the event Supplier fails to invoice Agency for all amounts due within such ninety (90) day period, Supplier waives its right to collect payment from Agency for such amounts. All invoices shall be submitted to:

Northern California Power Agency
651 Commerce Drive
Roseville, California 95678
Attn: Accounts Payable
AcctsPayable@ncpa.com

3.2 Payment. Agency shall pay all invoices within thirty (30) days of the receipt of any invoice for Goods satisfactorily received.

- 3.3 Timing for Submittal of Final Invoice.** Supplier shall have ninety (90) days after delivery of Goods to submit its final invoice for the Requested Work. In the event Supplier fails to submit an invoice to Agency for any amounts due within the ninety (90) day period, Supplier is deemed to have waived its right to collect its final payment for Goods from Agency.

Section 4. INSURANCE REQUIREMENTS. Before beginning any work under this Agreement, Supplier, at its own cost and expense, shall procure the types and amounts of insurance listed below for the period covered by the Agreement.

- 4.1 Workers' Compensation.** If Supplier employs any person, Supplier shall maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Supplier with limits of not less than one million dollars (\$1,000,000) per accident.
- 4.2 Automobile Liability.** Supplier shall maintain automobile liability insurance for the term of this Agreement covering any loss or liability, including the cost of defense of any action, arising from the operation, maintenance or use of any vehicle, whether or not owned by the Supplier, on or off Agency premises. The policy shall provide a minimum limit of \$3,000,000 per each accident, with \$5,000,000 aggregate. This insurance shall provide contractual liability covering all motor vehicles and mobile equipment utilized in the transport of the Goods to the Agency's Project Site.
- 4.3 Commercial General Liability (CGL).** Supplier shall maintain commercial general liability coverage covering Goods, including product liability, covering any loss or liability, including the cost of defense of any action, for bodily injury, death, personal injury and broad form property damage which may arise out of the operations of Supplier in regard to this Agreement with not less than \$3,000,000/\$5,000,000 aggregate for bodily injury and property damage, on an occurrence basis. No endorsement shall be attached limiting the coverage.
- 4.4 General Liability/Umbrella Insurance.** The coverage amounts set forth above may be met by a combination of underlying and umbrella policies as long as in combination the limits equal or exceed those stated.
- 4.5 All Policies Requirements.**
- 4.5.1 Verification of Coverage.** Prior to beginning any work under this Agreement, Supplier shall, at the sole option of the Agency, provide Agency with (1) a Certificate of Insurance that demonstrates compliance with all applicable insurance provisions contained herein and (2) policy endorsements to the automobile liability policy and the CGL policy adding the Northern California Power Agency as an Additional Insured and declaring such insurance primary in regard to work performed pursuant to this Agreement and that Agency's insurance is excess and non-contributing.

4.5.2 Notice of Reduction in or Cancellation of Coverage. Supplier agrees to provide at least thirty (30) days prior written notice of any cancellation or reduction in scope or amount of the insurance required under this Agreement.

4.5.3 Waiver of Subrogation. Supplier agrees to waive subrogation which any insurer of Supplier may acquire from Supplier by virtue of the payment of any loss. Supplier agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation.

4.5.4 Self-Insured Retention. Supplier shall declare the amount of the self-insured retention to the Agency; the amount shall be not more than \$100,000.

4.6 Pollution Insurance. If Contractor's Work involves its transporting hazardous materials, then Contractor shall obtain and maintain Contractors' Pollution Liability Insurance of not less than two million dollars (\$2,000,000) for any one occurrence and not less than four million dollars (\$4,000,000) aggregate. Any deductible or self-insured retention shall not exceed two hundred fifty thousand dollars (\$250,000) per claim. Such insurance shall be on "an occurrence" basis. In addition, Contractor shall ensure that such insurance complies with any applicable requirements of the California Department of Toxic Substances Control and California regulations relating to the transport of hazardous materials (Health & Safety Code sections 25160 *et seq.*).

"Hazardous Materials" means any toxic or hazardous substance, hazardous material, dangerous or hazardous waste, dangerous good, radioactive material, petroleum or petroleum-derived products or by-products, or any other chemical, substance, material or emission, that is regulated, listed, or controlled pursuant to any national, state, or local law, statute, ordinance, directive, regulation, or other legal requirement of the United States.

Section 5. WARRANTY. In addition to any and all warranties provided or implied by law or public policy, or any other warranties provided by Supplier, Supplier warrants that all Goods are free from defects in design and workmanship; comply with applicable federal, state and local laws and regulations; are new, of good quality and workmanship, and free from defects; are suitably safe and sufficient for the purpose for which they are normally used; and are not subject to any liens or encumbrances. Supplier shall provide all Goods in accordance with all applicable engineering, construction and other codes and standards, in accordance with prudent electrical utility standards, and in accordance with the terms of this Agreement applicable to such Goods, all with the degree of high quality and workmanship expected from purveyors engaged in the practice of providing materials and supplies of a similar nature. Moreover, if, during the term of this Agreement (or during the one (1) year period following the term hereof, unless Supplier's warranty is for greater than one (1) year, in which case Supplier's warranty shall be applied), the Goods provided by Supplier under this Agreement fail due to defects in material and/or workmanship or other breach of this Agreement, Supplier shall, upon any reasonable written notice from Agency, replace or repair the same to Agency's satisfaction.

Section 6. INDEMNIFICATION AND SUPPLIER'S RESPONSIBILITIES.

- 6.1 Effect of Insurance.** Agency's acceptance of insurance certificates and endorsements required under this Agreement does not relieve Supplier from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Supplier acknowledges and agrees to the provisions of this section and that it is a material element of consideration.
- 6.2 Scope.** Supplier shall indemnify, defend with counsel reasonably acceptable to the Agency, and hold harmless the Agency, and its officials, commissioners, officers, employees, agents and volunteers from and against all losses, liabilities, claims, demands, suits, actions, damages, expenses, penalties, fines, costs (including without limitation costs and fees of litigation), judgments and causes of action of every nature arising out of or in connection with any acts or omissions by Supplier, its officers, officials, agents, and employees, except as caused by the sole or gross negligence of Agency. Notwithstanding, should this Agreement be construed as a construction agreement under Civil Code section 2783, then the exception referenced above shall also be for the active negligence of Agency.
- 6.3 Transfer of Title.** Supplier shall be deemed to be in exclusive possession and control of the Goods and shall be responsible for any damages or injury caused thereby, including without limitation any spills, leaks, discharges or releases of any Goods, until Agency accepts delivery at its Site. For the purposes of this Agreement, such acceptance shall occur after Supplier or its agents complete transfer of the Goods into appropriate containers, machinery, storage tanks or other storage apparatus identified by NCPA. In the event a spill, leak, discharge or release requires notification to a federal, state or local regulatory agency, Supplier shall be responsible for all such notifications. Should Supplier be required to remedy or remove Goods as a result of a leak, spill, release or discharge of Goods into the environment at Agency's Site or elsewhere, Supplier agrees to remediate, remove or cleanup Agency's Site to a level sufficient to receive a "No Further Action Required" or "Closure Letter" from the appropriate regulatory authority.

Section 7. MISCELLANEOUS PROVISIONS.

- 7.1 Integration; Incorporation.** This Agreement, including all the exhibits attached hereto, represents the entire and integrated agreement between Agency and Supplier and supersedes all prior negotiations, representations, or agreements, either written or oral. All exhibits attached hereto are incorporated by reference herein.
- 7.2 Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

- 7.3 **Compliance with Applicable Law.** Supplier shall comply with all applicable federal, state, and local laws, rules and regulations in regard to this Agreement and the Goods supplied hereunder.
- 7.4 **Construction of Agreement.** The Parties agree that the usual construction of an agreement against the drafting party shall not apply here.
- 7.5 **Supplier's Status.** Supplier is an independent contractor and not an employee or agent of NCPA.
- 7.6 **Non-assignment.** Supplier may not assign this Agreement without the prior written consent of NCPA, which shall not be unreasonably withheld.
- 7.7 **Governing Law.** This Agreement and all matters pertaining to it, shall be governed by the laws of the State of California and venue shall lie in Placer County or in the county to which the Goods are delivered.
- 7.8 **Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.
- 7.9 **Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
- 7.10 **No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.
- 7.11 **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.
- 7.12 **Conflict of Interest.** Supplier may serve other clients, but none whose activities within the corporate limits of Agency or whose business, regardless of location, would place Supplier in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*
- Supplier shall not employ any Agency official in the work performed pursuant to this Agreement. No officer or employee of Agency shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*
- 7.13 **Contract Administrator.** This Agreement shall be administered by Ken Speer, Assistant General Manager, or his/her designee, who shall act as the Agency's

representative. All correspondence shall be directed to or through the representative.

7.14 Notices. Any written notice to Supplier shall be sent to:

Nick Barbieri
Owner
Redwood Coast Fuels
50 West Lake Mendocino Drive
Ukiah, CA 95482

Any written notice to Agency shall be sent to:

Mr. Randy S. Howard
General Manager
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

With a copy to:

General Counsel
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

7.15 Alternative Dispute Resolution. If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Agency and Supplier agree to resolve the dispute in accordance with the following:

- 7.15.1** Each party shall designate a senior management or executive level representative to negotiate any dispute;
- 7.15.2** The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.
- 7.15.3** If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiation between legal counsel. If the above process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.
- 7.15.4** The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.

- 7.15.5** The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.
- 7.15.6** The alternative dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative remedy prior to either Party initiating legal action. This alternative dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 *et seq.*
- 7.16** **Controlling Provisions.** In the case of any conflict between the terms of this Agreement and the Exhibits hereto, and Supplier's Proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and the Supplier's Proposal, the Exhibits shall control.
- 7.17** **Certification as to California Energy Commission.** Not Applicable
- 7.18** **Certification as to California Energy Commission Regarding Hazardous Materials Transport Vendors.** Not Applicable
- 7.19** **No Third Party Beneficiaries.** This Agreement is made solely for the benefit of the parties hereto, with no intent to benefit any non-signator third parties.
- 7.20** **Amendments.** The Parties may amend this Agreement only by a writing signed by both of the Parties.

The Parties have executed this Agreement as of the date signed by the Agency.

Date _____

NORTHERN CALIFORNIA POWER AGENCY

Date _____

NICK BARBIERI TRUCKING, LLC DBA
REDWOOD COAST FUELS

RANDY S. HOWARD, General Manager

NICK BARBIERI, Owner

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Jane E. Luckhardt, General Counsel

EXHIBIT A

PURCHASE LIST

As requested by Agency, Supplier shall provide, but limited to the delivery of Fuels, Oils, Lubricants, and other miscellaneous petroleum products to the Geothermal Facility Storage Tanks.

Fuels and Lubricants, but not limited to the following:

- GST 32 Turbine oil delivered to Plant 2 – 8,000 gallon clean oil tank
- Gasoline delivered to the facility - 500 gallon gas tank for vehicles.
- Clear diesel delivered to the facility – 500 gallon fuel tank for vehicles.
- Red diesel delivered to the Plant 1, fuel tank used for the backup diesel generator and back up diesel fire pump. – 1,000 gallon tank.
- Red diesel delivered to the Plant 2, fuel tank used for the backup diesel generator and back up diesel fire pump. – 1,000 gallon tank.

GST 32 Turbine Oil \$13.48 Price per Gallon

Fuel (gasoline & diesel) S.F. Bay Area prior day OPIS Avg. +\$.22

Gasoline and diesel pricing will change daily based on the prior day average cost as published by OPIS.

Lubricant pricing is subject to change in the event of a price change by Redwood's vendor. Supplier shall provide Agency with advance written notice of any change in Agency's price, and such change in price shall mirror the price increase/decrease received from Supplier's vendor.

EXHIBIT B – Not Applicable
CERTIFICATION
Affidavit of Compliance for Suppliers

I,

(Name of person signing affidavit)(Title)

do hereby certify that background investigations to ascertain the accuracy of the identity and employment history of all employees of

(Company name)

for contract work at:

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

have been conducted as required by the California Energy Commission Decision for the above-named project.

(Signature of officer or agent)

Dated this _____ day of _____, 20 _____.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

EXHIBIT C – Not Applicable

CERTIFICATION

Affidavit of Compliance for Hazardous Materials Transport Vendors

I, _____,

(Name of person signing affidavit)(Title)

do hereby certify that the below-named company has prepared and implemented security plans in conformity with 49 CFR 172, subpart I and has conducted employee background investigations in conformity with 49 CFR 172.802(a), as the same may be amended from time to time,

(Company name)

for hazardous materials delivery to:

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

as required by the California Energy Commission Decision for the above-named project.

(Signature of officer or agent)

Dated this _____ day of _____, 20 ____.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.



Commission Staff Report

February 12, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: WAPA Letter of Agreement 19-SNR-02195

AGENDA CATEGORY: Consent

FROM:	Tony Zimmer <i>ZZ</i>	METHOD OF SELECTION:
	AGM, Power Management	N/A
Division:	Power Management	<i>If other, please describe:</i>
Department:	Power Management	

IMPACTED MEMBERS:		
All Members <input type="checkbox"/>	City of Lodi <input checked="" type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input checked="" type="checkbox"/>	City of Lompoc <input checked="" type="checkbox"/>	City of Ukiah <input checked="" type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input checked="" type="checkbox"/>	Plumas-Sierra REC <input checked="" type="checkbox"/>
City of Biggs <input checked="" type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input checked="" type="checkbox"/>
City of Gridley <input checked="" type="checkbox"/>	City of Roseville <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input checked="" type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	Other <input type="checkbox"/>
<i>If other, please specify</i>		

RECOMMENDATION:

NCPA staff recommends that the Commission adopt and approve Letter of Agreement 19-SNR-02195, including any non-substantive modifications approved by NCPA's General Counsel, and authorize the General Manager of NCPA to execute Letter of Agreement 19-SNR-02195 on behalf of NCPA.

BACKGROUND:

Northern California Power Agency (NCPA), acting on behalf of certain NCPA Members¹, is a customer of the Western Area Power Administration's (WAPA) Sierra Nevada Region, and has executed Base Resource Contract 04-SNR-00782 (Base Resource) with WAPA. The General Power Contract Provisions (GPCP) dated July 10, 1998, are also incorporated into and made part of the Base Resource contract. On July 27, 2018 the Carr Fire in Northern California severely impacted WAPA's transmission infrastructure and WAPA's ability to delivery Base Resource energy to its customers, including NCPA. On July 27, 2018, due to the fire, WAPA requested NCPA to curtail its Base Resource schedules for a limited period of time, to allow WAPA to reliably operate its electric system and to maintain Base Resource deliveries to other WAPA customers.

DISCUSSION:

To compensate NCPA for the replacement cost of energy it incurred on July 27, 2018, due to curtailment of NCPA's Base Resource schedules, WAPA proposes to compensate NCPA for the financial impacts incurred by NCPA during the curtailment period. WAPA and NCPA have agreed to settle such financial impacts through execution of Letter of Agreement 19-SNR-02195, under which WAPA will credit NCPA an amount equal to One Hundred Seventy Five Thousand Two Hundred Twenty Four Dollars and Fifty Seven Cents (\$175,224.57). The proposed settlement amount is equal to the financial impact incurred by NCPA as a result of the July 27, 2018 Base Resource schedule curtailment.

A copy of Letter of Agreement 19-SNR-02195 is attached to this staff report for your reference.

FISCAL IMPACT:

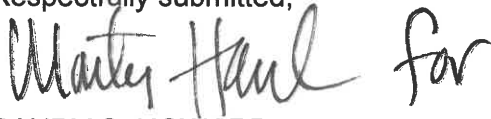
Pursuant to Letter of Agreement 19-SNR-02195, no later than 45 days after the execution of the settlement agreement, WAPA shall pay NCPA an amount of \$175,224.57 in the form of a credit on NCPA's Base Resource power bill. The settlement credit received from WAPA will be allocated to the NCPA members' whose Base Resource deliveries were curtailed on July 27, 2018.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

¹ NCPA Members who have assigned their Base Resource percentages to NCPA.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy Howard", followed by the word "for" in a cursive script.

RANDY S. HOWARD
General Manager

Attachments: Resolution 19-25
Letter of Agreement 19-SNR-02195

RESOLUTION 19-24

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVAL OF LETTER OF AGREEMENT 19-SNR-02195

(reference Staff Report #131:19)

WHEREAS, Northern California Power Agency (NCPA), acting on behalf of certain NCPA Members¹, is a customer of the Western Area Power Administration's (WAPA) Sierra Nevada Region, and has executed Base Resource Contract 04-SNR-00782 (Base Resource) with WAPA; and

WHEREAS, on July 27, 2018 the Carr Fire in Northern California severely impacted WAPA's transmission infrastructure and WAPA's ability to delivery Base Resource energy to its customers, including NCPA; and

WHEREAS, on July 27, 2018, due to the fire, WAPA requested NCPA to curtail its Base Resource schedules for a limited period of time, to allow WAPA to reliably operate its electric system and to maintain Base Resource deliveries to other WAPA customers; and

WHEREAS, to compensate NCPA for the replacement cost of energy it incurred on July 27, 2018, due to curtailment of NCPA's Base Resource schedules, WAPA proposes to compensate NCPA for the financial impacts incurred by NCPA during the curtailment period; and

WHEREAS, WAPA and NCPA have agreed to settle such financial impacts through execution of Letter of Agreement 19-SNR-02195, under which WAPA will credit NCPA an amount equal to One Hundred Seventy Five Thousand Two Hundred Twenty Four Dollars and Fifty Seven Cents (\$175,224.57); and

WHEREAS, pursuant to Letter of Agreement 19-SNR-02195, no later than 45 days after the execution of the settlement agreement, WAPA shall pay NCPA an amount of \$175,224.57 in the form of a credit on NCPA's Base Resource power bill, and the settlement credit received from WAPA will be allocated to the NCPA members' whose Base Resource deliveries were curtailed on July 27, 2018; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency adopts and approves Letter of Agreement 19-SNR-02195, including any non-substantive modifications approved by NCPA's General Counsel, and authorizes the General Manager of NCPA to execute Letter of Agreement 19-SNR-02195, on behalf of NCPA.

¹ NCPA Members who have assigned their Base Resource percentages to NCPA.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2019 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
San Francisco BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ROGER FRITH
CHAIR

ATTEST:

CARY A. PADGETT
ASSISTANT SECRETARY

Letter of Agreement 19-SNR-02195

Mr. Randy Howard
General Manager
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

Dear Mr. Howard:

The Northern California Power Agency (NCPA), a customer of the Western Area Power Administration's (WAPA) Sierra Nevada Region, has executed Base Resource Contract 04-SNR-00782 (BR Contract) with WAPA. The General Power Contract Provisions (GPCP) dated July 10, 1998, are incorporated and made a part of the BR Contract. The Carr Fire in Northern California severely impacted WAPA's transmission infrastructure and WAPA's ability to provide base resource to its customers beginning on July 27, 2018.

On July 27, 2018, due to the fire, WAPA needed to selectively curtail customers. WAPA contacted NCPA and NCPA agreed to a curtailment. WAPA appreciates NCPA's assistance. Curtailing NCPA allowed WAPA to reliably operate the system and to deliver base resource to other customers on the July 27, 2018. As the fire grew, starting on the July 28, 2018, it forced WAPA to cease deliveries of base resource to all customers.

While Section 4 and 34 of the GPCP's excuse performance during an uncontrollable force, such as the Carr Fire, WAPA appreciates NCPA's assistance and would like to settle this matter to ensure NCPA is properly compensated for the replacement cost of energy it incurred on July 27, 2018. Other customers benefited because of NCPA's curtailment.

This Letter of Agreement (LOA) provides the terms and conditions under which WAPA will compensate NCPA for the financial impacts incurred by NCPA during the curtailment period on July 27, 2018. For dates other than the July 27, 2018 WAPA sent a notice to all SNR customers explaining how WAPA would provide a credit. For those days, WAPA credited NCPA as provided in that notice. When used in this LOA, "Party" refers to NCPA and/or WAPA individually, and "Parties" refers to NCPA and WAPA collectively.

1. Determination of Financial Impact Due to Curtailment:

- 1.1 The hours of curtailment are July 27, 2018 hour ending 1600 to hour ending 2200.
- 1.2 The financial impact to NCPA as a result of the curtailment of base resource is \$175,224.57.

2. Settlement: By entering into this LOA, NCPA agrees to settle, resolve, release and forever discharge WAPA from any and all claims, actions, demands, causes of actions, liabilities, judgements, costs and suits, present and future, known or unknown, arising from or relating to the transactions in which WAPA curtailed NCPA's base resource during the Carr Fire on July 27, 2018.
3. Payment: No later than 45 days after the execution of this LOA, WAPA shall pay NCPA in the amount indicated in Section 1.2 above in the form of a credit on NCPA's power bill.
4. Effective Date: This LOA shall become effective on the date that this LOA has been signed by both NCPA and WAPA.
5. Joint Authorship: NCPA and WAPA agree that this LOA reflect the joint drafting efforts of both Parties. In the event any dispute, disagreement or controversy arises regarding this LOA, the Parties shall be considered joint authors and no provision shall be interpreted against any Party because of authorship.
6. Entire Agreement: This LOA constitutes the final written expression of all of the terms of this settlement between the Parties and is a complete and exclusive statement of those terms, superseding all prior arrangements and agreements. This LOA may not be amended or modified except by a written instrument signed by the Parties. Each Party acknowledges that no representations or promises not expressly contained in this LOA have been made by a Party or by the agents or representatives of a Party.
7. Severability: If any portion of this LOA shall be or become illegal, invalid, or unenforceable in whole or in part for any reason, such provision shall be ineffective only to the extent of such illegality, invalidity or unenforceability, without invalidating the remainder of such provision or the remaining provisions of this LOA. If any court of competent jurisdiction should deem any covenant herein to be invalid, illegal, or unenforceable because its scope is considered excessive, such covenant shall be modified so that the scope of the covenant is reduced only to the minimum extent necessary to render the modified covenant valid, legal and enforceable.

If you are in agreement with the terms and conditions written above, please indicate your approval by signing and dating both originals of this LOA and return one to Ms. Jeanne Haas, mail code N6200 at this office. If you have any questions, please contact Jeanne Haas at (916) 353-4438.

Sincerely,

Sonja A. Anderson
Senior Vice President and
Sierra Nevada Regional Manager

In Duplicate

NORTHERN CALIFORNIA POWER AGENCY

Attest

By: _____

Title: _____

By: _____

Title: _____

Address: _____

Date: _____



Commission Staff Report

February 11, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: CDWR WSPP Master Confirmation

AGENDA CATEGORY: Consent

FROM:	Tony Zimmer <i>n</i>	METHOD OF SELECTION:
	AGM, Power Management	N/A
Division:	Power Management	<i>If other, please describe:</i>
Department:	Power Management	

IMPACTED MEMBERS:		
All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input type="checkbox"/>	City of Lompoc <input type="checkbox"/>	City of Ukiah <input type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input type="checkbox"/>
City of Biggs <input type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input type="checkbox"/>	City of Roseville <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	Other <input type="checkbox"/>
<i>If other, please specify</i>		

RECOMMENDATION:

NCPA staff recommends that the Commission approve the CDWR Contracting Package, including any non-substantive modifications approved by NCPA's General Counsel, and authorize the General Manager of NCPA to execute the CDWR Contracting Package, on behalf of NCPA.

BACKGROUND:

Northern California Power Agency (NCPA) is a member of the Western System Power Pool (WSPP). As a member of the WSPP, NCPA is enabled to transact energy and energy related commodities with the other WSPP members using the WSPP Agreement. The California Department of Water Resources (CDWR) is also a WSPP member, but CDWR has adopted certain policies that require counterparties to enter into a form master confirmation and other associated supporting attachments (collectively referred to herein as the "Contracting Package") in order to become fully enabled to transact energy and energy related commodities.

DISCUSSION:

NCPA transacts energy, capacity and other energy related commodities on behalf of certain NCPA members¹ using the WSPP Agreement. To ensure NCPA has access to an extended pool of suppliers, NCPA would like to become fully enabled with CDWR under the WSPP Agreement. For NCPA to become enabled with CDWR under the WSPP Agreement, NCPA will be required to execute the CDWR Contracting Package, which upon execution will be attached to and made part of the WSPP Agreement. The Contracting Package consists of the following attachments: (A) Master Confirmation, (B) State of California GTC, (C) Contractor Certification Clauses, (D) Local Public Entities Receivables, (E) Local Public Entities Payables, (G) WSPP Contract Information, (H) California Civil Rights Law Form, (I) Payee Data Records Form, (J) Darfur Contracting Act, (K) Drug Free Workplace Certification, and (L) Iran Contracting Act. Also contained within the Contracting Package are certain provisions that will require confirmation and certification by an Officer of NCPA.

The CDWR Contracting Package is attached to this staff report for your reference.

FISCAL IMPACT:

Work associated with review and development of the Contracting Package was undertaken pursuant to approved Power Management budget categories, and costs associated with this effort are allocated in accordance with approved cost allocation methodologies as described in the NCPA annual budget.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

¹ On behalf of the NCPA Pool Members and the Market Purchase Program participants.

COMMITTEE REVIEW:

The recommendation was reviewed by the Facilities Committee on August 1, 2018, and was recommended for Commission approval.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Randy Howard" followed by "for". The signature is written in a cursive, flowing style.

RANDY S. HOWARD
General Manager

Attachments: Resolution 19-25
CDWR Contracting Package

RESOLUTION 19-25

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVAL OF CDWR WSPP MASTER CONFIRMATION

(reference Staff Report #132:19)

WHEREAS, Northern California Power Agency (NCPA) is a member of the Western System Power Pool (WSPP), and as a member of the WSPP, NCPA is enabled to transact energy and energy related commodities with the other WSPP members using the WSPP Agreement; and

WHEREAS, the California Department of Water Resources (CDWR) is also a WSPP member, but CDWR has adopted certain policies that require counterparties to enter into a form master confirmation and other associated attachments (collectively referred to herein as the "Contracting Package") in order to become fully enabled to transact energy and energy related commodities; and

WHEREAS, to ensure NCPA has access to an extended pool of suppliers, NCPA would like to become fully enabled with CDWR under the WSPP Agreement; and

WHEREAS, for NCPA to become enabled with CDWR under the WSPP Agreement, NCPA will be required to execute the CDWR Contracting Package, which upon execution will be attached to and made part of the WSPP Agreement; and

WHEREAS, the Contracting Package consists of the following attachments: (A) Master Confirmation, (B) State of California GTC, (C) Contractor Certification Clauses, (D) Local Public Entities Receivables, (E) Local Public Entities Payables, (G) WSPP Contract Information, (H) California Civil Rights Law Form, (I) Payee Data Records Form, (J) Darfur Contracting Act, (K) Drug Free Workplace Certification, and (L) Iran Contracting Act; and

WHEREAS, work associated with review and development of the Contracting Package was undertaken pursuant to approved Power Management budget categories, and costs associated with this effort are allocated in accordance with approved cost allocation methodologies as described in the NCPA annual budget; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency adopts and approves the CDWR Contracting Package, including any non-substantive modifications approved by NCPA's General Counsel, and authorizes the General Manager of NCPA to execute the CDWR Contracting Package, on behalf of NCPA.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2019 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
San Francisco BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ROGER FRITH
CHAIR

ATTEST: _____
CARY A. PADGETT
ASSISTANT SECRETARY

Master Confirmation
Under the WSPP Agreement
between
THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES -
STATE WATER RESOURCES DEVELOPMENT SYSTEM and
NORTHERN CALIFORNIA POWER AGENCY

This Master Confirmation under the WSPP Agreement (the "Master Confirmation") sets forth the agreement between the State of California Department of Water Resources-State Water Resources Development System ("DWR-SWP") and Northern California Power Agency ("NCPA" or "Counterparty") effective upon the execution by both parties.

WHEREAS, the Master Confirmation is being provided pursuant to and in accordance with Section 32.10 of the WSPPA (as defined below) to which DWR-SWP and NCPA are Parties;

NOW THEREFORE, in consideration of the mutual consents and agreements contained herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, DWR-SWP and NCPA agree as follows:

1. General: The Master Confirmation shall govern all transactions between the Parties under the WSPP Agreement as amended from time to time (the "WSPPA"). By entering into this Master Confirmation, the Parties intend to have these provisions modify, supplement and amend the WSPPA and to have these provisions apply to all Confirmations (as that term is defined in the WSPPA) and transactions under the WSPPA between the Parties entered into after the effective date of this Master Confirmation. Terms used but not defined herein shall have the meanings ascribed to them in the WSPPA. In the event of any conflict between the terms of (1) Confirmations, (2) this Master Confirmation, (3) the MRTU Agreement under the WSPP (MRTU Amendment), and (4) the WSPPA, the terms of the documents shall govern in the priority listed in this sentence.

2. Single and Entire Agreement: All transactions between the Parties for the purchase, sale or exchange of electricity or other products made available under the WSPPA are entered into in reliance on the fact that the Master Confirmation, the MRTU Amendment, the WSPPA and any Confirmation form a single and entire agreement (Agreement) between the Parties, and the Parties would not have otherwise entered into any such transactions.

3. Definitions: The term "CAISO Tariff" means the CAISO Tariff, as amended from time to time. Any terms used and not otherwise defined shall have the same meaning ascribed to them in the WSPPA, the CAISO Tariff, and the MRTU Amendment:

3A. Performance: Transactions conducted under this Master Confirmation shall be conducted pursuant to the CAISO Tariff, to the extent applicable.

4. DWR-SWP separate from DWR-CERS: This Master Confirmation is made by DWR-SWP pursuant to DWR-SWP's powers and responsibilities with respect to the State Water Resources Development System and all obligations incurred and the funding for all such obligations shall be the responsibility of DWR-SWP, and shall be separate and distinct from the funds, monies and obligations of the California Energy Resources Scheduling Division

("DWR-CERS"), including the Electric Power Fund administered by DWR-CERS. DWR-SWP's creditworthiness, financial responsibility, and performance viability are thus independent of DWR-CERS for all purposes in this Master Confirmation and the WSPPA, including, but not limited to the following: Counterparty may only invoke the creditworthiness provisions of WSPPA Section 27 based on the financial status of DWR-SWP. The set-off provisions of WSPPA Section 22 and the netting provision in WSPPA Section 28 may only be applied to transactions between DWR-SWP and NCPA under this Master Confirmation. Any transactions under the WSPPA between DWR-CERS and NCPA shall not be used to set-off or net against the obligations between DWR-SWP and NCPA.

5. Damages for Unexcused Failure to Deliver or Receive CAISO Energy: In the event of a failure to deliver or receive energy not excused by an Uncontrollable Force, the damages provisions set out in WSPPA Section 21.3 shall apply to such failure to deliver or receive CAISO Energy.

6. Notices: All notices required by this Master Confirmation and all formal notices made pursuant to the WSPPA, including but not limited to those made under Sections 9.4 (Payments) and 10 (Uncontrollable Forces), shall be made in accordance with Section 12.1, unless the section otherwise specifies the method of providing notice. All notices, demands, and requests made pursuant to Section 12.1 of WSPPA shall be directed to:

If to DWR-SWP:

Chief, Power Contracts Branch
Department of Water Resources
2135 Butano Drive, Suite 100
Sacramento, California 95825
Attention: Deane Burk
Telephone: (916) 574-0669
Facsimile: (916) 574-0660

If to NCPA:

Company Name: Northern California Power Agency
Company Address: 651 Commerce Drive
Attention: Tony Zimmer
Telephone: (916) 781-4229
Facsimile: (916) 783-7693
Email: tony.zimmer@ncpa.com

AND

Attention: Jane E. Luckhardt
Telephone: (916) 781-4268
Facsimile: (916) 783-7693
Email: jane.luckhardt@ncpa.com

A Party may change its notice information by providing written notice of such change to the other Party in accordance with this Section 12.

7. Governing Law: The first sentence of WSPPA Section 24 shall be amended as follows:

“The WSPPA, Master Confirmation, and Confirmations shall be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of laws rules thereof.”

8. Uncontrollable Forces: In accordance with WSPPA Section 32.8, the Parties agree that the Uncontrollable Forces provisions of the WSPPA, including in particular WSPPA Section 10, shall apply to any transaction under this Master Confirmation.

9. Binding Dispute Resolution: The consent of both Parties shall be required before a dispute may be submitted to any binding arbitration including pursuant to WSPPA Section 34.2.

10. Forum and Venue for Legal Proceedings: In the event the Parties agree to binding arbitration pursuant to WSPPA Section 34.2, the arbitration shall be held in Sacramento, California. In the event the Parties do not agree to binding dispute resolution under Section 34.2, any lawsuit concerning any dispute that may arise under the WSPPA, the MRTU, Master Confirmation, and Confirmations shall be filed and heard in Sacramento County Superior Court of the State of California. No party shall assert Federal Energy Regulatory Commission (FERC) preemption as a bar to proceeding with any arbitration or lawsuit.

11. FERC and Mobile-Sierra Doctrine: Neither Party shall make unilateral application to the Federal Energy Regulatory Commission for a change in rates, terms and conditions herein under Section 205 of the Federal Power Act, or seek any relief under Section 206 of the Federal Power Act concerning the rates, terms, and conditions herein. Except as expressly provided by this Master Confirmation, the parties further agree that the standard of review for changes to this Master Confirmation proposed by any person, including a non-party or the Federal Energy Regulatory Commission acting *sua sponte* shall be the “public interest” application of the “just and reasonable” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.* (1956) , 350 U.S. 332 and *Federal Power Commission v. Sierra Pacific Power Co.* (1956) 350 U.S. 348.

12. Payment Netting: Section 28.1 of the WSPPA shall be applicable and the Parties shall execute Exhibit A of the WSPPA and net monthly payments in accordance therewith; provided, however, that notwithstanding the language in Section 28.2 and Exhibit A of the WSPPA, neither Party shall be permitted to revoke its agreement to net payments for Confirmations under the Master Confirmation. Notwithstanding the language in Section 28.2, the parties shall not use netting to withhold those amounts which are the subject of dispute by the other party pursuant to Section 9 of the WSPPA and Section 18 of this Master Confirmation.

13. Scheduling and Settlements Under MRTU: The Parties have executed the MRTU Amendment, which can be found posted on the WSPP website at www.wspp.org, and all transactions hereunder shall be conducted pursuant to the WSPPA, the MRTU Amendment and this Master Confirmation.

14. Alternative Settlement Mechanism: DELETED (Not Applicable.)

15. Termination of Master Confirmation: The Master Confirmation may be terminated by either Party upon giving the other Party thirty (30) day written notice. With respect to Confirmations that have been entered into before the effective termination date of the Master Confirmation and until performance is completed, all rights and obligations under those

Confirmations, this Master Confirmation, the WSPPA and the MRTU Amendment shall remain in effect until performance is completed.

16. Representations: In addition to Section 37:

“Each Party further represents to the other Party, as of the date hereof, and continuing as long as obligations under this Agreement remain that:

(a) It is not relying upon any representations of the other Party other than those expressly set forth in the WSPPA, the MRTU Amendment, the Master Confirmation, any Confirmation or any written guarantee of the obligations of such other Party; and

(b) It has entered into the WSPPA, the MRTU Amendment, the Master Confirmation and each Confirmation thereof as principal (and not as advisor, agent, broker or in any other capacity, fiduciary or otherwise), and has made its trading and investment decisions based upon its own judgment and any advice from such advisors as it has deemed necessary and not in reliance upon any view expressed by the other Party, with a full understanding of the material terms and ability to assume the risks of the same.

(c) Seller agrees that, unless otherwise expressly agreed to by Buyer and Seller, Seller warrants that all energy sold to Buyer hereunder shall not be imported into the CAISO. Seller agrees that it shall not operate, schedule, or deliver the Product in a manner which would result in Buyer being classified as an Electricity Importer under the Mandatory Greenhouse Gas Emissions Reporting and California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms regulations (California Code of Regulations Title 17, Subchapter 10, Articles 2 and 5 respectively) promulgated by CARB pursuant to the California Global Warming Solutions Act of 2006.

17. State of California General Terms and Conditions: The State of California General Terms and Conditions for Contracts (GTC-610), including the Contractor Certification Clauses (CCC-307), as modified for purposes of this Master Confirmation, attached hereto are made a part of the terms of this Master Confirmation; provided, however, DWR-SWP agrees not to assert that a breach by a Party of the terms set forth in the GTC-610, including the CCC-307, constitutes, in itself, an Event of Default under the WSPPA except for the following: Paragraphs 2, 4, and 5 of the GTC-610 and Paragraphs A5 and A7 of the CCC-307. For the sake of clarity, the word “deleted” in the attached is included to show deletions from the unmodified version of GTC-610 and CCC-307.

18. Payment: Section 9 of the WSPPA shall apply except that under Section 9.4, in case any portion of any bill is in dispute, then only the undisputed portion of the bill shall be paid when due. The disputed portion of the bill shall be adjusted or paid upon final resolution of the dispute.

19. California Public Records Act - Confidential Information

Parties are public agencies subject to the California Public Records Act (Cal. Gov. Code, § 6250 et seq.). As such and as contemplated by Section 30 of the WSPPA, one Party may be required by law to disclose information submitted by the other Party.

Either Party may submit data or information required to be provided to the other Party under this Agreement with a label of "Confidential" if the portion so labeled contains information

that would be exempt from disclosure under the California Public Records Act as a trade secret or other applicable exemption. Both Parties shall take all reasonable and prudent measures to maintain the confidentiality of submitted documents, but shall not in any way be liable or responsible for the disclosure of any documents or portions thereof. If either Party receives a third-party request for information labeled "Confidential," such Party shall withhold disclosure of the information to the extent permitted by law and provide other Party with reasonable notice of the request.

20. Creditworthiness Notification: Counterparty shall provide DWR-SWP with notice of events that are listed in paragraphs (1) - (5) of Section 27 of the WSPPA as follows: (a) For any downgrade event identified in paragraph (3) of Section 27 of the WSPP A, Counterparty shall notify DWR-SWP on or before the close of business on the business day immediately following the downgrade event; (b) For all other events identified in Section 27, Counterparty shall notify DWR-SWP on or before the close of business on the third business day following the event. Any failure to give such notice will be governed by Section 22.1(b) of the WSPPA.

21. Financial Information: DELETED (Not Applicable.)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

**THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES –
STATE WATER RESOURCES DEVELOPMENT SYSTEM**

By: _____

Name: _____

Title: _____

Date: _____

Approved as to legal form and sufficiency:

By: _____

Name: _____

Title: Counsel, Office of Chief Counsel, Department of Water Resources

Date: _____

NORTHERN CALIFORNIA POWER AGENCY

By: _____

Name: _____

Title: _____

Date: _____

GENERAL TERMS AND CONDITIONS (GTC-610) –
MODIFIED FOR WSPPA MASTER CONFIRMATION

1. APPROVAL: DELETED (Not applicable)
2. AMENDMENT: No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the Parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the Parties.
3. ASSIGNMENT: WSPPA Section 14 “Transfer of Interest in Agreement” shall apply. If a party assigns rights and obligations associated with transactions under this Agreement to a Successor in Operation, that party shall, within ten (10) business days of such assignment, provide notice to the other party in accordance with Section 6 of the Master Confirmation.
4. AUDIT: Contractor agrees that the awarding department, and the Bureau of State Audits, or their designated representative, shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7).
5. INDEMNIFICATION: Contractor shall defend, indemnify and hold harmless the State of California and its agencies, departments, and divisions, including, but not limited to the Department of Water Resources, from any claims, actions, lawsuits, administrative proceedings or damages arising out of any third-party claim due to any negligent act or omission or willful misconduct of Contractor, its employees, agents, or anyone acting in concert with or on behalf of Contractor, in connection with the performance of Contractor’s obligations under this Agreement.
6. DISPUTE: WSPPA Section 34 “Dispute Resolution” shall apply, as modified by Paragraph 9 of the Master Confirmation.
7. TERMINATION: See Section 15 of the Master Confirmation.
8. INDEPENDENT CONTRACTOR: WSPPA Section 17 "Relationship of Parties" shall apply.
9. RECYCLING CERTIFICATION: DELETED (Not Applicable.)

10. NON-DISCRIMINATION CLAUSE: During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, and denial of family care leave. Contractor and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

11. CERTIFICATION CLAUSES: The CONTRACTOR CERTIFICATION CLAUSES contained in the document CCC 307 are hereby incorporated by reference and made a part of this Agreement by this reference as if attached hereto.

12. TIMELINESS: Time is of the essence in this Agreement.

13. COMPENSATION: The consideration to be paid to a Party, as provided herein in the Confirmation, the Master Confirmation, the MRTU Amendment, and the WSPPA constitutes full compensation.

14. GOVERNING LAW: See Section 7 of the Master Confirmation.

15. ANTITRUST CLAIMS: The Contractor by signing this agreement hereby certifies that if these services or goods are obtained by means of a competitive bid, the Contractor shall comply with the requirements of the Government Codes Sections set out below.

a. The Government Code Chapter on Antitrust claims contains the following definitions:

1) "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.

2) "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code Section 4550.

b. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code Section 4552.

c. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code Section 4553.

d. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code Section 4554.

16. CHILD SUPPORT COMPLIANCE ACT: For any Agreement in excess of \$100,000, the Contractor acknowledges in accordance with Public Contract Code 7110, that:

a. The Contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

b. The Contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

17. UNENFORCEABLE PROVISION:. WSPPA Section 15 "Severability" shall apply.

18. PRIORITY HIRING CONSIDERATIONS: If this Agreement includes services in excess of \$200,000, the Contractor shall give priority consideration in filling vacancies in positions funded by the Agreement to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with Public Contract Code §10353.

19. SMALL BUSINESS PARTICIPATION AND DVBE PARTICIPATION REPORTING REQUIREMENTS: DELETED (Not Applicable.)

20. LOSS LEADER: DELETED (Not Applicable.)

CCC-307

CERTIFICATION

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

<i>Contractor/Bidder Firm Name (Printed)</i>		<i>Federal ID Number</i>
<i>By (Authorized Signature)</i>		
<i>Printed Name and Title of Person Signing</i>		
<i>Date Executed</i>	<i>Executed in the County of</i>	

CONTRACTOR CERTIFICATION CLAUSES

1. STATEMENT OF COMPLIANCE: Contractor has, unless exempted, complied with the nondiscrimination program requirements. (Gov. Code §12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

2. DRUG-FREE WORKPLACE REQUIREMENTS: Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

b. Establish a Drug-Free Awareness Program to inform employees about:

- 1) the dangers of drug abuse in the workplace;
- 2) the person's or organization's policy of maintaining a drug-free workplace;
- 3) any available counseling, rehabilitation and employee assistance programs; and,
- 4) penalties that may be imposed upon employees for drug abuse violations.

c. Every employee who works on the proposed Agreement will:

- 1) receive a copy of the company's drug-free workplace policy statement; and,
- 2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (Gov. Code §8350 et seq.)

3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION: Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board. (Pub. Contract Code §10296) (Not applicable to public entities.)

4. CONTRACTS FOR LEGAL SERVICES \$50,000 OR MORE - PRO BONO REQUIREMENT: DELETED (Not applicable.)

5. EXPATRIATE CORPORATIONS: Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286.1, and is eligible to contract with the State of California.

6. SWEATFREE CODE OF CONDUCT: DELETED (Not Applicable)

7. DOMESTIC PARTNERS: For contracts over \$100,000 executed or amended after January 1, 2007, the contractor certifies that contractor is in compliance with Public Contract Code section 10295.3.

8. GENDER IDENTITY: For contracts of \$100,000 or more, Contractor certifies that Contractor is in compliance with Public Contract Code section 10295.35.

DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

A1. CONFLICT OF INTEREST: Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (Pub. Contract Code §10410):

- 1). No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2). No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (Pub. Contract Code §10411):

- 1). For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2). For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (Pub. Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Pub. Contract Code §10430 (e))

A2. LABOR CODE/WORKERS' COMPENSATION: Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

A3. AMERICANS WITH DISABILITIES ACT: Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

A4. CONTRACTOR NAME CHANGE: An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change, the State will process the amendment consistent with WSPPA Section 14 "Transfer of Interest in Agreement." Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

A5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

- a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.
- c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

A6. RESOLUTION: A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

A7. AIR OR WATER POLLUTION VIOLATION: Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

A8. PAYEE DATA RECORD FORM STD. 204: This form must be completed by all contractors that are not another state agency or other governmental entity.

DWR 9545 - SPECIAL TERMS AND CONDITIONS LOCAL PUBLIC ENTITIES

1. AVAILABILITY OF FUNDS: Work to be performed under this contract is subject to availability of funds through the State of California's normal budget process.

2. RESOLUTION OF DISPUTES: See Section 9 of the Master Confirmation.

3. RENEWAL OF CCC: Contractor shall renew the Contractor Certification Clauses or successor documents every (3) years or as changes occur, whichever occurs sooner.

4. TERMINATION CLAUSE: See Section 15 of the Master Confirmation.

5. CONTRACTOR COOPERATION DURING INVESTIGATION: Contractor agrees to cooperate fully in any investigation conducted by or for DWR-SWP regarding unsatisfactory work or allegedly unlawful conduct by DWR-SWP employees or DWR-SWP contractors. The word "cooperate" includes but is not limited to, in a timely manner, making Contractor staff available for interview and Contractor records and documents available for review.

6. CONFLICT OF INTEREST:

a. Current and Former State Employees: Contractor should be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

(1) Current State Employees: (PCC §10410)

(a) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.

(b) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

(2) Former State Employees: (PCC §10411)

(a) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.

(b) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

b. Penalty for Violation:

(a) If the Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (PCC §10420)

c. Members of Boards and Commissions:

(a) Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC §10430 (e))

d. Deleted

e. Financial Interest in Contracts:

Contractor should also be aware of the following provisions of Government Code §1090:

“Members of the Legislature, state, county district, judicial district, and city officers or employees shall not be financially interested in any contract made by them in their official capacity, or by any body or board of which they are members. Nor shall state, county, district, judicial district, and city officers or employees be purchasers at any sale or vendors at any purchase made by them in their official capacity.”

f. Deleted

7. ORDER OF PRECEDENCE: See Master Confirmation Section 1.

DWR 9545 (Rev. 11/14)

**DWR 9546 - SPECIAL TERMS AND CONDITIONS
LOCAL PUBLIC ENTITIES**

1. DELETED.
2. PAYMENT RETENTION CLAUSE: Deleted. (Not Applicable)
3. RENEWAL OF CCC: Contractor shall renew the Contract Certification Clauses or successor documents every (3) years or as changes occur, whichever occurs sooner.
4. AGENCY LIABILITY: The Contractor warrants by execution of this Agreement, that no person or selling agency has been employed or retained to solicit or secure this Agreement upon agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purposes of securing business. For breach or violation of this warranty, the State shall, in addition to other remedies provided by law, have the right to annul this Agreement without liability, paying only for the value of the work actually performed, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.
5. POTENTIAL SUBCONTRACTORS: Nothing contained in this Agreement or otherwise shall create any contractual relation between the State and any subcontractors, and no subcontract shall relieve the Contractor of its responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible to the State for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the State's obligation to make payments to the Contractor. As a result, the State shall have no obligation to pay or enforce the payment of any moneys to any subcontractor.
6. SUBCONTRACTING: "Should it be necessary to subcontract for supplemental services or specialists, the Contractor shall obtain prior written consent from DWR. If the subcontracts total more than \$50,000 or 25% of the total contract, whichever is less, then the Contractor must certify that the subcontractor has been selected by the Contractor pursuant to a bidding process requiring at least three bids from responsible bidders or pursuant to the procedures set forth in Government Code Section 4525 et seq., as applicable. If Contractor is unable to obtain three competitive bids or three Statement of Qualifications, Contractor shall submit a written explanation to DWR. DWR will then decide whether to seek authorization to allow Contractor to proceed with the proposed subcontract. Contractors shall assure that all administrative fees for subcontracts are reasonable considering the services being provided and the oversight required. Contractor shall only pay overhead charges on the first \$25,000 for each subcontract."
7. COMPUTER SOFTWARE: For contracts in which software usage is an essential element of performance under this Agreement, the Contractor certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this contract for the acquisition, operation or maintenance of computer software in violation of copyright laws.
8. REPORT OF RECYCLED CONTENT CERTIFICATION: In accordance with Public Contract Code Sections 12200-12217, et seq. and 12153-12156, et seq. the contractor must complete and return the form DWR 9557, Recycled Content Certification, for each required products to the Department at the conclusion of the services specified in this contract. Form DWR 9557 is attached to this Exhibit and made a part of this contract by this reference.

9. REIMBURSEMENT CLAUSE: Deleted. (Not Applicable)
10. DELETED.
11. CONTRACTOR COOPERATION DURING INVESTIGATION: Contractor agrees to cooperate fully in any investigation conducted by or for DWR regarding unsatisfactory work or allegedly unlawful conduct by DWR employees or DWR contractors. The word “cooperate” includes but is not limited to, in a timely manner, making Contractor staff available for interview and Contractor records and documents available for review.
12. CONFLICT OF INTEREST: CCC-307 Section 1 “Conflict of Interest” shall apply.

WSPP CONTACT INFORMATION

[Enter your company name]

All Notices:

[Enter your address for all notices]

Zip:

Attn:

Phone:

Facsimile:

Email:

Duns:

Federal Tax ID Number:

Invoices:

Attn:

Phone:

Facsimile:

Email:

Real Time Trading:

Attn:

Phone:

Facsimile:

Scheduling:

Attn:

Phone:

Facsimile:

Confirmations:

Attn:

Phone:

Facsimile:

Email:

Payments:

Attn:

Phone:

Facsimile:

STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES -STATE WATER RESOURCES DEVELOPMENT SYSTEM

All Notices:

Street: 2135 Butano Drive, Suite 100

City: Sacramento, California Zip: 95825

Attn: Chief, Power Contracts Branch

Deane Burke

Phone: (916) 574-0695

Facsimile: (916) 574-0660

Email: Deane.Burk@water.ca.gov

Duns: N/A

Federal Tax ID Number: 52-1692634

Invoices:

Attn: Mark Thompson

Phone: (916) 574-2215

Facsimile: (916) 574-2791

Email: Mark.Thompson@water.ca.gov

Real Time Trading:

Attn: N/A

Phone: N/A

Facsimile: N/A

Scheduling:

Attn: Anthony Schnepel

Phone: (916) 574-2692

Facsimile: N/A

Email: Anthony.Schnepel@water.ca.gov

or

Attn: Robert Whaley

Phone: (916) 574-2694

Facsimile: N/A

Email: Robert.Whaley@water.ca.gov

Confirmations:

Attn: ASM Mostafa

Phone: (916) 574-2678

Facsimile: N/A

Email: ASM.Mostafa@water.ca.gov

Payments:

Attn: Mark Thompson

Phone: (916) 574-2215

Facsimile: (916) 574-2791

Email: Mark.Thompson@water.ca.gov

ACH/Wire Transfer:

Bank:
ABA No:
Account No:
Account Name:

Credit and Collections:

Attn:
Phone:
Facsimile:
Email:

With additional Notices of an Event of Default or
Potential Event of Default to:

Attn:
Phone:
Facsimile:
Email:

ACH/Wire Transfer:

Bank: Bank of America
ABA No: 0260-0959-3
Account No: 14365-80598
Account Name: N/A

Credit:

Attn: Masoud Shafa
Phone: (916) 574-1296
Facsimile: N/A
Email: Masoud.Shafa@water.ca.gov

Collections:

Attn: Mark Thompson
Phone: (916) 574-2215
Facsimile: (916) 574-2791
Email: Mark.Thompson@water.ca.gov

With additional Notices of an Event of Default or
Potential Event of Default to:

Attn: Asst Chief Counsel, Peggy Bernardy
Phone: (916) 653-5137
Email: Peggy.Bernardy@water.ca.gov

Or

Attn:
Phone:
Email:
Facsimile: (916) 653-0952

FERC Market Based Tariff:

Counterparty Party Tariff: As a governmental entity, DWR-SWP does not have to file for market based rate authority.

Pursuant to Public Contract Code section 2010, a person that submits a bid or proposal to, or otherwise proposes to enter into or renew a contract with, a state agency with respect to any contract in the amount of \$100,000 or above shall certify, under penalty of perjury, at the time of the bid or proposal is submitted or the contract is renewed, all of the following:

1. **CALIFORNIA CIVIL RIGHTS LAWS:** For contracts executed or renewed after January 1, 2017, the contractor certifies compliance with the Unruh Civil Rights Act (Section 51 of the Civil Code) and the Fair Employment and Housing Act (Section 12960 of the Government Code); and
2. **EMPLOYER DISCRIMINATORY POLICIES:** For contracts executed or renewed after January 1, 2017, if a Contractor has an internal policy against a sovereign nation or peoples recognized by the United States government, the Contractor certifies that such policies are not used in violation of the Unruh Civil Rights Act (Section 51 of the Civil Code) or the Fair Employment and Housing Act (Section 12960 of the Government Code).

CERTIFICATION

I, the official named below, certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Proposer/Bidder Firm Name (Printed)	Federal ID Number
-------------------------------------	-------------------

By (Authorized Signature)

Printed Name and Title of Person Signing

Executed in the County of	Executed in the State of
---------------------------	--------------------------

Date Execute

PAYEE DATA RECORD

(Required when receiving payment from the State of California in lieu of IRS W-9)

STD. 204 (Rev. 6-2003)

1	INSTRUCTIONS: Complete all information on this form. Sign, date, and return to the State agency (department/office) address shown at the bottom of this page. Prompt return of this fully completed form will prevent delays when processing payments. Information provided in this form will be used by State agencies to prepare Information Returns (1099). See reverse side for more information and Privacy Statement. NOTE: Governmental entities, federal, State, and local (including school districts), are not required to submit this form.								
2	PAYEE'S LEGAL BUSINESS NAME (Type or Print) _____ <hr/> <table style="width: 100%;"> <tr> <td style="width: 60%;">SOLE PROPRIETOR - ENTER NAME AS SHOWN ON SSN (Last, First, M.I.) _____</td> <td style="width: 40%;">E-MAIL ADDRESS _____</td> </tr> <tr> <td>MAILING ADDRESS _____</td> <td>BUSINESS ADDRESS _____</td> </tr> <tr> <td>CITY, STATE, ZIP CODE _____</td> <td>CITY, STATE, ZIP CODE _____</td> </tr> </table>			SOLE PROPRIETOR - ENTER NAME AS SHOWN ON SSN (Last, First, M.I.) _____	E-MAIL ADDRESS _____	MAILING ADDRESS _____	BUSINESS ADDRESS _____	CITY, STATE, ZIP CODE _____	CITY, STATE, ZIP CODE _____
SOLE PROPRIETOR - ENTER NAME AS SHOWN ON SSN (Last, First, M.I.) _____	E-MAIL ADDRESS _____								
MAILING ADDRESS _____	BUSINESS ADDRESS _____								
CITY, STATE, ZIP CODE _____	CITY, STATE, ZIP CODE _____								
3 PAYEE ENTITY TYPE CHECK ONE BOX ONLY	ENTER FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN): - 		NOTE: Payment will not be processed without an accompanying taxpayer I.D. number.						
<table style="width: 100%;"> <tr> <td style="width: 35%; vertical-align: top;"> <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> ESTATE OR TRUST </td> <td style="width: 65%; vertical-align: top;"> CORPORATION: <input type="checkbox"/> MEDICAL (e.g., dentistry, psychotherapy, chiropractic, etc.) <input type="checkbox"/> LEGAL (e.g., attorney services) <input type="checkbox"/> EXEMPT (nonprofit) <input type="checkbox"/> ALL OTHERS </td> </tr> </table>		<input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> ESTATE OR TRUST		CORPORATION: <input type="checkbox"/> MEDICAL (e.g., dentistry, psychotherapy, chiropractic, etc.) <input type="checkbox"/> LEGAL (e.g., attorney services) <input type="checkbox"/> EXEMPT (nonprofit) <input type="checkbox"/> ALL OTHERS					
<input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> ESTATE OR TRUST	CORPORATION: <input type="checkbox"/> MEDICAL (e.g., dentistry, psychotherapy, chiropractic, etc.) <input type="checkbox"/> LEGAL (e.g., attorney services) <input type="checkbox"/> EXEMPT (nonprofit) <input type="checkbox"/> ALL OTHERS								
	<input type="checkbox"/> INDIVIDUAL OR SOLE PROPRIETOR ENTER SOCIAL SECURITY NUMBER: - 								
	(SSN required by authority of California Revenue and Tax Code Section 18646)								
4 PAYEE RESIDENCY STATUS	<input type="checkbox"/> California resident - Qualified to do business in California or maintains a permanent place of business in California. <input type="checkbox"/> California nonresident (see reverse side) - Payments to nonresidents for services may be subject to State income tax withholding. <input type="checkbox"/> No services performed in California. <input type="checkbox"/> Copy of Franchise Tax Board waiver of State withholding attached.								
5	I hereby certify under penalty of perjury that the information provided on this document is true and correct. Should my residency status change, I will promptly notify the State agency below.								
	AUTHORIZED PAYEE REPRESENTATIVE'S NAME (Type or Print) _____		TITLE _____						
	SIGNATURE _____	DATE _____	TELEPHONE _____						
6	Please return completed form to: Department/Office: <u>Department of Water Resources / Power and Risk Office</u> Unit/Section: <u>Power Contracts Branch</u> Mailing Address: <u>2135 Butano Drive, Suite 100</u> City/State/Zip: <u>Sacramento, California 95825</u> Telephone: (916) <u>574-0665</u> Fax: (916) <u>574-0660</u> E-mail Address: <u>John.Yarbrough@water.ca.gov</u>								

1	<p><u>Requirement to Complete Payee Data Record, STD. 204</u></p> <p>A completed Payee Data Record, STD. 204, is required for payments to all non-governmental entities and will be kept on file at each State agency. Since each State agency with which you do business must have a separate STD. 204 on file, it is possible for a payee to receive this form from various State agencies.</p> <p>Payees who do not wish to complete the STD. 204 may elect to not do business with the State. If the payee does not complete the STD. 204 and the required payee data is not otherwise provided, payment may be reduced for federal backup withholding and nonresident State income tax withholding. Amounts reported on Information Returns (1099) are in accordance with the Internal Revenue Code and the California Revenue and Taxation Code.</p>								
2	<p>Enter the payee's legal business name. Sole proprietorships must also include the owner's full name. An individual must list his/her full name. The mailing address should be the address at which the payee chooses to receive correspondence. Do not enter payment address or lock box information here.</p>								
3	<p>Check the box that corresponds to the payee business type. Check only one box. Corporations must check the box that identifies the type of corporation. The State of California requires that all parties entering into business transactions that may lead to payment(s) from the State provide their Taxpayer Identification Number (TIN). The TIN is required by the California Revenue and Taxation Code Section 18646 to facilitate tax compliance enforcement activities and the preparation of Form 1099 and other information returns as required by the Internal Revenue Code Section 6109(a).</p> <p>The TIN for individuals and sole proprietorships is the Social Security Number (SSN). Only partnerships, estates, trusts, and corporations will enter their Federal Employer Identification Number (FEIN).</p>								
4	<p><u>Are you a California resident or nonresident?</u></p> <p>A corporation will be defined as a "resident" if it has a permanent place of business in California or is qualified through the Secretary of State to do business in California.</p> <p>A partnership is considered a resident partnership if it has a permanent place of business in California. An estate is a resident if the decedent was a California resident at time of death. A trust is a resident if at least one trustee is a California resident.</p> <p>For individuals and sole proprietors, the term "resident" includes every individual who is in California for other than a temporary or transitory purpose and any individual domiciled in California who is absent for a temporary or transitory purpose. Generally, an individual who comes to California for a purpose that will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident.</p> <p>Payments to all nonresidents may be subject to withholding. Nonresident payees performing services in California or receiving rent, lease, or royalty payments from property (real or personal) located in California will have 7% of their total payments withheld for State income taxes. However, no withholding is required if total payments to the payee are \$1,500 or less for the calendar year.</p> <p>For information on Nonresident Withholding, contact the Franchise Tax Board at the numbers listed below:</p> <table border="0"> <tr> <td>Withholding Services and Compliance Section:</td> <td>1-888-792-4900</td> <td>E-mail address:</td> <td>wscs.gen@ftb.ca.gov</td> </tr> <tr> <td>For hearing impaired with TDD, call:</td> <td>1-800-822-6268</td> <td>Website:</td> <td>www.ftb.ca.gov</td> </tr> </table>	Withholding Services and Compliance Section:	1-888-792-4900	E-mail address:	wscs.gen@ftb.ca.gov	For hearing impaired with TDD, call:	1-800-822-6268	Website:	www.ftb.ca.gov
Withholding Services and Compliance Section:	1-888-792-4900	E-mail address:	wscs.gen@ftb.ca.gov						
For hearing impaired with TDD, call:	1-800-822-6268	Website:	www.ftb.ca.gov						
5	<p>Provide the name, title, signature, and telephone number of the individual completing this form. Provide the date the form was completed.</p>								
6	<p>This section must be completed by the State agency requesting the STD. 204.</p>								
	<p><u>Privacy Statement</u></p> <p>Section 7(b) of the Privacy Act of 1974 (Public Law 93-579) requires that any federal, State, or local governmental agency, which requests an individual to disclose their social security account number, shall inform that individual whether that disclosure is mandatory or voluntary, by which statutory or other authority such number is solicited, and what uses will be made of it.</p> <p>It is mandatory to furnish the information requested. Federal law requires that payment for which the requested information is not provided is subject to federal backup withholding and State law imposes noncompliance penalties of up to \$20,000.</p> <p>You have the right to access records containing your personal information, such as your SSN. To exercise that right, please contact the business services unit or the accounts payable unit of the State agency(ies) with which you transact that business.</p> <p>All questions should be referred to the requesting State agency listed on the bottom front of this form.</p>								

DARFUR CONTRACTING ACT CERTIFICATION

Public Contract Code Sections 10475 -10481 applies to any company that currently or within the previous three years has had business activities or other operations outside of the United States. For such a company to bid on or submit a proposal for a State of California contract, the company must certify that it is either a) not a scrutinized company; or b) a scrutinized company that has been granted permission by the Department of General Services to submit a proposal.

If your company has not, within the previous three years, had any business activities or other operations outside of the United States, you do **not** need to complete this form.

OPTION #1 - CERTIFICATION

If your company, within the previous three years, has had business activities or other operations outside of the United States, in order to be eligible to submit a bid or proposal, please insert your company name and Federal ID Number and complete the certification below.

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that a) the prospective proposer/bidder named below is **not** a scrutinized company per Public Contract Code 10476; and b) I am duly authorized to legally bind the prospective proposer/bidder named below. This certification is made under the laws of the State of California.

Company/Vendor Name (Printed)		Federal ID Number
By (Authorized Signature)		
Printed Name and Title of Person Signing		
Date Executed	Executed in the County and State of	

OPTION #2 – WRITTEN PERMISSION FROM DGS

Pursuant to Public Contract Code section 10477(b), the Director of the Department of General Services may permit a scrutinized company, on a case-by-case basis, to bid on or submit a proposal for a contract with a state agency for goods or services, if it is in the best interests of the state. If you are a scrutinized company that has obtained written permission from the DGS to submit a bid or proposal, complete the information below.

We are a scrutinized company as defined in Public Contract Code section 10476, but we have received written permission from the Department of General Services to submit a bid or proposal pursuant to Public Contract Code section 10477(b). A copy of the written permission from DGS is included with our bid or proposal.


Company/Vendor Name (Printed)	Federal ID Number
Initials of Submitter	
Printed Name and Title of Person Initialing	

DRUG-FREE WORKPLACE CERTIFICATION

STD. 21 (REV. 12-93)

CERTIFICATION

I, the official named below, hereby swear that I am duly authorized legally to bind the contractor or grant recipient to the certification described below. I am fully aware that this certification, executed on the date below, is made under penalty of perjury under the laws of the State of California.

CONTRACTOR/BIDDER FIRM NAME		FEDERAL ID NUMBER
BY (Authorized Signature) 		DATE EXECUTED
PRINTED NAME AND TITLE OF PERSON SIGNING		TELEPHONE NUMBER (Include Area Code) ()
TITLE		
CONTRACTOR/BIDDER FIRM'S MAILING ADDRESS		

The contractor or grant recipient named above hereby certifies compliance with Government Code Section 8355 in matters relating to providing a drug-free workplace. The above named contractor or grant recipient will:

1. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations, as required by Government Code Section 8355(a).
2. Establish a Drug-Free Awareness Program as required by Government Code Section 8355(b), to inform employees about all of the following:
 - (a) The dangers of drug abuse in the workplace,
 - (b) The person's or organization's policy of maintaining a drug-free workplace,
 - (c) Any available counseling, rehabilitation and employee assistance programs, and
 - (d) Penalties that may be imposed upon employees for drug abuse violations.
3. Provide as required by Government Code Section 8355(c), that every employee who works on the proposed contract or grant:
 - (a) Will receive a copy of the company's drug-free workplace policy statement, and
 - (b) Will agree to abide by the terms of the company's statement as a condition of employment on the contract or grant.
4. At the election of the contractor or grantee, from and after the "Date Executed" and until _____^(DATE) (NOT TO EXCEED 36 MONTHS), the state will regard this certificate as valid for all contracts or grants entered into between the contractor or grantee and this state agency without requiring the contractor or grantee to provide a new and individual certificate for each contract or grant. If the contractor or grantee elects to fill in the blank date, then the terms and conditions of this certificate shall have the same force, meaning, effect and enforceability as if a certificate were separately, specifically, and individually provided for each contract or grant between the contractor or grantee and this state agency.

IRAN CONTRACTING ACT
(Public Contract Code sections 2202-2208)

Prior to bidding on, submitting a proposal or executing a contract or renewal for a State of California contract for goods or services of \$1,000,000 or more, a vendor must either: a) certify it is **not** on the current list of persons engaged in investment activities in Iran created by the California Department of General Services ("DGS") pursuant to Public Contract Code section 2203(b) and is not a financial institution extending twenty million dollars (\$20,000,000) or more in credit to another person, for 45 days or more, if that other person will use the credit to provide goods or services in the energy sector in Iran and is identified on the current list of persons engaged in investment activities in Iran created by DGS; or b) demonstrate it has been exempted from the certification requirement for that solicitation or contract pursuant to Public Contract Code section 2203(c) or (d).

To comply with this requirement, please insert your vendor or financial institution name and Federal ID Number (if available) and complete **one** of the options below. Please note: California law establishes penalties for providing false certifications, including civil penalties equal to the greater of \$250,000 or twice the amount of the contract for which the false certification was made; contract termination; and three-year ineligibility to bid on contracts. (Public Contract Code section 2205.)

OPTION #1 - CERTIFICATION

I, the official named below, certify I am duly authorized to execute this certification on behalf of the vendor/financial institution identified below, and the vendor/financial institution identified below is **not** on the current list of persons engaged in investment activities in Iran created by DGS and is not a financial institution extending twenty million dollars (\$20,000,000) or more in credit to another person/vendor, for 45 days or more, if that other person/vendor will use the credit to provide goods or services in the energy sector in Iran and is identified on the current list of persons engaged in investment activities in Iran created by DGS.

<i>Vendor Name/Financial Institution (Printed)</i>		<i>Federal ID Number (or n/a)</i>
<i>By (Authorized Signature)</i>		
<i>Printed Name and Title of Person Signing</i>		
<i>Date Executed</i>	<i>Executed in</i>	

OPTION #2 – EXEMPTION

Pursuant to Public Contract Code sections 2203(c) and (d), a public entity may permit a vendor/financial institution engaged in investment activities in Iran, on a case-by-case basis, to be eligible for, or to bid on, submit a proposal for, or enters into or renews, a contract for goods and services.

If you have obtained an exemption from the certification requirement under the Iran Contracting Act, please fill out the information below, and attach documentation demonstrating the exemption approval.

<i>Vendor Name/Financial Institution (Printed)</i>		<i>Federal ID Number (or n/a)</i>
<i>By (Authorized Signature)</i>		
<i>Printed Name and Title of Person Signing</i>		<i>Date Executed</i>



Commission Staff Report

February 13, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: Appointment to the NCPA Finance Committee

AGENDA CATEGORY: Consent

FROM:	Monty Hanks <i>MH</i> Assistant General Manager/CFO	METHOD OF SELECTION: N/A
Division:	Administrative Services	
Department:	Accounting & Finance	

IMPACTED MEMBERS:		
All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input type="checkbox"/>	City of Lompoc <input type="checkbox"/>	City of Ukiah <input type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input type="checkbox"/>
City of Biggs <input type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input type="checkbox"/>	City of Roseville <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	Other <input type="checkbox"/>
<i>If other, please specify</i>		
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RECOMMENDATION:

It is recommended that the Commission approve Resolution 19-26 ratifying the appointment of Eric Campbell, employee of the City of Roseville, as a member of the Finance Committee.

BACKGROUND:

The NCPA Amended and Restated Commission Rules of Procedure (a.k.a. By-Laws) provides for a standing Committee, known as the Finance Committee. The Finance Committee considers all financial, accounting or auditing matters referred to it by the Commission, its Chairman, the Executive Committee, the General Manager or the Chief Financial Officer of the Agency. Appointment to this Committee is made by the Commission Chairman, subject to ratification by the Commission and is presently comprised of five members.

Current ratified members of the Finance Committee are as follows:

David Hagele, Mayor, City of Healdsburg, Committee Chair
Melissa Price, Interim Utility Director, City of Lodi
Philip McAvoy, Electric Finance and Administration Manager, City of Roseville
Ann Hatcher, Assistant Electric Director, Silicon Valley Power
Robert Orbeta, Assistant General Manager – Administration, Alameda Municipal Power

Philip McAvoy has requested to end his term on the Finance Committee effective immediately. This request means that a vacancy on the Committee must be filled and Mr. McAvoy has requested Eric Campbell to fill that vacancy.

Eric Campbell is the Financial Administrator for the City of Roseville Electric department. He has over 20 years of experience in financial management, with special emphasis in strategic and operational planning, value added budgeting and forecasting, project management, performance measurement, process improvement, and investment decision making. His current duties at Roseville Electric include overseeing the work of staff involved in complex analyses and reporting including rate design and analysis, load research, load and revenue forecasting and budgeting, debt management, financial accounting and reporting and data management. Prior to joining Roseville, Eric worked over 15 years at NV Energy as the Manager of Financial Planning and Analysis. The Finance Committee and NCPA staff believe Eric would make a perfect fit to the Finance Committee.

FISCAL IMPACT:

There is no direct fiscal impact as a result of this report.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation was reviewed by the Finance Committee on February 12th and was recommended for Commission approval by unanimous roll call vote.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Randy Howard", followed by the word "for" in a similar script.

RANDY S. HOWARD
General Manager

Attachments: Resolution 19-26

RESOLUTION 19-26

**RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY
APPOINTMENT TO THE NCPA FINANCE COMMITTEE**

(reference Staff Report #133:19)

WHEREAS, the Amended and Restated Rules of Procedure for the Commission of the Northern California Power Agency provides for a standing Committee, known as the Finance Committee; and

WHEREAS, the Finance Committee shall consider and report upon all financial, accounting, or auditing matters referred to it by the Commission, the Executive Committee, the Chair, the Chief Financial Officer of the Agency, or by the General Manager; and

WHEREAS, members of the Finance Committee, who may be either Commission members or other staff or officers of Members, shall be appointed by the Chair, which appointment shall be ratified by the Commission; and

WHEREAS, current ratified members of the Finance Committee include David Hagele (Healdsburg), Melissa Price (Lodi), Philip McAvoy (Roseville), Robert Orbeta (Alameda) and Ann Hatcher (SVP); and

WHEREAS, on February 12, 2019, the Finance Committee considered the Chair's recommendation of Eric Campbell, Electric Financial Administrator for the City of Roseville, and concurred that he be appointed as a member to the NCPA Finance Committee replacing Philip McAvoy; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency adopts the appointment of Eric Campbell as a member and of the NCPA Finance Committee.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2019 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
San Francisco BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ROGER FRITH
CHAIR

ATTEST:

CARY A. PADGETT
ASSISTANT SECRETARY



26

Commission Staff Report

February 13, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: Amended and Restated Agreement Regarding the Use and Non-Disclosure of Confidential Information and License to Use Intellectual Property

AGENDA CATEGORY: Discussion/Action

FROM:	Tony Zimmer <i>JZ</i>	METHOD OF SELECTION:
	AGM, Power Management	N/A
Division:	Power Management	<i>If other, please describe:</i>
Department:	Power Management	

IMPACTED MEMBERS:		
All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input type="checkbox"/>	City of Lompoc <input type="checkbox"/>	City of Ukiah <input type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input type="checkbox"/>
City of Biggs <input type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input type="checkbox"/>	City of Roseville <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	Other <input type="checkbox"/>
<i>If other, please specify</i>		
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RECOMMENDATION:

Northern California Power Agency (NCPA) staff recommends that the Commission adopt and approve the Amended and Restated Agreement Regarding the Use and Non-Disclosure of Confidential Information and License to Use Intellectual Property (Amended and Restated NDA), including any non-substantive modifications approved by NCPA's General Counsel, and authorize the General Manager of NCPA, acting on behalf of NCPA, to execute the Amended and Restated NDA upon execution by a Member or Customer.

BACKGROUND:

Pursuant to Commission Resolution 13-42, adopted on March 21, 2013, NCPA implemented the Agreement Regarding the Use and Non-Disclosure of Information for NCPA Projects (NDA) to establish a process and requirements used to protect certain commercially sensitive information (Confidential Information) that may be released by NCPA, and to ensure that parties who may receive such Confidential Information use and manage such information properly.

DISCUSSION:

The NDA was developed at a time when the primary software tool used by NCPA to distribute Confidential Information was the NCPA Data Portal, and as such, many of the provisions contained within the NDA specifically refer to use of the NCPA Data Portal for such purpose. NCPA has since developed a number of additional software tools and applications through which NCPA may distribute Confidential Information (e.g., NCPA Connect), and NCPA staff now believe it is necessary to revise the NDA to generalize references contained in the NDA regarding the types of electronic media NCPA may use for such purpose. NCPA has also developed a number of software tools and applications (Intellectual Property) that NCPA allows its Members and Customers to use to conduct their business activities. To ensure NCPA's Intellectual Property is protected, NCPA staff believe the NDA should also be revised to clarify that while NCPA may provide a nonexclusive license to its Members and Customers for use of NCPA's Intellectual Property, in doing so NCPA is not selling, giving or transferring such Intellectual Property to anyone, including its Members and Customers.

To address the items described above, NCPA staff have developed an Amended and Restated NDA to replace the existing NDA. The Amended and Restated NDA includes language that is inclusive of all electronic media through which NCPA may distribute Confidential Information, and includes provisions to manage and protect the use of NCPA's Intellectual Property. A copy of the Amended and Restated NDA has been attached hereto for your reference.

FISCAL IMPACT:

Work associated with developing the Amended and Restated NDA was undertaken pursuant to approved NCPA budget categories, and costs associated with this effort are allocated in accordance with approved cost allocation methodologies as described in the NCPA annual budget.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The Amended and Restated NDA provided herein was reviewed by the Facilities Committee on January 2, 2019, and was recommended for Commission approval. In addition, the Legal Committee reviewed the Amended and Restated NDA during meetings on January 11, 2019 and February 6, 2019.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Randy Howard", followed by the word "for" in a similar script.

RANDY S. HOWARD
General Manager

Attachments: (2)

- Resolution 19-10
- Amended and Restated Agreement Regarding the Use and Non-Disclosure of Confidential Information and License to Use Intellectual Property

RESOLUTION 19-10

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY AMENDED AND RESTATED AGREEMENT REGARDING THE USE AND NON- DISCLOSURE OF CONFIDENTIAL INFORMATION AND LICENSE TO USE INTELLECTUAL PROPERTY

(reference Staff Report #113:19)

WHEREAS, pursuant to Commission Resolution 13-42, adopted on March 21, 2013, Northern California Power Agency (NCPA) implemented the Agreement Regarding the Use and Non-Disclosure of Information for NCPA Projects (NDA) to establish a process and requirements used to protect certain commercially sensitive information (Confidential Information) that may be released by NCPA, and to ensure that parties who may receive such Confidential Information use and manage such information properly; and

WHEREAS, the NDA was developed at a time when the primary software tool used by NCPA to distribute Confidential Information was the NCPA Data Portal, and as such, many of the provisions contained within the NDA specifically refer to use of the NCPA Data Portal for such purpose; and

WHEREAS, NCPA has developed a number of additional software tools and applications through which NCPA may distribute Confidential Information (e.g., NCPA Connect), and NCPA staff now believe it is necessary to revise the NDA to generalize references contained in the NDA regarding the types of electronic media NCPA may use for such purpose; and

WHEREAS, NCPA has developed a number of software tools and applications (Intellectual Property) that NCPA allows its Members and Customers to use to conduct their business activities; and

WHEREAS, to ensure NCPA's Intellectual Property is protected, NCPA staff believe the NDA should also be revised to clarify that while NCPA may provide a nonexclusive license to its Members and Customers for use of NCPA's Intellectual Property, in doing so NCPA is not selling, giving or transferring such Intellectual Property to anyone, including its Members and Customers; and

WHEREAS, to address the items described herein, NCPA staff have developed an Amended and Restated Agreement Regarding the Use and Non-Disclosure of Confidential Information and License to Use Intellectual Property (Amended and Restated NDA) to replace the existing NDA; and

WHEREAS, the Amended and Restated NDA includes language that is inclusive of all electronic media through which NCPA may distribute Confidential Information, and includes provisions to manage and protect the use of NCPA's Intellectual Property; and

WHEREAS, work associated with developing the Amended and Restated NDA was undertaken pursuant to approved NCPA budget categories, and costs associated with this effort are allocated in accordance with approved cost allocation methodologies as described in the NCPA annual budget; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency adopts and approves the Amended and Restated Agreement Regarding the Use and Non-Disclosure of Confidential Information and License to Use Intellectual Property, including any non-substantive modifications approved by NCPA's General Counsel, and authorizes the General Manager of NCPA, acting on behalf of NCPA, to execute the Amended and Restated Agreement Regarding the Use and Non-Disclosure of Confidential Information and License to Use Intellectual Property upon execution by a Member or Customer.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2019 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
San Francisco BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

 ROGER FRITH
 CHAIR

ATTEST: _____
 CARY A. PADGETT
 ASSISTANT SECRETARY

**NORTHERN CALIFORNIA POWER AGENCY
AMENDED AND RESTATED AGREEMENT REGARDING THE USE AND
NON-DISCLOSURE OF CONFIDENTIAL INFORMATION AND
LICENSE TO USE INTELLECTUAL PROPERTY**

The Northern California Power Agency (NCPA), a joint powers authority, and _____, a _____, a member or customer of NCPA ("Receiving Party"), hereby enter into this Amended and Restated Agreement Regarding the Use and Non-Disclosure of Confidential Information and License to Use Intellectual Property ("Agreement").

WHEREAS, pursuant to NCPA project power sale agreements, associated operating agreements, facility agreements, and other applicable services agreements (collectively referred to herein as "NCPA Agreements"), the Receiving Party, as a member or customer and in either case signatory to one or more NCPA Agreements, may be entitled to receive certain Confidential Information (as defined in Paragraph 2) from NCPA concerning the operations and settlements and have a license to use NCPA's Intellectual Property (as defined in Paragraph 7[a]);

WHEREAS, NCPA intends to provide data, including Confidential Information, to the Receiving Party primarily through its Data Portal or other electronic or physical media (the "Delivery Media");

WHEREAS, some of the Confidential Information provided includes data relating to the Receiving Party's operational and settlement activities, including bids and costs;

WHEREAS, the parties recognize that data designated as Confidential Information has the potential to be misused for unlawful market purposes;

WHEREAS, the parties have agreed to put procedures in place to prevent the use or disclosure of the Confidential Information in a manner that might be construed to violate federal or California law;

WHEREAS, NCPA has developed Intellectual Property including software for analyzing energy market data, developing bidding strategies and providing that information to the California Independent System Operator;

WHEREAS, Receiving Party may want to use Intellectual Property developed by NCPA to process data, create bids, create bidding strategies, communicate that information to the California Independent System Operator or other energy market applications; and

WHEREAS, NCPA provides a nonexclusive license to its members and customers to use Intellectual Property while they are members or customers of NCPA and operating under NCPA Agreements but does not sell, give or transfer Intellectual Property to anyone including members and customers.

THEREFORE, in consideration of the mutual covenants in this Agreement, NCPA and the Receiving Party: 1) hereby terminate any Northern California Power Agency Agreement Regarding the Use and Non-disclosure of Information for NCPA Projects Agreement as it is superseded by this Agreement, and 2) agree to contractual limits and protection concerning the

disclosure and use of the Confidential Information and the use, nondisclosure or reproduction of Intellectual Property, as follows:

1. Purpose, Scope and Definition. The purpose of this Agreement is to permit the Receiving Party to review and use the Confidential Information to which it is entitled pursuant to an applicable NCPA Agreement for any lawful purpose, subject to the restrictions on disclosure to Third Parties and uses set forth herein. In addition, this Agreement provides a license to the Receiving Party to use NCPA Intellectual Property only for its own internal use through NCPA Delivery Media as specifically provided by NCPA, subject to restrictions on disclosure, ownership rights, and reproduction but does not grant Receiving Party any rights to use Intellectual Property once Receiving Party is no longer a member or customer of NCPA.

2. Definition of Confidential Information. Confidential Information consists of commercially sensitive information, which may include, but is not limited to Intellectual Property, price, quantity, location or timing of electric industry marketing decisions, provided by NCPA to the Receiving Party, whether through any Delivery Media or otherwise, pertaining to the Receiving Party's operational or settlement activities. Except as otherwise provided in Paragraphs 4 and 5, Confidential Information includes but is not limited to:

- (a) All written materials marked "Confidential" or "Proprietary" or "Sensitive" or other words of similar import provided by NCPA to the Receiving Party;
- (b) All observations of equipment or data, including computer screens, and oral disclosures that are indicated as "Confidential" or "Proprietary" or "Sensitive" or other words of similar import at the time of the observation or the disclosure; and
- (c) Notes, copies printouts or summaries of or regarding the Confidential Information prepared by the Receiving Party or its employees, agents, consultants, attorneys or participants.

3. Non-Disclosure. Subject to Paragraph 4 below, the Receiving Party shall keep the Confidential Information in strict confidence and shall not disclose such information or otherwise make it available, in any form or manner, to any other person or entity (a "Third Party") other than its employees, agents, consultants, attorneys, or participants who are reasonably necessary to assist the Receiving Party with decisions regarding its interest in a NCPA Agreement. Employees, agents, consultants, attorneys and participants shall be classified as follows:

- (a) Designated Reviewers are persons authorized by the Receiving Party Administrator to access the Delivery Media. The Receiving Party shall cause any such Designated Reviewer who is an employee of the Receiving Party to execute Exhibit A to the Receiving Party's Agreement prior to such employee receiving or viewing Confidential Information through the Delivery Media. The Receiving Party shall cause any such Designated Reviewer who is a consultant of the Receiving Party to execute Exhibit B to the Receiving Party's Agreement prior to such consultant receiving or viewing Confidential Information through the Delivery Media.
- (b) Designated Recipients are persons who are not authorized to access the Delivery Media, but who are authorized to view Confidential Information from the Delivery Media as part of their work in assisting the Receiving Party with decisions regarding its interest in the NCPA Agreement. The Receiving Party shall cause any such

Designated Recipient who is an employee of the Receiving Party to review this Agreement and shall take such measures as it deems prudent to ensure that the Designated Recipient understands both the Receiving Party's and his or her responsibilities with regard thereto. The Receiving Party shall cause any such Designated Recipient who is a consultant to execute Exhibit B to this Agreement prior to such consultant receiving or viewing Confidential Information.

- (c) Decision Makers are persons who are members of the governing body, including, but not limited to, city council, governing board, and utility commissions, of the Receiving Party, executives of the Receiving Party or attorneys for the Receiving Party who are not authorized to access the Delivery Media but who may review reports and recommendations summarizing aggregated data that may be based on Confidential Information, in the course of making or approving decisions related to the Receiving Party's decisions about its NCPA Agreement interests. The Receiving Party shall take such measures as it deems prudent to ensure that Decision Makers understand the Receiving Party's and their responsibilities with regard thereto.

- (d) A copy of each executed Exhibit A and/or B shall be provided to NCPA.

It is the ongoing responsibility of the Receiving Party to ensure that: (i) each Exhibit A and Exhibit B is accurate; (ii) each Exhibit A and Exhibit B permits access only to a current Designated Reviewer or Designated Recipient of the Receiving Party; (iii) each Designated Recipient or Designated Reviewer receiving the Confidential Information understands the scope of permissible use; (iv) each new Exhibit A and Exhibit B, and any notice of cancellation of an Exhibit A or Exhibit B, is immediately submitted to NCPA; and (v) NCPA is immediately notified of any unauthorized access to NCPA's Delivery Media or other breach of this Agreement.

4. Use of Confidential Information.

- (a) It is understood and agreed by the Receiving Party that both parties have obligations under federal and California law to safeguard the Confidential Information against use or disclosure for purposes inconsistent with federal or California antitrust laws or for purposes of market manipulation.
- (b) The Receiving Party may use the Confidential Information received hereunder for any lawful purpose, provided that it does not disclose the Confidential Information to Third Parties other than Designated Reviewers, Designated Recipients, or Decision Makers as provided in Paragraph 3, and receives similar commitments as provided in Paragraph 3.
- (c) Receiving Party shall take all prudent measures to ensure that its Designated Reviewers, Designated Recipients and Decision Makers use the Confidential Information in compliance with this Agreement and with all laws and regulations, and safeguard its confidentiality.

5. Exceptions to Non-Disclosure. Notwithstanding Paragraph 2 above, a party to this Agreement shall not have breached any obligation under this Agreement if the Confidential Information is disclosed to a Third Party when the Confidential Information:

- (a) was in the public domain at the time of such disclosure or is subsequently made available to the public consistent with the terms of this Agreement; or
- (b) had been received by the Receiving Party prior to the time of disclosure through other means without restriction on its use, or had been independently developed by the Receiving Party without use of Confidential Information, as demonstrated through documentation; or
- (c) is subsequently disclosed to the Receiving Party by a Third Party without restriction on use imposed by the Third Party and without breach of any law, agreement or legal duty to the Third Party; or
- (d) subject to the provisions of Paragraph 5, is used or disclosed pursuant to statutory duty or an order, subpoena or other lawful process issued by a court or other governmental authority of competent jurisdiction; or
- (e) in the event that the Receiving Party is a federal, state, or local governmental entity and/or is subject to public records law or regulation including but not limited to the federal Freedom of Information Act (FOIA), U.S. Code Title 5, Section 552, as amended, or the California Public Records Act, California Government Code Sections 6250, *et seq.* and the information is disclosed pursuant to public records laws.

6. Notice of Pending Third Party Disclosure.

- (a) In the event that a court or other governmental authority of competent jurisdiction issues an order, subpoena or other lawful process requiring the disclosure of the Confidential Information, the Receiving Party shall notify NCPA immediately upon receipt thereof to allow NCPA to be involved in such proceeding for the purpose of safeguarding the Confidential Information.
- (b) In the event that the Receiving Party is a federal, state, or local governmental entity and/or is subject to public records law or regulation, including but not limited to the federal Freedom of Information Act (FOIA), U.S. Code Title 5, Section 552, as amended, or the California Public Records Act, California Governmental Code Sections 6250, *et seq.*, the Receiving Party shall: (i) notify NCPA immediately upon receipt of a request for public records that include all or part of the Confidential Information; and (ii) subject to sub-paragraph (c), treat the requested Confidential Information as exempt from disclosure.
- (c) The Receiving Party shall not be in violation of this Agreement if it complies with an order of a court or governmental authority, or a public records law or regulation, requiring disclosure of the Confidential Information, after: (i) NCPA has unsuccessfully sought to maintain the confidentiality of such information as provided herein; (ii) NCPA has notified the Receiving Party in writing that it will take no action to maintain such confidentiality; or (iii) counsel for the Receiving Party has determined that disclosure is required under a public records law or regulation, the counsel for the Receiving Party has provided NCPA with three (3) business days written notice of such determination, and NCPA has not responded or sought an order restraining disclosure within such time period.

7. Intellectual Property.

- (a) Definition of Intellectual Property. Intellectual Property includes all NCPA trademarks, trade names, service marks, logos, copyrights, patents, trade secrets, software, processes, computer code and other intellectual property rights now or hereafter owned by NCPA or used by NCPA pursuant to a licensing agreement.
- (b) NCPA hereby grants to Receiving Party a nonexclusive, nontransferable and nonsublicensable license for its own internal use to use NCPA's Intellectual Property in conjunction with the services provided by NCPA as part of NCPA Agreements and in accordance with the guidelines provided by NCPA from time to time including but not limited to that Intellectual Property accessed through Delivery Media or other direct or indirect electronic means. Receiving Party agrees that NCPA shall retain ownership of all such Intellectual Property. Any and all use of NCPA's Intellectual Property by Receiving Party shall inure to the benefit of NCPA.
- (c) Receiving Party shall not copy, reproduce, distribute, display, modify, or create derivative works based upon all or any portion of the Intellectual Property in any medium, electronic or otherwise, without the express written consent of NCPA. In addition, Receiving Party shall not provide Intellectual Property to Third Parties or services to Third Parties using Intellectual Property.
- (d) Upon termination of this Agreement or any of the NCPA Agreements, Receiving Party shall cease using the Intellectual Property and shall not thereafter adopt, use or reverse engineer any colorable imitation of any Intellectual Property.

8. Cyber Security. Receiving Party shall notify NCPA no less than 24-hours after discovery of a potential compromise of Receiving Party's network, computers, applications or electronic systems in any way that Receiving Party determines could provide unauthorized access or negatively impact the confidentiality, integrity, or availability of NCPA systems.

9. Term. This Agreement shall remain in effect unless and until NCPA provides ten (10) days' prior written notice to the Receiving Party of its termination. Termination shall not extinguish any claim, liability or cause of action under this Agreement existing at the time of termination. In addition, Receiving Party acknowledges and agrees that NCPA may suspend and ultimately terminate Receiving Party's access to Confidential Information and/or Intellectual Property in connection with any material breaches or material violation of this Agreement that have not been cured by Receiving Party within thirty (30) days of written notice of such breach or violation.

10. Provisions Surviving Termination. The provisions of Paragraphs 2, 3, 4, 5, 6, 7 and 8 shall survive the termination of this Agreement for a period of five (5) years.

11. Destruction of Documents. Nothing in this Agreement shall prevent the Receiving Party from otherwise lawful destruction of documents or files containing Confidential Information in the ordinary course of business, provided that the method of destruction safeguards the Confidential Information.

12. Notices.

- (a) Administrator(s) for Data Portal Access. Receiving Party shall designate one (1) person to act as Administrator on its behalf, and shall provide the name, street address, telephone number, facsimile number and email address of such Administrator to NCPA's Representative designated under sub-paragraph (b) prior to Receiving Party being granted access to the Data Portal. Either party may change the identity of its Administrator or the address for notice to its Administrator by providing notice to the other.

The Receiving Party's Administrator shall administer access to the Delivery Media on behalf of Receiving Party's employees, agents, consultants, attorneys or participants, including but not limited to making requests for new user accounts, maintenance and administration of existing user accounts, and administration of digital security certificates. NCPA's Administrator shall administer on behalf of NCPA all such requests by Receiving Party's Administrator.

All communications, pursuant to this sub-paragraph, from Receiving Party's Administrator to NCPA's Administrator shall be in writing, via email, to the following address: dataportaladmin@ncpa.com.

- (b) Representatives and Addresses. All notices, requests, demands, and other communications required or permitted under this Agreement other than those between Administrators shall be in writing and shall be either: (i) delivered in person; (ii) sent by email; (iii) sent by U.S. certified mail, postage prepaid; or (iv) sent by overnight delivery; addressed as follows:

Receiving Party:

Entity Name: _____

Name of Contact (person or position): _____

Address: _____

Telephone: _____

Email: _____

NCPA:

Tony Zimmer
Assistant General Manager; Power Management
651 Commerce Drive
Roseville, CA 95678
Telephone: (916) 781-4229
Email: tony.zimmer@ncpa.com

and

Jane E. Luckhardt
NCPA General Counsel
651 Commerce Drive
Roseville, California 95678
Telephone: (916) 781-4268
Email: jane.luckhardt@ncpa.com

- (c) Changed Representatives and Addresses. A party hereto may from time to time change its representative or address for the purpose of notices to that party by notice specifying a new representative or address.
- (d) Effective Date of Notices. All notices and other communications required or permitted under this Agreement that are addressed as provided in this Paragraph 12 shall be effective upon delivery.

13. Complete Agreement; No Other Rights.

- (a) This Agreement contains the complete and exclusive agreement of the parties with respect to the subject matter thereof, and supersedes all discussions, negotiations, representations, warranties, commitments, offers, contracts, and writings prior to the date of this Agreement, with respect to its subject matter. No change to this Agreement shall be effective unless agreed to in writing by the parties hereto. Any conflict between the language of this Agreement and any mark, stamp, annotation or other language identifying something received hereunder as Confidential Information shall be resolved in favor of this Agreement.
- (b) This Agreement is not intended to create any right in or obligation of any party or Third Party other than those expressly stated herein.

14. No Warranties or Representations. Any Confidential Information disclosed by NCPA under this Agreement carries no warranty or representation of any kind, either express or implied. Any Intellectual Property used by Receiving Party contains no warranty or representation of any kind, either express or implied, and no warranty regarding functionality, lack of software bugs or glitches, timely resolution of any problems or shortcomings and no guarantees that any Intellectual Property will be accessible at all times. The Receiving Party shall not be entitled to rely on the accuracy, completeness or quality of the Confidential Information or Intellectual Property, even for the purpose stated in Paragraph 1.

15. Injunctive Relief. The Receiving Party agrees that, in addition to whatever other remedies may be available to NCPA under applicable law, NCPA shall be entitled to obtain injunctive relief with respect to any actual or threatened violation of this Agreement by the Receiving Party, its Designated Recipients or any Third Party to whom Receiving Party disclosed Confidential Information or had access to Intellectual Property. The Receiving Party agrees that it shall bear all costs and expenses, including reasonable attorneys' fees that may be incurred by NCPA in enforcing the provisions of this paragraph, only if NCPA prevails in the litigation.

16. Governing Law. This Agreement is made in the State of California and shall be governed by and interpreted in accordance with its laws.

17. Assignment. This Agreement shall be binding upon the parties, their successors, and assigns. The Receiving Party shall not assign this Agreement without NCPA's prior written consent.

18. Construction of Agreement. Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any party, but shall be construed in the manner that most accurately reflects the parties' intent as of the date they executed this Agreement.

19. Signature Authority. Each person signing below warrants that he or she has been duly authorized by the party for whom he or she signs to execute this Agreement on behalf of that party.

20. Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives as of the date set forth above.

NORTHERN CALIFORNIA POWER AGENCY

By: _____

Name: Randy Howard

Title: General Manager

Date:

RECEIVING PARTY:

By: _____

Name:

Title:

Date:

EXHIBIT A

**INDIVIDUAL AGREEMENT TO BE BOUND BY NCPA'S AMENDED AND
RESTATED AGREEMENT REGARDING THE USE AND NON-DISCLOSURE OF
CONFIDENTIAL INFORMATION AND LICENSE TO USE INTELLECTUAL PROPERTY**

The undersigned, _____ (print or type name), employed as _____ (title) by the Receiving Party, _____, hereby acknowledges that he or she in his/her official capacity has received a copy of the NORTHERN CALIFORNIA POWER AGENCY AMENDED AND RESTATED AGREEMENT REGARDING THE USE AND NON-DISCLOSURE OF CONFIDENTIAL INFORMATION AND LICENSE TO USE INTELLECTUAL PROPERTY ("Agreement") in which the Receiving Party, _____, has an entitlement interest, dated _____ between the Northern California Power Agency and the Receiving Party designated therein ("Agreement").

1. The undersigned hereby acknowledges that the undersigned has read the Agreement and understands the importance of maintaining the confidentiality of Confidential Information (as defined in Paragraph 2 of the Agreement), the provisions of the Agreement relating to such confidentiality, and the limitations on the use of Confidential Information.
2. The undersigned hereby acknowledges that the undersigned has read the Agreement and understands the terms of the nonexclusive license to use Intellectual Property (defined in Paragraph 7(a) of the Agreement), and agrees to the limit the use of Intellectual property to uses allowed under NCPA Agreements and this Agreement including but not limited to limitations on term, disclosure and reproduction or reuse.

In consideration thereof, the undersigned agrees to be bound by all of the provisions of the Agreement.

Dated: _____

Signed: _____

By: _____

Telephone: _____

Email: _____

EXHIBIT B

CONSULTANT STATEMENT TO BE BOUND BY NCPA'S AMENDED AND RESTATED AGREEMENT REGARDING THE USE AND NON-DISCLOSURE OF CONFIDENTIAL INFORMATION AND LICENSE TO USE INTELLECTUAL PROPERTY

Name of Consulting Entity: _____

Type of business and state in which business organization is formed (e.g. a California corporation): _____

Located at:
(address of Consulting Entity): _____

Has been engaged to provide technical support and analysis to the following entity:

Consulting Entity hereby acknowledges that it has received a copy of the NORTHERN CALIFORNIA POWER AGENCY AMENDED AND RESTATED AGREEMENT REGARDING THE USE AND NON-DISCLOSURE OF CONFIDENTIAL INFORMATION AND LICENSE TO USE INTELLECTUAL PROPERTY ("Agreement") in which the Receiving Party, _____, has an entitlement interest, dated _____ between the Northern California Power Agency and the Receiving Party designated therein ("Agreement"). Consulting Entity hereby acknowledges and agrees that in order to access Confidential Information (as defined in the Agreement), Consulting Entity must comply with the provisions of the Agreement, and it agrees to do so. Furthermore, Consulting Entity hereby acknowledges and agrees that in order to access Intellectual Property, Consulting Entity must abide by the limitations to the term, disclosure and reproduction or reuse of Intellectual Property, and agrees to restrict the use of Intellectual property to uses allowed under NCPA Agreements and this Agreement.

Consulting Entity acknowledges and agrees that its review of Confidential Information and use of Intellectual Property is solely for the purpose of providing consultancy services to the Receiving Party and that its use of Confidential Information and Intellectual Property shall be limited to the same. To the extent that Consulting Entity provides technical support and analysis to parties who are not party to this Agreement, Consulting Entity agrees that disclosure of Confidential Information or Intellectual Property to such parties is prohibited by the terms and conditions of the Agreement.

The undersigned agrees that he or she is authorized by the Consulting Entity to execute this Consultant Statement to the Agreement.

Dated: _____

Consulting Entity: _____

By: _____

Print Name: _____

Telephone: _____

Email: _____



Commission Staff Report

February 13, 2019

COMMISSION MEETING DATE: February 21, 2019

SUBJECT: Authorizing and Approving the Issuance of up to \$58 Million Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A (tax-exempt) and \$2 Million Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B

AGENDA CATEGORY: Discussion/Action

FROM:	Monty Hanks <i>UH</i>	METHOD OF SELECTION:
	Assistant General Manager/CFO	N/A
Division:	Administrative Services	
Department:	Accounting & Finance	

IMPACTED MEMBERS:		
All Members <input type="checkbox"/>	City of Lodi <input checked="" type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input checked="" type="checkbox"/>	City of Lompoc <input checked="" type="checkbox"/>	City of Ukiah <input checked="" type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input checked="" type="checkbox"/>	Plumas-Sierra REC <input checked="" type="checkbox"/>
City of Biggs <input checked="" type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input checked="" type="checkbox"/>	City of Roseville <input checked="" type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input checked="" type="checkbox"/>	City of Santa Clara <input checked="" type="checkbox"/>	Other <input type="checkbox"/>
<p><i>If other, please specify</i></p> <p>_____</p> <p>_____</p>		

RECOMMENDATION:

Staff is recommending the Commission approve Resolution 19-13 which is authorizing and approving the issuance of up to \$58 million of fixed rate Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A (tax-exempt) and up to \$2 million fixed rate Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series B (taxable) and delegates the General Manager and other NCPA officials the authority to execute related legal documents needed to issue these bonds.

BACKGROUND:

Policy and RFP

The NCPA Finance Committee, NCPA staff and the Agency's financial advisors, Public Financial Management (PFM), carefully monitor the bond market for potential opportunities to refinance NCPA bonds for debt service savings. According to NCPA's *Debt and Interest Rate Management Policy*, a target of 5% net present value (NPV) savings is desired before considering a bond refunding. In September 2018, a Request for Proposals was issued to over a dozen investment banks seeking a potential refunding of the 2010 Hydroelectric Bonds, Series A (2010A bonds). Upon evaluation of the various proposals, RBC Capital Markets (RBC) offered the best approach and understanding of this transaction and pricing. The Finance Committee directed staff to move forward with the refunding using RBC as sole Underwriter (UW).

Outstanding Bonds to be Refunded

The 2010A bonds were originally issued in the aggregate principal amount of \$101,260,000 for the purpose of refinancing a portion of the costs for the hydroelectric project. The 2019 Series A&B refunding bonds are being issued for the purpose of providing funds to redeem the 2010A bonds on or about July 1, 2019 and pay costs of issuance (COI) of this transaction. In addition, the 2010A bonds carry transferred proceeds related to the refunding of the prior bond series and is subject to a proceeds-to-par restriction which is limited to the par amount of the refunded bonds (\$52,845,000). The 2019 Series B Taxable bonds has to cover the remainder of the required uses (i.e., purchase of the escrow securities, COI and UW discount) in addition to any transferred proceeds penalty (approximately \$250,000).

2010 Series B Debt Service Reserve Fund (DSRF) Analysis

After reviewing the debt service reserve fund of the 2010A bonds and discussing with the Trustee the moneys being held in the account, PFM discovered that the debt service reserve for the Agency's taxable 2010 Series B bonds was never released when the bonds matured in July 2013. While it's uncertain to why this occurred, the proceeds were put into a separate DSRF account, but then immediately transferred to a combined account along with the 2010A DSRF.

As of July 31, 2019, staff estimates that approximately \$1.7 million (equal to the original 2010B Reserve Requirement plus a pro rata share of the earnings of the combined account) are related to the 2010B DSRF and, since the 2010B bonds were taxable, are available for release to NCPA (subject to Tax and Bond Counsel sign-off) to be used for any lawful purpose related to the Hydroelectric Project. If available, staff is requesting the authority to use a portion of these funds to pay the potential proceeds-to-par penalty and any yield reduction payments required to refund the 2010A bonds. In doing so, this may eliminate the need to issue taxable bonds.

The remaining amount of the 2010B Reserve funds are being recommended by the Finance Committee to pay off the outstanding principal on the 2008B bonds and Letter of Credit (LOC) fees associated with replacing the expiring Letter of Credit with Bank of the Montreal on the 2008A/B bonds. However, staff will bring this request at a subsequent date.

Documents for Approval

To complete the bond refunding, the Commission will be required to approve Resolution 19-13 authorizing and approving the issuance of the refunding bonds and related documents including the following:

1. Preliminary Official Statement (POS)
2. Twenty-Sixth Supplemental Indenture (tax-exempt)
3. Twenty-Seventh Supplemental Indenture (taxable)
4. Escrow Deposit Agreement
5. Bond Purchase Contract
6. Continuing Disclosure Agreement
7. And other related documents

Draft copies of these documents are attached to this report. Upon approval by the Commission, pricing of the refunding bonds will occur around the first week of March with the bond closing shortly thereafter.

FISCAL IMPACT:

With the passage of SB450, the following details of the refunding must be disclosed prior to authorization of the bonds. The numbers reflect rates as of January 25, 2019.

Estimated Amount of Proceeds:	\$49,636,516
Estimated True Interest Cost:	1.629%
Estimated Cost of Issuance:	\$247,223
Estimated Sum of Debt Service Payments:	\$51,531,642

Estimated NPV savings over the current debt service is approximately \$3.7 million or 7.05% of refunded bonds through final maturity in 2024. The estimated average annual debt service savings for a full bond year is over \$1.7 million. The breakdown of cost allocation per Participant for debt service savings (net of all fees) is shown below:

Participant	Entitlement Percentage	2010A Hydro Debt Service Obligation ^[1]	Estimated NPV Savings	Est. Annual Debt Service Savings ^[2]
Alameda	10.00%	10.98%	\$ 409,067	\$ 189,470
Biggs	0.10%	0.00%	\$ -	\$ -
Gridley	1.06%	0.00%	\$ -	\$ -
Healdsburg	1.66%	0.63%	\$ 23,641	\$ 10,950
Lodi	10.37%	11.38%	\$ 424,213	\$ 196,485
Lompoc	2.30%	2.52%	\$ 94,089	\$ 43,580
Palo Alto	22.92%	25.16%	\$ 937,583	\$ 434,266
Roseville	12.00%	4.59%	\$ 170,896	\$ 79,155
Santa Clara	35.86%	40.64%	\$ 1,514,377	\$ 701,423
Ukiah	2.04%	2.24%	\$ 83,456	\$ 38,655
Plumas-Sierra	1.69%	1.85%	\$ 69,124	\$ 32,017
Total	100.00%	100.00%	\$ 3,726,445	\$ 1,726,000

^[1] In 2002 certain 1992A bonds were defeased with variable rate debt. Two participants opted out of the refunding by paying their respective shares of the the refunded bonds in cash. As a result, the 2002A&B bonds had different participant shares-normalized without the opt-out participants. Additionally, in 2008 the 2002 and 2003 bonds were refunded into the 2008C&D which caused the participant shares to be recalculated again on the proportionate shares of the bonds refunded.

^[2] Based on full bond year. Estimated savings through 7/1/2018 is approx. \$311,000

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation was reviewed by the Finance Committee on February 12, 2019 and was recommended for Commission approval.

Respectfully submitted,

A handwritten signature in black ink that reads "Randy Howard" followed by "for" in a cursive script.

RANDY S. HOWARD
General Manager

Attachments:

1. Resolution 19-13
2. Preliminary Official Statement (POS)
3. Twenty-Sixth Supplemental Indenture (tax-exempt)
4. Twenty-Seventh Supplemental Indenture (taxable)
5. Escrow Deposit Agreement
6. Bond Purchase Contract
7. Continuing Disclosure Agreement
8. And other related documents

RESOLUTION 19-13

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY AUTHORIZING AND APPROVING THE ISSUANCE OF HYDROELECTRIC PROJECT NUMBER ONE REVENUE BONDS, 2019 REFUNDING SERIES A AND 2019 TAXABLE REFUNDING SERIES B; APPROVING THE SUPPLEMENTAL INDENTURES OF TRUST PURSUANT TO WHICH SUCH BONDS ARE TO BE ISSUED; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE, SECURING AND SALE OF SUCH BONDS; AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO

(Reference Staff Report #120:19)

WHEREAS, the Northern California Power Agency ("NCPA") is a public entity duly organized and existing pursuant to the Amended and Restated Northern California Power Agency Joint Powers Agreement, dated as of January 1, 2008, as supplemented (the "Agreement") and the provisions relating to the Joint Exercise of Powers Act constituting Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California; and

WHEREAS, NCPA is authorized pursuant to the provisions of the Agreement and the Act (capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture mentioned below) to acquire and construct, or cause to be acquired and constructed, and to operate or cause to be operated, a project within the State of California for the generation or transmission of electric energy (including a capacity right in such a project) and to sell the capacity and energy of such project; to enter into agreements with respect to any matters relating to the acquisition, construction and operation of such project and the sale of capacity and energy of such project; and to finance the acquisition, construction and operation of such project through the issuance of bonds, notes and other evidences of indebtedness under the Act; and to issue bonds to refund such bonds, notes or other evidences of indebtedness; and

WHEREAS, NCPA and Calaveras County Water District ("CCWD") have entered into the Power Purchase Contract whereby CCWD has granted NCPA the right to the capacity and energy of the Project in exchange for, among other things, NCPA's providing the funds necessary to construct the Project and NCPA's construction and operation of the Project, all on the terms and conditions specified in the Power Purchase Contract; and

WHEREAS, NCPA and the cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Roseville, Santa Clara, and Ukiah and the Plumas-Sierra Rural Electric Cooperative (the "Project Participants") have entered into the Agreement for Construction, Operation and Financing of the North Fork Stanislaus River Hydroelectric Development Project, dated as of September 1, 1982, as amended (the "Hydroelectric Project Member Agreement"), to provide for the construction, operation, and financing of the Project, the sale by NCPA of capacity and energy of the Project to the Project Participants, and the security for the bonds, notes and other evidences of indebtedness to be issued to finance the Project; and

WHEREAS, pursuant to an Indenture of Trust (as the same may be amended and supplemented from time to time, the "Original Indenture"), dated as of March 1, 1985, between NCPA and U.S. Bank Trust National Association, as successor trustee (the "Trustee"), NCPA has authorized the issuance of its Hydroelectric Project Number One Revenue Bonds ("Bonds") to finance the Cost of Acquisition and Construction of the Project or to refund any Outstanding Bond or Bonds; and

WHEREAS, pursuant to the Original Indenture, as amended and supplemented (the Original Indenture, as amended and supplemented, the "Indenture") NCPA has issued its Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A (the "2010 Series A Bonds"); and

WHEREAS, NCPA has determined to provide for the refunding all or a portion of the outstanding 2010 Series A Bonds as determined pursuant to this Resolution (the "Refunded Bonds"); and

WHEREAS, NCPA has determined to issue its Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A (the "2019 Series A Bonds"), for the purpose, among others, of providing a portion of the funds necessary to refund the Refunded Bonds; and

WHEREAS, the 2019 Series A Bonds are to be issued under and pursuant to the Indenture as supplemented by the Twenty-Sixth Supplemental Indenture of Trust by and between NCPA and the Trustee (such Twenty-Sixth Supplemental Indenture of Trust, in the form presented to this meeting with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the "Twenty-Sixth Supplemental Indenture"); and

WHEREAS, NCPA has determined to issue its Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (the "2019 Series B Bonds" and, together with the 2019 Series A Bonds, the "2019 Series A and B Bonds"), for the purpose, among others, of providing a portion of the funds necessary to refund the Refunded Bonds; and

WHEREAS, the 2019 Series B Bonds are to be issued under and pursuant to the Indenture as supplemented by the Twenty-Seventh Supplemental Indenture of Trust by and between NCPA and the Trustee (such Twenty-Seventh Supplemental Indenture of Trust, in the form presented to this meeting with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the "Twenty-Seventh Supplemental Indenture"); and

WHEREAS, the 2019 Series A Bonds and the 2019 Series B Bonds are to be payable from and secured by a pledge and assignment of the Trust Estate on a parity with all other Bonds issued and Outstanding under the Indenture; and

WHEREAS, RBC Capital Markets, LLC, as underwriter (the "Underwriter"), has submitted a proposal to purchase the 2019 Series A and B Bonds in the form of a Contract of Purchase (such Contract of Purchase, in the form presented to this meeting with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the "Purchase Contract"); and

WHEREAS, the offer of the 2019 Series A and B Bonds to the public is to be made pursuant to a Preliminary Official Statement (such Preliminary Official Statement in the form presented to this meeting with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the "Preliminary Official Statement"); and

WHEREAS, NCPA will provide for the refunding of the Refunded Bonds by depositing funds in an escrow fund established by an Escrow Deposit Agreement with the Trustee (such Escrow Deposit Agreement, in the form presented to this meeting with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the "Escrow Agreement"); and

WHEREAS, in order to provide a continuing disclosure undertaking by it pursuant to the requirements promulgated under Rule 15c2-12 of the Securities and Exchange Commission in connection with the 2019 Series A and B Bonds, NCPA intends to enter into a Continuing Disclosure Agreement with the Trustee, as Dissemination Agent (such Continuing Disclosure Agreement, in the form presented to this meeting with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the "Continuing Disclosure Agreement"); and

WHEREAS, there have been prepared and submitted to this meeting drafts of the following:

- (1) the Twenty-Sixth Supplemental Indenture
- (2) the Twenty-Seventh Supplemental Indenture
- (3) the Preliminary Official Statement
- (4) the Escrow Agreement
- (5) the Continuing Disclosure Agreement
- (6) the Purchase Contract

WHEREAS, after having reviewed and considered the proposal of the Underwriter to purchase the 2019 Series A and B Bonds on the terms and conditions contained in the Purchase Contract, this Commission now desires to authorize the issuance and sale of the 2019 Series A and B Bonds, including the execution of such documents and the performance of such acts as may be necessary or desirable to effect such issuance and sale and the other actions contemplated by this Resolution; and

WHEREAS, in compliance with California Government Code Section 5852.1, this Commission has obtained from PFM Financial Advisors LLC, as municipal advisor to NCPA, good faith estimates of the following information: (a) the true interest cost of the 2019 Series A and B Bonds, (b) the sum of all fees and charges paid to third parties with respect to the 2019 Series A and B Bonds, (c) the amount of proceeds of the 2019 Series A and B Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the 2019 Series A and B Bonds, and (d) the sum total of all debt service payments on the 2019 Series A and B Bonds calculated to the final maturity of the 2019 Series A and B Bonds plus the fees and charges paid to third parties not paid with the proceeds of the 2019 Series A and B Bonds, and such estimates are disclosed and set forth in Staff Report #120:19; and

WHEREAS, this bond refunding would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of section 21065 of the California Environmental Quality Act, and therefore no environmental review is necessary; and

NOW, THEREFORE, BE IT RESOLVED by the Commission of the Northern California Power Agency, as follows:

Section 1. The Commission hereby finds and determines that the issuance and sale of the 2019 Series A and B Bonds that refund the Refunded Bonds, and approval of the other matters referred to in this Resolution, will not result in either a direct physical change in the environment, nor a reasonably foreseeable indirect physical change in the environment. As a consequence, such activity is not a "project" as defined by the California Environmental Quality Act (California Public Resources Code section 21000 *et seq.*).

Section 2. The issuance of the 2019 Series A Bonds on the terms and conditions set forth in, and subject to the limitations specified in, the Twenty-Sixth Supplemental Indenture is hereby authorized and approved. The aggregate principal amount of the 2019 Series A and B Bonds shall not exceed Sixty Million Dollars (\$60,000,000). The 2019 Series A Bonds will be dated, will bear interest at the per annum interest rates, will mature on the date or dates, will be issued in the form, will have the Sinking Fund Installments (if any), will be subject to redemption, and will have such other terms, as shall be provided in the Twenty-Sixth Supplemental Indenture as the same is completed as provided in this Resolution.

Section 3. The Twenty-Sixth Supplemental Indenture, in substantially the form submitted to this meeting and made a part thereof as though set forth in full herein, be and the same is hereby approved. Each of the Chairman of this Commission (the "Chairman"), the General Manager of NCPA (the "General Manager"), the Assistant General Manager, Finance and Administrative Services/Chief Financial Officer, and the Treasurer-Controller of NCPA (each an "Authorized Officer"), acting singly, is hereby authorized to execute and deliver the Twenty-Sixth Supplemental Indenture, in the name of and on behalf of NCPA, in the form presented to this meeting with such changes, insertions and deletions as may be consistent with this Resolution and the determinations made pursuant hereto and as may be approved by the Authorized Officer executing the Twenty-Sixth Supplemental Indenture, said execution being conclusive evidence of such approval.

Section 4. The Authorized Officer executing the Twenty-Sixth Supplemental Indenture is hereby authorized to determine the following: (i) the aggregate principal amount of the 2019 Series A Bonds; (ii) the maturity date or dates of the 2019 Series A Bonds (the final maturity of such 2019 Series A Bonds to be not later than July 1, 2023); (iii) the principal amount of the 2019 Series A Bonds maturing on each maturity date; (iv) the 2019 Series A Bonds which are to be term bonds, if any, and the Sinking Fund Installments for any such term bonds; (v) the redemption provisions for the 2019 Series A Bonds; and (vi) subject to the provisions of Section 19 hereof, which of the outstanding 2010 Series A Bonds are to be refunded as Refunded Bonds pursuant to this Resolution.

Section 5. The proceeds of the sale of the 2019 Series A Bonds shall be applied to the refunding of the Refunded Bonds on the terms set forth in the Twenty-Sixth Supplemental Indenture and the Escrow Agreement.

Section 6. The issuance of the 2019 Series B Bonds on the terms and conditions set forth in, and subject to the limitations specified in, the Twenty-Seventh Supplemental Indenture is hereby authorized and approved. The aggregate principal amount of the 2019 Series A and B Bonds shall not exceed Sixty Million Dollars (\$60,000,000). The 2019 Series B Bonds will be dated, will bear interest at the per annum interest rates, will mature on the date or dates, will be issued in the form, will have the Sinking Fund Installments (if any), will be subject to redemption, and will have such other terms, as shall be provided in the Twenty-Seventh Supplemental Indenture as the same is completed as provided in this Resolution. This Commission hereby finds and determines, based on advice of Special Tax Counsel, that interest on the 2019 Series B Bonds will be subject to federal income tax.

Section 7. The Twenty-Seventh Supplemental Indenture, in substantially the form submitted to this meeting and made a part thereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers, acting singly, is hereby authorized to execute and deliver the Twenty-Seventh Supplemental Indenture, in the name of and on behalf of NCPA, in the form presented to this meeting with such changes, insertions and deletions as may be consistent with this Resolution and the determinations made pursuant hereto and as may be approved by the Authorized Officer executing the Twenty-Seventh Supplemental Indenture, said execution being conclusive evidence of such approval.

Section 8. The Authorized Officer executing the Twenty-Seventh Supplemental Indenture is hereby authorized to determine the following: (i) the aggregate principal amount of the 2019 Series B Bonds; (ii) the maturity date or dates of the 2019 Series B Bonds (the final maturity of such 2019 Series B Bonds to be not later than July 1, 2023); (iii) the principal amount of the 2019 Series B Bonds maturing on each maturity date; (iv) the 2019 Series B Bonds which are to be term bonds and the Sinking Fund Installments for any such term bonds; and (v) the redemption provisions for the 2019 Series B Bonds.

Section 9. The proceeds of the sale of the 2019 Series B Bonds shall be applied to the refunding of the Refunded Bonds, the payment of the costs of issuance of the 2019 Series A and B Bonds, and other costs related to the refunding of the Refunded Bonds on the terms set forth in the Twenty-Seventh Supplemental Indenture and the Escrow Agreement.

Section 10. The Purchase Contract, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers, acting singly, is hereby authorized to execute and deliver the Purchase Contract, in the name of and on behalf of NCPA, in the form presented to this meeting, with such changes, insertions and deletions as may be approved by the Authorized Officer executing said Purchase Contract and as are consistent with the determinations of the terms of the 2019 Series A and B Bonds made pursuant to this Resolution, said execution being conclusive evidence of such approval.

Each of the Authorized Officers, acting singly, is hereby authorized to determine the purchase price to be paid for the 2019 Series A Bonds under the Purchase Contract; provided, however, that the aggregate underwriter's discount (not including original issue discount) on the 2019 Series A Bonds shall be not more than 0.30% of the principal amount of the 2019 Series A Bonds. The sale of the 2019 Series A Bonds to the Underwriter on the terms and conditions contained in the Purchase Contract, as the same may be completed in accordance with the provisions of this Resolution, with such changes, insertions and deletions as are authorized hereby, is hereby approved and authorized.

Each of the Authorized Officers, acting singly, is hereby authorized to determine the purchase price to be paid for the 2019 Series B Bonds under the Purchase Contract; provided, however, that the aggregate underwriter's discount (not including original issue discount) on the 2019 Series B Bonds shall be not more than 0.30% of the principal amount of the 2019 Series B Bonds. The sale of the 2019 Series B Bonds to the Underwriter on the terms and conditions contained in the Purchase Contract, as the same may be completed in accordance with the provisions of this Resolution, with such changes, insertions and deletions as are authorized hereby, is hereby approved and authorized.

Section 11. The Escrow Agreement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers, acting singly, is hereby authorized to execute and deliver, in the name of and on behalf of NCPA, the Escrow Agreement to the Trustee in the form presented to the meeting with such changes, insertions and deletions as may be approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 12. The Continuing Disclosure Agreement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers, acting singly, is hereby authorized to execute and deliver, in the name of and on behalf of NCPA, the Continuing Disclosure Agreement to the Trustee as Dissemination Agent thereunder in the form presented to the meeting with such changes, insertions and deletions as may be approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 13. The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved and the use of the Preliminary Official Statement in connection with the offering and sale of the 2019 Series A and B Bonds by the Underwriter is hereby authorized and approved.

Each of the Authorized Officers is hereby authorized and directed to prepare and deliver to the Underwriter a final official statement in connection with the 2019 Series A and B Bonds (the "Official Statement"). The Official Statement shall be in the form of the Preliminary Official Statement with the

addition of the final terms of the 2019 Series A and B Bonds to be contained in the Twenty-Sixth Supplemental Indenture and the Twenty-Seventh Supplemental Indenture and with such other changes, insertions and deletions as may be approved by the officer of NCPA executing the same, said execution being conclusive evidence of such approval. Each of the Chairman and the General Manager of NCPA, acting singly, is hereby authorized to execute the Official Statement and any amendment or supplement thereto contemplated by the Purchase Contract, in the name and on behalf of NCPA, and thereupon to cause the Official Statement and any such amendment or supplement to be delivered to the Underwriter with such execution being conclusive evidence of the approval thereof. The use of the Official Statement in connection with the offering and sale of the 2019 Series A and B Bonds by the Underwriter is hereby authorized and approved.

Each of the Authorized Officers, acting singly, is hereby authorized to determine that the Preliminary Official Statement is deemed final for purposes of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), except for the omission of certain information permitted to be omitted pursuant to Rule 15c2-12.

Section 14. Each of the Authorized Officers, acting singly, is hereby authorized to acquire credit enhancement for the 2019 Series A Bonds and/or the 2019 Series B Bonds in the form of municipal bond insurance provided that the cost of such municipal bond insurance is estimated by an Authorized Officer to be less than the savings achieved on the sale of the related Series of 2019 Series A and B Bonds compared to selling such Bonds without such credit enhancement. In connection with such municipal bond insurance, each of the Authorized Officers, acting singly, is hereby authorized to enter into agreements with respect to the repayment of amounts paid under such municipal bond insurance and interest thereon and expenses in connection therewith substantially in the form of the insurance agreements previously entered by NCPA in connection with municipal bond insurance for Bonds.

Section 15. The refunding of the Refunded Bonds on the terms and conditions specified in the Twenty-Sixth Supplemental Indenture, the Twenty-Seventh Supplemental Indenture and the Escrow Agreement, including the application of moneys for such purposes as therein provided, is hereby approved and authorized.

Section 16. There is currently held under the Original Indenture certain amounts representing the balance of the 2010 Series B Debt Service Reserve Account established in connection with NCPA's Hydroelectric Project Number One Revenue Bonds, 2010 Taxable Refunding Series B (the "2010 Series B Bonds"), which 2010 Series B Bonds were issued concurrently with the Refunded Bonds authorized to be refunded as provided in this Resolution. Such amounts not previously applied to the final retirement of the 2010 Series B Bonds pursuant to the terms of the Original Indenture would be available for transfer to the General Reserve Fund and application or set-aside, upon a determination of NCPA, for any lawful purpose of NCPA related to the Project. The Commission hereby makes such determination and authorizes any of the General Manager, the Assistant General Manager, Finance and Administrative Services/Chief Financial Officer or the Treasurer-Controller of NCPA to provide direction to the Trustee for the release of such excess reserve account balance to NCPA and the application thereof for any of the following lawful purposes related to the Project: (i) any rebate, transferred proceeds penalty and/or yield reduction payment payable by NCPA to the Internal Revenue Service in connection with the refunding of the Refunded Bonds; (ii) any fees or expenses payable by NCPA in connection with the maintenance or replacement of the letter of credit for NCPA's outstanding variable rate Hydroelectric Project Number One Bonds, 2008 Refunding Series A; or (iii) the future retirement of principal of NCPA's Hydroelectric Project Number One Bonds, 2008 Taxable Refunding Series B. In connection with the application or setting aside of any such moneys for such purposes, each of the General Manager, the Assistant General Manager, Finance and Administrative Services/Chief Financial Officer or the Treasurer-Controller is hereby authorized on behalf of the NCPA to take such actions as any of them may deem necessary or appropriate.

Section 17. Pursuant to Section 12 of the Hydroelectric Project Member Agreement, NCPA is hereby directed by the Project Participants (as conclusively evidenced by the affirmative votes for this Resolution of the representatives of the Project Participants to the Commission) to refund the Refunded Bonds as provided in the Twenty-Sixth Supplemental Indenture and the Twenty-Seventh Supplemental Indenture, to issue the 2019 Series A Bonds and the 2019 Series B Bonds, to enter into, and perform its obligations under, the documents and instruments approved or authorized by this Resolution and to take such further actions as herein authorized in connection with the refunding of the Refunded Bonds and the issuance, security and sale of the 2019 Series A Bonds and the 2019 Series B Bonds, and NCPA shall comply with such direction, while not stayed or nullified, to the fullest extent authorized by law. The Project Participants recognize and agree (as conclusively evidenced by the affirmative votes for this Resolution of the representatives of the Project Participants to the Commission) that amounts payable under Section 5(a) of the Hydroelectric Project Member Agreement based on anticipated monthly electric sales include all such amounts accrued during any period during which there were no such anticipated sales and are payable under Section 5(a) of the Hydroelectric Project Member Agreement with respect to the first month in which there are anticipated electric sales regardless of the amount of such anticipated sales.

Section 18. The Treasurer-Controller of NCPA and the Administrative Assistant to the Assistant General Manager, Finance and Administrative Services/Chief Financial Officer are each hereby appointed as an Assistant Secretary for the purpose of executing any documents, making any attestation or certification on behalf of NCPA or taking any other action necessary or convenient in carrying out the transactions contemplated by this Resolution.

Section 19. Notwithstanding any other provision or grant of authority to an Authorized Officer in this Resolution to the contrary, none of the documents approved and authorized to be executed and delivered by this Resolution shall be executed and delivered by an Authorized Officer unless as of the date of execution and delivery the Assistant General Manager, Finance and Administrative Services/Chief Financial Officer or the Treasurer-Controller shall certify in writing that the net present value of the savings to be realized by the bond issuance contemplated by this Resolution is not less than five (5%) percent of the principal amount of the Refunded Bonds; and further provided, that any approval or grant of authority in this Resolution shall, without further action of the Commission, expire and be void as of 12:01 a.m. on September 1, 2019 unless exercised prior to that time.

Section 20. The Chairman and the Vice Chairman of the Commission, and the Authorized Officers, acting singly, be and each of them hereby is authorized to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or convenient in carrying out the transactions contemplated by this Resolution or the documents and instruments approved or authorized by this Resolution, including without limitation, entering into any continuing disclosure undertaking required by Rule 15c2-12, executing and delivering one or more tax certificates, credit enhancement agreements, investment agreements and/or financial guaranty agreements, taking any and all actions to provide for the giving of written directions and notices and the securing of any necessary third party approvals, and making any determinations or submission of any documents or reports which are required by any rule or regulation of any governmental entity, in connection with the issuance and sale of the 2019 Series A Bonds and/or the 2019 Series B Bonds, the refunding of the Refunded Bonds and the authorization, execution, delivery and performance by NCPA of its obligations under the documents and instruments approved or authorized by this Resolution. Without limiting the generality of the foregoing, the Chairman, the Vice Chairman, and the Authorized Officers, acting singly, are hereby authorized and directed to enter into such amendments and supplements to documents and agreements entered into in connection with the 2010 Series A Bonds as shall be necessary or desirable to carry out the purposes of the Resolution. The Secretary or an Assistant Secretary of NCPA is hereby authorized to affix the seal of NCPA and attest to any of the documents approved or authorized pursuant to this Resolution.

Section 21. All actions heretofore taken by any committee of the Commission, or any officer, representative or agent of NCPA, in connection with the issuance and sale of the 2019 Series A Bonds, the 2019 Series B Bonds, the refunding of the Refunded Bonds, or the authorization, execution, delivery or performance of NCPA's obligations under the documents and instruments approved or authorized by this Resolution and the other actions contemplated by this Resolution are hereby ratified, approved and confirmed.

Section 22. This Resolution shall take effect immediately upon its adoption.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2019 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
San Francisco BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ROGER FRITH
CHAIR

ATTEST: _____
CARY A. PADGETT
ASSISTANT SECRETARY

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY __, 2019**NEW ISSUE - BOOK-ENTRY ONLY**

Ratings: See “RATINGS” herein.

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. Interest on the 2019 Series B Bonds is not excluded from gross income for federal income tax purposes. Interest on all of the 2019 Bonds, including the 2019 Series B 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.

**NORTHERN CALIFORNIA POWER AGENCY
HYDROELECTRIC PROJECT NUMBER ONE REVENUE BONDS**

\$ _____ *
2019 Refunding Series A

\$ _____ *
2019 Taxable Refunding Series B

Dated: Date of Delivery**Due: July 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 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 \$ _____ * of its Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A (the “2019 Series A Bonds”) and \$ _____ * of its Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (the “2019 Series B Bonds”) and together with the 2019 Series A Bonds, the “2019 Bonds”). The 2019 Bonds are being issued by NCPA pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, the “Indenture”), by and between NCPA and U.S. Bank National Association, as successor trustee (the “Trustee”) for the purpose of providing funds to refund NCPA’s Outstanding Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A and to pay costs of issuance of the 2019 Bonds. See “PLAN OF REFUNDING” herein.

The 2019 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 Bonds, and individual purchases of the 2019 Bonds will be made in book-entry form only. Interest on the 2019 Bonds of each Series is payable on each January 1 and July 1, beginning on July 1, 2019. Principal is payable on July 1 of the years and in the amounts set forth on the inside cover page hereof. The 2019 Bonds of each Series may be purchased in authorized denominations of \$5,000 and any integral multiple thereof. Principal, premium, if any, and interest on the 2019 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 Bonds. See “APPENDIX C—BOOK-ENTRY ONLY SYSTEM” hereto.

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

THE 2019 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF NCPA PAYABLE SOLELY FROM THE TRUST ESTATE, AND SECURED SOLELY BY A PLEDGE AND ASSIGNMENT OF THE TRUST ESTATE, CONSISTING PRIMARILY OF THE NCPA REVENUES (AS DEFINED HEREIN) AND THE OTHER FUNDS PLEDGED BY NCPA UNDER THE INDENTURE. THE 2019 BONDS DO NOT CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF NCPA. THE 2019 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 BONDS. NCPA HAS NO TAXING POWER.

**Maturity Schedules
(see inside cover)**

The 2019 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 Bonds. Norton Rose Fulbright US LLP is serving as Disclosure Counsel to NCPA in connection with the 2019 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 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 April __, 2019.

RBC Capital Markets

Dated: _____, 2019

* Preliminary, subject to change.

MATURITY SCHEDULES*

NORTHERN CALIFORNIA POWER AGENCY HYDROELECTRIC PROJECT NUMBER ONE REVENUE BONDS

\$ _____ *

2019 Refunding Series A Bonds

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP [†]
					664845____
					664845____
					664845____
					664845____
					664845____
					664845____

\$ _____ *

2019 Taxable Refunding Series B

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP [†]
					664845____

* Preliminary, subject to change.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. 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 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 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2019 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 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
[Vacant] City of Gridley	David Hagele Mayor, City of Healdsburg
Mark Chandler..... Mayor, City of Lodi	Vacant..... City of Lompoc
[Vacant] City of Palo Alto	Dave Roberti Board President, Plumas-Sierra Rural Electric Cooperative
Basil Wong Utility Director, Port of Oakland	Kristen Schreder Councilmember, City of Redding
John AllardCouncilmember, 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.....	Ken Speer

Project Participants

Participant	Project Entitlement Percentage
Alameda	10.00%
Biggs	0.10
Gridley	1.06
Healdsburg	1.66
Lodi	10.37
Lompoc	2.30
Palo Alto	22.92
Roseville	12.00
Santa Clara	35.86
Ukiah	2.04
Plumas-Sierra Rural Electric Cooperative	1.69
	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.

Auditor
Baker Tilly Virchow
Krause, LLP
Madison, Wisconsin

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

Verification Agent
Causey Demgen
& Moore P.C.
Denver, Colorado

Municipal Advisor
PFM Financial
Advisors LLC
Los Angeles, California

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 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 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 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 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 BONDS THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2019 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 Bonds.

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OFFICIAL STATEMENT

NORTHERN CALIFORNIA POWER AGENCY HYDROELECTRIC PROJECT NUMBER ONE REVENUE BONDS

\$ _____*
2019 Refunding Series A

\$ _____*
2019 Taxable Refunding Series B

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 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 INDENTURE – Certain Definitions.”

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 \$ _____* Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A (the “2019 Series A Bonds”) and \$ _____* Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (the “2019 Series B Bonds” and together with the 2019 Series A Bonds, the “2019 Bonds”); and (iii) the eleven NCPA Members which have entered into the Third Phase Agreement (hereinafter defined) with NCPA (collectively, the “Project Participants”) relating to NCPA’s Hydroelectric Project Number One (the “Project” or the “Hydroelectric Project”), including in particular the five principal Project Participants (the “Significant Share Project Participants”).

The 2019 Bonds are being issued by NCPA for the purpose of providing funds to refund NCPA’s Outstanding Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A (the “2010 Series A Bonds”) and to pay costs of issuance of the 2019 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 and their Project Entitlement Percentages are shown on page (a) hereof. The Significant Share Project

* Preliminary, subject to change.

Participants, representing in aggregate over 90% in Project Entitlement Percentages, are the cities of Alameda, Lodi, Palo Alto, Roseville and Santa Clara.

Authority for Issuance

The 2019 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 and under and in accordance with an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, the “Indenture”), by and between NCPA and U.S. Bank National Association, as successor trustee (the “Trustee”), the Agreement for Construction, Operation and Financing of the North Fork Stanislaus River Hydroelectric Development Project, dated as of September 1, 1982, as amended (the “Third Phase Agreement”), by and among NCPA and the Project Participants, and the Power Purchase Contract dated July 6, 1981, as amended and revised by the Revised Power Purchase Contract, dated as of March 1, 1985 (the “Power Purchase Contract”), by and between NCPA and Calaveras County Water District (“Calaveras”).

The 2019 Bonds and all Hydroelectric Project Number One Revenue Bonds Outstanding under the Indenture are referred to herein as the “Hydroelectric Project Bonds.”

The Project

The Project consists of a 252.86 megawatt (“MW”) hydroelectric project (net capacity based on California Independent System Operator Masterfile for Collierville Powerhouse and Spicer Meadow Dam Powerhouse) and related facilities, described under the caption “THE HYDROELECTRIC PROJECT.” NCPA is entitled, under the Power Purchase Contract (i) to receive the electric output, and associated capacity, of the Project for 50 years from February 1982, with an option to purchase Project capacity and energy in excess of Calaveras’ requirements thereafter, subject to Federal Energy Regulatory Commission (“FERC”) approval, and (ii) to operate the generating facilities of the Project. In February 1990, the operating portions of the Project were declared substantially complete and commercially operable. The Project is primarily used to serve the Project Participants’ load requirements, and is secondarily used for load-following by NCPA, whereby the project output is used to balance the Project Participants’ load forecast deviations.

Third Phase Agreement

Under the Third Phase Agreement, NCPA has agreed to provide, and each Project Participant has agreed to take or cause to be taken, the Project Participant’s Project Entitlement 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 BONDS – Third Phase Agreement.”

Security and Sources of Payment for the 2019 Bonds

The 2019 Bonds are special, limited obligations of NCPA. The 2019 Bonds are payable solely from, and secured solely by a pledge and assignment of, the Trust Estate, consisting primarily of the NCPA

Revenues, and the other funds pledged by NCPA under the Indenture as described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE 2019 BONDS.”

The 2019 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 Bonds. NCPA has no taxing power.

No Debt Service Reserve Account

No debt service reserve account will be established to secure the 2019 Bonds. Amounts held in or credited to any other debt service reserve account established in connection with any other series of Outstanding Hydroelectric Project Bonds do not secure, and are not available for, the payment of the 2019 Bonds.

Risk Factors

For a description of certain risks associated with the purchase of the 2019 Bonds, see “SECURITY AND SOURCES OF PAYMENT FOR THE 2019 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. Copies of the Indenture, the Escrow Agreement, the Third Phase 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 Bonds are being issued for the purpose of providing funds to refund all of NCPA’s Outstanding 2010 Series A Bonds. A portion of the proceeds of the 2019 Bonds will also be applied to pay costs of issuance of the 2019 Bonds.

Prior Financing and Refunding Plan

The 2010 Series A Bonds were originally issued on April 5, 2010 in the aggregate principal amount of \$101,260,000 pursuant to the Indenture for the purpose of refinancing a portion of the costs of the Project. As of the date hereof, \$52,845,000 principal amount of 2010 Series A Bonds remains Outstanding. The Outstanding 2010 Series A Bonds mature on July 1 in each of the years 2019 through 2023. The

Outstanding 2010 Series A Bonds maturing on and after July 1, 2020 will be called for redemption on July 1, 2019.

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

Refunded 2010 Series A Bonds

Maturity Date (July 1)	CUSIP [†]	Outstanding Principal Amount to be Refunded	Interest Rate	Maturity or Redemption Date	Redemption Price
2019	664845CY8	\$ 8,710,000	5.00%	July 1, 2019	N/A ⁽¹⁾
2020	664845CZ5	9,150,000	5.00	July 1, 2019	100%
2021	664845DA9	9,610,000	5.00	July 1, 2019	100
2022	664845DB7	10,145,000	5.00	July 1, 2019	100
2023	664845DC5	<u>15,230,000</u>	5.00	July 1, 2019	100
Total		\$52,845,000			

⁽¹⁾ The Refunded 2010 Series A Bonds maturing on July 1, 2019 to be paid on their maturity date.

[†] 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 (the “Escrow Agreement”), to be entered into by NCPA and U.S. Bank National Association, as Trustee, a portion of the proceeds of the 2019 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 non-callable, direct obligations of the United States of America (the “Escrow 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 maturing principal or redemption price (100.0% of the principal amount) of the Refunded 2010 Series A Bonds on the maturity or redemption date therefor, together with accrued interest on such Refunded 2010 Series A Bonds.

On the date of delivery of the 2019 Bonds, NCPA will receive a report from Causey Demgen & Moore P.C., Denver, Colorado, 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 Escrow Securities (if any), to pay on July 1, 2019 the principal or redemption price of the Refunded 2010 Series A Bonds and accrued interest thereon. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

Upon such deposit to the Escrow Fund for their payment, the Refunded 2010 Series A Bonds will no longer be deemed to be Outstanding under the Indenture, and all obligations of NCPA with respect to the Refunded 2010 Series A Bonds shall cease and terminate, except for the obligation of NCPA to cause the amounts due on the Refunded 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 Bonds and other amounts are as follows:

	2019 Series A Bonds	2019 Series B Bonds	Total
Sources of Funds			
Principal Amount.....	\$	\$	\$
Original Issue Premium			
Transfer from Refunded 2010 Series A Bonds funds and accounts			
Total	<u>\$</u>	<u>\$</u>	<u>\$</u>
Uses of Funds			
Deposit to Escrow Fund.....	\$	\$	\$
Costs of Issuance ⁽¹⁾			
Total	<u>\$</u>	<u>\$</u>	<u>\$</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 January 31, 2019, in addition to the \$292.9 million Hydroelectric Project Bonds Outstanding under the Indenture (of which \$52.8 million is being refunded by the 2019 Bonds), NCPA had outstanding approximately \$29.6 million Capital Facilities Revenue Bonds, \$24.5 million outstanding Geothermal Project Number 3 Revenue Bonds and \$342.6 million Lodi Energy Center Revenue 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.

In 2004, NCPA entered into an interest rate swap agreement (the "2004 Swap Agreement") with Citigroup Financial Products Inc. ("CFPI") in an initial notional amount of \$85.16 million in anticipation of refunding \$85.87 million principal amount of NCPA's then Outstanding 1998 Bonds (the "1998 Bonds"). Certain of the 1998 Bonds were refunded with the issuance of NCPA's Hydroelectric Project Number One Revenue Bonds, 2008 Refunding Series A (the "2008 Series A Bonds") and 2008 Taxable Refunding Series B (the "2008 Series B Bonds").

The 2008 Series A Bonds and the 2008 Series B Bonds are variable rate obligations secured by respective letters of credit, upon which the Trustee and tender agent, as applicable, under the Indenture, are entitled to draw to pay the principal or redemption price of, and interest on, the 2008 Series A Bonds and 2008 Series B Bonds, and to pay the purchase price of the 2008 Series A Bonds and 2008 Series B Bonds which are tendered but are not successfully remarketed. The existing letters of credit for the 2008 Series A Bonds and the 2008 Series B Bonds have been provided by The Bank of Montreal and have a scheduled expiration date of September 9, 2019. NCPA expects to replace the existing letters of credit for the 2008 Series A Bonds or 2008 Series B Bonds (or alternatively, to refund or retire such 2008 Series B Bonds) on or before the scheduled expiration date of the respective letters of credit.

The existing reimbursement agreements for such letters of credit obligate NCPA to repay The Bank of Montreal for amounts drawn under the respective letter of credit on the date on which the drawing is

paid by the bank; provided, however that, upon the satisfaction of certain conditions, including, among other things, that (i) the representations and warranties of NCPA made in the related reimbursement agreement are true and correct and (ii) no event has occurred and is continuing which constitutes a default under the reimbursement agreement, the principal portion of any drawing made to pay the purchase price of 2008 Series A Bonds or 2008 Series B Bonds may be repaid in six (6) semi-annual principal installments over a period of up to three (3) years (unless required to be earlier repaid in accordance with the terms of the related reimbursement agreement). The interest rate payable by NCPA for unreimbursed draws under the letters of credit may be considerably higher than the interest rate on the 2008 Series A Bonds and the 2008 Series B Bonds. The obligations of NCPA to reimburse The Bank of Montreal for any drawings under the letters of credit are payable from and secured by a pledge and assignment of the Trust Estate and funds and accounts pledged to the repayment of the Hydroelectric Bonds. Upon the occurrence of an event of default under the reimbursement agreements, including a failure by NCPA to pay amounts due thereunder, a failure by NCPA to perform or observe its covenants, a default in other specified indebtedness of NCPA, the downgrade of the credit ratings on such 2008 Series A Bonds or 2008 Series B Bonds or other parity debt below investment grade, or other specified events of default, the bank has the right to accelerate NCPA's obligation to repay its borrowings. While NCPA may attempt in such event to refinance the 2008 Series A Bonds and 2008 Series B Bonds to avoid this additional debt burden, there can be no assurance that NCPA will have access to the debt markets.

Pursuant to the 2004 Swap Agreement, the floating rate interest payments that NCPA is obligated to make with respect to the 2008 Series A Bonds were converted into substantially fixed rate payments. In general, the terms of the 2004 Swap Agreement provide that, on a same-day net-payment basis determined by reference to a notional amount equal to the principal amount of the Outstanding 2008 Series A Bonds (*i.e.*, \$85.16 million), NCPA will pay a fixed interest rate on the notional amount. In return, CFPI will pay a variable rate of interest under the 2004 Swap Agreement on a like notional amount. The agreement by CFPI to make payments under the 2004 Swap Agreement does not affect NCPA's obligation to make payment of the 2008 Series A Bonds. Under certain circumstances, the 2004 Swap Agreement is subject to termination and NCPA may be required to make a substantial termination payment to the counterparty thereunder. Payments due from NCPA under the 2004 Swap Agreement, including any amounts payable upon early termination thereof, are payable from amounts on deposit in the General Reserve Account on a basis that is junior and subordinate to the payment of the Hydroelectric Project Bonds and are insured by National Public Finance Guarantee Corporation (formerly MBIA Insurance Corporation).

THE 2019 BONDS

The following is a summary of certain provisions of the 2019 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 Bonds of each Series are being issued in the respective aggregate principal amounts indicated on the inside cover page of this Official Statement, will mature on July 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 Bonds of each Series will be dated their date of delivery. Interest on the 2019 Bonds of each Series is payable on January 1 and July 1 of each year, commencing July 1, 2019 (calculated on the basis of a 360-day year comprised of twelve 30-day months).

The 2019 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 Bonds being hereinafter referred to as the "Holder." DTC will act as

securities depository for the 2019 Bonds. Ownership interests in the 2019 Bonds may be purchased in book-entry form only. Ownership interests in the 2019 Bonds of each Series may be purchased in authorized denominations of \$5,000 and any integral multiple thereof. Purchasers will not receive securities certificates representing their interests in the 2019 Bonds purchased. Payments of principal of, premium, if any, and interest on the 2019 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 Bonds. See “APPENDIX C–BOOK-ENTRY ONLY SYSTEM.”

Redemption of 2019 Bonds

Optional Redemption

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

2019 Series B Bonds. The 2019 Series B Bonds are subject to redemption prior to their stated maturity[y][ies], at the option of NCPA, in whole or in part, in such amounts as may be specified by NCPA, on any date, from any source of available funds, at a redemption price equal to 100% of the principal amount of such 2019 Series B Bonds plus the Make-Whole Premium (as defined below), if any, plus unpaid accrued interest, if any, thereon to the redemption date.

The “Make-Whole Premium” with respect to any 2019 Series B Bond to be redeemed will be equal to the positive difference, if any, between:

- (1) the sum of the present values, calculated as of the date fixed for redemption of:
 - (a) each interest payment that, but for such redemption, would have been payable on the 2019 Series B Bonds or portion thereof being redeemed on each regularly scheduled interest payment date occurring after the date fixed for redemption through the maturity date of the 2019 Series B Bonds (excluding any accrued interest for the period prior to the redemption date); provided, that if the date fixed for redemption is not a regularly scheduled interest payment date with respect to such 2019 Series B Bonds, the amount of the next regularly scheduled interest payment will be reduced by the amount of the interest accrued on such 2019 Series B Bond to the date fixed for redemption, plus
 - (b) the principal amount that, but for such redemption, would have been payable at the final maturity of the 2019 Series B Bonds or portion thereof being redeemed; minus
- (2) the principal amount of the 2019 Series B Bonds or portion thereof being redeemed.

The present values of interest and principal payments referred to in paragraph (1) above will be determined by discounting the amount of each interest or principal payment from the date that each such payment would have been payable, but for the redemption to the date fixed for redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate equal to the “comparable treasury yield” (as defined below) plus ____ basis points.

The Make-Whole Premium will be calculated by an independent investment banking institution or independent financial advisor of national standing appointed by NCPA.

For purposes of determining the Make-Whole Premium, “comparable treasury yield” means a rate of interest per annum equal to the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated “H.15(519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication that is published weekly by the Board of

Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the 2019 Series B Bonds (“the H.15 statistical release”). The comparable treasury yield will be determined as of the third business day immediately preceding the applicable redemption date. If the H.15 statistical release sets forth a weekly average yield for United States Treasury Securities having a constant maturity that is the same as the remaining term calculated as set forth above, then the comparable treasury yield will be equal to such weekly average yield. In all other cases, the comparable treasury yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury Securities (in each case as set forth in the H.15 statistical release) that have a constant maturity (i) closest to and greater than the remaining term to maturity of the 2019 Series B Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2019 Series B Bonds being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward.

If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15 statistical release, then the comparable treasury yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

“Comparable Treasury Issue” means the United States Treasury security selected by the independent investment banking institution or independent financial advisor of national standing appointed by NCPA as having a maturity comparable to the remaining term to maturity of the 2019 Series B Bond being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the 2019 Series B Bond being redeemed.

“Comparable Treasury Price” means, with respect to any date on which a 2019 Series B Bond or portion thereof is being redeemed, either (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (b) if the independent investment banking institution or independent financial advisor of national standing appointed by NCPA is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the independent investment banking institution or independent financial advisor of national standing appointed by NCPA, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the independent investment banking institution or independent financial advisor of national standing appointed by NCPA, at 5:00 p.m. New York City time on the third business day preceding the date fixed for redemption.

“Reference Treasury Dealer” means a primary United States Government securities dealer in the United States appointed by NCPA (which may be the Underwriter) and reasonably acceptable to the independent investment banking institution or independent financial advisor of national standing appointed by NCPA.

Extraordinary Redemption

The 2019 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: (i) insurance or condemnation proceeds and (ii) from any source of money if all or substantially all of the Initial Facilities are 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 thereof, plus unpaid accrued

interest to the date fixed for redemption, without premium; provided that the option of NCPA to call the 2019 Bonds for redemption from insurance or condemnation proceeds will expire 90 days following the receipt of such insurance or condemnation proceeds.

Selection of 2019 Bonds for Redemption

NCPA may select the Series of the 2019 Bonds, the maturities of the 2019 Bonds and the principal amount of each such maturity to be redeemed in its sole discretion. Whenever provision is made in the Indenture for the redemption of less than all of the 2019 Bonds of like maturity of any Series, the Trustee will select the 2019 Bonds to be redeemed from all 2019 Bonds of such Series and 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 Bonds by mailing a notice of redemption of such 2019 Bonds, postage prepaid, not less than 30 days before the redemption date, to the Holders of any 2019 Bonds or portions of 2019 Bonds which are to be redeemed, at their last address appearing upon the registry books. Among other things, such notice will state that on the redemption date there will become due and payable on each 2019 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 Bonds to be redeemed in part only, together with unpaid accrued interest to the redemption date, and that on and after such date, interest thereon 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 Bonds. So long as the 2019 Bonds are in book-entry form, such notice of redemption by the Trustee to the Holders will be mailed only to DTC (or its nominee).

SECURITY AND SOURCES OF PAYMENT FOR THE 2019 BONDS

Pledge Effected by the Indenture

The 2019 Bonds are special, limited obligations of NCPA payable solely from, and secured solely by a pledge and assignment of, the following pursuant to the Indenture, which constitutes the Trust Estate: (a) subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, (i) the proceeds of the sale of the Hydroelectric Project Bonds, (ii) (a) all revenues, income, rents and receipts derived or to be derived by NCPA from or attributable to the Project or the Power Purchase Contract or to the payment of the costs of the Project received or to be received by NCPA under the Third Phase Agreement or the Power Purchase Contract or under any other contract for the sale by NCPA of the Project or any part thereof or any contractual arrangement with respect to the use of the Project or any portion thereof or the services or capacity thereof, (b) the proceeds of any insurance, including the proceeds of any self-insurance fund, covering business interruption loss relating to the Project, and (c) interest received or to be received on any moneys or securities (other than in the Construction Fund) held pursuant to the Indenture and required to be paid into the Revenue Fund established thereunder ("NCPA Revenues"), and (iii) all amounts on deposit in the Funds established by the Indenture, including the investments, if any, thereof to the extent held by the Trustee and (b) all right, title and interest of NCPA in, to and under the Third Phase Agreement and the Power Purchase Contract.

The 2019 Bonds and the interest thereon are payable solely from the funds provided therefor under the Indenture and will not constitute a charge against the general credit of NCPA. The 2019 Bonds are not secured by a legal or equitable pledge of, or lien or charge upon, any property of NCPA or any of its income or receipts except the Trust Estate pledged pursuant to the Indenture which is

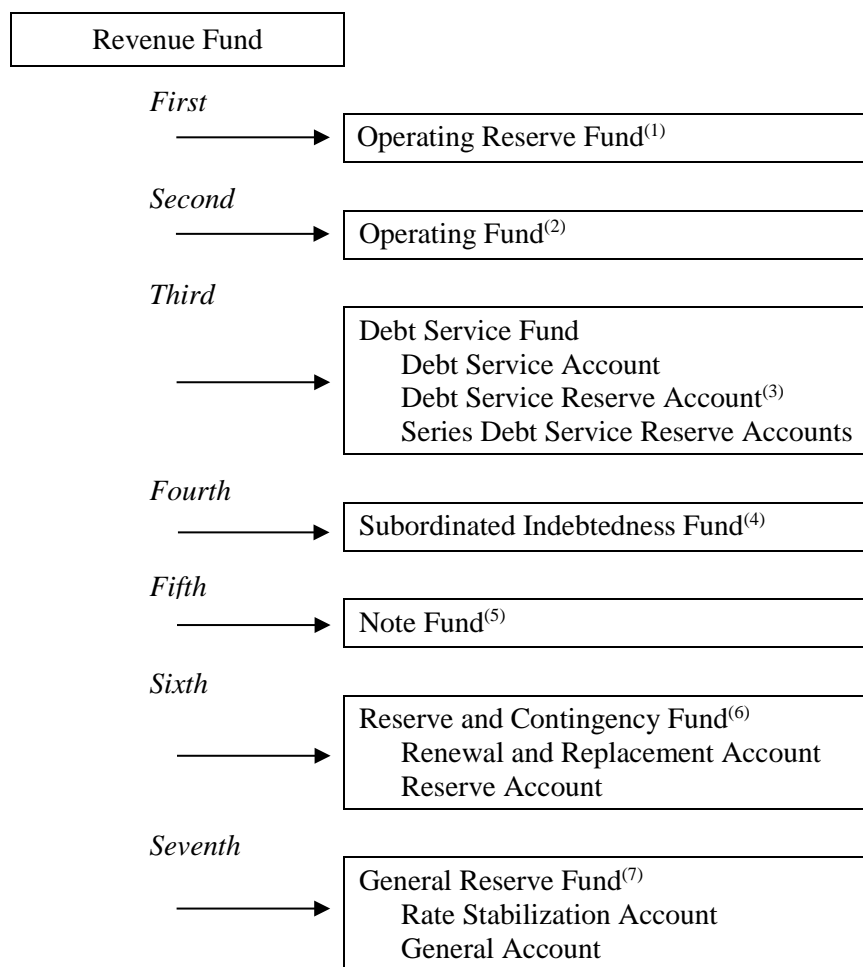
subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any Member of NCPA or any Project Participant is pledged to the payment of the principal of, or interest on, the 2019 Bonds. NCPA has no taxing power. Neither the payment of the principal of, or interest on, the 2019 Bonds constitutes a debt, liability or obligation of the State of California or any public agency thereof (other than NCPA) or any Member of NCPA or any Project Participant. The Commissioners, directors, officers and employees of NCPA will not be individually liable on the 2019 Bonds or in respect of any undertakings by NCPA under the Indenture.

The 2019 Bonds are payable from and secured by the Trust Estate on a parity basis with all other Hydroelectric Project Bonds Outstanding under the Indenture. As of January 31, 2019, there was \$292.9 million aggregate principal amount of Hydroelectric Project Bonds Outstanding under the Indenture, of which \$52.8 million are being refunded by the 2019 Bonds.

Order of Application of NCPA Revenues

Pursuant to the Indenture, all NCPA 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) To be maintained in such amount as recommended by a Consulting Engineer. The Consulting Engineer has recommended that such amount be set to \$0, provided that NCPA has established a common special reserve fund for the operating and maintenance expenses of the Project and the NCPA Geothermal Project in an amount not less than \$3,000,000. Such special reserve has been established.

(2) To be applied for the payment of NCPA Operating Expenses.

(3) The Debt Service Reserve Account is maintained in an amount equal to the Debt Service Reserve Requirement as defined in APPENDIX D. Amounts in the Debt Service Reserve Account are available to fund deficiencies in the Debt Service Account for Participating Bonds. The 2019 Bonds are Non-Participating Bonds and are not secured by amounts in the Debt Service Reserve Account. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019 BONDS – No Debt Service Reserve Account for 2019 Bonds.” NCPA’s Outstanding Hydroelectric Project Number One Revenue Bonds, 1992 Refunding Series A are the only Participating Bonds. The 2019 Bonds, the 2010 Series A Bonds, and NCPA’s Hydroelectric Project Number One Revenue Bonds, 2008 Refunding Series A Bonds, 2008 Taxable Refunding Series B Bonds, 2012 Refunding Series A, 2012 Taxable Refunding Series B, 2018 Refunding Series A and 2018 Taxable Refunding Series B are not Participating 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. The 2019 Bonds are being issued with no debt service reserve.

(4) To be applied to the payment of Subordinated Indebtedness under the Indenture. There is currently no Subordinated Indebtedness Outstanding under the Indenture.

(5) To be applied to the payment of Notes. There are currently no Notes Outstanding under the Indenture.

(6) Amounts in the Renewal and Replacement Account (currently \$0) are to be applied to the costs of Capital Improvements. The Reserve Account is to be maintained in such amount as recommended by the Consulting Engineer. Amounts in the Reserve Account, if any, are to be applied to the costs of Capital Improvements not funded from the Renewal and Replacement Account, to the payment of extraordinary operating and maintenance costs of the Project and to contingencies. Amounts in the Reserve and Contingency Fund, if any (currently \$0) are available to fund deficiencies in Operating Fund or Debt Service Fund.

(7) Amounts in the General Reserve are to be applied to make up deficiencies in the Debt Service Account, the Debt Service Reserve Account 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 INDENTURE” for further discussion of certain of the terms and provisions of the Indenture relating to the application of NCPA Revenues.

NCPA Rate Covenant

Pursuant to the Indenture, NCPA has covenanted, at all times, to establish and collect rates and charges with respect to the Project to provide NCPA Revenues at least sufficient in each Fiscal Year, together with other available funds, for the payment of all of the following: (i) NCPA Operating Expenses, (ii) Aggregate Debt Service, (iii) all other required deposits to any Funds under the Indenture, and (iv) all other charges or other amounts whatsoever payable out of NCPA Revenues during such Fiscal Year. See “APPENDIX D–SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants – Rate Covenant.”

No Debt Service Reserve Account for 2019 Bonds

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

Pursuant to the Indenture, certain prior Series of Hydroelectric Project Bonds were secured by, and all future Series of Hydroelectric Project Bonds other than Hydroelectric Project Bonds authorized by a Supplemental Indenture that provides that such Hydroelectric Project Bonds are not “Participating Bonds” will be secured by, the Debt Service Reserve Account. The Indenture provides that a Supplemental Indenture authorizing a Series of Hydroelectric Project Bonds may provide that such Hydroelectric Project Bonds are not Participating Bonds (all such Hydroelectric Project Bonds being referred to as “Non-Participating Bonds”) and may be secured by a Series Debt Service Reserve Account or may be issued with no debt service reserve. Pursuant to the Twenty-Sixth Supplemental Indenture and the Twenty-Seventh Supplemental Indenture, the 2019 Bonds are not Participating Bonds and will be issued with no debt service reserve. Amounts on deposit in any Series Debt Service Reserve Account for any Series of Non-Participating Bonds shall be used and withdrawn as provided in the Supplemental Indenture of Trust authorizing the issuance of such Non-Participating Bonds. Amounts on deposit in the Debt Service Reserve Account secure only Participating Bonds and do not secure in any manner the 2019 Bonds. Amounts on deposit in any Series Debt Service Reserve Account for any other Series of Non-Participating Bonds do not secure in any manner the 2019 Bonds.

See “APPENDIX D–SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Debt Service Reserves for Future Bonds.”

Additional Hydroelectric Project Bonds

NCPA may issue Hydroelectric Project Bonds under and secured by the Indenture to refund bonds previously issued and Outstanding under and secured by the Indenture and may, although it does not currently expect to, issue Additional Bonds to finance Capital Improvements to the Project. For further information, see “APPENDIX D–SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Additional Bonds” and “– Refunding Bonds.”

Third Phase Agreement

Project Participants’ Take-or-Pay Obligation. The Third Phase Agreement authorizes NCPA to fix charges thereunder equal to the amounts anticipated to be needed to provide capacity and energy from the Project, including but not limited to debt service, operation, maintenance and replacement costs, a reasonable reserve for contingencies, and all other costs of the Project. The Third Phase 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 will pay an amount equal to their Project Entitlement Percentage of debt service on bonds, notes and other evidences of indebtedness (including an applicable percentage of the 2019 Bonds), reserves therefor, and all other payments required to be made under the Indenture and the Power Purchase Contract, whether or not the Project is completed, operable, operating or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of Project output or the power and energy contracted for in whole or in part for any reason whatsoever.

Operating Expense. Each Project Participant will make payments under the Third Phase Agreement solely from the Revenues of, and as an operating expense of, its electric system. Nothing in the Third Phase Agreement prohibits any Project Participant from using any other funds and revenues to satisfy the provisions thereof.

Project Participants' Rate Covenant. 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 Third Phase 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 Project Participants' Original Project Entitlement Percentage. Upon the failure of any Project Participant to make any payment, which failure constitutes a default under the Third Phase Agreement, and except as sales and transfers are made pursuant thereto, the Third Phase Agreement provides that the Project Entitlement Percentage of each non-defaulting Project Participant will be automatically increased for the remaining term of the Third Phase 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 will 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 Entitlement Percentage.

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 Hydroelectric Project Bonds issued under the Indenture. No such transfer, sale or assignment shall relieve the Project Participant of its obligations under the Third Phase Agreement. No Project Participant shall transfer its electric system unless the Project Participant provides assurance that its obligations under the Third Phase Agreement will be promptly and adequately met, including providing sufficient moneys for such purpose if no other adequate assurance is available.

Limitations on Remedies

The rights of the owners of the 2019 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 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 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, 2018 and 2017 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 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, has worked for NCPA for 18 years. 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.

KEN SPEER, Assistant General Manager, Generation Services, has over 35 years of experience in the generation resource management field, having also managed significant generation facilities for the City of Santa Clara (Silicon Valley Power) and PG&E. Mr. Speer also served as the Director of Capital Investment for Duke Energy North America, where he oversaw the capital investment program for the company's California-based assets. Mr. Speer has a Bachelor of Science degree in Mechanical and Nuclear Engineering from the University of California, Berkeley, and is a Registered Mechanical Engineer.

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. See "APPENDIX A—SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS – CITY OF SANTA CLARA."

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 HYDROELECTRIC PROJECT

The 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 Project, with the exception of certain transmission facilities, is owned by Calaveras and is licensed by FERC, pursuant to a 50-year License (Project No. 2409) issued in 1982 to Calaveras. Pursuant to the Power Purchase Contract, NCPA (i) is entitled to the electric output, including capacity, of the Project until February 2032, (ii) managed the construction of the Project, and (iii) operates the generating and recreational facilities of the Project. Under a separate FERC-issued license with an expiration date coterminous with the 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 Project is determined by consideration of its storage capacity, hydrology conditions, and available stream flows and requirements. The Project has a 105-year record (1913 to 2018) of stream flows. Based upon the record, the Project's average production is estimated to be 512 GWh annually. The 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 Project gives NCPA a great degree of flexibility in meeting the hourly and daily variations which occur in the Project Participants' loads. The net Project generation for the previous ten fiscal years is as follows:

Fiscal Year Ended June 30	Total Net Generation (GWh)
2009	377
2010	533
2011	852
2012	463
2013	268
2014	197
2015	164
2016	397
2017	945
2018	487

NCPA financed the Project through the issuance of Hydroelectric Project Number One Revenue Bonds, of which approximately \$292.9 million aggregate principal amount was Outstanding as of January 31, 2019. See “Indebtedness” for each of the Significant Share Project Participants in “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 Project.

NCPA has sold the energy and capacity of the Project to the Project Participants pursuant to a “take-or-pay” power sales contract, which require 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 Project of all of NCPA’s costs of the 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.

Biggs and Gridley have transferred their entitlement shares of the Project output to Santa Clara. Each Project Participant remains obligated for all payments due from such Project Participant under the Third Phase Agreement, in the event moneys received from transferees pursuant to such arrangements are insufficient to satisfy all payments. Redding, Truckee Donner, Port of Oakland, Shasta Lake and BART, which are Members of NCPA, are not Project Participants, and have no financial or other responsibility or liability associated with the acquisition, construction, maintenance, operation or financing of the Project.

NCPA has estimated the average cost per kWh of power generated from the Project to be approximately \$0.11 cents/kWh in Fiscal Year 2018-19 (based on the current water year conditions). The average cost per kWh of power generated from the Project over the prior five fiscal years is shown in the following table:

Fiscal Year	Average Cost of Power (cents/kWh)
2013-14	\$0.26
2014-15	0.33
2015-16	0.13
2016-17	0.06
2017-18	0.12

THE PROJECT PARTICIPANTS

General

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

The governing body of each Project Participant has approved the Third Phase 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.

Descriptions of the Significant Share Project Participants

The five Project Participants with the largest Project Entitlement Percentages are Alameda (10.00%), Lodi (10.37%), Palo Alto (22.92%), Roseville (12.00%) and Santa Clara (35.86%), which, in the aggregate, comprise over 90% of the Project. None of the remaining Project Participants has a Project Entitlement Percentage in excess of 3%. Alameda, Lodi, Palo Alto, Roseville, and Santa Clara 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. In addition, Alameda, Healdsburg, Lodi, Lompoc, Roseville and Ukiah obtain a portion of their power needs from Western. Biggs, Gridley, Palo Alto and Plumas-Sierra are also wholesale customers of Western and obtain a larger portion of their power needs from that source. Roseville also derives a portion of its power from its own generating facilities. Santa Clara receives part of its power requirements from Western, part from other power agencies, the power markets and its own generating projects. NCPA also purchases power from the market for certain of its Members (the Project Participants, exclusive of Santa Clara and Roseville) for periods of up to 30 days and for periods of up to five years (under separate project agreements) for Biggs, Gridley, Healdsburg, Lodi, Lompoc and Ukiah. 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 municipal 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 municipal Project Participants have authority to acquire, construct, establish, enlarge, improve, maintain, own and operate electric distribution systems. Plumas-Sierra provides electric service pursuant to its Articles and Bylaws.

The retail customers of the municipal Project Participants are located within their respective city boundaries and environs. Plumas-Sierra serves rural areas in Plumas, Lassen and Sierra Counties in California and in Washoe Township in Washoe County, Nevada.

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 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)
2017-18	1,075
2016-17	300
2015-16	1,077
2014-15	1,668
2013-14 ⁽¹⁾	1,191

⁽¹⁾ First full year of operation.

The increased 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. LEC is operating as expected in the current fiscal year.

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 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 \$227.4 million is outstanding as of January 31, 2019, and (ii) its Lodi Energy Center Revenue Bonds, Issue Two, issued on behalf of the California Department of Water Resources, of which \$115.2 million is outstanding as of January 31, 2019. The Modesto Irrigation District provided its own financing for its share of the estimated costs of construction of the Lodi Energy Center. See "Indebtedness" for each of the Significant Share Project Participants in "APPENDIX A—SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS" for a discussion of the obligations of each of Lodi and Santa Clara 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.

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 101 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 71.5 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 is still being produced, NCPA has 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 \$59.3 million. NCPA has been collecting monies to pay the expected decommissioning costs since 2007 and holds \$18.1 million in a reserve for such purpose as of June 30, 2018. Collections towards future decommissioning costs are expected to be approximately \$1.8 million for Fiscal Year 2018-19.

Each of the Significant Share Project Participants, together with Biggs, Gridley, Healdsburg, Lompoc, 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 \$24.5 million were outstanding as of January 31, 2019. See “Indebtedness” for each of the Significant Share Project Participants in “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.

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. Alameda, Lodi, Palo Alto and Roseville, together with Biggs, Gridley, Healdsburg, Lompoc, Ukiah and Plumas Sierra, are participants in the Geysers Transmission Project.

Capital Facilities Project

The NCPA Capital Facilities Project, known as Combustion Turbine Project Number Two, currently consists of one power generating station, Unit One, with a design rating of 49.9 MW located in the City of Lodi. Such power generating station consists of a single natural gas-fired steam injected gas turbine (STIG), generator, and required auxiliary and electrical interconnection systems.

The Cities of Alameda, Lodi, Lompoc and Roseville are the project participants in the Capital Facilities Project. NCPA has sold the capacity and energy of the Capital Facilities Project to the Capital Facilities Project participants on a “take-or-pay” basis, in accordance with their respective project entitlement percentages to the capacity and energy of the Capital Facilities Project. NCPA financed the Capital Facilities Project with Capital Facilities Revenue Bonds, of which approximately \$29.6 million were outstanding as of January 31, 2019. See “Indebtedness” for each of the Significant Share Project Participants in “APPENDIX A–SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS” for a discussion of the obligations of each of Alameda, Lodi and Roseville with respect to the Capital Facilities Project.

Unit One is economically dispatched to meet the Capital Facilities Project participants’ load, depending on the amount of generation available from NCPA’s hydroelectric project and prices of alternative electric energy supplies, to meet other NCPA Members’ load or to sell power to third parties depending on natural gas prices and electric energy prices.

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, Lodi and Santa Clara, together with Healdsburg, Lompoc, Ukiah and Plumas-Sierra, are the current participants in Combustion Turbine Project Number One. 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 Combustion Turbine Project and of the Capital Facilities Project’s Unit One, 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

Seattle City Light Exchange Agreement. NCPA, on behalf of Healdsburg, Palo Alto, Ukiah, Lodi and Roseville, entered into a seasonal exchange agreement with Seattle City Light for 60 MW of summer capacity and energy and a return of 46 MW of capacity and energy in the winter. Deliveries under the

agreement began June 1, 1995. Effective May 31, 2008, Healdsburg, Palo Alto and Roseville assigned their participation percentages to Santa Clara. NCPA terminated the exchange agreement with Seattle City Light effective on May 31, 2018.

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 December 31, 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 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 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 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 be inconsistent with the contractual obligations of the Project Participant (including those under the Third Phase 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. Alameda and Palo Alto, two of the Significant Share Project Participants, are currently engaged in litigation filed against the respective city, generally alleging that the annual transfer of funds from the electric utility to the city’s general fund is an unauthorized tax for purposes of Article XIII C of the California Constitution in violation of Proposition 26. See “APPENDIX A–SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS – CITY OF ALAMEDA – Litigation” and “– CITY OF PALO ALTO – Litigation.”

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 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 Bonds should obtain and review such information. Such information is not incorporated herein by reference.

State Legislation and Regulatory Proceedings

A number of bills affecting NCPA, the Project Participants and the electric utility industry have been introduced or enacted by the California Legislature in recent years. In general, these bills reflect California climate policy developments by regulating greenhouse gas (“GHG”) emissions and providing for greater investment in energy efficiency and environmentally friendly generation and storage alternatives, principally through more stringent renewable resource portfolio standard requirements. 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 a number of regulatory programs designed to reduce greenhouse gas emissions and encourage or mandate renewable energy generation. Set forth below is a brief summary of certain of these bills and regulatory proceedings.

GHG Regulations; Cap-and-Trade. In September 2006, then-Governor Schwarzenegger signed into law the California Global Warming Solutions Act of 2006 or AB 32 (the “Global Warming Solutions Act”). This law requires CARB to adopt enforceable GHG emission limits and emission reduction measures in order to reduce GHG emissions from within the State to 1990 levels by 2020. In September 2016, then-Governor Brown signed into law an amendment to the Global Warming Solutions Act, or SB 32, that requires CARB to take such actions to ensure that statewide GHG emissions from within the State are reduced to at least 40% below 1990 levels by 2030.

The Global Warming Solutions Act established an annual mandatory reporting requirement for all IOUs, local publicly-owned electric utilities (“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 and gave CARB the authority to enforce such regulations beginning in 2012. The Project Participants are complying with the applicable reporting requirements under the Global Warming Solutions Act.

CARB implemented the Global Warming Solutions Act through a series of regulations (collectively referred to as the “Cap-and-Trade Regulations”) that imposed aggregate emissions limitations on the electricity generation industry in California. The Cap-and-Trade Regulations require all regulated entities 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.

In July 2017, then-Governor Brown signed into law AB 398 to extend the state’s Cap-and-Trade Regulation from 2021 to 2030. The bill passed both houses with a 2/3 supermajority vote, which protects the legislation from certain legal challenges. Under AB 398, CARB is directed to address the following: establish a price ceiling, offer non-tradeable allowances at two price containment points below the price ceiling, transfer current vintages unsold for more than 24 months to the allowance price containment reserve, evaluate and address allowance over-allocation concerns, set industry assistance factors for

allowance allocation, and establish allowance banking rules. AB 398 was passed in conjunction with AB 617, which strengthens the monitoring of criteria air pollutants and toxic air contaminants in local communities. CARB has been undertaking a public rulemaking process to amend the Cap-and-Trade Regulation to reflect the requirements of AB 398.

Also in July 2017, CARB approved various amendments to the Cap-and-Trade Regulation, which amendments took effect on October 1, 2017. The amendments included revised allowance allocations to electrical distribution utilities from 2021 to 2030. Project Participants are expected to receive more than \$400 million in proceeds from the sale of these allowances, which will substantially minimize the impact of CARB's requirement to purchase allowance on Project Participants' finances and operations.

In connection with the approval of the Cap-and-Trade Regulation amendments in July 2017, CARB adopted CARB Board Resolution 17-21, which directs CARB staff to consider requiring all electric distribution utilities to consign all administratively allocated allowances to auction. Currently, IOUs are required to consign their allowances to CARB's auctions, as are POUs whose generation accesses the CAISO Balancing Authority. POUs served by non-CAISO Balancing Authorities have the option of placing their allowances to their compliance account to cover emissions from their generating stations and/or consigning a portion of allowances to CARB's auctions. Action taken by CARB in December 2018 aimed at reducing compliance costs and promoting stability in the market include providing a price ceiling for allowances, authorizing CARB to sell reserve allowances at fixed prices, and if needed, sell additional allowances beyond the annual cap. Those rules are expected to become effective on April 1, 2019.

GHG Emissions Performance Standard and Financial Commitment Limits. SB 1368 (Chaptered in 2006) provided for an emission performance standard ("EPS") restricting new investments in baseload electric generating resources that exceed a specified rate of greenhouse gas emissions. SB 1368 allows the CEC to establish a regulatory framework to enforce the EPS for POUs. Pursuant to SB 1368, the CEC adopted a GHG EPS for electric generating facilities of 1,100 pounds of carbon dioxide (CO₂) per MWh for "covered procurements" by POUs. SB 1368 also 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.

As modified, the EPS regulations require a POU to post a notice of a public meeting at which its governing board will consider any expenditure over \$2.5 million to meet environmental regulatory requirements at a non-EPS compliant baseload facility. In addition, each POU is required to file an annual notice identifying all investments over \$2.5 million that it anticipates making during the subsequent 12 months on non-EPS compliant baseload facilities to comply with environmental regulatory requirements. This requirement is waived for any POU that has entered into a binding agreement to divest within five years of all baseload facilities exceeding the EPS. CEC staff has confirmed that the \$2.5 million threshold applies to an individual investment by each utility, and not the combined investment of all participants in a project.

2030 GHG Emissions Targets. SB 350, the Clean Energy and Pollution Reduction Act of 2015, was signed by then-Governor Brown in October 2015. Among other things, SB 350 requires 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 POUs, which

include the four largest NCPA member systems (Santa Clara, Roseville, Redding, and Palo Alto). See “–Integrated Resource Plans (IRP)” below.

Energy Procurement and Efficiency Reporting. SB 1037, signed by then-Governor Schwarzenegger in September 2005, 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.

Further, AB 2021, chaptered in 2006, requires that POUs establish, report, and explain the basis of the annual energy efficiency and demand reduction targets by June 1, 2007 and every three years thereafter for a ten-year horizon. A subsequent amendment, AB 2227, extended the reporting timeframe from three to 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. Early efforts established a renewables portfolio standard (“RPS”) of 20% of renewable electricity generation by 2017. Since then, both legislative and executive branch initiatives have raised that standard in multiple phases.

On April 12, 2011, then-Governor Brown signed into law the California Renewable Energy Resources Act, or SBX1-2. SBX1-2 requires each POU to adopt and implement a renewable energy resource procurement plan. The plan must require the utility to procure a minimum quantity of electricity products from eligible renewable energy resources, which may include renewable energy certificates (“RECs”), as a proportion of total kilowatt hours sold to the utility’s retail end-use customers to achieve the following targets: (i) an average of 20% for the period January 1, 2011 to December 31, 2013, inclusive; (ii) 25% by December 31, 2016; and (iii) 33% by December 31, 2020. In addition to the specific requirements in 2016 and 2020, SBX1-2 also required procurement of quantities of renewable energy resources in the years 2014-2015 and 2017-2019 sufficient to show reasonable progress toward achieving the above goals. The governing boards of POUs are responsible for implementing the requirements of SBX1-2, rather than the CPUC, as is the case for the IOUs. In addition, the CEC was given certain enforcement authority for POUs and CARB was given the authority to set penalties. The CEC has developed detailed rules to implement SBX1-2, and has adopted regulations for the enforcement of the RPS program requirements for POUs, which regulations have been subsequently amended from time to time.

SB 350, as enacted in 2015, establishes 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 POUs, including interim targets of (i) 40% of retail sales from eligible renewable energy resources by December 31, 2024; (ii) 45% of retail sales from eligible renewable energy resources by December 31, 2027; and (iii) 50% of retail sales from eligible renewable energy resources by December 31, 2030.

SB 100, the 100 Percent Clean Energy Act of 2018, was signed into law by then-Governor Brown in September 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. SB 100 requires retail electric sellers and POUs to procure a minimum quantity of electricity products from eligible renewable energy resources so that the total kWhs of those products sold to retail end-use customers achieve (i) 44% of retail

sales by December 31, 2024; (ii) 52% of retail sales by December 31, 2027; and (iii) 60% of retail sales by December 31, 2030. SB 100 additionally establishes that it is the policy of the State that eligible renewable energy resources and zero-carbon resources supply 100% of retail sales of electricity to California end-use customers by December 31, 2045.

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 of such members has completed its IRP within the required timeline. As required in the statute, all IRPs will be submitted to the CEC, including information outlined in the CEC’s POU IRP Guidelines that were finalized in August 2017.

Legislation Relating to Wildfires; Related Risks. SB 1028 (chaptered in 2016), requires 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 POUs 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.

A number of wildfires occurred in California in 2017 and 2018. 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. SB 901 does not address the existing legal doctrine relating to utilities’ liability for wildfires. How any future legislation addresses California’s inverse condemnation and “strict liability” issues for utilities in the context of wildfires in particular could be significant for the electric utility industry.

NCPA’s Commission adopted a Wildfire Mitigation Plan in response to SB 1028 in August of 2018, in which NCPA has identified a series of measures intended to reduce the risks of wildfire occurrences

related to the operation of its facilities and equipment. In accordance with SB 901, NCPA is updating its Wildfire Mitigation Plan to include all of the information and elements proscribed in SB 901, which is expected to be completed in advance of the 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 peak demands, the availability and cost of renewable energy, the impact of economy-wide greenhouse gas emission legislation and regulations, fuel costs and availability, weather effects on customer demand, the impact of climate change, 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 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.

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”), have the authority to establish 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.

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.

On October 23, 2015, the EPA published the Clean Power Plan and final regulations for (1) carbon pollution standards for new, modified, and reconstructed power plans, and (2) carbon pollution emission guidelines for existing electricity utility generating units. The total national emissions reduction goal under the Clean Power Plan targets an average of a 32 percent reduction from 2005 levels by 2030, with incremental interim goals for the years from 2022 through 2029. The Clean Power Plan allows states multiple options for measuring reductions and establishes different reduction goals depending upon the regulatory program set forth in the state plan.

The Clean Power Plan is being challenged in the United States Circuit Court of Appeals for the District of Columbia. The United States Supreme Court stayed implementation of the Clean Power Plan on February 9, 2016 for a period of time until the D.C. Circuit renders a decision and the Supreme Court

concludes any proceedings brought before it. Due to the stay, states were not required to submit initial plans by the original September 2016 deadline. The D.C. Circuit has continued to hold the case in abeyance and has been requiring EPA to submit 30-day status updates.

On October 16, 2017, the Federal Register published EPA's proposal to repeal the Clean Power Plan, under the premise that it exceeds EPA's statutory authority under Section 111 of the Clean Air Act.

On December 28, 2017, the Federal Register published an Advanced Notice of Proposed Rulemaking to consider proposing a new GHG emission limit rule from existing generating units. Under the new version of the proposed rule, EPA will have to determine whether to set a common efficiency standard for the coal fleet or write guidance for states to set their own standards for individual plants based on age and technology. If the effort moves down this path, NCPA and Project Participants would likely be unaffected 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 new administrations, including the President of the United States, could impact substantially 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.

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 reporting its intent to file voluntary bankruptcy (the “PG&E SEC filing”) 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. In addition, on January 24, 2019, Cal Fire released its findings on the cause of the 2017 Sonoma County Tubbs Fire, one of the 2017 wildfires, determining that such fire had been caused by a private electrical system adjacent to a home, not by equipment operated by PG&E. In its filings, PG&E did not specifically identify the proportion of its stated \$30 billion potential wildfire liability forecast that was attributable to the 2017 Tubbs fire. 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 HYDROELECTRIC 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 Santa Clara also receives the 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 does expect to participate 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 has requested approval from the bankruptcy court to continue operations of both its electric and gas systems. In its SEC filing, 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 has indicated that it has 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. In connection with its Chapter 11 filing, PG&E filed several “first-day” motions seeking approval of both use of the DIP Financing as well

as other relief in order to provide PG&E with the ability to continue operations and payment in the ordinary course, including authority to (a) continue existing customer programs, (b) pay the pre-petition claims of certain critical vendors and suppliers and (c) pay the pre-petition claims of natural gas and electricity exchange operators, *i.e.*, CAISO and ICE NGX (a Canada-based exchange that provides electronic trading, central counterparty clearing and data services to the North American natural gas and electricity markets), and allow the continuation of setoffs and netting with the exchanges and the provision of additional collateral. On January 31, 2019, the Bankruptcy Court approved, on either an interim or final basis, PG&E's requested "first-day" relief, including interim approval for the DIP financing permitting access to \$1.5 billion of the aggregate \$5.5 billion of committed 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. In the event 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, 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 indicated that it will examine 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 expects that the Chapter 11 case will, 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 will 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.

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 Resource Adequacy Availability Incentives. Resources that load-serving entities designate as providing Resource Adequacy capacity are subject to obligations to offer energy to the CAISO markets in designated hours and, in certain circumstances, to provide substitute capacity if the resource is unavailable. CAISO’s Resource Adequacy Availability Incentive Mechanism (“RAAIM”) assesses a non-availability charge on resources that fall below 94.5% of their must-offer obligation and makes incentive payments to resources that exceed 98.5% of their must-offer obligation. Some of NCPA’s resources do provide Resource Adequacy capacity and are subject to the RAAIM. CAISO is currently considering changes to the program, and the final result is yet to be determined.

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.

Increased Integration of Renewables. As part of the effort to integrate increased levels of intermittent renewable resources into the grid, the CAISO has proposed an array of changes to existing markets and to the resource adequacy structure that assures that sufficient resources are available to the markets. These proposals could affect the value of energy sold and purchases in the wholesale markets.

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. Although it does not appear that CAISO is considering proposing a centralized capacity market at this time, proposals from others are occasionally made. The CPUC has ongoing docket that could also result in changes to the Resource Adequacy and CAISO’s markets. However, the details of such changes remain to be established.

Transmission Access Charge Review. The CAISO has undertaken 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.

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.

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 severe 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) 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, (o) 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, (p) other legislative changes, voter initiatives, referenda and statewide propositions, (q) effects of the changes in the economy, population and demand of customers within a utility’s service area, (r) effects of possible manipulation of the electric markets, (s) acts of terrorism or cyber-terrorism impacting a utility and/or significant load customers, (t) changes to the climate; (u) 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 (v) 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 Bonds, or in any way contesting or affecting the validity of the 2019 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 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 (“MOUs”), including Santa Clara.

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 expects to participate 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

2019 Series A Bonds

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 and Nonarbitrage Certificate 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 Discount. Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the 2019 Series A Bonds over its issue price (*i.e.*, the first price at which price a substantial amount of such maturity of the 2019 Series A Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a “Discount Bond” and collectively the “Discount Bonds”) constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the 2019 Series Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium. 2019 Series A Bonds sold at prices in excess of their 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 are not rendering any opinions as to any federal tax matters other than those described in the their 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.

2019 Series B Bonds

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the 2019 Series B Bonds. The summary is based upon the provisions of the Code, the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses 2019 Series B Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such 2019 Series B Bonds as a hedge against currency risks or as a position in

a “straddle,” “hedge,” “constructive sale transaction” or “conversion transaction” for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers that acquire 2019 Series B Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the 2019 Series B Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the 2019 Series B Bonds.

NCPA has not sought and will not seek any rulings from the Internal Revenue Service with respect to any matter discussed herein. No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax characterizations and tax consequences set forth below.

U.S. Holders. As used herein, the term “U.S. Holder” means a beneficial owner of 2019 Series B Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds 2019 Series B Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds 2019 Series B Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the 2019 Series B Bonds.

Taxation of Interest Generally. Interest on the 2019 Series B Bonds is not excluded from gross income for federal income tax purposes under Code Section 103 and so will be fully subject to federal income taxation. Purchasers (other than those who purchase 2019 Series B Bonds in the initial offering at their principal amounts) will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such 2019 Series B Bonds. In general, interest paid on the 2019 Series B Bonds and recovery of any accrued original issue discount and market discount will be treated as ordinary income to a Bondholder, and after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S. Holder’s adjusted tax basis in the 2019 Series B Bonds and capital gain to the extent of any excess received over such basis.

Original Issue Discount. The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of 2019 Series B Bonds issued with original issue discount (“Discount 2019 Series B Bonds”). A 2019 Series B Bond will be treated as having been issued at an original issue discount if the excess of its “stated redemption price at maturity” (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the 2019 Series B Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such 2019 Series B Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A 2019 Series B Bond’s “stated redemption price at maturity” is the total of all payments provided by the 2019 Series B Bond that are not payments of “qualified stated interest.” Generally, the term

“qualified stated interest” includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a Discount Bond is the sum of the “daily portions” of original issue discount with respect to such 2019 Series B Bond for each day during the taxable year in which such holder held such 2019 Series B Bond. The daily portion of original issue discount on any Discount Bond is determined by allocating to each day in any “accrual period” a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a 2019 Series B Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the 2019 Series B Bond’s adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The “adjusted issue price” of a Discount Bond at the beginning of any accrual period is the sum of the issue price of the Discount Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the 2019 Series B Bond that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on the 2019 Series B Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

Market Discount. Any owner who purchases a 2019 Series B Bond at a price which includes market discount (*i.e.*, at a purchase price that is less than its adjusted issue price in the hands of an original owner) in excess of a prescribed de minimis amount will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a 2019 Series B Bond as ordinary income to the extent of any remaining accrued market discount or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest.

An owner of a 2019 Series B Bond who acquires such 2019 Series B Bond at a market discount also may be required to defer, until the maturity date of such 2019 Series B Bonds or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a 2019 Series B Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner’s gross income for the taxable year with respect to such 2019 Series B Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the 2019

Series B Bond for the days during the taxable year on which the owner held the 2019 Series B Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the 2019 Series B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Bondholder elects to include such market discount in income currently as described above.

Bond Premium. A holder of a 2019 Series B Bond who purchases such 2019 Series B Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all taxable bonds held by the holder on the first day of the taxable year to which the election applies and to all taxable bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Holders of any 2019 Series B Bonds who acquire such 2019 Series B Bonds at a premium should consult with their own tax advisors with respect to state and local tax consequences of owning such 2019 Series B Bonds.

Surtax on Unearned Income. Recently enacted legislation generally imposes a tax of 3.8% on the "net investment income" of certain individuals, trusts and estates for taxable years beginning after December 31, 2012. Among other items, net investment income generally includes gross income from interest and net gain attributable to the disposition of certain property, less certain deductions. U.S. Holders should consult their own tax advisors regarding the possible implications of this legislation in their particular circumstances.

Sale or Redemption of 2019 Series B Bonds. A Bondholder's adjusted tax basis for a 2019 Series B Bond is the price such owner pays for the 2019 Series B Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such 2019 Series B Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a 2019 Series B Bond, measured by the difference between the amount realized and the Bondholder's tax basis as so adjusted, will generally give rise to capital gain or loss if the 2019 Series B Bond is held as a capital asset (except in the case of 2019 Series B Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of the 2019 Series B Bonds are materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those which related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. The defeasance of the 2019 Series B Bonds may also result in a deemed sale or exchange of such 2019 Series B Bonds under certain circumstances.

EACH POTENTIAL HOLDER OF 2019 SERIES B BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE OR REDEMPTION OF THE 2019 SERIES B BONDS, AND (2) THE CIRCUMSTANCES IN WHICH 2019 SERIES B BONDS WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.

Non-U.S. Holders. The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of 2019 Series B Bonds by a person other than a

U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a “Non-U.S. Holder”).

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act (“FATCA”), payments of principal by NCPA or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (1) does not own (actually or constructively) 10-percent or more of the voting equity interests of NCPA, (2) is not a controlled foreign corporation for United States tax purposes that is related to NCPA (directly or indirectly) through stock ownership, and (3) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (1) the Non-U.S. Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to NCPA, its agents or paying agents or a broker under penalties of perjury that it is not a U.S. person and must provide its name and address, or (2) a securities clearing organization, bank or other financial institution, that holds customers’ securities in the ordinary course of its trade or business and that also holds the 2019 Series B Bonds must certify to NCPA or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

Interest payments may also be exempt from federal withholding tax depending on the terms of an existing Federal Income Tax Treaty, if any, in force between the U.S. and the resident country of the Non-U.S. Holder. The U.S. has entered into an income tax treaty with a limited number of countries. In addition, the terms of each treaty differ in their treatment of interest and original issue discount payments. Non-U.S. Holders are urged to consult their own tax advisor regarding the specific tax consequences of the receipt of interest payments, including original issue discount. A Non-U.S. Holder that does not qualify for exemption from withholding as described above must provide NCPA or its agent with documentation as to his, her, or its identity to avoid the U.S. backup withholding tax on the amount allocable to a Non-U.S. Holder. The documentation may require that the Non-U.S. Holder provide a U.S. tax identification number.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a 2019 Series B Bond held by such holder is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (subject to a reduced rate under an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a 2019 Series B Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a 2019 Series B Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (2) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the 2019 Series B Bonds, FATCA imposes U.S. withholding tax on interest payments and, for dispositions after December 31, 2018, gross proceeds of the sale of the 2019 Series B Bonds paid to certain foreign financial institutions (which is broadly defined for

this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, Bondholders or beneficial owners of the 2019 Series B Bonds shall have no recourse against NCPA, nor will NCPA be obligated to pay any additional amounts to “gross up” payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the 2019 Series B Bonds. However, it should be noted that on December 13, 2018, the IRS issued Proposed Treasury Regulation Section 1.1473-1(a)(1) which proposes to remove gross proceeds from the definition of “withholdable payment” for this purpose.

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the 2019 Series B Bonds.

Information Reporting and Backup Withholding. For each calendar year in which the 2019 Series B Bonds are outstanding, NCPA, its agents or paying agents or a broker is required to provide the IRS with certain information, including a holder’s name, address and taxpayer identification number (either the holder’s Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, NCPA, its agents or paying agents or a broker may be required to make “backup” withholding of tax on each payment of interest or principal on the 2019 Series B Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder’s federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments of interest made by NCPA, its agents (in their capacity as such) or paying agents or a broker to a Non-U.S. Holder if such holder has provided the required certification that it is not a U.S. person (as set forth in the second paragraph under “– Non-U.S. Holders” above), or has otherwise established an exemption (provided that neither NCPA nor its agent has actual knowledge that the holder is a U.S. person or that the conditions of an exemption are not in fact satisfied).

Payments of the proceeds from the sale of a 2019 Series B Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following:

- a U.S. person;
- a controlled foreign corporation for U.S. tax purposes;
- a foreign person 50-percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or
- a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a 2019 Series B Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner

certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the 2019 Series B Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

State Taxes. Special Tax Counsel is of the opinion that interest on the 2019 Series B 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 B Bonds nor as to the taxability of the 2019 Series B Bonds or the income therefrom under the laws of any state other than California.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE 2019 SERIES B BONDS.

Considerations for ERISA and Other U.S. Benefit Plan Investors. The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA ("ERISA Plans"). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein ("Qualified Retirement Plans"), and on Individual Retirement Accounts ("IRAs") described in Section 408(b) of the Code (collectively, "Tax-Favored Plans"). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA) ("Governmental Plans"), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) ("Church Plans"), are not subject to ERISA requirements. Additionally, such Governmental and Church Plans are not subject to the requirements of Section 4975 of the Code but may be subject to applicable federal, state or local law ("Similar Laws") which is, to a material extent, similar to the foregoing provisions of ERISA or the Code. Accordingly, assets of such plans may be invested in the 2019 Series B Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of Similar Laws.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, "Benefit Plans") and persons who have certain specified relationships to the Benefit Plans ("Parties In Interest" or "Disqualified Persons"), unless a statutory or administrative exemption is available. The definitions of "Party in Interest" and "Disqualified Person" are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) fiduciary with respect to a plan; (2) a person providing services to a plan; (3) an employer or employee organization any of whose employees or members are covered by the plan; and (4) the owner of an IRA. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available. Without an exemption an IRA owner may disqualify his or her IRA.

Certain transactions involving the purchase, holding or transfer of the 2019 Series B Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of

NCPA were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the “Plan Assets Regulation”), the assets of NCPA would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 of the Code if the Benefit Plan acquires an “equity interest” in NCPA and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there can be no assurances in this regard, it appears that the 2019 Series B Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the 2019 Series B Bonds, including the reasonable expectation of purchasers of 2019 Series B Bonds that the 2019 Series B Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features. The debt treatment of the 2019 Series B Bonds for ERISA purposes could change subsequent to issuance of the 2019 Series B Bonds. In the event of a withdrawal or downgrade to below investment grade of the rating of the 2019 Series B Bonds or a characterization of the 2019 Series B Bonds as other than indebtedness under applicable local law, the subsequent purchase of the 2019 Series B Bonds or any interest therein by a Benefit Plan is prohibited.

However, without regard to whether the 2019 Series B Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of 2019 Series B Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if NCPA or the Trustee, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the 2019 Series B Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a 2019 Series B Bond. Included among these exemptions are: Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by certain “in-house asset managers”; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts”; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.” Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving “adequate consideration” with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate’s) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the 2019 Series B Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a 2019 Series B Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a plan, its fiduciary) is deemed to (a) represent and warrant that either (i) it is not acquiring the 2019 Series B Bond (or interest therein) with the assets of a Benefit Plan, Governmental plan or Church plan; or (ii) the acquisition and holding of the 2019 Series B Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or Similar Laws, and (b) acknowledge and agree that a Benefit Plan, Governmental plan or Church plan subject to Similar Laws may not purchase the 2019 Series B Bonds (or any interest therein) at any time that the ratings on the 2019 Series B Bonds are withdrawn or downgraded to below investment grade or the 2019 Series B Bonds have been characterized as other than indebtedness for applicable local law purposes. A purchaser or transferee who acquires 2019 Series B Bonds with assets of a Benefit Plan represents that

such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

In addition, each purchaser and each transferee (and if the purchaser or transferee is a Benefit Plan, its fiduciary) of a 2019 Series B Bond that is a Benefit Plan is deemed to represent and warrant that: (a) the decision to acquire the 2019 Series B Bonds was made by the plan fiduciary; (b) the plan fiduciary is independent of NCPA, the Trustee, and the Underwriter; (c) the plan fiduciary meets the requirements of 29 C.F.R. § 2510.3 21(c)(1) and specifically is either a bank as defined in Section 202 of the Investment Advisers Act of 1940 or similar institution that is regulated and supervised and subject to periodic examination by a U.S. state or U.S. federal agency; an insurance carrier which is qualified under the laws of more than one U.S. state to perform the services of managing, acquiring or disposing of assets of a Benefit Plan; an investment adviser registered under the Investment Advisers Act of 1940 or, if not registered as an investment adviser under the Investment Advisers Act by reason of paragraph(1) of Section 203A of the Investment Advisers Act, is registered as an investment adviser under the laws of the U.S. state in which it maintains its principal office and place of business; a broker dealer registered under the Exchange Act; or holds, or has under its management or control, total assets of at least \$50 million (provided that this clause shall not be satisfied if the plan fiduciary is an individual directing his or her own individual plan account or is a relative of such individual); (d) the plan fiduciary is capable of evaluating investment risks independently, both in general and with regard to particular transactions, and investment strategies, including the purchase or transfer of the 2019 Series B Bonds; (e) the plan fiduciary is a “fiduciary” with respect to the plan within the meaning of Section (21) of ERISA, Section 4975 of the Code, or both, and is responsible for exercising independent judgment in evaluating the acquisition, transfer or holding of the 2019 Series B Bonds; (f) none of NCPA, the Trustee, or the Underwriter has exercised any authority to cause the Benefit Plan to invest in the 2019 Series B Bonds or to negotiate the terms of the Benefit Plan’s investment in the 2019 Series B Bonds; and (g) the plan fiduciary has been informed: (1) that none of NCPA, the Trustee, or the Underwriter are undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with the plan’s acquisition or transfer of the 2019 Series B Bonds and (2) of the existence and nature of NCPA’s, the Trustee’s, or the Underwriter’s financial interests in the Benefit Plan’s acquisition or transfer of the 2019 Series B Bonds.

None of NCPA, the Trustee, or the Underwriter is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with the acquisition or transfer of the 2019 Series B Bonds by any Benefit Plan.

Because NCPA, the Trustee, the Underwriter or any of their respective affiliates may receive certain benefits in connection with the sale of the 2019 Series B Bonds, the purchase of the 2019 Series B Bonds using plan assets of a Benefit Plan over which any of such parties has investment authority or provides investment advice for a direct or indirect fee may be deemed to be a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code or Similar Laws for which no exemption may be available. Accordingly, any investor considering a purchase of 2019 Series B Bonds using plan assets of a Benefit Plan should consult with its counsel if NCPA, the Trustee or the Underwriter or any of their respective affiliates has investment authority or provides investment advice for a direct or indirect fee with respect to such assets or is an employer maintaining or contributing to the Benefit Plan.

Any ERISA Plan fiduciary considering whether to purchase the 2019 Series B Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of any similar state or federal law.

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 will provide to the MSRB through the EMMA System 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 Participants will provide to the MSRB through the EMMA System 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 have been 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 60 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) In certain instances, Palo Alto’s filed its annual continuing disclosure report after the date required for such filing and/or filed a report which omitted certain information Palo Alto had covenanted to provide in prior undertakings. Specifically, Palo Alto’s annual filings for Fiscal Years 2014, 2015, 2016 and 2017 in connection with certain outstanding utility revenue bonds of Palo Alto omitted certain information relating to the top ten customers of its gas system. For Fiscal Year 2015, certain information required in connection with an issue of assessment district bonds of Palo Alto was not filed until

approximately 229 days after the date required for such filing. For Fiscal Years 2014, 2015 and 2016, Palo Alto's annual report was not properly associated (or not properly initially associated) on EMMA with the CUSIPs for certain general obligation bonds of Palo Alto. In 2016, in connection with the economic defeasance of portions of certain bonds, the filing of the notices of such defeasance was not timely; about a month after the event.

(5) 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.

(6) 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.

RATINGS

Moody's Investors Service and Fitch Ratings have assigned to the 2019 Bonds the ratings of "___" and "___," respectively. No application has been made to any other rating agency in order to obtain additional ratings on the 2019 Bonds. Each credit rating reflect only the view of the organization furnishing the same and is not a recommendation to buy, sell or hold the 2019 Bonds. Explanations of the significance of such ratings may be obtained only from the respective organizations at: Moody's Investors Service, 1 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007 and Fitch Ratings, 33 Whitehall Street, New York, New York 10004. 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 either rating will continue for any given period or that it will not be revised downward or withdrawn entirely by the respective 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 ratings may have an adverse effect on the market price of the 2019 Bonds.

UNDERWRITING

RBC Capital Markets, LLC (the "Underwriter"), has agreed to purchase the 2019 Series A Bonds from NCPA at a price of \$_____ (which reflects the \$_____ par amount of the 2019 Series A Bonds, plus original issue premium of \$_____, and less an Underwriter's discount of \$_____) and to purchase the 2019 Series B Bonds from NCPA at a price of \$_____ (which reflects the \$_____ par amount of the 2019 Series B Bonds less an Underwriter's discount of \$_____), subject to certain conditions set forth in the Contract of Purchase between NCPA and the Underwriter.

The Underwriter may offer and sell the 2019 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 Bonds provides that the Underwriter will purchase all of the 2019 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.

CERTAIN RELATIONSHIPS

The Underwriter and its affiliates comprise a full service securities firm and a commercial bank, among other entities. The Underwriter and its affiliates engage in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriter and its affiliates may have certain creditor and/or other rights against NCPA and its members in connection with such activities.

In the various course of their various business activities, the Underwriter and its affiliates, may purchase, sell or hold a broad array of investments and 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, and such investment and trading activities may involve or relate to assets, securities and/or instruments of NCPA (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with NCPA.

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.

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 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 Bonds.

APPROVAL OF LEGAL PROCEEDINGS

The issuance of the 2019 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 Bonds. Norton Rose Fulbright US LLP is serving as Disclosure Counsel to NCPA in connection with the 2019 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 Bonds, NCPA will receive a report from Causey Demgen & Moore P.C., Denver, Colorado (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 Escrow Securities (if any), to pay on the date of maturity or redemption therefor, the principal or 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, 2018 and 2017 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 Bonds, the Indenture, the Escrow Agreement, the Third Phase 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.

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: _____
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.

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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 (“AMP”) serves the entire area of the City of Alameda and has about 86 pole miles of overhead distribution lines and 179 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 the fiscal year 2017-18, AMP served an average of 34,790 customers, comprised of an average of 30,625 residential customers, an average of 3,778 commercial and industrial customers and an average of 387 public authority and other customers, with a peak demand of approximately 59.6 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 – Interfund Transfers” below.

Only the revenues of AMP’s electric system will be available to pay amounts owed by Alameda under the Third Phase 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, 2018.

**CITY OF ALAMEDA
ALAMEDA MUNICIPAL POWER
POWER SUPPLY RESOURCES
For the Fiscal Year Ended June 30, 2018**

Source	Capacity Available (MW) ⁽¹⁾	Actual Energy (GWh)	% of Total Energy
Purchased Power ⁽²⁾ :			
Western Hydroelectric	14.0	36.6	10.93%
Landfill Gas ⁽⁴⁾	12.2	41.1	12.26
High Winds	3.1	19.5	5.82
Graeagle	--	2.8	0.84
NCPA			
Hydroelectric Project	25.3	49.2	14.68
Combustion Turbine Project No. 1 & 2 ⁽³⁾	24.9	5.0	1.49
Geothermal Plant 1 ⁽⁴⁾	7.6	--	0.00
Geothermal Plant 2 ⁽⁴⁾	1.3	--	0.00
Silicon Valley Power	--	14.2	4.23
Other Purchases (Net)	--	183.3	54.74
Total Capacity and Total Purchased Energy	79.5	351.6	105.0%
Less Line Losses	N/A	(16.7)	(5.00)
AMP’s Capacity and Retail Sales Requirements	63.7	334.9	100.00%

(1) Non-coincident capacity available.

(2) Entitlements, firm allocations and contract amounts.

(3) Combustion Turbine Project No. 2 is also referred to as the NCPA Capital Facilities 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.

Source: Alameda Municipal Power.

In the fiscal year ended June 30, 2018, AMP’s average cost of power for 334.9 GWh of energy sales was 9.41 cents per kWh, and its average cost of power for the 351.6 GWh purchased was 8.96 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.

Other Purchases. AMP has also entered into certain other PPAs: (i) a PPA with Avangrid Renewables LLC (formerly Iberdrola Renewables, Inc.) for power supplied from the Highwinds Project in Solano County, California under which AMP receives 6.17% (approximately 10 MW of the 162 MW project) until June 30, 2028; (ii) 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 3.5 MW of baseload power from two facilities since early 2006, approximately 5.2 MW of baseload output from two additional facilities since 2009, and approximately 1.9 MW of baseload power from a fifth facility since 2009; and (iii) 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 10.00% entitlement share in the NCPA Hydroelectric Project; a 21.820% entitlement share in the NCPA Combustion Turbine Project Number One; a 19.00% entitlement share in the NCPA Capital Facilities Project (also known as Combustion Turbine Project Number Two); 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 HYDROELECTRIC 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 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 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 the California-Oregon Transmission Project (“COTP”) transfer capability. 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. See, however, “– *COTP Long-Term Layoff*” below. See “CITY OF SANTA CLARA – Transmission Resources – *TANC California-Oregon Transmission Project*” for a further description of the COTP and the TANC Agreement.

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 Sacramento Municipal Utility District). 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 Pacific Gas & Electric Company (“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. See “CITY OF SANTA CLARA – Transmission Resources – *TANC Tesla-Midway Transmission Service*” for a further description of the Tesla-Midway Transmission Service. See also “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – PG&E Bankruptcy” in the front part of this Official Statement.

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.

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 2021, which became law in 2007, requires investor-owned utilities (“IOUs”) and POU 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 POU 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 20% of retail sales in 2014 and 2015, and 25% of retail sales in 2016. AMP does not currently anticipate any difficulty in meeting the Compliance Period 3 RPS targets of 27% for 2017, 29% for 2018, 31% for 2019 and 33% for 2020. AMP’s current portfolio is expected to fulfill its RPS compliance requirements under current law through 2030 and beyond.

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’s SB 1305, passed in 1997, AMP must annually disclose the 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 88% for 2018 instead of an estimated 32%.

Per Assembly Bill (“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 – *GHG Regulations; Cap-and-Trade*” in the front part of this Official Statement for more information on AB 32.

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

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 60.17 minutes of outage time per customer in fiscal year 2017-18.

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 California Senate Bill 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. 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 2017-18 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 2017-18 was 19.19 cents. The

average rates for commercial service were 16.67 cents per kWh. AMP's average rate for municipal and public authority service for fiscal year 2017-18 was 19.13 cents per kWh. In general, the rate adjustment for fiscal year 2017-18 was designed to increase revenue by approximately 1.9 cents per kWh. Currently, AMP management estimates that AMP's electric rates are approximately 16.9% below those in the surrounding area on average.

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

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

Date	Percent Change (Average)
July 1, 2018	1.00%
July 1, 2017	5.00
July 1, 2016	5.00
July 1, 2015	4.60
July 1, 2014	2.00

Source: Alameda Municipal Power.

Largest Customers

AMP's ten largest electric customers in terms of kWh sales for the fiscal year ended June 30, 2018 accounted for 20.54% of total kWh sales and 18.90% of total revenues. The largest customer accounted for 5.23% of total kWh sales and 4.53% of total revenues. The smallest of the ten largest customers accounted for 1.26% of total kWh sales and 1.17 % 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 2013-14 through 2017-18, are listed below.

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

	Fiscal Years Ended June 30,				
	2014	2015	2016	2017	2018
Number of Customers:					
Residential	30,293	30,307	30,377	30,495	30,625
Commercial	3,786	3,834	3,735	3,764	3,778
Industrial	12	8	8	12	12
Public Authority	363	361	363	362	363
Other	28	15	11	15	12
Total Customers	34,482	34,525	34,494	34,648	34,790
Kilowatt-Hour Sales:					
Residential	131,209,422	125,431,220	125,831,929	126,850,402	124,589,523
Commercial	175,075,476	174,257,771	176,575,883	172,520,353	168,873,305
Industrial	31,951,900	26,587,830	31,490,040	30,127,960	28,321,180
Public Authority	12,537,513	12,801,245	12,375,517	11,428,198	10,723,565
Other	3,138,994	3,124,117	2,546,494	2,838,825	2,518,330
Total kWh sales	353,913,305	342,202,183	348,819,863	343,765,738	335,025,903
Revenues from Sale of Energy:					
Residential	\$18,974,096	\$18,849,656	\$19,869,104	\$21,510,126	\$23,902,788
Commercial	25,554,219	25,660,869	27,071,358	27,177,335	28,500,186
Industrial	4,088,510	3,435,518	4,278,240	4,366,885	4,338,898
Public Authority	1,859,914	2,047,549	1,973,689	1,958,154	1,965,664
Other	660,902	797,198	1,028,631	913,247	793,870
Total Revenues from Sale of Energy	\$51,137,641	\$50,790,790	\$54,221,022	\$55,925,747	\$59,501,406
Peak Demand (kW)	68,100	63,372	64,283	63,738	59,624

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; 2011-2018 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	23,668,562
1990	73,979	1,276,702	29,760,021
2000	73,713	1,443,939	33,871,653
2010	73,812	1,510,271	37,253,956
2011	74,100	1,525,427	37,529,913
2012	74,728	1,543,365	37,874,977
2013	75,460	1,567,167	38,234,391
2014	76,058	1,588,576	38,568,628
2015	76,489	1,611,770	38,912,464
2016	77,969	1,629,738	39,256,000
2017	78,575	1,646,405	39,524,000
2018	78,863	1,660,202	39,810,000

Sources: 1970-2010, as of April 1, based on historical U.S. Census population data compiled by the California State Department of Finance. 2011-2018, as of January 1, State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State – January 1, 2011-2018. Sacramento, California, May 2018.

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, 2018 are as follows:

**CITY OF ALAMEDA
2017-18 LARGEST EMPLOYERS**

Employer	Business	Number of Employees
Penumbra	Med. Device Developer/Manufacturer	1,754
Alameda Unified School district	Public School	1,025
VF Outdoor	Clothing Design/Manufacturer	813
Alameda Hospital	Health Care/Hospital	754
Oakland Raiders	Sports Team	640
Abbott Diabetes Care	Med. Device Developer/Manufacturer	531
City of Alameda	Local Government	531
U.S. Department of Transportation	Federal Government	440
Kaiser Foundation Health Plan	Health Care/Clinic	425
Cost Plus Corporate Headquarters	Business Administration	410

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 3.6% for the year 2017. The following table sets forth certain information regarding employment in the County of Alameda from 2013 through 2017.

**COUNTY OF ALAMEDA
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2013 TO 2017⁽¹⁾**

	2013	2014	2015	2016	2017
Civilian Labor Force	802,800	810,000	823,100	837,600	848,500
Employment	744,800	762,900	784,200	801,800	817,600
Unemployment	58,000	47,100	38,900	35,800	30,900
Unemployment Rate	7.2%	5.8%	4.7%	4.3%	3.6%

⁽¹⁾ Reflects March 2017 benchmark. Annual averages; not seasonally adjusted.

Source: State Department of Employment Development.

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

**CITY OF ALAMEDA
TOTAL ASSESSED VALUATIONS
(Fiscal Years 2013-14 through 2017-18)**

2013-14	2014-15	2015-16	2016-17	2017-18
\$9,949,194,280	\$10,531,584,610	\$11,155,282,233	\$11,858,309,875	\$12,544,972,055

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,				
2019	2020	2021	2022	2023
\$5,136,900	\$4,917,400	\$3,751,250	\$3,736,400	\$2,471,400

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 January 31, 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 \$24,070,000, the installment payments payable by AMP under which 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 January 31, 2019)**

	Outstanding Debt⁽¹⁾	AMP's Participation⁽²⁾	AMP's Share of Outstanding Debt⁽¹⁾
NCPA			
Geothermal Project	\$ 24.5	16.8825%	\$ 4.1
Hydroelectric Project	292.9	10.0000	29.3
Capital Facilities Project Unit One	29.6	19.0000	5.6
TANC – South of Tesla	2.6	2.104%	0.1 ⁽³⁾
TOTAL *	\$349.6		\$39.1

* 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.

For the fiscal year ending June 30, 2018, AMP estimates its payment obligations for debt service on its joint powers agency debt obligations were approximately \$2.6 million and for the fiscal year ending June 30, 2019, AMP estimates its payment obligations for debt service on its joint powers agency debt obligations to be approximately \$2.6 million. 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 2013-14 through 2017-18.

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

Fiscal Year	Transfer Amount
2014	\$2,800,000
2015	2,800,000
2016	2,800,000
2017	2,800,000
2018	3,700,000

Source: Alameda Municipal Power.

Litigation has been filed challenging the transfer to the Alameda General Fund, see “– Litigation” below.

Employees

Labor Relations. As of January 1, 2019, approximately 79 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 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 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 local government 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. The member contribution can be paid by the employee or by Alameda on the employee’s behalf in accordance with applicable labor agreements. The required member contributions are currently paid by the employees. 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 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 AMP’s allocated share of Alameda’s city-wide required contributions to the Miscellaneous Plan for the four fiscal years 2014-15 through 2017-18. AMP’s estimated allocated share of Alameda’s city-wide budgeted contributions to the Miscellaneous Plan for the Fiscal Year ending June 30, 2019 is \$1,752,722.

City of Alameda Miscellaneous Plan			
Fiscal Year Ended June 30	AMP Allocated Share	Total City Required Contribution Amount	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⁾	1,719,910	5,710,914	20.12

⁽¹⁾ Preliminary, based on unaudited financial information.

Source: City of Alameda.

[Based upon the CalPERS Annual Valuation Report of Alameda's Miscellaneous Plan, the market value of assets for the Miscellaneous Plan as of June 30, 2017 (the most recent actuarial information available) was \$203,560,016 and the entry age normal accrued liability was \$280,833,232, resulting in a total unfunded actuarial accrued liability for the Alameda's Miscellaneous Plan of \$77,273,216 and a funded ratio of 72.5% as of such date.] *{Delete when current audit done with Net Pension Liability info available}*

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 will be 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 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 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 June 30, 2014 through June 30, 2017. AMP's proportion of Alameda's net pension liability was based on AMP's fiscal year [2016-17] contributions to the pension plan 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	30.12	24,557,226	71.50	303.40

(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, \$55,313,151, \$70,405,741 and \$81,333,405 as of June 30, 2014, June 30, 2015, June 30, 2016 and June 30, 2017 measurement date, respectively.

Source: City of Alameda.

As of the June 30, 2017 measurement date, the total pension liability for the Miscellaneous Plan for the City of Alameda was \$_____ and the plan fiduciary net position was \$_____, resulting in a city-wide Miscellaneous Plan net pension liability of \$_____. In the June 30, 2016 actuarial valuation utilized for measuring the pension liability as of the June 30, 2017 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% investment rate of return (net of pension plan investment and administrative expense); (b) projected salary increases ranging from 3.2% to 12.2% depending on age, service and type of employment; (c) an inflation component of 2.75% per year; (d) payroll growth of 3.0%; and (e) a discount rate of 7.15%. *{information to come upon audit completion}*

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 \$133 per month for 2018. 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. As of June 30, 2018, the total amount of contributions by AMP was \$71,130.

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: City of Alameda.

As of January 1, 2015 (the latest date for which actuarial information is available), the total actuarial accrued liability for the Alameda OPEB Plan was \$113,164,000, the actuarial value of plan

assets was \$177,000, and the unfunded actuarial accrued liability was \$112,987,000, resulting in a funded ratio of 0.16%. The covered payroll (annual payroll of active employees covered by the OPEB Plan was \$47,679,000 and the ratio of the unfunded actuarially accrued liability to the covered payroll was 237%.
{Delete when current audit done with Net OPEB Liability info available}

Effective for 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.

The table below sets forth certain information regarding AMP’s allocated share of Alameda’s city-wide annual contributions to the OPEB Plan for the Fiscal Year ended June 30, 2018, including the relation of Alameda’s contributions to the actuarially determined contribution amount for such fiscal year. The amount budgeted for AMP’s share of OPEB Plan contributions for fiscal year 2018-19 is \$65,000.

City of Alameda OPEB Plan – Miscellaneous Employees				
Fiscal Year Ended June 30	Contribution Funded by AMP	Total City Contribution	Actuarially Determined Contribution Amount	Contribution Deficiency (Excess) to Actuarially Determined Contribution
2018	\$71,130			

Source: City of Lodi.

Pursuant to GASB No. 75, for the fiscal year ended June 30, 2018, Alameda reported a net OPEB liability of \$1,512,165 for AMP’s proportionate share (17.00%) of the City of Alameda’s net OPEB liability of \$_____ (reflecting a total OPEB liability of \$_____ and a fiduciary net position of \$_____ for the OPEB Plan). The OPEB Plan (Miscellaneous Employees) net position as a percentage of Alameda’s total OPEB liability was 10.27%. AMP’s proportionate share of the City of Alameda’s net OPEB liability as a percentage of covered-employee payroll was 12.61%. AMP’s proportion of the City of Alameda’s net 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. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability for the plan used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions include: (a) a 6.75% investment rate of return; (b) payroll growth of 3.00%, plus merit increases; (c) a 2.7[5][8]% inflation rate; (d) an annual health care cost trend rate of 6.0% to 6.5% initially, reducing in 0.5% decrements to 5.0% in 2022 and later years; and (e) a discount rate of 3.98%.
{information to come and subject to confirmation when audit complete}

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 Third Phase Agreement.

As described below, litigation has been filed challenging the AMP transfer to the Alameda General Fund:

Zachary Ginsburg, on behalf of himself, and others similarly situated v. City of Alameda et al. Alameda Superior Court Case No. RG15791428. On October 29, 2015, Zachary Ginsburg filed a petition for writ of mandate and complaint in the Superior Court for the State of California, County of Alameda, alleging that electric rates charged by AMP represent an “illegal tax” under the provisions of Proposition 26, a 2010 ballot measure. An appellate decision earlier in 2015, *Citizens for Fair REU Rates v. City of Redding*, 182 Cal. Rptr. 3d 722 (Feb. 19, 2015), had held that in certain circumstances, electric rates that were used to fund payments by a city-owned electric utility to a city’s general fund could constitute a “tax” subject to provisions of the California Constitution that would require voter approval. Plaintiff alleges that because AMP made certain transfers to Alameda’s General Fund without voter approval, he and a class of all AMP customers who paid for electricity from October 2012 through the present are entitled to “tax refunds.” Plaintiff also complains that differences between the rates charged to commercial users and residential users are an alleged illegal cross-category subsidy in favor of commercial users. After Plaintiff filed a Second Amended Verified Petition on March 15, 2016, Alameda filed its answer, denying the allegations and stating its affirmative defenses, on April 26, 2016.

The California Supreme Court granted review of the *City of Redding* matter, and on August 27, 2018, the California Supreme Court rendered its decision, reversing the judgement of the Court of Appeal. The California Supreme Court determined that the transfer from the city-owned electric utility to the city’s general fund, which was calculated as a “payment in lieu of taxes,” itself is not the type of exaction that is subject to Article XIII C of the California Constitution. The court reasoned that it is only the city’s electric utility rate, not the payments made by the city-owned utility, that is imposed on customers for electric service. The California Supreme Court concluded that because the total rate revenue of the electric utility was insufficient to cover the electric utility’s uncontested operating expenses (other than the payments in lieu of taxes) in the years at issue, the challenged rate did not exceed the reasonable costs of providing electric service, and therefore did not constitute a tax.

Alameda had moved to stay the *Ginsburg* matter, and the Court granted the stay on December 9, 2016. No trial date or date for hearing on whether a class should be certified has yet been set. {monitor for update}

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, 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 2013-14 through 2017-18. The information for the fiscal years ended June 30, 2014 through June 30, 2018 was prepared by AMP on the basis of its audited financial statements for such years. The historical debt service coverage ratios have been calculated in accordance with AMP's Electric System Installment Sale Agreement.

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

	Fiscal Years Ended June 30				
	2014	2015	2016	2017	2018
Electric System Revenues					
Sales of Electricity	\$51,137,641	\$50,790,790	\$54,221,022	\$55,925,748	\$59,501,406
REC & C&T Sales	1,355,947	1,390,534	1,852,516	3,159,383	3,435,082
Other Revenues ⁽¹⁾	6,938,783	6,824,069	6,363,950	5,071,175	1,890,185
Total Electric System Revenues	\$59,432,371	\$59,005,393	\$62,437,488	\$64,156,306	\$64,827,185
Operation and Maintenance Costs					
Purchased Power ⁽²⁾⁽³⁾	\$28,196,783	\$27,517,599	\$29,781,270	\$28,201,607	\$28,618,484
Energy Efficiency, Solar and Other	1,086,966	1,605,608	1,684,963	1,504,629	1,172,615
Operations & Maintenance	4,097,223	4,328,813	4,573,500	4,674,307	4,814,122
Customer Service, Information Systems	2,074,830	2,113,922	2,226,364	2,170,617	2,296,001
Administrative & General	6,032,512	6,115,467	7,732,884	7,425,117	10,020,729
Customer Relations	499,294	531,550	540,214	530,544	505,711
Jobbing Sales Expense	718,904	202,796	315,472	993,580	367,624
Balancing Account Adjustment	(1,897,439)	(660,241)	1,010,084	1,425,636	2,821,087
Total Operation and Maintenance Costs ⁽⁴⁾	\$40,809,073	\$41,755,514	\$47,864,751	\$46,926,037	\$50,616,373
Net Revenues	\$18,623,298	\$17,249,879	\$14,572,737	\$17,230,269	\$14,210,812
Rate Stabilization Fund Transfers	(\$6,938,783)	(\$6,824,069)	(\$6,363,950)	(\$5,071,175)	(\$3,435,082)
Use of Reserves	134,636	1,411,438	2,281,580	1,020,393	5,652,517
Adjusted Annual Net Revenues	\$11,819,151	\$11,837,248	\$10,490,367	\$13,179,487	\$16,428,247
Debt Service	2,747,479	2,712,637	2,640,325	2,631,044	2,626,368
Debt Service Coverage ⁽⁵⁾	4.30	4.36	3.97	5.01	6.26
Amount Available After Debt Service	\$9,071,672	\$9,124,611	\$7,850,042	\$10,548,443	\$13,801,879
Selected Balance Sheet Information:					
(in thousands)					
Unrestricted Cash & Investments ⁽⁶⁾	\$45,581	\$42,094	\$41,909	\$39,422	\$48,058
Rate Stabilization Fund Balance ⁽⁷⁾	11,222	16,505	20,583	24,633	21,431
Net Plant in Service	38,052	35,669	38,470	36,275	38,333
Construction Work in Progress	46	4,519	1,736	6,452	2,873
Electric Utility Plant-Net	38,097	40,188	40,206	42,727	41,206
Outstanding Electric System Debt	\$28,749	\$27,590	\$26,460	\$25,290	\$24,070

⁽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.

⁽³⁾ Purchased Power costs reflect inclusion of prior year budget settlements from NCPA.

⁽⁴⁾ Excluding Payments in lieu of taxes and depreciation.

⁽⁵⁾ Adjusted Annual Net Revenues divided by debt service.

⁽⁶⁾ Includes General Reserve balance held at NCPA. See also "Available Reserves" below.

⁽⁷⁾ Includes renewable energy credit sales and cap and trade auction sales placed into reserve for Rate Stabilization Fund. See "-- Energy Efficiency and Conservation; Renewable Resources" above.

Source: Alameda Municipal Power.

Interfund Transfers. During the fiscal year 2008-09, \$1,095,614 in interfund 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 interfund 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 Reserves. As of June 30, 2018, the balance in cash and equivalents available at AMP was \$25,980,675. In addition, AMP had available in reserve accounts held by NCPA an additional \$4,550,080 as of such date.

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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 13.98 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 electric system serves the entire area of the City of Lodi (approximately 13.98 square miles) and has approximately 131 miles of overhead lines and over 123 miles of underground lines. During the fiscal year ended June 30, 2018, the Lodi electric system served 26,430 customers, comprised of 23,145 residential customers, 3,116 commercial/industrial customers and 169 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 Third Phase 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 Melissa Price, Interim 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, 2018.

CITY OF LODI
ELECTRIC UTILITY DEPARTMENT
POWER SUPPLY RESOURCES
For the Fiscal Year Ended June 30, 2018

Source	Capacity Available (MW)⁽¹⁾	Actual Energy (MWh)	% of Total Energy
Purchased Power ⁽²⁾ :			
Western Area Power Administration	8.1	19,477	4.1%
NCPA			
Geothermal Project	11.5	80,423	17.0
Hydroelectric Project	26.2	51,030	10.8
Combustion Turbine Project No. 1	9.5	2,030	0.4
Capital Facilities, Unit One	19.6	3,523	0.7
Lodi Energy Center	26.6	102,133	21.5
Contracts and Exchanges ⁽³⁾	35.5	215,560	45.5
Total	137.0	474,176	100.0%
Total Capacity and Energy Sold at Wholesale	N/A	38,258	
Lodi System Requirement for Retail Load ⁽⁴⁾	130.9	435,918	

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

(2) Entitlements, firm allocations and contract amounts.

(3) Includes participation in Astoria 2 Solar Project, Seattle City Light Exchange (terminated in May 2018), and purchases procured through NCPA for Lodi.

(4) Information compiled from NCPA All Resources Bill.

Source: City of Lodi.

In the fiscal year ended June 30, 2018, Lodi's average cost of power delivered to the Lodi electric system was 9.3 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"), which is scheduled to expire on December 31, 2024, under which Lodi takes delivery of 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 as a take-or-pay basis; whereby Lodi is obligated to pay its share of Western's costs whether or not it receives any power. Base Resource energy is scheduled for delivery to Lodi by NCPA.

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 amount of energy received by Lodi during fiscal year 2017-18 is reflected in the Contracts and Exchanges figures listed in the table above. Energy received under the SCL Exchange Agreement was transmitted to Lodi using California Independent System Operator Corporation ("CAISO") transmission. The SCL Exchange expired on May 31, 2018. Other power purchases for fiscal year 2017-18, as reflected in the Contracts and Exchanges figures listed in the table above, are associated with short-term purchases. 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 10.37% project participation entitlement share of the NCPA Hydroelectric Project; a 39.5% project participation entitlement share of the NCPA Capital Facilities Project (also known as the Combustion Turbine Project Number Two or Steam Injection Gas Turbine 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 HYDROELECTRIC 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 SANTA CLARA – 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”), the Clean Energy and Pollution Reduction Act of 2015 (“SB 350”), and the California Global Warming Solutions Act of 2006 (the “GWSA”). 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 year 2017 consisted of 31% eligible renewable resources. 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 2021.

Lodi’s current renewable power resources include geothermal, solar and small hydroelectric. Lodi’s current renewable power resources 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 2021.

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”), which is expected to reach commercial operation on December 31, 2021, is a 51 MW photovoltaic plant developed by Antelope Expansion 1B, LLC, located in the City of Lancaster, Los Angeles County, California. 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 believes its annual balance-of-month, day-ahead, and hour-ahead purchases will be less than 25% of total energy requirements for 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, continues to consider additional projects that might be included in its 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 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

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 240 miles of 12 kV distribution lines (approximately 51% of which are underground) and four substations. Lodi's system experiences approximately 52.1 minutes of outage time per customer per year.

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 (“SB 901”), Lodi expects to prepare a wildfire mitigation plan to be completed prior to 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.

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 2017-18 average rate per kWh for residential service was 18.0 cents. Lodi’s fiscal year 2017-18 average rate for commercial and industrial service was 15.3 cents per kWh. Lodi’s fiscal year 2018-19 average rate per kWh for residential service is projected to be 17.4 cents. Lodi’s fiscal year 2018-19 average rate for commercial and industrial service is projected to be 15.5 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 2013-14 through 2017-18

Fiscal Year	ECA (\$/kWh)
2013-14	0.0082
2014-15	0.0057
2015-16	0.0064
2016-17	0.0056
2017-18	0.0123

Largest Customers

The ten largest customers of Lodi's electric system in terms of kWh sales, as of June 30, 2018, accounted for 29% of total kWh sales and 23% of revenues. The largest customer accounted for 5.3% of total kWh sales and 3.7% 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 2013-14 through 2017-18, are listed below.

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

	Fiscal Years Ended June 30,				
	2014	2015	2016	2017	2018
Number of Customers:					
Residential	22,547	22,355	22,459	22,870	23,145
Commercial	2,898	3,264	3,296	3,071	3,075
Industrial	38	40	44	41	41
Other	250	253	213	170	169
Total	25,733	25,912	26,012	26,152	26,430
Kilowatt Hour (kWh)					
Sales:					
Residential	148,762,783	148,950,428	151,137,940	146,192,111	155,539,509
Commercial	146,176,148	149,380,413	150,522,357	149,882,241	144,244,913
Industrial	130,333,102	128,814,673	125,018,845	118,900,040	115,066,917
Other	12,022,160	11,635,397	10,567,193	10,436,182	10,306,535
Total	437,294,193	438,780,911	437,246,335	425,410,574	425,157,874
Revenues from Sale of Energy ⁽²⁾					
Residential	\$25,270,075	\$25,165,194	\$26,525,558	\$26,021,916	\$27,967,919
Commercial	23,127,603	23,780,354	24,693,195	24,432,075	25,105,915
Industrial	14,381,296	14,418,921	14,469,390	13,852,860	14,877,597
Other	1,913,833	1,871,470	1,819,036	1,540,730	1,295,279
Total	\$64,692,808	\$65,235,939	\$67,507,179	\$65,847,581	\$69,246,709
Peak Demand (MW)	128.7	134.0	124.3	128.7	130.9

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

⁽²⁾ Excludes revenues from California Energy Commission Tax.

Sources: City of Lodi, CAFR and 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; 2011–2018 as of January 1)**

Year	City of Lodi	County of San Joaquin	State of California
1970	28,691	291,073	19,971,069
1980	34,850	343,500	23,668,562
1990	51,900	477,700	29,760,021
2000	57,011	563,598	33,871,653
2010	62,134	685,306	37,253,956
2011	63,317	691,689	37,529,913
2012	63,477	698,555	37,874,977
2013	63,788	704,739	38,234,391
2014	63,975	712,134	38,568,628
2015	64,415	723,856	38,912,464
2016	64,920	735,319	39,256,000
2017	65,911	747,263	39,524,000
2018	67,121	758,744	39,810,000

Source: 1970-2010, as of April 1, based on historical U.S. Census population data compiled by the California State Department of Finance. 2011-2018, as of January 1, State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State – January 1, 2011-2018. Sacramento, California, May 2018.

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, 2018 are as follows:

CITY OF LODI LARGEST EMPLOYERS

Employer	Business	Number of Employees
Lodi Unified School District	Education	3,359
Pacific Coast Producers	Canning	1,663
Lodi Health Hospital	Healthcare	1,390
Blue Shield	Healthcare	848
TreeHouse	Specialty Food	496
Walmart	Retail	484
City of Lodi	Government	390
Farmers & Merchants Bank	Banking	358
Costco	Retail	227
Target	Retail	145

Source: City of Lodi, City Manager's Office.

The following table sets forth certain information regarding employment in the City of Lodi, the County of San Joaquin and the State from 2013 through 2017.

CITY OF LODI UNEMPLOYMENT RATES 2013 TO 2017⁽¹⁾

Year	City of Lodi	County of San Joaquin	State of California
2013	11.60%	12.30%	8.90%
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

⁽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 2013-14 through 2017-18 (Dollar Amounts in Thousands)

Fiscal Year	Land	Improvements	Personal Property	Total	Less Exemptions	Net Assessed Value
2013-14	\$1,364,401	\$3,443,266	\$321,741	\$5,129,408	\$324,439	\$4,804,969
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

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. Over the next five years, capital expenditures (not including the project described in the next paragraph) are estimated to cost approximately \$16 million. Lodi anticipates funding such capital costs from rate revenues and special development fees.

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 in-service date is 2023. 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 million annually by eliminating the low voltage transmission access charge.

Indebtedness; Joint Powers Agency Obligations

As of January 31, 2019, Lodi had outstanding \$41.6 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 \$887,000 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 January 31, 2019)

	Outstanding Debt⁽¹⁾	Lodi's Participation⁽²⁾	Lodi's Share of Outstanding Debt⁽¹⁾
NCPA			
Geothermal Project Three	\$ 24.5	10.28%	\$ 2.5
Hydroelectric Project	292.9	10.37 ⁽³⁾	31.2 ⁽³⁾
Capital Facilities Project	29.6	39.50	11.7
Lodi Energy Center, Issue One	227.4	17.03	38.7
TANC			
COTP Bonds	200.3	0.0 ⁽⁴⁾	0.0 ⁽⁴⁾
TOTAL	\$774.7	100.00%	\$84.1

- (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) Excludes Lodi's 3.68% 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 \$9.47 million for the fiscal year ended June 30, 2018 and are expected to aggregate approximately \$9.40 million for the fiscal year ending June 30, 2019. 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 January 1, 2019, 45 full-time City of Lodi employees were assigned 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 contract with IBEW expired on December 31, 2018. Negotiations are ongoing and IBEW workers continue to provide service to Lodi Electric under the terms of the prior agreement. Despite the lack of agreement, the labor management relationship remains strong. There have been no strikes or other union work stoppages at the City of Lodi, including the electric utility department.

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. The City is currently undergoing a contract amendment with CalPERS for all bargaining units except IBEW. For Miscellaneous plan members, all non-IBEW employees will contribute between 1% and 3% of salary towards the City’s employer cost once the amendment is finalized. 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
2015	\$ 784,603	\$2,994,958	18.07%
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⁾	1,342,540	5,060,143	26.50

⁽¹⁾ Fiscal year 2018-19 is 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 will be 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 normal cost for miscellaneous plans. In addition, CalPERS has estimated that employers could expect gradual increases in their UAL payment, reaching an approximate increase in their UAL payment of 30-40% by 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 December 31, 2018, \$10,685,926.62 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, an additional \$1,811,561 will be invested into the PSF before the end of fiscal year ending June 30, 2019. 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, 2017 actuarial report, the funded status for the Miscellaneous Plan was 70%, Safety plan was 59.8% and combined plans was 64.9%. As of December 31, 2018, the combined funded status when considering the PSF assets increases to 67.7%. Based on fiscal year ending June 30, 2018 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, 2017, as reported in Lodi’s audited financial statements for the fiscal year ended June 30, 2018. 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

⁽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, 2017 measurement date, the total pension liability for the Miscellaneous Plan for the City of Lodi was \$190,531,368 and the plan fiduciary net position was \$132,306,298, resulting in a city-wide Miscellaneous Plan net pension liability of \$58,225,070. In the June 30, 2016 actuarial valuation utilized for measuring the pension liability as of the June 30, 2017 measurement date, the Entry Age Normal Actuarial Cost Method was used. The actuarial valuation assumptions used for determining pension liabilities included (a) a 7.65% 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 2016-17.

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 for 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.

For fiscal year 2017-18, Lodi contributed \$2,947,260 to its OPEB Plan, of which \$1,000,000 was placed in the OPEB trust fund. The electric utility department's allocated share of Lodi's fiscal year 2017-18 contribution was \$211,267. The amount budgeted for Lodi electric utility department's share of OPEB Plan contributions for fiscal year 2018-19 is \$216,650.

Pursuant to GASB No. 75, for the fiscal year ended June 30, 2018, Lodi reported a net OPEB liability of \$33,275,362 (reflecting a total OPEB liability of \$34,354,842 and a fiduciary net position of \$1,079,480 for the OPEB Plan). The net OPEB liability as a percentage of covered-employee payroll was 94.23%. The OPEB Plan Net Position as a percentage of Lodi's total OPEB liability was 3.14%. The net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by a June 30, 2017 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 3.60%.

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 Hartford Steam Boiler for up to \$39,986,075 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 of, or in any way contesting or affecting the validity of any proceedings of Lodi taken with respect to the Third Phase 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. Consistent with the policy Lodi has established guidelines which provide a time and price triggered tier approach to closing open positions as long as 5 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	<25 th
1-3	80-85%	85-90%	90%	90%	90%
3+	80-85%	85%	85-90%	90%	90%
6+	70-75%	75-80%	80-85%	85-90%	90%
9+	60-65%	65-70%	70-75%	75-80%	80%
12+ months	60-65%	65-70%	70-75%	75-80%	80%

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. 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 2013-14 through 2017-18. The information for the fiscal years ended June 30, 2014 through June 30, 2018 was prepared by Lodi on the basis of its audited financial statements for such years.

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

	Fiscal Year ended June 30,				
	2014	2015	2016	2017	2018
OPERATING REVENUES:					
Rate Revenue	\$ 61,837	\$63,370	\$ 65,265	\$ 64,114	\$ 65,055
ECA Revenue	2,856	1,867	2,242	1,734	4,192
Other Revenue	2,451	1,895	2,933	1,967	3,475
Total Operating Revenues	67,144	67,132	70,440	67,815	72,722
OPERATING EXPENSES:					
Purchased Power ⁽²⁾	37,303	38,512	37,788	35,650	39,519
Non-Power Costs ⁽³⁾	13,046	13,604	13,417	16,609	16,422
Total Operating Expenses	50,349	52,116	51,205	52,259	55,941
NET REVENUE					
AVAILABLE FOR DEBT					
SERVICE:	16,795	15,016	19,235	15,557	16,781
Debt Service	8,356	8,318	8,289	5,288	5,298
Remaining After Debt Service	8,439	6,698	10,946	10,268	11,483
OTHER REVENUES					
(EXPENSES):					
Greenhouse gas allowance	453	2,323	1,571	2,370	2,262
Payments in Lieu of Taxes	(6,977)	(7,033)	(7,082)	(7,131)	(7,159)
Net Cash Flow Before Capital Expenditure	\$ 1,915	\$ 1,988	\$ 5,435	\$ 5,507	\$ 6,586
SELECTED BALANCE SHEET INFORMATION:					
Net Plant in Service	\$ 8,950	\$ 8,585	\$ 8,271	\$ 7,957	\$ 7,808
Land and Construction Work in Progress	\$ 764	\$ 764	\$ 764	\$ 764	\$ 764
Ending Operating Reserve Balance	\$33,939	\$36,583	\$42,891	\$49,651	\$56,611
Long-Term Debt	\$71,288	\$66,303	\$61,084	\$58,669	\$48,291
Debt Service Coverage Ratio ⁽¹⁾	2.01	1.81	2.32	2.94	3.17

⁽¹⁾ Except as noted, 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 Generally Accepted Accounting Principles. See "– Indebtedness; Joint Powers Agency Obligations." Debt Service Coverage Ratio does not include Available Reserves as permitted by the documents pursuant to which Lodi's outstanding electric system revenue obligations were issued.

⁽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 and amortization expense.

Source: City of Lodi.

CITY OF PALO ALTO

Introduction

The City of Palo Alto (“Palo Alto”) is a charter city of the State of California. Pursuant to the California Constitution, Palo Alto’s City Charter, and its municipal code, Palo Alto has the power to furnish electric utility service to its inhabitants. In connection therewith, Palo Alto has the powers of eminent domain, to contract, to construct works, to fix rates and charges for commodities or services furnished and to incur indebtedness.

Palo Alto provides electric and other utility services through its department of utilities (the “Department of Utilities”). The legal responsibilities and power of the Department of Utilities, including the establishment of rates and charges, are exercised through the seven-member Palo Alto City Council. The members of the City Council are elected citywide for staggered four-year terms. The Palo Alto Department of Utilities is under the direction of the General Manager of Utilities who is accountable to the City Manager and who is appointed by the City Manager with the approval of the City Council.

Since 1900, Palo Alto has provided all electric service within the City of Palo Alto. For the fiscal year ended June 30, 2018, Palo Alto served 29,513 customers, had total sales of approximately 900 million kWh and a peak demand of 182 MW.

To provide electric service within its service area, Palo Alto owns and operates an electric system which includes power supply resources and transmission and distribution facilities. Palo Alto also purchases power and transmission services from others and participates in pooling and other utility type arrangements. In addition, Palo Alto provides gas utility and other normal city services to its inhabitants such as police and fire protection and water and sewer service.

In 2011, the California Legislature passed Senate Bill X1-2 (“SBX1-2”), the “California Renewable Energy Resources Act.” SBX1-2 requires local publicly-owned utilities to adopt and implement a renewable energy resource procurement plan to achieve specified targets for serving their retail energy loads from eligible renewable energy resources.

In March 2011, the Palo Alto City Council approved the updated Long-Term Electric Acquisition Plan (“LEAP”) Objectives, Strategies and Implementation Plan. LEAP provides high level policy direction for the pursuit of energy efficiency, demand resources, renewable energy, local generation and transmission resources. LEAP also sets direction for the management of hydroelectric resources and market exposure uncertainty. LEAP was updated in March and April 2012 to include revisions related to Palo Alto’s energy storage targets and Renewable Portfolio Standard (“RPS”).

In 2013, the Palo Alto City Council approved a Carbon Neutral Electric Resource Plan (the “Carbon Neutral Plan”), which defined carbon neutrality for Palo Alto’s electric portfolio, demonstrated a transparent and verifiable protocol to measure carbon content and established a goal to achieve carbon neutrality by the end of 2013. As a result, Palo Alto has neutralized all greenhouse gas emissions associated with the City’s electric portfolio since 2013, putting the City of Palo Alto on track to achieve its Sustainability and Climate Action Plan greenhouse gas emission reduction goal of 80% emissions reduction from 1990 levels by 2030. See “– Future Power Supply Resources – *Carbon Neutral Plan*” below.

In 2015, the California Legislature passed Senate Bill 350 (“SB 350”), the “Clean Energy and Pollution Reduction Act of 2015.” SB 350 increased California’s renewable electricity procurement goal from 33% by 2020 to 50% by 2030 based on RPS-eligible resources. SB 350 also requires Palo Alto to develop and submit an Integrated Resource Plan for the electric utility every four years, with the first

required to be adopted by the Palo Alto City Council by January 1, 2019. In 2018, the California Legislature passed Senate Bill 100 (“SB 100”), the “100 Percent Clean Energy Act of 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 also “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – State Legislation and Regulatory Proceedings” in the front part of this Official Statement for more information on SB 350 and SB 100.

In 2017, Palo Alto kicked-off a process to develop its Electric Integrated Resource Plan (“EIRP”) for the 2019 to 2030 planning horizon. The EIRP updates LEAP and maps out Palo Alto’s long-term plan for achieving its electric energy, capacity and reliability needs through the use of distributed energy resources (“DER”), such as energy efficiency and solar photovoltaics, and carbon neutral supply resources. The EIRP was approved by the Palo Alto City Council in December 2018, and will be submitted to the California Energy Commission (the “CEC”) in early 2019. The document will serve as the City’s Integrated Resource Plan for the purpose of meeting California’s integrated resource planning compliance requirements for local publicly-owned utilities under SB 350.

Palo Alto has a comprehensive Energy Risk Management Program governing electric and natural gas transactions. The program consists of the Palo Alto City Council approved policies, and operational guidelines approved by Palo Alto City’s Risk Oversight and Coordination Committee. The Energy Risk Management Program segregates commodity purchase and sale functions related to the front, middle and back offices.

Only the revenues of the Palo Alto electric utility will be available to pay amounts owed by Palo Alto under the Third Phase Agreement.

The main offices of the City of Palo Alto Department of Utilities are located at 250 Hamilton Avenue, 3rd Floor, Palo Alto, California 94301 (650) 329-2161. For more information about Palo Alto and its Department of Utilities, contact Dean Batchelor, Acting General Manager of Utilities, at the above address and telephone number. A copy of the most recent comprehensive annual financial report of the City of Palo Alto (the “Annual Report”) is available on Palo Alto’s website at <http://www.cityofpaloalto.org> 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.

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Power Supply Resources

The following table sets forth information concerning Palo Alto's power supply resources and the energy supplied by each during the fiscal year ended June 30, 2018.

**CITY OF PALO ALTO
DEPARTMENT OF UTILITIES
POWER SUPPLY RESOURCES
For the Fiscal Year Ended June 30, 2018**

Source	Capacity Available (MW)	Actual Energy (GWh)	Percent of Total Energy
Purchased Power:			
Western	186	357	38%
Wind Energy	25	98	10
Landfill Gas Energy	14	108	11
Solar Energy	127	346	37
Forward Market Purchases ⁽¹⁾	40	(88)	(9)
NCPA			
Geothermal Project ⁽²⁾	--	--	--
Hydroelectric Project	58	113	12
Seattle City Light Exchange ⁽³⁾	--	--	--
Short-Term Market Purchases	--	9	1
Total	N/A ⁽⁴⁾	943	100%

⁽¹⁾ See "-- Purchased Power -- *Other Power Purchases*" below.

⁽²⁾ Capacity and energy sold to Turlock Irrigation District. See "-- Joint Powers Agency Resources -- *NCPA*" below.

⁽³⁾ Assigned to City of Santa Clara effective June 2008. See "-- Joint Powers Agency Resources -- *NCPA*" below.

⁽⁴⁾ Capacity availability varies by season and is not necessarily additive at any given time.

Source: City of Palo Alto.

In the fiscal year ended June 30, 2018, Palo Alto's average cost of power delivered to the Palo Alto electric system was approximately 9.1 cents per kWh.

Purchased Power

Western. Palo Alto receives a substantial portion of its supply of power from the Central Valley Project ("CVP") pursuant to a contract with the Western Area Power Administration ("Western").

In October 2000, Palo Alto signed a 20-year agreement with Western (the "Western Base Resource Contract") for the continued purchase of hydroelectricity from the CVP. Service under such Western Base Resource Contract began on January 1, 2005 and continues through 2024, with Palo Alto receiving an 11.620% "slice of the system" allocation from Western. On January 1, 2015, Palo Alto's allocation increased to 12.309%. The power marketed by Western to Palo Alto is provided on a take-or-pay basis where Western's annual costs are allocated to preference customers based on their CVP participation percentage. Western then allocates the annual take-or-pay charges to the preference customers based on a monthly percentage that is designed to reflect the anticipated seasonal energy deliveries. Palo Alto is obligated to its preference customer share of the costs associated with operating the CVP facilities. Palo Alto's energy allocation under the current Western Base Resource Contract

starting in January 2005 is approximately 365 GWh/year in an average hydrological year. Palo Alto's annual cost obligation under the Western Base Resource Contract is approximately \$14 million per year, resulting in an average cost of approximately \$38 per MWh in an average hydrological year.

Wind Energy Contracts. Palo Alto currently has two long-term contracts for the output of wind electricity generation. Under a contract with Avangrid Renewables (formerly Iberdrola Renewables and PPM Energy, Inc.) ("Avangrid"), for power from the High Winds I project (owned by NextEra Energy Resources, LLC (formerly FPL Energy, LLC)) in Solano County, Palo Alto is allocated available capacity of 20 MW and acquired a fixed unit price on expected generation of 43 GWh/year. The term of the High Winds I contract ends in 2028. Under a separate contract with Avangrid, for power from the Shiloh I project (owned by Iberdrola Renewables) in Solano County, Palo Alto is allocated available capacity of 25 MW and acquired a fixed unit price on expected generation of 56 GWh/year. The term of the Shiloh I contract ends in 2021.

Landfill Gas Energy Contracts. Palo Alto currently has five long-term contracts for the output of landfill gas electricity generation under separate contracts with Ameresco, Inc. Under the first contract with Ameresco Santa Cruz Energy, L.L.C., for power from the Santa Cruz project (at a landfill owned by County of Santa Cruz) in Watsonville, California, Palo Alto is allocated available capacity of 1.5 MW and acquired an initial fixed per-unit price with 1.5% annual increases on expected generation of 9.0 GWh/year. The Santa Cruz project began commercial operation in February 2006 and its contract term ends in 2026. Under a second contract with Ameresco Half Moon Bay, L.L.C., for power from the Ox Mountain project (at a landfill owned by Republic Services, Inc.) in Half Moon Bay, California, Palo Alto is allocated available capacity of 5.1 MW and acquired an initial fixed per-unit price with 1.5% annual increases on expected generation of 42.5 GWh/year. The Ox Mountain project began commercial operation in April 2009 and its contract term ends in 2029. Under a third contract with Ameresco Keller Canyon, L.L.C., for power from the Keller Canyon project (at a landfill owned by Republic Services) in Pittsburg, California, Palo Alto is allocated available capacity of 1.5 MW and acquired an initial fixed per-unit price with 1.5% annual increases on expected generation of 13.8 GWh/year. The Keller Canyon project began commercial operation in August 2009 and its contract term ends in 2029. Under a fourth contract with Ameresco Johnson Canyon, L.L.C., for power from the Johnson Canyon project (at a landfill owned by Salinas Valley Solid Waste Authority) in Gonzales, California, Palo Alto is allocated available capacity of 1.4 MW and acquired an initial fixed per-unit price with 1.5% annual increases on expected generation of 9.2 GWh/year. The Johnson Canyon project began commercial operation in May 2013 and its contract term ends in 2033. Under a fifth contract with Ameresco San Joaquin, L.L.C., for power from the San Joaquin project (at a landfill owned by San Joaquin County) in Linden, California, Palo Alto is allocated available capacity of 4.3 MW and acquired an initial fixed per-unit price with 1.5% annual increases on expected generation of 27.5 GWh/year. The San Joaquin project began commercial operation in April 2014 and its contract term ends in 2034.

Palo Alto expects to receive a total of 102 GWh from these five landfill gas projects, representing approximately 11% of Palo Alto's load. Each of the foregoing landfill gas energy contracts is unit contingent.

Solar Energy Contracts. Palo Alto currently has six long-term contracts for the output of solar electricity generation under separate contracts with three different parent companies. The first three contracts are with the Sustainable Power Group (sPower): the 26.656 MW Hayworth Solar project in Kern County, and the 40 MW Elevation Solar C and 20 MW Western Antelope Blue Sky Ranch B projects in Los Angeles County. These three contracts all feature fixed per-unit prices and produce expected generation of 52 GWh/year, 101 GWh/year, and 50.5 GWh/year, respectively. The terms of such contracts all end in 2041. Palo Alto also has two solar energy contracts with Clēnera: the 20 MW Frontier Solar project in Stanislaus County, and the 20 MW EE Kettleman Land project in Kings County.

Both of these contracts feature fixed per-unit prices and produce expected generation of 52.5 GWh/year and 53.5 GWh/year, respectively. The term of the Frontier Solar contract ends in 2046, while that of the EE Kettleman Land contract ends in 2040. Finally, Palo Alto has a contract with Hecate Energy for a 26 MW project that is still in the development stages. This contract, for a fixed per-unit price, has a 25-year contract term, and is expected to begin in 2021.

Palo Alto expects to receive a total of 330 GWh from the five operating solar energy projects, representing approximately 35% of Palo Alto's load. Each of the foregoing solar energy contracts is unit contingent.

Other Power Purchases. Palo Alto has nine active Master Agreements with BP Energy, Shell Energy North America, Powerex Corp, Cargill Power Markets, Exelon Generation, Avangrid, NextEra Energy Marketing, Turlock Irrigation District ("TID"), and PacifiCorp to facilitate competitive forward market purchases to meet Palo Alto's loads in the short- to medium-term. As of June 30, 2018, Palo Alto had outstanding electricity purchase commitments for the period July 2018 to June 2020 totaling 92 GWh, and sales commitments for this period totaling 82 GWh. These market-based purchases and sales are made within the parameters of Palo Alto's Energy Risk Management Program.

In fiscal year 2017-18, gross market-based purchases provided approximately 18% of Palo Alto's energy needs, while gross market-based sales equaled 21% of Palo Alto's energy needs. The volume of market purchases and sales however is highly dependent on hydrologic conditions and long-term commitments to renewable resource based supplies. During normal hydrologic conditions, gross market purchases are expected to meet approximately 18% of energy needs, while gross market sales are expected to amount to approximately 26% of energy needs. All purchase transactions and sales-incidental-to-purchases are designed to meet native load. NCPA serves as Palo Alto's scheduling and billing agent for all transactions, and acts as the interface with the California Independent System Operator ("CAISO") under the Second Amended and Restated Metered Subsystem Aggregation Agreement (the "MSSA"). See "NORTHERN CALIFORNIA POWER AGENCY – NCPA Power Pool" in the front part of this Official Statement.

Joint Powers Agency Resources

NCPA. Except for a small 4.5 MW generator within the City of Palo Alto, Palo Alto does not independently own any generation assets. In addition to purchasing power from other sources, Palo Alto is a participant in certain NCPA projects. Palo Alto has purchased from NCPA a 22.920% entitlement share in the NCPA Hydroelectric Project and a 6.158% entitlement share in the NCPA Geothermal Project. In 1984, Palo Alto permanently assigned its share of the Geothermal Project to TID on a take-or-pay basis for the life of the plant, since Palo Alto's need for base load generation at the time the sale was made was limited. Palo Alto remains, however, secondarily liable for payment of project costs not paid by TID. For each of these NCPA projects in which Palo Alto participates, Palo Alto is obligated to pay, on an unconditional take-or-pay basis, as an operating expense of the Palo Alto 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 addition, in 1992, NCPA entered into an agreement with Seattle City Light to provide for a seasonal power exchange. The agreement entitled Palo Alto to 11 MW (10.3 MW at Palo Alto's meter) during the summer and obligated it to return 8 MW (at Palo Alto meter) during the winter. Deliveries under this agreement began June 1, 1995. Changes in Palo Alto's electric portfolio needs and wholesale market conditions led Palo Alto to assign its full share and obligations in the Seattle City Light exchange to the City of Santa Clara effective June 2008. The NCPA-Seattle City Light agreement was terminated effective on May 31, 2018.

For a description of such NCPA resources, see “THE HYDROELECTRIC PROJECT” and “OTHER NCPA PROJECTS” in the front part of this Official Statement.

TANC California-Oregon Transmission Project. Palo Alto is also a member of the Transmission Agency of Northern California (“TANC”) and has a participation share of 4.00% (net of layoffs) of TANC’s entitlement to transfer capability (approximately 50 MW) of the California-Oregon Transmission Project (“COTP”) and is responsible for 4.032% of TANC’s COTP operating and maintenance expenses and 4.00% of TANC’s aggregate debt service. As a result of low utilization on Palo Alto’s part of the transmission capacity and therefore low value relative to costs, in addition to a focus on acquiring in-state renewable resources, in August 2008 Palo Alto effected a long-term assignment of its full share and obligations in COTP to Sacramento Municipal Utility District (“SMUD”), TID and Modesto Irrigation District (“MID”). The long-term assignment is for 15 years with an option to renew for five years. In March 2016, TANC restructured the long-term debt associated with COTP extending the debt through the end of 2039. Palo Alto’s layoff recipients, SMUD, TID and MID, through an amendment to the assignment agreement, agreed to extend the term of the payments under the assignment agreement to continue to pay Palo Alto’s portion of the COTP debt during the term of the term of the COTP bonds. For a further description of the TANC COTP project, see “CITY OF SANTA CLARA – Transmission Resources – *TANC California-Oregon Transmission Project.*”.

Distributed Energy Resources

Distributed energy resources include generation, storage, demand response, and energy efficiency on the distribution system which can change the shape and timing of energy use. Palo Alto has undertaken a comprehensive process to plan to maximize the value of distributed energy resources and is reviewing a coordinated Distributed Energy Resources Plan. In addition, Palo Alto’s Electric and Gas Public Benefits and Water Efficiency Programs include programs related to efficiency, renewable energy, low-income discounts, and research, development and demonstration (RD&D) of emerging technologies. Due to increasing supply costs, significant new regulatory requirements, and Palo Alto’s desire to promote environmental stewardship, Palo Alto has placed an increased emphasis on energy and water efficiency. Palo Alto continues to pursue cost-effective energy efficiency as a priority in reducing customer bills. The LEAP includes energy efficiency as the highest-priority goal and requires that an assessment of least total cost, which includes environmental costs and benefits, be conducted when acquiring any energy resource. The Gas Utility Long-Term Plan (“GULP”) also includes energy efficiency as an important contributor to the energy plan.

Energy Efficiency Savings Goals and Achievements. California Assembly Bill 2021 (“AB 2021”) required all local publicly-owned utilities to identify all potentially achievable cost-effective electric efficiency savings and to establish annual targets for energy efficiency (“EE”) savings over ten years, with the first set of EE targets to be reported to the CEC on or before June 1, 2007, and updated every three years thereafter. California Assembly Bill 2227 passed in 2012 amended this target, setting the schedule to every four years. Palo Alto adopted its first Ten-Year Energy Efficiency Portfolio Plan in April 2007, which included annual electric and gas efficiency targets between 2008 and 2017, with a ten-year cumulative savings goal of 3.5% of the forecasted energy use. In accordance with California law, the electric efficiency targets were updated in 2010, with the ten-year cumulative savings goal doubling to 7.2% between 2011 and 2020. Since then, increasingly stringent statewide building code and appliance standards have resulted in substantial energy savings. However, these “codes and standards” energy savings cannot be counted toward meeting the utility’s EE goals. The ten-year electric efficiency targets were updated again in 2012, with the ten-year cumulative electric efficiency savings being revised downward to 4.8% between 2014 and 2023.

In 2015, SB 350 mandated the State to double statewide energy efficiency savings in electricity and natural gas end uses by 2030, with cost-effective utility energy efficiency programs as one

component. In February 2017, City Council adopted the current set of Ten-Year Electric Efficiency Goals, updating the ten-year cumulative electric efficiency savings target to 5.7% between 2018 and 2027. For fiscal year 2017-18, the electric utility achieved electric savings of 0.66% of load through its customer efficiency programs. Cumulative electric efficiency savings since 2006 are approximately 6% of the fiscal year 2017-18 electric usage.

In parallel to the development of Ten-Year Electric Efficiency Goals, Palo Alto adopted its first set of gas efficiency targets in 2007 to reduce gas consumption by 3.5% between 2008 and 2017. In 2010, the gas efficiency targets were updated to reduce use by 5.5% between 2011 and 2020. Similar to the electric side, gas efficiency potential has declined due to recent changes to California's appliance standards and building codes. The ten-year electric efficiency targets were updated again in 2012, with the ten-year cumulative gas efficiency savings being revised downwards to 2.85% between 2014 and 2023. In March 2017, the Palo Alto City Council adopted its current set of Ten-Year Gas Efficiency Goals, updating the ten-year cumulative gas efficiency savings target to 5.1% between 2018 and 2027. For fiscal year 2017-18, the gas utility achieved gas efficiency savings of 0.9% of total gas sales. Cumulative gas efficiency savings since 2006 is about 5.6% of the fiscal year 2017-18 gas usage.

Local Solar Plan. In April 2014, the Palo Alto City Council passed the Local Solar Plan, which set the city-wide goal of meeting 4% of Palo Alto's energy needs from local solar by 2023 and identified a number of strategies to facilitate achieving that goal. These strategies include the development of several solar programs to encourage installation of roof-top solar, such as the existing incentives of the feed-in tariff program and the PV Partners solar rebate program (described below). As of June 2018, all solar installations within the City of Palo Alto generate approximately 2.0% of Palo Alto's annual electricity (from 11.8 MW of installed local solar capacity).

Customer-side Renewable Generation Programs. The following is a description of Palo Alto's customer-side renewable generation programs:

PV Partners: The PV Partners Program encourages photovoltaic or solar electric ("PV") installations on Palo Alto homes and businesses by providing a rebate based on the capacity, measured in watts, of newly installed PV systems. The PV Partners Program continues to be one of the most successful in the State. Rebate funds were fully reserved in April 2016. The effect of the PV Partners program is illustrated by the cumulative total of PV installations under the program. As of June 30, 2018, there were 1,081 PV installations with the total capacity of 10.18 MW (5.6% of Palo Alto's system peak load).

Net-Energy Metering Successor Program: Prior to January 1, 2018 residential and commercial customers in Palo Alto who installed approved PV systems were able to sign up for the Palo Alto Net Energy Metering ("NEM") program. Palo Alto reached the NEM cap of 10.8 MW in January 2018 and Palo Alto is now offering a NEM Successor Program instead. The NEM Successor process is integrated with the permitting process, and customers receive a credit for electricity exported to the grid based on Palo Alto's avoided costs.

Palo Alto CLEAN (Clean Local Energy Accessible Now): This feed-in tariff program (referred to as "Palo Alto CLEAN") purchases electricity generated by renewable energy resources located in Palo Alto's service territory and interconnected on the utility-side of the electric meter. The electricity is purchased by Palo Alto for credit to its RPS. The program was launched in 2012 and has been modified over the past few years. On February 3, 2014, the Palo Alto City Council approved a total program capacity of 3 MW at a price of 16.5 cents per kilowatt hour (kWh) fixed for 20 years. On May 8, 2017, the Palo Alto City Council approved minor changes to Palo Alto CLEAN such that the program no longer has a total participation cap for either solar or non-solar eligible renewable energy resources. Palo Alto is currently offering to

purchase the output of eligible renewable electric generation systems located in Palo Alto at the following prices:

- For solar energy resources: 16.5 cents per kilowatt hour (“¢/kWh”) for a 15-, 20- or 25-year contract term until the subscribed capacity reaches 3 MW; thereafter, the price will drop to 8.8 ¢/kWh for a 15-year contract term, 8.9 ¢/kWh for a 20-year contract term, or 9.1 ¢/kWh for a 25-year contract term; and
- For non-solar eligible renewable energy resources: 8.3 ¢/kWh for a 15-year contract term, 8.4 ¢/kWh for a 20-year contract term, or 8.5 ¢/kWh for a 25-year contract term.

There is no minimum or maximum project size, but the program is best suited for commercial property owners with available roof-tops or parking lots. Palo Alto’s Public Works Department recently solicited proposals to install solar PV systems and electric vehicle chargers at four City-owned parking structures. All four City-owned parking garage solar PV systems became operational as of March 2018. As of February 2019, there are a total of six solar PV systems participating in the Palo Alto CLEAN program, including the four aforementioned systems on City-owned parking garages. These six projects account for 2.915 MW of the capacity available at the 16.5 ¢/kWh contract rate and all are expected to be online by April 2019, with contract terms ranging from 15 to 25 years.

Solar Hot Water Program: Palo Alto launched its solar water heating program in May 2008, in advance of a State law requiring natural gas utilities to offer incentives. This program offers rebates of up to \$2,719 for residential systems and up to \$100,000 for commercial and industrial systems. A sample set of installations are inspected for quality and program compliance by an independent contractor. The program was recently extended through 2020. A total of 63 systems have been installed as of June 30, 2018; 57 of these are residential. From 2008 to 2018, \$411,733 in rebates was disbursed. In fiscal year 2017-18, this program resulted in annual energy savings of 24,786 therms and 13,387 kWh.

Future Power Supply Resources

Carbon Neutral Plan. In March 2013, the Palo Alto City Council approved its Carbon Neutral Plan committing Palo Alto to using carbon neutral electric resources beginning in calendar year 2013. The plan also provides that such resource portfolio adjustments should not result in a rate increase of more than 0.15¢/kWh (equivalent to about \$1.00/month for an average residential bill).

Palo Alto’s current renewable energy resource policy targets a 50% resource portfolio share by 2030. The policy also provides that such resource portfolio adjustments should not result in a rate increase of more than 0.5¢/kWh (equivalent to about \$3.35/month for an average residential bill). Palo Alto also permits its commercial customers to voluntarily participate in a green power program whereby participating customers can elect to pay a premium through their electric rates to purchase renewable energy certificates through Palo Alto for all or a portion of their energy needs.

In accordance with LEAP and the Carbon Neutral Plan, Palo Alto has entered into a number of electricity purchase contracts to meet its resource requirements as described above. As of December 31, 2018, Palo Alto had procured approximately 107% of its total projected electricity needs for fiscal year 2019-20 (assuming the projected hydroelectric production).

Palo Alto satisfied the RPS target under SBX1-2 for Compliance Period 1 (from 2011 through 2013), with an average of approximately 21.3% of Palo Alto’s energy portfolio supplied from renewable resources over such period. Palo Alto has also satisfied the RPS target for Compliance Period 2 (from

2014 through 2016), meeting the compliance requirement of 20% of retail sales in 2014 and 2015, and 25% of retail sales in 2016. Palo Alto further expects to satisfy the RPS target under SBX1-2 for Compliance Period 3 (from 2017 through 2020). As of February 2019, Palo Alto has sufficient hydroelectric and renewable generation contracts to provide enough energy to supply its entire load (assuming average hydrologic conditions). See also “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – State Legislation and Regulatory Proceedings” in the front part of this Official Statement for more information on SBX1-2.

Going forward, Palo Alto expects to meet its energy needs through energy efficiency and other distributed energy resources, existing hydroelectric generation and renewable resources and additional renewable generation contracts which are expected to be on line in 2021. Palo Alto will continue to procure energy supplies to meet Palo Alto’s short and medium-term energy needs through market purchases with Palo Alto’s pre-selected suppliers.

Interconnections, Transmission and Distribution Facilities

Palo Alto’s electric system is directly interconnected with the system of Pacific Gas and Electric Company (“PG&E”) by a single 115 kV delivery point at Palo Alto’s Colorado substation. Palo Alto receives transmission services under the MSSA between NCPA and the CAISO. See also “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – PG&E Bankruptcy” in the front part of this Official Statement.

Palo Alto’s distribution system consists of the 115 kV to 60 kV delivery point, two 60 kV switching stations, 9 distribution substations, approximately 12 miles of 60 kV sub transmission lines, and approximately 469 miles of 12 kV and 4 kV distribution lines including 223 miles of overhead lines and 245 miles of underground lines.

The service area of the Palo Alto electric system is coterminous with the municipal boundaries of the City of Palo Alto. A portion of the area within the City limits, west of Highway 280 and known as the “Foothills” area, is in a State-designated high fire threat area. On August 20, 2018, pursuant to the requirements of California Senate Bill 1028, the Palo Alto City Council made a wildfire risk determination with respect to the Foothills area. The Palo Alto electric utility has in place a number of mitigation measures aimed at reducing the risk of a wildfire occurrence being caused by its overhead electrical lines and equipment, which were approved by the City Council in connection with its wildfire risk determination. These measures include: periodic inspection of overhead electric facilities, ongoing vegetation clearance and management activities, and the elimination of the automatic restoration function in the Foothills to required that power to a tripped lines is only restored after manual inspection and confirmation that it may be operated safely. Separately, the City of Palo Alto has maintained a Foothills Fire Mitigation Plan since 2009; such plan was most recently updated in 2016. Pursuant to the requirements of California Senate Bill 901 (“SB 901”), the Palo Alto electric utility is in the process of preparing its own wildfire mitigation plan to be completed prior to January 1, 2020 to include all of the information and elements proscribed in SB 901. See “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

The Palo Alto City Council is authorized by the Palo Alto Municipal Code to set fees and charges, pay for and supply all electric energy and power to be furnished to customers according to such schedules, resolutions, rules and regulations as are adopted by the City Council. These rates are not subject to review by any State or federal agency. In addition, the City Charter provides for the maintenance of a separate fund for each utility into which is deposited receipts from the operations of

such utilities and from which are payable the utility's costs and expenses, including operating and maintenance, debt service, capital expenditures, funding of reserves, and general fund transfers.

Palo Alto's fiscal year 2017-18 average rates per kWh for all service was 13.9 cents. Palo Alto's fiscal year 2017-18 average rates for commercial and industrial service was 13.7 cents per kWh. Palo Alto's fiscal year 2017-18 average rate per kWh for residential service was 14.8 cents.

The following table presents a history of Palo Alto's electric utility rate increases since 2014.

**CITY OF PALO ALTO
DEPARTMENT OF UTILITIES
RATE CHANGES**

Date	Percent Change
July 1, 2018	6.00%
July 1, 2017	14.0
July 1, 2016	11.0
July 1, 2015	0.0
July 1, 2014	0.0

Source: City of Palo Alto.

Palo Alto spends approximately 2.85% of gross electric revenues on the public benefit programs it originally developed in response to California Assembly Bill 1890, which was adopted in 1996 ("AB 1890"). In addition to funding available through the public benefits program, Palo Alto funds additional efficiency and renewable energy programs through the electric utility's supply resource acquisition budget.

Low-Income Programs

The following is a description of Palo Alto's low income assistance programs:

- ***Residential Energy Assistance Program (REAP)***. This program provides qualifying low-income residents with free energy efficiency measures and access to the Rate Assistance Program (RAP) rate discount. For qualifying customers, a Home Assessment, an application to the RAP, and an on-site customer evaluation for weatherization and energy efficiency measure installation, including insulation and lighting, is provided. Customers may have refrigerators and/or furnaces replaced if the need is found.
- ***Rate Assistance Program (RAP)***. This program provides a 25% discount for electric and gas charges for qualified customers. Applicants can qualify based on medical or financial need.
- ***Project PLEDGE***. This program provides a one-time contribution of up to \$750 applied to the utilities bill of qualifying residential customers. Eligibility criteria includes recent emergency events for employment and health. Administered by the Department of Utilities, this program is funded by voluntary customer contributions.

Largest Customers

The ten largest customers of Palo Alto's electric utility system, based upon energy usage for the fiscal year ended June 30, 2018 accounted for approximately 35.2% of total kWh sales and approximately

31.0% of total electric revenues. The largest account consumed 8.1% of Palo Alto's total kWh sales and contributed 6.9% of total revenues and the smallest of the ten largest accounts accounted for 1.9% of total kWh sales and 1.6% of revenues.

Customers, Energy Sales, Revenues and Demand

The average number of customers, kWh sales, revenues derived from sales by classification of service and peak demand during the five fiscal years 2013-14 through 2017-18, are listed below.

**CITY OF PALO ALTO
DEPARTMENT OF UTILITIES
CUSTOMERS, SALES, REVENUES⁽¹⁾ AND DEMAND⁽²⁾
Fiscal Year Ended June 30,**

	2014	2015⁽³⁾	2016	2017	2018
Number of Customers:					
Residential	26,439	25,226	25,372	25,642	25,502
Commercial	2,556	3,682	3,715	3,753	3,788
Industrial	120	106	91	85	79
Other	224	122	126	136	144
Total	29,339	29,136	29,304	29,616	29,513
Kilowatt-Hour Sales (in thousands):					
Residential	182,228	145,447	150,112	148,986	150,064
Commercial	470,229	558,601	589,091	580,832	588,218
Industrial	213,768	202,839	168,141	157,502	141,387
Other	84,559	29,936	29,812	30,368	29,780
Total	950,784	936,823	937,157	917,687	909,449
Revenues from Sale of Energy:					
Residential	\$ 18,744	\$ 17,404	\$ 18,191	\$ 20,269	\$ 22,764
Commercial	65,244	66,457	68,593	73,471	82,299
Industrial	23,175	21,800	17,762	17,164	17,901
Other	3,225	3,234	3,127	3,780	4,264
Total	\$110,388	\$108,895	\$108,033	\$114,684	\$127,228
Peak Demand (MW)	168	172	178	171	182

(1) Revenues are exclusive of wholesale sales.

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

(3) In 2015, the "Other" category was redefined as City of Palo Alto facilities only. Multi-family facilities were reclassified to "Commercial."

Source: City of Palo Alto.

Service Area

Population. The service area of Palo Alto's electric system is coterminous with Palo Alto's city boundaries. Shown below is certain population data for Palo Alto, the County of Santa Clara and the State of California.

**CITY OF PALO ALTO, COUNTY OF SANTA CLARA,
STATE OF CALIFORNIA POPULATION
(1970-2010 as of April 1; 2011-2018 as of January 1)**

Year	City of Palo Alto	County of Santa Clara	State of California
1970	55,835	1,065,313	19,971,069
1980	55,200	1,295,071	23,668,562
1990	57,400	1,497,577	29,760,021
2000	58,917	1,682,585	33,871,653
2010	64,403	1,781,642	37,253,956
2011	65,123	1,803,329	37,529,913
2012	66,203	1,828,843	37,874,977
2013	67,192	1,857,211	38,234,391
2014	67,633	1,880,197	38,568,628
2015	68,312	1,905,156	38,912,464
2016	69,184	1,922,619	39,256,000
2017	69,446	1,937,473	39,524,000
2018	69,721	1,956,598	39,810,000

Sources: 1970-2010, as of April 1, based on historical U.S. Census population data compiled by the California State Department of Finance. 2011-2018, as of January 1, State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State – January 1, 2011-2018. Sacramento, California, May 2018.

Employment. The main businesses in Palo Alto are manufacturing and industrial, but Palo Alto is also home to significant health care and education providers. There are numerous manufacturing plants producing electronic components, communications equipment, computer systems and similar products, and general items such as pharmaceutical and aerospace systems.

The ten largest employers in Palo Alto as of June 30, 2018 are shown in the following table.

**CITY OF PALO ALTO
LARGEST EMPLOYERS**

Employer	Business	Number of Employees
Stanford Health Care	Health Care Delivery	5,500
Lucille Packard Children's Hospital	Health Care Delivery	5,400
Stanford University ⁽¹⁾	Education	4,300
Veteran's Affairs Palo Alto Health Care System	Health Care Delivery	3,900
VMware Inc.	Software	3,500
SAP	Software	3,500
Space Systems/Loral	Satellite System Design & Manufacturing	2,800
Hewlett Packard Company	Computer Hardware and Software	2,500
Palo Alto Medical Foundation	Health Care Delivery	2,200
Varian Medical Systems	Medical Devices and Software	1,400

⁽¹⁾ Stanford University number of employees was provided by the Stanford Office of Planning and includes only employees located in Palo Alto.

Source: City of Palo Alto.

The San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area, as defined by the State Employment Development Department, includes all cities within San Benito and Santa Clara Counties. According to the California Employment Development Department, the County of Santa Clara's unemployment rate was 3.2% for the year 2017.

The following table sets forth certain information regarding employment in the City of Palo Alto for the fiscal year 2013-14 through 2017-18.

**CITY OF PALO ALTO
UNEMPLOYMENT RATES 2013 TO 2018**

Fiscal Year	Unemployment Rate
2013-14	2.8%
2014-15	2.7
2015-16	2.9
2016-17	2.4
2017-18	2.5

Source: State Department of Employment Development as reflected in City of Palo Alto Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018.

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

**CITY OF PALO ALTO
TOTAL ASSESSED VALUATIONS
(Fiscal Years 2013-14 through 2017-18)**

2013-14	2014-15	2015-16	2016-17	2017-18
\$25,536,059	\$27,198,127	\$29,415,754	\$31,954,381	\$34,434,739

Source: County of Santa Clara's Assessor's Office.

Transportation. Palo Alto is served by freeways, interstate and state highways, bus service and trucking lines. Passenger rail transportation is provided by the Amtrak on a north/south commuter track. Air transportation is available at San Francisco International Airport, located approximately 25 miles to the north, and the San Jose International Airport which is approximately 15 miles from downtown Palo Alto.

Educational Facilities. Public education is provided in Palo Alto from kindergarten through high school. Palo Alto is also the location of Stanford University.

Forecast of Capital Expenditures

Palo Alto's five-year capital plan for electric distribution facilities contemplates capital expenditures in the following years and amounts:

**CITY OF PALO ALTO
DEPARTMENT OF UTILITIES
ESTIMATED CAPITAL EXPENDITURES
(Dollar Amounts in Thousands)**

Fiscal Year Ended June 30,				
2019	2020	2021	2022	2023
\$21,400	\$12,480	\$14,094	\$17,294	\$13,709

Source: City of Palo Alto.

The capital expenditures are for infrastructure replacement and new customer connections; Palo Alto anticipates funding the majority of such costs from current year revenues. Since the 1960's Palo Alto has followed a policy of funding its capital improvements primarily from revenues rather than debt financing.

Palo Alto does not currently plan to make further investment in new large-scale generation. Most of Palo Alto's anticipated energy deficits are expected to be met with renewable power purchase agreements, long-term and short-term market purchases, and customer site distributed generation. Palo Alto is in the initial phases of studying a transmission upgrade project.

Indebtedness; Joint Powers Agency Obligations

In October 2007, Palo Alto issued \$1.5 million of 2007 Electric Utility Clean Renewable Energy Tax Credit Bonds ("CREBs") to finance Palo Alto's photovoltaic solar panel project. The bonds do not bear interest and are scheduled to be fully paid by December 2021. In lieu of receiving the periodic interest payments, bondholders are allowed annual federal income tax credits in an amount equal to a credit rate for such CREBs multiplied by the outstanding principal amount of the CREBs owned by the bondholders. As of January 1, 2019, the remaining outstanding principal balance of the CREBs was \$0.4 million.

Palo Alto issued its Utility Revenue Bonds, 1995 Series A (the "1995 Utility Bonds") in February 1995 to finance certain extensions and improvements to Palo Alto's Storm Drainage and Surface Water System. The 1995 Utility Bonds are special obligations of Palo Alto secured by a lien on net revenues of Palo Alto's entire "Enterprise," which consists of the City of Palo Alto water system, gas system, storm and surface water drainage system, sanitary sewer system, and electric system, except refuse service fund, fiber optics fund, and airport fund. The annual principal and interest debt service payments are solely paid by Palo Alto's storm and surface water drainage system. As of January 31, 2019, the outstanding principal amount of the 1995 Utility Bonds was \$1.3 million.

As previously discussed, Palo Alto participates in two joint powers agencies, including NCPA and TANC. Obligations of Palo Alto under its agreements with respect to NCPA and TANC constitute operating expenses of the Palo Alto electric system payable prior to any of the payments required to be made on Palo Alto's utilities' revenue bonds or other obligations. Agreements with the joint powers agencies in which Palo Alto participates are on a "take-or-pay" basis, which requires payments to be made whether or not projects are completed or operable, and whether output from such projects is suspended, interrupted or terminated. These agreements contain "step-up" provisions obligating Palo Alto to pay a share of the obligations of a defaulting participant. Palo Alto'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 PALO ALTO
DEPARTMENT OF UTILITIES
OUTSTANDING DEBT OF JOINT POWERS AGENCIES
(Dollar Amounts in Millions)
(As of January 31, 2019)**

	Outstanding Debt⁽¹⁾	Palo Alto Participation⁽²⁾	Palo Alto Share of Outstanding Debt⁽¹⁾
NCPA			
Geothermal Project	\$ 24.5	0.00% ⁽³⁾	\$ 1.5 ⁽³⁾
Hydroelectric Project	292.9	22.92 ⁽⁴⁾	68.8 ⁽⁴⁾
TANC			
COTP	200.3	0.00 ⁽⁵⁾	8.0 ⁽⁵⁾
TOTAL	\$517.7		\$78.3

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

(2) 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.

(3) Participation share of 6.16% was permanently assigned to TID in October 1984. Palo Alto remains contractually liable for its share. See “– Power Supply Resources – Joint Powers Agency Resources – *NCPA*” above.

(4) Palo Alto's actual payments represent approximately 23.5% of outstanding debt service as a result of credit to non-participating members with respect to portion of debt obligation.

(5) Participation share of 4.00% was assigned to SMUD, TID and MID in August 2008. Palo Alto remains contractually obligated for its share. See “– Power Supply Resources – Joint Powers Agency Resources – *TANC California-Oregon Transmission Project*” above.

Source: City of Palo Alto.

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 for the purposes of substantially fixing the related interest cost. There is no guarantee that the floating rate payable to the respective joint powers agency pursuant to each of the related interest rate swap agreements 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. 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 Palo Alto). 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 Palo Alto).

Employees

Labor Relations. As of January 1, 2019, 107 full-time equivalent (“FTE”) staff were assigned to the electric system of the Palo Alto Department of Utilities. All full-time employees, excluding the Utility Director, are represented by the Utilities Management and Professional Association of Palo Alto (“UMPAPA”) and Service Employees’ International Union (“SEIU”) Local 521. Matters pertaining to wages, benefits and working conditions are governed by a memorandum of understanding between the City of Palo Alto and SEIU. In December 2018, the City Council approved the first memorandum of understanding with UMPAPA that expires on June 30, 2019. The memorandum of understanding with SEIU expired on December 31, 2018. Palo Alto is in the process of negotiating a new contract with SEIU. Palo Alto’s wage and fringe benefits are generally comparable to those offered by other local public agencies.

Pension Plans. Retirement benefits to City of Palo Alto employees, including those assigned to electric system, are provided through the Palo Alto’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.

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

Pension costs are funded by bi-weekly contributions to CalPERS by Palo Alto and contributions from employees. Active Miscellaneous Plan members hired prior to July 17, 2010 are required to contribute 8.00% of their annual covered salary, those member hired on or after July 17, 2010 are required to contribute 7% 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 Palo Alto on the employee’s behalf in accordance with applicable labor agreements. The required member contributions are currently paid by the employees. Palo Alto’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. Palo Alto 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 contribution requirements of the plan members are established by State statute and the employer contribution rates are established, and may be amended, by CalPERS.

In April 2017, Palo Alto established an Internal Revenue Code Section 115 irrevocable trust with the Public Agency Retirement Services (“PARS”). The Palo Alto City Council approved an initial deposit of \$2.1 million in general fund proceeds into the general fund subaccount of Palo Alto’s PARS Trust Account. The PARS Trust Account allows more control and flexibility in investment allocations compared to Palo Alto’s portfolio which is restricted by State regulations to fixed income instructions. As of June 30, 2018, Palo Alto reported the account balance of \$5.5 million as restricted cash in general benefits, an internal service fund.

The table below sets forth the electric system’s allocated share of Palo Alto’s required contributions to the Miscellaneous Plan for the past four fiscal years and the amount budgeted for its

allocated share of the Palo Alto's estimated required contributions to such plans for the current fiscal year and fiscal year 2019-20.

City of Palo Alto Miscellaneous Plan (dollars in thousands)			
Fiscal Year Ended June 30	Electric System Allocated Share	Total City Required Contribution Amount	Contributions as a % of Covered Payroll
2015		\$18,610 ⁽¹⁾	25.65%
2016		18,840	25.56
2017		20,638	26.59
2018		23,225	28.24
2019 ⁽²⁾		26,805	32.56
2020 ⁽²⁾		30,443	35.63

⁽¹⁾ Palo Alto's actual contribution in fiscal year 2014-15 was \$18,611,000.

⁽²⁾ Based on CalPERS Annual Valuation Report as of June 30, 2017

Source: City of Palo Alto.

Palo Alto'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 Palo Alto's required contributions to CalPERS in future years. Accordingly, Palo Alto cannot provide any assurances that Palo Alto'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 Palo Alto's most recent audited financial statements which are available on Palo Alto's website at <http://www.cityofpaloalto.org>.

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 will be 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 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 of 30% to 40% by fiscal year 2024-25 for miscellaneous plans. As a result, required contributions of employers, including Palo Alto, 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, Palo Alto 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, Palo Alto 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, 2017, as reported in Palo Alto's audited financial statements for the fiscal year ended June 30, 2018. The electric system's allocable share of Palo Alto's net pension liability was not separately determined.

City of Palo Alto Miscellaneous Plan
(dollars in thousands)

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	\$187,108	71.80%	281.90%
2015	206,192	69.85	295.25
2016	244,237	65.79	331.29
2017	267,805	65.70	345.08

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

Source: City of Palo Alto.

As of the June 30, 2017 measurement date, the total pension liability for the Miscellaneous Plan for the City of Palo Alto was \$780,729,000 and the plan fiduciary net position was \$512,924,000, resulting in a city-wide Miscellaneous Plan net pension liability of \$267,805,000. In the June 30, 2016 actuarial valuation utilized for measuring the pension liability as of the June 30, 2017 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; (b) projected salary increases that vary based on age and type of service; and (c) an inflation rate of 2.75% per year.

Retiree Health Benefits. Palo Alto participates in the California Public Employees Medical and Health Care Act to provide certain health care benefits for retired employees, including employees of the electric system (the “OPEB Plan”). In fiscal year 2007-08, Palo Alto elected to participate in an irrevocable trust (the “Trust Fund”) to provide a funding mechanism for its OPEB liability. The Trust Fund, California Employers’ Retirees Benefit Trust, is administered by CalPERS and managed by a separately appointed board, which is not under control of the City Council. Palo Alto’s policy is to prefund these OPEB benefits by accumulating assets in the Trust Fund pursuant to City Council Resolution. The OPEB Plan annual contributions to the Trust Fund are based on actuarial valuations. Under the OPEB Plan, employees who retire directly from the City of Palo Alto are eligible for benefits if they retire on or after age 50 with 5 years of service and are receiving a monthly pension from CalPERS.

For Fiscal Years prior to fiscal year 2017-18, Palo Alto’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 the Palo Alto’s annual OPEB cost and the approximate portion of such amount funded by the electric system, the percentage of annual OPEB cost contributed and Palo Alto’s Net OPEB obligation for the three fiscal years 2014-15 through 2016-17.

City of Palo Alto OPEB Plan
(dollars in thousands)

Fiscal Year Ended June 30	Annual OPEB Cost	Amount Funded by Electric System	% of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2015	\$14,773		102%	\$(22,871)
2016	15,292		92	(21,662)
2017	16,890		87	(19,419)

Source: City of Palo Alto.

Effective for fiscal year 2017-18, Palo Alto 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 Palo Alto's annual contributions to the OPEB Plan trust for the fiscal years ended June 30, 2017 and 2018, including the relation of such contributions to the actuarially determined contribution amount for such fiscal year. The amount budgeted for the electric system's share of OPEB Plan contributions for fiscal year 2018-19 is \$_____.

City of Palo Alto OPEB Plan
(dollars in thousands)

Fiscal Year Ended June 30	Contribution Funded by Electric System	Total City Contribution	Actuarially Determined Contribution Amount	Contribution Deficiency (Excess) to Actuarially Determined Contribution
2017		\$14,739	\$16,365	\$1,626
2018		21,349	16,938	(4,411)

Source: City of Palo Alto.

Pursuant to GASB No. 75, for the fiscal year ended June 30, 2018, Palo Alto reported a net OPEB liability of approximately \$153,509,000 (reflecting a total OPEB liability of \$244,759,000 and a plan fiduciary net position of \$91,250,000 for the OPEB Plan). The net OPEB liability as a percentage of covered-employee payroll was 129.24%. The OPEB Plan Net Position as a percentage of Palo Alto's total OPEB liability was 37.28%. The net OPEB liability was measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2017, based on actuarial methods and assumptions. The actuarial assumptions used include: (a) a 6.75% discount rate; (b) a 2.75% inflation rate; (c) payroll growth of 3.00%; (d) a 6.75% investment rate of return; and (e) post-retirement benefit cost increases of 6.50% for 2019, decreasing to 4.00% for 2076 and later for medical plan premiums, and 7.50% for 2019, decreasing to 4.00% for 2076 and later for pre-medicare premiums.

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

Litigation

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining Palo Alto in the execution or delivery of, or in any way contesting or affecting the validity of any proceedings of Palo Alto taken with respect to, the Third Phase Agreement.

There is no litigation pending, or to the knowledge of Palo Alto, threatened, questioning the existence of Palo Alto, or the title of the officers of Palo Alto to their respective offices. As of the date of this Official Statement, there is no litigation pending, or to the knowledge of Palo Alto, threatened, questioning or affecting in any material respect the financial condition of Palo Alto's electric utility system.

As described below, litigation has been filed challenging the Palo Alto utilities' transfers to the General Fund:

Green v. City of Palo Alto. Through annual equity transfers, Palo Alto transfers a portion of the earnings of its gas and electric utilities to its General Fund each year, pursuant to a voter-approved charter provision authorizing it to do so. In October 2016, plaintiff Miriam Green ("Green") filed a class action lawsuit against Palo Alto challenging Palo Alto's equity transfers and electric rates, under Proposition 26. In May 2017, the court approved the parties' stipulation (a formal agreement between counsel) certifying the class of plaintiffs in exchange for the plaintiffs' agreement to (i) stay the case pending a decision in *Citizens for Fair REU Rates v. City of Redding*, California Supreme Court Case No. S224779, and (ii) dismiss plaintiff's three claims challenging the cost-justification of Palo Alto's electric rates. The City of Redding case concerned many of the same issues as those raised in plaintiff's suits against Palo Alto. In October 2018, Green filed a second class action lawsuit against Palo Alto, making the same allegations with respect to the electric and gas rates that the City Council adopted in June 2018. In the fiscal year ended June 30, 2018, these transfers amounted to \$19.6 million (\$12.9 million electric and \$6.7 million gas) and in the fiscal year ended June 30, 2017, the transfers amounted to \$18.7 million (\$12 million electric and \$6.7 million gas). In this respect, Palo Alto is similar to all municipal power utilities (and the four municipal gas utilities in California), which make annual general fund transfers on various theories.

The California Supreme Court granted review of the *City of Redding* matter, and on August 27, 2018, the California Supreme Court rendered its decision, reversing the judgement of the Court of Appeal. In *City of Redding*, the California Supreme Court determined that the City of Redding's transfer from the city-owned electric utility to the city's general fund, which was calculated as a "payment in lieu of taxes," itself is not the type of exaction that is subject to Article XIIC of the California Constitution. The court reasoned that it is only the city's electric utility rates, not the payments made by the city-owned utility, that are imposed on customers for electric service. The California Supreme Court concluded that because the total rate revenue of the electric utility was insufficient to cover the electric utility's uncontested operating expenses (other than the payments in lieu of taxes) in the years at issue, the challenged rate did not exceed the reasonable costs of providing electric service, and therefore did not constitute a tax. Palo Alto is evaluating its cases in light of the Supreme Court's August 27, 2018 decision in *City of Redding*. No matter the outcome, the Green litigation is not expected to have a material financial impact on the Palo Alto's Electric Fund.

Lawsuits and other claims filed against Palo Alto as it relates to its Department of Utilities' electric system and operations arise in the ordinary course and scope of Palo Alto's municipal utility business and are largely covered by Palo Alto's self-insurance program. In the opinion of Palo Alto's

management and attorneys, these lawsuits and other claims will not have a material adverse effect upon Palo Alto's electric system and operations.

Palo Alto's Operations Since Industry Restructuring

Electric System Policies. In March 1997, the City Council of Palo Alto approved three electric utility policies relating to customer choice, stranded cost recovery and marketing beyond Palo Alto borders. Palo Alto undertook a number of actions in order to implement those policies. Direct access (discussed below) was offered to large commercial and industrial customers; however none of them exercised the option. Given the lack of interest in the community for direct access in combination with the instability of energy markets in 2001 and CPUC actions relating to direct access, direct access was suspended by the City Council effective August 1, 2001. There are no plans to re-implement direct access at this time.

AB 1890, adopted in 1996, provided for the deregulation of California's electric industry effective January 1, 1998. A key element of deregulation was the provision for "direct access", which would allow electric customers to choose their electric commodity supplier. Palo Alto, along with other California utilities, was faced with the prospect of losing customers and load to direct access and having made significant investments in generation assets purchased or built to serve these customers. In response to such risk, PG&E and certain other investor- and municipally-owned utilities established stranded cost surcharges to collect funds from ratepayers to cover the amount that these uneconomic assets were projected to cost above their market value in the future (*i.e.*, "stranded cost").

Electric Special Project Reserve (formerly the Calaveras Reserve). In 1983, the City Council established the Calaveras Reserve in the Electric Fund to help defray a portion of the annual debt service costs associated with the NCPA Calaveras Hydroelectric Project, which was put in service at that time. As originally established, the Calaveras Reserve policy did not provide for a target balance and depletion of the reserve was anticipated by 2002.

In 1996, the City Council changed the purpose of the Calaveras Reserve and authorized collections from electric ratepayers to cover stranded cost. In addition, the City Council approved a new policy linking the reserve balance to an amount sufficient to cover other potential stranded costs. The assets identified as stranded at that time included the Seattle City Light Exchange contract (terminated in May 2018), the Calaveras Hydroelectric Project and the COTP.

In 1997, the City Council revised the reserve target level to cover above-market, or "stranded," costs to \$93 million by December 31, 2001 to be collected from a stranded cost surcharge imposed on electric rates. When the Calaveras Reserve balance reached \$71 million in 1999, stranded costs were deemed fully collected. At that time, Council authorized the cessation of the collection of the stranded cost surcharge and established the Calaveras Reserve Target and Guidelines with a schedule to drawdown the funds and manage electric rates through transfers from the Calaveras Reserve to the Electric Supply Rate Stabilization Reserve (E-SRSR) through the end of fiscal year 2032-33, when the Calaveras Reserve would be exhausted.

In 2001, the California electric industry faced an energy crisis triggering wholesale power price spikes and rolling blackouts throughout the State. The crisis was blamed on poor deregulation market design and market manipulation by energy suppliers. As a result, direct access was suspended in California for the investor-owned utilities (although it was subsequently phased in for non-residential end-use customers of the investor-owned utilities pursuant to Senate Bill 695, adopted in 2009) and subsequently, Palo Alto suspended its direct access program. Further, as a result of changing market conditions and the assignment of certain electric assets, the estimate of the City's stranded cost is lower

now than when stranded cost collections stopped in 1999. Since then, electric market prices have increased significantly, reducing the stranded cost associated with the Calaveras Hydroelectric Project.

On June 15, 2009, the City Council adopted new guidelines to manage the Calaveras Reserve which required an annual calculation of short-term stranded costs during the annual budget process for the upcoming budget year(s) and set the minimum transfer from the Calaveras Reserve to the Electric Supply Operating Budget equal to this amount. The revised guidelines also called for an annual calculation of long-term stranded cost and identification of any excess funds in the Calaveras Reserve available to fund projects to the benefit of electric ratepayers.

On November 1, 2011, the City Council renamed the Calaveras Reserve as the Electric Special Project Reserve (“ESP”) and approved a new policy direction and guidelines for use of funds. On May 18, 2015, the City Council updated the guidelines to extend the deadlines to commit funds and close the ESP Reserve, as follows:

- The purpose of the ESP Reserve is to fund projects that benefit electric ratepayers;
- ESP Reserve funds are to be used for projects of significant impact;
- Projects proposed for funding must demonstrate a need and/or value to electric ratepayers. The projects must have verifiable value and not be speculative, or risky in nature;
- Projects proposed for funding must be substantial in size, requiring funding of at least \$1 million;
- Set a goal to commit funds by end of fiscal year 2016-17; and
- Any uncommitted funds remaining at the end of fiscal year 2021-22 will be transferred to the Electric Supply Operation Reserve and the ESP Reserve will be closed.

As of December 2018, the ESP Reserve funds have not been fully committed; however, staff is evaluating suitable large projects such as advanced metering infrastructure which could increase utility resiliency. The approximate balance of the ESP Reserve as of June 30 for the five fiscal years 2013-14 through 2017-18 is set forth below:

	2013-14	2014-15	2015-16	2016-17	2017-18
Balance	\$51,838,000	\$51,838,000	\$51,838,000	\$51,838,000	\$41,665,000

Source: City of Palo Alto Audited Financial Statements for fiscal years 2013-14 through 2017-18.

Rate Stabilization Reserve. In June 1998, the City Council approved staff’s recommendation to unbundle the Electric and Gas Rate Stabilization Reserves (“RSR”). The RSR was originally created to cover a number of unforeseen contingencies, including the need to supplement rates which cover distribution expenses, and commodity supply costs. The City Council has approved a set of guidelines for the RSR based on a forecast of contingencies to be covered. In December 2003 and again in January 2007, the City Council updated the reserve guidelines taking into account, among other aspects, the increased cost volatility due to the electric portfolio cost exposure to hydroelectric production uncertainties that arose in 2005 with the then-new Western Base Resource Contract. In June 2014, the City Council approved updated Reserves Management Practices, and existing reserves were separated for more specific purposes. The RSR is now are used to manage the trajectory of future rate increases, with the Operations Reserve being used to manage normal variations in the costs of providing electric service and as a reserve for contingencies. As of June 30, 2018, the balance of RSR was \$9.0 million.

Operations Reserve. In June 2014, the City Council approved updated Reserves Management Practices. New Electric Supply Fund and Electric Distribution Fund Operations Reserves were created, and are used to manage normal variations in the costs of providing electric service and as a reserve for contingencies. The City Council approved a set of guidelines for the minimum and maximum level of reserves to be held, as well as policies should reserves fall outside of those ranges. As of June 30, 2018, the balance of the Supply Operations and Distribution Operations Reserves were \$9.54 and \$10.4 million, respectively. The Supply Operations Reserve amount is below the City Council guidelines for the minimum level of reserves to be held, but the City Council approved transfers in fiscal year 2018 to raise the balance of such reserves above the guidelines for the minimum level.

Hydro Stabilization Reserve. In accordance with the City's updated Reserves Management Practices approved in June 2014, supply cost savings and surplus energy sales revenue associated with higher than average generation from hydroelectric resources may be added to the Electric Supply Fund's Hydro Stabilization Reserve by action of the City Council and held to offset higher commodity supply costs during years of lower than average generation. Withdrawal of funds from the Hydro Stabilization Reserve requires action by the City Council. As of June 30, 2018, the balance of the Hydro Stabilization Reserve was \$11.4 million.

Public Benefits Reserve. In June 1998, the City Council of Palo Alto approved the Public Benefits Reserve to be created for the purpose of establishing a separate reserve from the Electric Fund. The revenue collected for the Public Benefit programs that are not spent are deposited into this reserve for future use. The balance of the Public Benefits Reserve at June 30, 2018 was \$681,000.

Unbundled Electric Rates. In June 1997, Palo Alto became the first electric utility in California to unbundle its electric rates on customers' bills. Palo Alto's unbundled electric rates were initially comprised of the following four components: (i) a power supply charge, (ii) a distribution charge, (iii) a transition cost recovery charge and (iv) a public benefits charge. On July 1, 1999, the transition cost recovery charge was discontinued. The distribution charge and public benefits charge are non-bypassable charges and therefore are paid to Palo Alto by the customer, regardless of energy supplier.

Significant Accounting Policies

Palo Alto's most recent Annual Financial Report for the fiscal year ended June 30, 2018 has been audited by Macias Gini & O'Connell LLP, Walnut Creek, California, in accordance with generally accepted auditing standards, and contains opinions that the financial statements present fairly, in all material respects, the respective financial position of the various funds maintained by Palo Alto. The reports include certain notes to the financial statements which are not described below. Such notes constitute an integral part of the audited financial statements. Copies of these reports are available on request from the Administrative Services Department, City of Palo Alto, 250 Hamilton Avenue, Palo Alto, California 94301 and are available on-line at <https://www.cityofpaloalto.org/gov/depts/asd/reporting.asp>. 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 Palo Alto 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.

Condensed Operating Results and Selected Balance Sheet Information

The following table sets forth summaries of income and selected balance sheet information of Palo Alto's electric and fiber optic funds for the five fiscal years 2013-14 through 2017-18. The information for the fiscal years ended June 30, 2014 through June 30, 2018 was prepared by Palo Alto on the basis of its audited financial statements for such years.

**CITY OF PALO ALTO
DEPARTMENT OF UTILITIES
ELECTRIC AND FIBER OPTICS FUNDS
CONDENSED OPERATING RESULTS AND SELECTED
BALANCE SHEET INFORMATION⁽¹⁾
(Dollar Amounts in Thousands)**

	Fiscal Year ended June 30,				
	2014	2015	2016	2017	2018
Summary of Income:					
Operating Revenues	\$121,916	\$120,842	\$120,743	\$137,543	\$ 158,671
Operating Expenses ⁽²⁾	<u>(103,817)</u>	<u>(113,534)</u>	<u>(111,314)</u>	<u>(119,568)</u>	<u>(139,587)</u>
Operating Income	18,099	7,308	9,429	17,975	19,084
Other Income ⁽³⁾	(5,802)	(6,676)	(5,763)	(9,224)	(8,437)
Loss on Disposal of Fixed Assets	(271)	(312)	(74)	(116)	(26)
Transfers in	1,089	51	259	2,679	3,465
Transfers out ⁽⁴⁾	<u>(11,460)</u>	<u>(11,580)</u>	<u>(12,110)</u>	<u>(12,543)</u>	<u>(13,448)</u>
Net Income	\$1,655	\$(11,206)	\$(8,259)	\$(1,229)	\$ 638
Selected Balance Sheet Information:					
Net Property Plant and Equipment	\$176,408	\$180,546	\$187,091	\$190,930	\$202,063
Unrestricted	<u>140,465</u>	<u>96,515</u>	<u>81,711</u>	<u>76,643</u>	<u>85,369</u>
Total Net Assets	\$316,873	\$277,061	\$268,802	\$267,573	\$287,432

⁽¹⁾ Includes electric and fiber optics funds.

⁽²⁾ Includes purchased power costs and payments to NCPA and TANC. Also includes depreciation in the amount (in thousands) of \$7,504 in fiscal year 2014, \$7,383 in fiscal year 2015, \$7,607 in fiscal year 2016, \$7,733 in fiscal year 2017 and \$8,432 in fiscal year 2018.

⁽³⁾ The negative "Other Income" consists of debt service Palo Alto paid on NCPA bonds and investment earnings due to recording of market value gains.

⁽⁴⁾ Composed primarily of transfers to Palo Alto general fund for costs incurred for the benefit of the Palo Alto utility system, transfers to fund retiree medical benefits and transfers to the capital projects fund.

Source: City of Palo Alto.

CITY OF ROSEVILLE

Introduction

The City of Roseville (“Roseville”) 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 137,213 at January 1, 2018, 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 hydroelectric project, which consists of a system of dams, reservoirs and 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, 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 No. 1 (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”) 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 Third Phase 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, 2018, the Electric System served an estimated 60,133 customers.

Customer Base. In Fiscal Years 2013-14 through 2017-18, the Electric System's customer base increased by over 1.5% per year. Anticipated residential growth includes over 24,000 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; 2011-2018 as of January 1)**

	City of Roseville	County of Placer	State of California
1970	18,221	77,632	19,971,069
1980	24,347	117,247	23,668,562
1990	45,189	175,290	29,760,021
2000	79,921	248,399	33,871,653
2010	118,788	348,432	37,253,956
2011	121,757	353,263	37,529,913
2012	123,785	358,371	37,874,977
2013	125,970	362,305	38,234,391
2014	128,048	367,108	38,568,628
2015	129,299	370,387	38,912,464
2016	132,167	375,618	39,256,000
2017	134,650	383,173	39,524,000
2018	137,213	389,532	39,810,000

Source: 1970-2010, as of April 1, based on historical U.S. Census population data compiled by the California State Department of Finance. 2011-2018, as of January 1, State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State – January 1, 2011-2018. Sacramento, California, May 2018.

The largest employers in Roseville as of June 30, 2018 are set forth in the table on the following page:

[Remainder of page intentionally left blank.]

**CITY OF ROSEVILLE
LARGEST EMPLOYERS
(As of June 30, 2018)**

Employer	Business	Number of Employees
Kaiser Permanente	Health Care	3,148
Sutter Roseville Medical Center	Health Care	2,202
City of Roseville	Government	1,896
Roseville Joint Union High School District	Education	1,626
Roseville City School District	Education	1,133
PRIDE Industries	Employment Service	1,062
Adventist Health	Health Care	940
Wal-Mart	Retail	625
Union Pacific Railroad	Railroad	569
Consolidated Communications	Cable Television	475

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⁾**

	Fiscal Year Ended June 30,				
	2014	2015	2016	2017	2018
Number of Customers: ⁽²⁾					
Residential	49,013	49,851	50,784	51,638	52,789
Commercial	6,615	6,673	6,700	6,759	6,812
Total	55,628	56,524	57,484	58,397	59,601
MWh Deliveries (Average):					
Residential	434,594	428,824	439,495	439,598	454,795
Commercial	748,218	748,913	750,482	737,843	728,497
Total MWh sales	1,182,812	1,177,737	1,189,977	1,177,441	1,183,292
Revenues (\$ in 000s):					
Residential	\$ 66,728	\$ 67,660	\$ 68,853	\$ 68,543	\$ 70,803
Commercial	92,347	96,028	95,078	93,011	91,495
Total Revenues from Sale of Energy	\$159,075	\$163,688	\$163,930	\$161,554	\$162,298
Peak Demand (MW)	340	340	331	355	354

⁽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, 2018, the ten largest customers of Roseville’s Electric System by usage accounted for an estimated 23% of total kWh sales and 17% 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 0.6% 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 No. 1 (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 Central Valley Project net generation and entitlements to the output of several NCPA projects.

The table on the following page provides an estimated summary of Roseville's sources of power supply for Fiscal Year 2017-18.

CITY OF ROSEVILLE ELECTRIC SYSTEM SOURCES OF POWER SUPPLY Fiscal Year 2017-18

Source	Type	Capacity Available (MW) ⁽¹⁾	Actual Energy (GWh) ⁽²⁾	% of Total
Generation:				
Roseville Energy Park ⁽³⁾	Natural Gas	80	24	2%
Roseville Power Plant 2	Natural Gas	24	1	
Purchased Power:				
Western ⁽⁴⁾	Hydro	69	141	12
NCPA				
Geothermal Project	Geothermal	8	62	5
Hydroelectric Project	Hydro	29	59	5
Steam Injected Gas Turbine Generator Project ⁽⁵⁾	Natural Gas	18	4	
Market Purchases:				
Renewable Purchases	Various	32	316	26
Non-Renewable Purchases	Various	105	619	51
TOTAL *		365*	1,225*	100%*
Peak Demand (MW)		354		
Capacity Reserve Percent ⁽⁶⁾		3%		

(1) Capacity in MW and available for system peak (August 28, 2017).

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

(3) The 155 MW Roseville Energy Park was limited to an output capacity of 80 MW due to a forced outage of the steam turbine generator.

(4) Includes reserve capacity.

(5) Referred to as the NCPA Capital Facilities Project in the front part of this Official Statement.

(6) 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 (339 MW) due to near-record system peak.

* 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. In March 2017, REP’s steam turbine generator was damaged, and REP ran through the summer 2017 in an 80 MW dual combustion turbine configuration. The steam turbine generator was replaced ahead of schedule in May 2018 and the facility is currently at 100% availability factor.

Roseville Power Plant 2

The Roseville Power Plant 2 (“RPP2”) 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 No. 1 in which Roseville was a participant. On September 1, 2010, Roseville took ownership of the two units which provide peaking capacity and reserves for Roseville. In July 2016, CT2 went into outage for generator repairs, derating RPP2 to 24 MW. The CT2 generator was disassembled for a major overhaul. It was reassembled, and a new protection system was installed and commissioned on November 1, 2018. A new protection system was also installed and commissioned for the CT1 generator on December 11, 2018.

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 Central Valley Project (“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.

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 12.00% entitlement share in the NCPA Hydroelectric Project, a 36.50% entitlement share in the Combustion Turbine Project Number Two (referred to as the NCPA Capital Facilities Project) and a 7.88% entitlement share in the NCPA Geothermal Project. For a description of such resources, see “THE HYDROELECTRIC 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

Roseville has a rigorous risk management program to mitigate business and financial risks through prudent oversight, policies, and sufficient controls. Roseville established a Risk Oversight Committee (“ROC”), to provide oversight of risk management policy compliance and procedures. The ROC 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 meets quarterly to review energy trading activities and to ensure their adherence to the risk management policies.

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.” 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 approximately 40% of Roseville’s expected 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.

Regional Transmission Facilities

Western Area Power Administration 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 \$3.5 million per year.

Balancing Authority of Northern California. BANC is a joint powers authority consisting of the Sacramento Municipal Utility District (“SMUD”), the Modesto Irrigation District, Roseville, 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 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.

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 SANTA CLARA – 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 765 miles of underground lines, 57 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 \$4.0 million in Fiscal Year 2018-19).

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 (as recently amended from every three 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 January 1, 2019, 151 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 Roseville.

The bulk of the non-management City personnel working at the Electric System are represented by the International Brotherhood of Electrical Workers (“IBEW”). The IBEW contract expired December 31, 2018. Until a successor contract is executed, the terms of the expired contract will continue to govern. Bargaining is ongoing and there have been no strikes or other work stoppages at Roseville, 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 four 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, 2019 is \$5,435,071.

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

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 will be 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 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 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, 2017, 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

⁽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, 2016 actuarial valuation utilized for measuring the pension liability as of the June 30, 2017 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, 2018, there were 726 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 for 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 Year ended June 30, 2018, 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, 2019 is \$1,903,117.

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

Source: City of Roseville.

As of June 30, 2018, the total OPEB liability was \$226,908,000 and the OPEB Plan fiduciary net position was \$84,119,640, resulting in a net OPEB liability of \$142,788,360. Plan fiduciary net position as a percentage of the total OPEB liability was 37.07%. The net OPEB liability as a percentage of covered payroll was 126.1%. In the June 30, 2017 actuarial valuation, 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 2018-19, Roseville’s premium was \$813,836 with an additional \$1,625 charge to reflect the fees to access certain online risk management systems. Total premium cost to Roseville was \$815,461. 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 \$25,000 per claim. For Fiscal Year 2018-19, Boiler and Machinery damage is covered up to \$21,250,000 with a self-insured retention of \$5,000. For Fiscal Year 2018-19, the annual premium cost for both was \$370,651.

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, 2018 through October 13, 2019, Roseville’s premium was \$501,992. 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 2018-19, Roseville’s premium cost was \$797,173 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. 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 \$99.9 million over the five Fiscal Years 2018-

19 through 2022-23, of which \$22.7 million is included in the Fiscal Year 2018-19 budget. Funds for the additional \$77.2 million will be requested when necessary.

**CITY OF ROSEVILLE
ELECTRIC SYSTEM
CAPITAL IMPROVEMENT SUMMARY**

Fiscal Year Ending June 30	Capital Improvement Projects
2018-19	\$22,700,000
2019-20	20,100,000
2020-21	20,500,000
2021-22	18,300,000
2022-23	18,300,000
Total:	\$99,900,000

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 below average precipitation levels from July 2017 through June 2018 there is a \$0.00129/kWh 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.

**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 \$62 million as of January 1, 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 January 31, 2019, Roseville had outstanding approximately \$207,725,000 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.

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. Certain of 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 January 31, 2019)**

	Outstanding Debt⁽²⁾	Roseville Participation⁽³⁾	Roseville Share of Outstanding Debt⁽²⁾
NCPA			
Geothermal Project	\$ 24.5	7.88%	\$ 1.9
Hydroelectric Project	292.9	12.00 ⁽⁴⁾	28.9
Capital Facilities Project	29.6	36.50	10.8
TANC			
Bonds	200.3	2.32	4.6
TOTAL *	\$547.3		\$46.2

(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 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 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 Third Phase 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 2013-14 through 2017-18 on a historical basis. 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 are accounted for in Roseville's audited financial statements (for Fiscal Years 2013-14 through 2017-18) but the presentation in the audited financial statements may not necessarily correlate to the line item designations in the table.

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**CITY OF ROSEVILLE
ELECTRIC FUND
STATEMENT OF REVENUES AND EXPENSES
Fiscal Years 2013-14 through 2017-18
(Dollars in Thousands)**

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Revenues					
Charges for Services	\$159,677	\$164,822	\$163,762	\$161,329	\$160,193
Other	2,325	3,508	2,959	4,678	6,904
Total Revenues	<u>\$162,002</u>	<u>\$168,330</u>	<u>\$166,721</u>	<u>\$166,007</u>	<u>\$167,098</u>
Operating Expenses					
Power Supply ⁽¹⁾	\$ 91,793	\$ 90,285	\$ 84,068	\$ 81,204	\$ 77,090
Non-Power Costs ⁽²⁾	19,434	20,933	27,345	36,771	37,470
Indirect Costs and Transfers ⁽³⁾	7,718	8,869	6,975	8,297	3,146
Total Operating Expenses	<u>\$118,944</u>	<u>\$120,087</u>	<u>\$118,387</u>	<u>\$126,272</u>	<u>\$117,706</u>
Net Revenue	\$ 43,058	\$ 48,243	\$ 48,334	\$ 39,735	\$ 49,391
Debt Service	\$ 15,415	\$ 16,176	\$ 16,185	\$ 15,950	\$ 16,672
Adjusted Net Revenue					
Net Revenue	\$ 43,058	\$ 48,243	\$ 48,334	\$ 39,735	\$ 49,391
Interest Revenue					
(excluding unrealized gain/loss)	603	795	1,212	1,887	2,497
Adjusted Net Revenue	<u>\$ 43,661</u>	<u>\$ 49,038</u>	<u>\$ 49,546</u>	<u>\$ 41,623</u>	<u>\$ 51,889</u>
Debt Service Coverage Ratio	2.83	3.03	3.06	2.61	3.11
Rate Stabilization Fund Balance ⁽⁴⁾	\$47,209	\$50,768	\$58,381	\$58,943	\$58,811
Transfers from/(to) Rate Stabilization Fund	(5,387)	(3,400)	(7,000)	--	--
Debt Service Coverage ratio, including Rate Stabilization Fund ⁽⁵⁾	5.53	5.96	6.24	6.31	6.62

⁽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.

CITY OF SANTA CLARA

Introduction

The City of Santa Clara (“Santa Clara”) is a charter city located in the State of California (the “State”). Pursuant to its charter, Santa Clara has the power to furnish electric utility service within its service area. In connection therewith, Santa Clara has the powers of eminent domain, to contract, to construct works, to fix rates and charges for commodities or services it provides and to incur indebtedness.

Santa Clara provides electric utility service through its electric utility department. Santa Clara offers its electricity and energy services through the trademarked name of “Silicon Valley Power.” In addition, Santa Clara provides other city services to its inhabitants, including police and fire protection, and water and sewer service.

The legal responsibilities and powers of Santa Clara, including the establishment of rates and charges for electric service, are exercised by the seven-member Santa Clara City Council. The Santa Clara City Council is made up of the Mayor, elected at large, and six council members. The members of the Santa Clara City Council have historically been elected city-wide for staggered four year terms under the provisions of the City Charter. However on July 23, 2018, the Santa Clara County Superior Court issued a statement of decision in the case, *LaDonna Yumori Kaku et al. v. City of Santa Clara*, ordering the City to implement by-district elections for its six council members. Following the court decision, the two Council seats that were up for election in the November 6, 2018 election were elected by district election. The City has appealed the trial court decision. *{under review by legal for any update}*

The Santa Clara electric utility department is under the direction of the Chief Electric Utility Officer who, together with certain other senior managers of the electric utility department, is appointed by and reports to the Santa Clara City Manager.

To provide electric service within its service area, Santa Clara owns and operates an electric system which includes generation, transmission and distribution facilities. Santa Clara also purchases power and transmission services from other providers and participates in other utility type arrangements.

Since 1896, Santa Clara has provided all electric service within an area coterminous with the City of Santa Clara’s boundaries. As of January 1, 2018, Santa Clara had an estimated population of 129,604. For the Fiscal Year ended June 30, 2018, Santa Clara served an average of 55,198 customers per month, had total sales of 3,578 GWh and a peak demand of 586.6 MW. In the Fiscal Year ended June 30, 2018, approximately 93% of Santa Clara’s energy sales were made to commercial and industrial customers.

Only revenues of the Santa Clara electric utility department will be available to pay amounts owed by Santa Clara under the Third Phase Agreement.

The Santa Clara electric utility department’s main office is located at Santa Clara City Hall, 1500 Warburton Avenue, Santa Clara, California 95050, (408) 615-6600. A copy of the most recent audited financial statements of the Santa Clara Electric Utility Enterprise Fund (the “Annual Report”) may be obtained from Manuel Pineda, Interim Chief Electric Utility Officer, at the above address and telephone number, and is also available on Santa Clara’s website at www.siliconvalleypower.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, is not incorporated by reference herein and should not be relied upon in making an investment decision with respect to the 2019 Bonds.

Power Supply Resources

The following table sets forth information concerning Santa Clara's power supply resources and the energy supplied by each during the Fiscal Year ended June 30, 2018.

CITY OF SANTA CLARA ELECTRIC UTILITY DEPARTMENT POWER SUPPLY RESOURCES (For the Fiscal Year Ended June 30, 2018)

Source	Capacity Available (MW)	Recorded Energy (GWh)	Percent of Total Energy
City-Owned Generating Facilities ⁽¹⁾			
Cogeneration	7.0	43.49	1.2%
Stony Creek Hydro System	11.6	9.81	0.3
Gianera Generating Station	49.5	5.87	0.2
Grizzly Project	17.7	29.78	0.8
Donald Von Raesfeld Power Plant	147.8	768.52	20.6
Jenny Strand Solar Park	0.1	0.20	0.0
Purchased Power: ⁽²⁾			
Western Area Power Administration (Western) ⁽³⁾	136.0	277.17	7.4
Manzana Wind	50.0	136.16	3.6
G2 (Landfill)	1.6	12.59	0.3
Ameresco (Landfill)	0.8	2.81	0.1
Ameresco FWD (Landfill)	4.2	30.85	0.8
Ameresco VASCO (Landfill)	4.3	32.77	0.9
TriDam-Beardsley	11.5	68.76	1.8
TriDam-Donnells	72.0	225.13	6.0
TriDam-Tulloch	25.9	139.24	3.7
TriDam-Sandbar	16.2	98.23	2.6
Rosamond (Recurrent Solar)	20.0	59.36	1.6
Graphics Packaging	27.7	57.24	1.5
Friant 1	25.0	110.32	3.0
Quinten Luallen (Friant 2)	7.3	50.46	1.3
Santa Clara Tioga Canopy	0.4	0.46	0.0
Joint Power Agencies ⁽²⁾			
NCPA			
Geothermal Project	55.7	347.04	9.3
Combustion Turbine Project	31.0	6.34	0.2
Hydroelectric Project	93.6	177.97	4.8
Lodi Energy Center Project	77.9	276.41	7.4
Seattle City Light ⁽⁴⁾	32.6	(21.1)	(0.6)
M-S-R PPA			
San Juan ⁽⁵⁾	51.0	196.89 ⁽⁵⁾	5.3
Big Horn I Wind Energy	105.0	269.76	7.2
Big Horn II Wind Energy	17.0	42.78	1.1
Market Purchases	--	278.40	7.5
Total ⁽⁶⁾	1,100.4	3,733.4	100.0%

⁽¹⁾ Rated or name-plate capacities.

⁽²⁾ Capacity available represents entitlements, firm allocations and contract amounts.

⁽³⁾ Santa Clara purchased varying amounts of capacity from the Western Area Power Administration during the year.

⁽⁴⁾ Santa Clara received 32.6 MW under this contract during the months of June through October and was obligated to provide 25 MW to Seattle City Light from December through mid-April each year. The SCL-NCPA agreement terminated effective May 31, 2018. For Fiscal Year 2017-18, Santa Clara returned 21 GWh hours more than received from Seattle City Light.

⁽⁵⁾ M-S-R PPA ceased to have an ownership interest in the San Juan Unit No. 4 effective December 31, 2017. See "– Joint Powers Agency Resources – M-S-R PPA Purchased Power – San Juan" below.

⁽⁶⁾ Columns may not add to totals due to rounding.

Source: City of Santa Clara.

Generating Facilities

Cogeneration. Santa Clara owns and operates a cogeneration plant which began operation in 1981. The cogeneration plant provides steam for sale to a paperboard plant within Santa Clara and delivers power to Santa Clara's electric distribution system. Santa Clara upgraded this plant to obtain a new name-plate rating of 7.0 MW, effective July 1995. Fuel for the cogeneration plant (natural gas) is generally acquired under term contracts at prices fixed for the contract term. For the Fiscal Year ended June 30, 2018, the cogeneration plant generated 43.49 GWh of energy.

Stony Creek Hydroelectric System. Santa Clara owns and operates three hydroelectric plants consisting of (i) a 4.9 MW hydroelectric generating plant located at the United States Bureau of Reclamation Stony Gorge Dam near Willows, California, which was completed in 1985, (ii) a 6.2 MW hydroelectric generating plant located at the United States Army Corps of Engineers' Black Butte Dam near Orland, California, which was completed in late 1988, and (iii) a 0.53 MW hydroelectric generating plant located at the Orland Unit Water Users' Association High Line Canal/South Side Canal drop near the Black Butte dam, which was completed in late 1988. For the Fiscal Year ended June 30, 2018, the Stony Creek hydroelectric plants generated 9.81 GWh of energy.

Gianera Generating Station. Santa Clara owns and operates a nominal 49.5 MW dual fuel (natural gas and fuel-oil) combustion turbine generating plant consisting of two 25 MW units, which were completed in 1986 and 1987, respectively. This generation station is used to help meet Santa Clara's peak load and resource adequacy requirements. For the Fiscal Year ended June 30, 2018, the Gianera Generating Station generated 5.87 GWh of energy.

PG&E Grizzly Project. Pursuant to a 1990 settlement agreement with Pacific Gas and Electric Company ("PG&E"), Santa Clara agreed to finance and own 100% of a 20 MW hydroelectric facility (the "Grizzly Project") located on Grizzly Creek above the North Fork of the Feather River in Plumas County, California. The Grizzly Project operates in combination with the hydroelectric facilities of PG&E's Bucks Creek project. Pursuant to the settlement agreement, Santa Clara became a joint licensee in PG&E's Bucks Creek project. PG&E and Santa Clara are currently engaged in the process for re-licensing the project pursuant to FERC's integrated relicensing project. These proceedings are not currently expected to be impacted by PG&E's recent bankruptcy filing. See, however, "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – PG&E Bankruptcy" in the front part of this Official Statement. The construction of the Grizzly Project was financed (and refinanced) through the issuance by Santa Clara of electric system revenue bonds. Pursuant to the settlement agreement, PG&E constructed and operates the Grizzly Project, which was placed into operation in November 1993.

Until the date Santa Clara's ownership of the Grizzly Project is terminated (as described below), Santa Clara will own and receive all energy generated by the Grizzly Project, less transmission losses, as described in the settlement agreement, which reflects a contract capacity amount of 17.66 MW.

The Grizzly Project facilities include a tunnel intake structure, surge tank, steel penstock, powerhouse, turbine, transmission line (nominally rated at 115 kV) for interconnection with PG&E's transmission system, and certain additional switchyard equipment and related facilities. Annual energy generation of the Grizzly Project is estimated at 43.4 GWh in an average water year and 26.1 GWh in dry years. For the Fiscal Year ended June 30, 2018, the Grizzly Project generated 29.78 GWh of energy.

Pursuant to the settlement agreement, Santa Clara's interest in the Grizzly Project may revert to PG&E under certain limited circumstances. In the event of such reversion, Santa Clara will be reimbursed by PG&E for the fair market value of the project or be reimbursed for costs advanced by Santa Clara as provided in the settlement agreement. The earliest possible reverter date under the settlement agreement is November 18, 2027.

Donald Von Raesfeld Power Plant. Santa Clara constructed and placed into commercial operation on March 22, 2005, a 122 MW nominal/147.8 MW peak, natural gas-fired, combined cycle power plant known as the “Donald Von Raesfeld Power Plant” (initially designated by the Santa Clara City Council as the Pico Power Plant). The Donald Von Raesfeld Power Plant is located in an industrial area of Santa Clara, on the site of Santa Clara’s Kifer Receiving Station. The Donald Von Raesfeld Power Plant includes its own switchyard, and connects to an existing 115 kV transmission line that currently crosses the plant site. Natural gas for the Donald Von Raesfeld Power Plant is delivered through an approximately two mile gas pipeline from the local transmission main of PG&E. For the Fiscal Year ended June 30, 2018, the Donald Von Raesfeld Power Plant generated 768.52 GWh of energy. The Donald Von Raesfeld Power Plant took both combustion turbine units down in April for a two week planned outage; however during the outage, it was discovered that Unit 1 needed a rotor replacement. Unit 2 went back in to production after the planned outage and Unit 1 remained on outage until the rotor was replaced in mid-August. Santa Clara has long-term agreements with EDF Trading North America and M-S-R Energy Authority (“M-S-R EA”) in place for a significant portion of the plant’s fuel requirements, and actively manages the quantity and price risks associated with fuel supply quantities not under long-term agreement. See “– Fuel Supply” below. Fully baseloaded, the Donald Von Raesfeld Power Plant could generate approximately 1,000 GWh of energy per year. However, Santa Clara substitutes market purchases when it is economical to do so.

Jenny Strand Solar Park. Santa Clara originally entered into an agreement with MiaSole, a California corporation, on December 6, 2011 for the purpose of having MiaSole donate one thousand (1,000) solar modules to Santa Clara at no cost to Santa Clara. On February 1, 2015, the original party “MiaSole” transferred ownership to MiaSole Hi-Tech Corp. MiaSole Hi-Tech Corp provided 1,121 solar modules to Santa Clara, at no cost to Santa Clara, to further Santa Clara’s ability to provide renewable power. For the Fiscal Year ended June 30, 2018, Santa Clara received 0.20 GWh of energy from the solar modules.

Joint Powers Agency Resources

NCPA Geothermal Project. Santa Clara has purchased from NCPA, pursuant to power sales contracts, 54.65% and 34.13% entitlement shares, respectively, in the capacity of NCPA’s Geothermal Project Plant 1 and Plant 2, and is obligated to pay 44.39% of the debt service and operating costs associated with such plants and steam field. The Geothermal Project power sales contracts are “take-or-pay” power sales contracts which require payments to be made whether or not the project is operable. Santa Clara’s payments to NCPA under such power sales contracts, including debt service on NCPA’s Geothermal Project revenue bonds, constitute an operating expense of Santa Clara’s electric system. Each participant in NCPA’s Geothermal Project is responsible under its power sales contracts for paying its capacity share of all of NCPA’s costs of the Geothermal Project, including debt service on the NCPA Geothermal Project revenue bonds, and subject to a “step-up” obligation of up to 25% upon the unremedied default of another NCPA Geothermal Project participant. Santa Clara is currently taking delivery of its share of the capacity and associated energy from the Geothermal Project. Santa Clara’s share of the current California Independent System Operator Corporation (“CAISO”) maximum rated capacity of the project is 71.7 MW. For the Fiscal Year ended June 30, 2018, Santa Clara received 347.04 GWh of electric energy from the Geothermal Project. Current expectations are that the output from the plant will decrease gradually over time. These anticipated decreases are not material to Santa Clara’s supply and can be replaced by additional short-term purchases, additional generation or reduced wholesale sales. For a further description of such resource, see “OTHER NCPA PROJECTS – Geothermal Project” in the front part of this Official Statement.

NCPA Combustion Turbine Project No. 1. Santa Clara has purchased a 25% entitlement share in NCPA’s Combustion Turbine Project pursuant to a power sales contract with NCPA, which was amended to reflect that Santa Clara’s 25% share comes specifically from the two Alameda plants and the one Lodi plant. Santa Clara uses this entitlement for resource adequacy purposes and to meet peak load requirements.

Santa Clara delivers this entitlement to its electric system in accordance with CAISO tariffs. For the Fiscal Year ended June 30, 2018, Santa Clara received 6.34 GWh of electric energy from the Combustion Turbine Project. For a further description of such resource, see “OTHER NCPA PROJECTS – Combustion Turbine Project Number One” in the front part of this Official Statement.

NCPA Hydroelectric Project. Pursuant to a power sales contract (the “Third Phase Agreement” as referred to in the front part of this Official Statement), Santa Clara has purchased from NCPA a 37.02% entitlement share in NCPA’s Hydroelectric Project (including a 1.16% entitlement share laid off to Santa Clara from the cities of Biggs and Gridley). The Hydroelectric Project power sales contract is a “take-or-pay” power sales contract which requires payments to be made whether or not the project is operable. Santa Clara’s payment to NCPA under such power sales contract, including debt service on NCPA’s Hydroelectric Project revenue bonds, constitute an operating expense of Santa Clara’s electric system. Each participant in NCPA’s Hydroelectric Project is responsible under its 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 NCPA Hydroelectric Project revenue bonds as well as a “step-up” of up to 25% in the event of the unremedied default of another project participant. Santa Clara is using its Hydroelectric Project entitlement to serve peak load and to provide capacity to support non-firm purchases of energy at market prices. Santa Clara receives this entitlement to its system by using transmission service available under its Metered Subsystem Agreement (“MSS Agreement”) with the CAISO. For the Fiscal Year ended June 30, 2018, Santa Clara received 177.97 GWh of electric energy from the NCPA Hydroelectric Project. For a further description of such resource, see “THE HYDROELECTRIC PROJECT” in the front part of this Official Statement.

NCPA Lodi Energy Center. Pursuant to a power sales agreement (the “LEC Power Sales Agreement”), Santa Clara has purchased from NCPA a 25.75% generation entitlement share of the capacity and energy of the Lodi Energy Center on an unconditional take-or-pay basis, and is obligated to pay 25.75% of NCPA’s Lodi Energy Center operating and maintenance expenses and 46.16% of the debt service for the Lodi Energy Center Revenue Bonds, Issue One. Santa Clara’s obligations to make payments to NCPA under the LEC Power Sales Agreement are not dependent upon the operation of the Lodi Energy Center and are not subject to reduction. Upon an unremedied default by one Indenture Group A Participant (being all of the LEC Project Participants (as defined in the front part of this Official Statement) other than Modesto Irrigation District (“MID”) and the California Department of Water Resources (“CDWR”)) in making a payment required under the LEC Power Sales Agreement, the nondefaulting Indenture Group A Participants are required (except as lay-offs are made pursuant to the LEC Power Sales Agreement) to increase pro-rata their participation percentage by the amount of the defaulting Indenture Group A Participant’s entitlement share, provided that no such increase can result in a greater than 35% increase in the participation percentage of the nondefaulting Indenture Group A Participants. Santa Clara receives this entitlement to its system by using transmission service available under its MSS Agreement with the CAISO. For the Fiscal Year ended June 30, 2018, Santa Clara received 276.41 GWh of electric energy from the Lodi Energy Center. For a further description of such resource, see “OTHER NCPA PROJECTS – Lodi Energy Center Project” in the front part of this Official Statement.

NCPA–Seattle City Light (“SCL”) Exchange Agreement. NCPA, on behalf of Santa Clara and certain other NCPA members entered into a seasonal exchange agreement (the “SCL-NCPA Exchange Agreement”) with Seattle City Light (“SCL”), deliveries under which commenced on June 1, 1995. In 2008, Santa Clara took over a share of the SCL-NCPA Exchange Agreement from certain other NCPA members. As a result, pursuant to the SCL-NCPA Exchange Agreement, Santa Clara received 32.6 MW from SCL during the months of June through October each year, and was obligated to provide 25 MW to SCL from December through mid-April each year. The SCL-NCPA exchange agreement terminated effective May 31, 2018. For a further description of such resource, see “OTHER NCPA PROJECTS – Power Purchase and Natural Gas Contracts – Seattle City Light Exchange Agreement” in the front part of this Official Statement.

M-S-R PPA Purchased Power–San Juan. Santa Clara, along with MID and the City of Redding (“Redding”), is a member of a California joint powers agency known as the M-S-R Public Power Agency (“M-S-R PPA”). On December 31, 1983, M-S-R PPA purchased a 28.8% (approximately 146 MW) ownership interest in Unit No. 4 of the San Juan Generating Station (the “M-S-R PPA San Juan Unit No. 4 Interest”). San Juan Unit No. 4 is a coal-fired steam electric generating unit with a net generating capability of 507 MW (as of December 31, 2017), located in San Juan County, New Mexico, which was constructed and is operated by Public Service Company of New Mexico (“PNM”). San Juan Unit No. 4 is one of four generating units that together make up the San Juan Generation Station. M-S-R PPA financed the acquisition of its M-S-R PPA San Juan Unit No. 4 Interest, and certain costs of related transmission arrangements, through the issuance of San Juan Project revenue bonds, of which \$98.9 million principal amount was outstanding as of January 31, 2019. M-S-R PPA began dispatching power from the San Juan Ownership Interest in May 1995. M-S-R PPA divested its M-S-R PPA San Juan Unit No. 4 Interest on December 31, 2017, although it retains certain liabilities for a share of the costs of plant decommissioning and mine reclamation, all as described below.

Santa Clara purchased from M-S-R PPA, on a take-or-pay basis, a 35% entitlement share (approximately 51.1 MW of capacity and associated energy) in the M-S-R PPA San Juan Unit No. 4 Interest pursuant to a power sales agreement (the “M-S-R PPA Agreement”), among M-S-R PPA and its members.

The M-S-R PPA San Juan Unit No. 4 Interest was initially purchased to provide baseload power to the M-S-R PPA members and to act as a hedge against the rising costs of wholesale power purchases. Santa Clara utilized its entitlement share of capacity and associated energy from the M-S-R PPA San Juan Unit No. 4 Interest from May 1995 through December 2017 either in its own system or for lay-offs or other transactions with third parties. For the Fiscal Year ended June 30, 2018, Santa Clara received 196.89 GWh of electric energy from the M-S-R PPA San Juan Unit No. 4 Interest.

Regulatory changes and conditions in the last decade impacted the costs and operations of the San Juan Generating Station. In addition to the implementation of California’s cap-and trade program, California legislation was enacted to restrict new investments in baseload fossil fuel electric resources, such as the San Juan Unit 4. See “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – State Legislation and Regulatory Proceedings – *GHG Emissions Performance Standard and Financial Commitment Limits*” in the front part of this Official Statement. Further, regulatory proceedings and other related litigation concerning the application of federal Clean Air Act requirements at the San Juan Generating station were ongoing for a number of years. Following the release of a State Implementation Plan (“SIP”) by the State of New Mexico and a Federal Implementation Plan (“FIP”) by the United States Environmental Protection Agency (the “EPA”) to address visibility impacts of the project, during 2012 and early 2013, PNM, as the operating agent for the San Juan Generating station, engaged in discussions with the New Mexico Environment Department (“NMED”) and the EPA regarding an alternative plan to the FIP and SIP. Following approval by a majority of the other San Juan Generating Station owners (the “San Juan Participants”), on February 15, 2013, PNM, the NMED and the EPA agreed to pursue a plan that would result in the retirement of the San Juan Generating Station Units 2 and 3 by the end of 2017 and the installation of selective non-catalytic reduction technology on Units 1 and 4 by the later of January 31, 2016 or 15 months after EPA approval of a revised SIP, which installation was completed in January 2016.

In connection with the implementation of the revised plan and the planned retirement of the San Juan Generation Station Unit Nos. 2 and 3, certain San Juan Participants, including M-S-R PPA, expressed a desire to exit their ownership in the plant. On June 20, 2014, representatives of the nine San Juan Participants reached an initial non-binding agreement in principle on the ownership restructuring of the San Juan Generation Station. At its July 22, 2015 meeting, the M-S-R PPA Commission approved a number of agreements (the “San Juan Restructuring Agreements”) to provide for the interests of M-S-R PPA and certain other San Juan Participants (the “exiting participants”) in the San Juan Generation Station to be transferred to the remaining San Juan Participants effective December 31, 2017. In addition to the

ownership divestiture, the San Juan Restructuring Agreements provide for, among other things, the allocation of ongoing responsibility for decommissioning costs, mine reclamation costs and any environmental remediation obligations among the exiting participants and the remaining San Juan Participants, and the establishment and funding of mine reclamation and plant decommissioning trust funds. The San Juan Restructuring Agreements were subsequently executed by all nine San Juan Generation Station owners and PNM Resources Development Company (a non-utility affiliate of PNM) and, following receipt of regulatory approvals, became effective on January 31, 2016. Various other implementing agreements and amendments to existing San Juan project agreements to effect the restructuring have also been executed. Closing of the ownership restructuring of the San Juan Generation Station and the divestiture of M-S-R PPA's interests in San Juan Unit No. 4 was completed on schedule on December 31, 2017.

As noted above, M-S-R PPA and the other exiting participants retain certain liabilities for a share of the costs of San Juan Generation Station decommissioning and pre-exit date mine reclamation costs. Pursuant to the San Juan Restructuring Agreements, M-S-R PPA was required to deposit approximately \$17.7 million in the mine reclamation trust funds as of December 31, 2017 to fund its currently expected share of ongoing and final reclamation costs, which deposit was made. In addition, under the restructuring agreements, M-S-R PPA will be required to deposit approximately \$2.3 million in the decommission trust fund by December 31, 2022 to fund its currently expected share of the initial work for known asset removal and remediation activities in connection with decommissioning of the San Juan Generation Station. Funds currently on deposit at M-S-R PPA are expected to be sufficient to provide for such deposit. However, M-S-R PPA's actual total proportionate share of San Juan Generation Station decommissioning and mine reclamation costs cannot yet be determined and will depend on a number of factors, including, among other things, the date the San Juan Generation Station is ultimately retired from service. Additional deposits to the trust funds may be required in the future if trust earnings are below expectations or if determined necessary by future decommissioning and reclamation costs study updates or applicable requirements (including, for example, if greenfield or brownfield restoration is determined to be required after final cessation of plant operations, which would significantly increase costs of remediation and restoration). As part of the settlement among the San Juan Participants to achieve approval of the Restructuring Agreements, all parties retained or assumed proportionate liability for any such costs whenever occurring in the future. Until the actual total overall costs of plant decommissioning and mine reclamation are finally determined, no assurance can be given that additional contributions will not be required from the M-S-R PPA members, including Santa Clara, to fund such amounts due. Santa Clara will be responsible for its proportionate share of any future M-S-R PPA liabilities for San Juan Generation Station decommissioning and reclamation in accordance with its 35% entitlement share of the M-S-R PPA San Juan Unit No. 4 Interest under the M-S-R PPA Agreement.

Pursuant to the M-S-R PPA Agreement, Santa Clara is unconditionally obligated thereunder to pay its entitlement share of all of M-S-R PPA's costs associated with the M-S-R PPA San Juan Unit No. 4 Interest, including debt service on M-S-R PPA's San Juan Project revenue bonds which were issued to finance the acquisition of the M-S-R PPA San Juan Unit No. 4 Interest and any remaining liabilities for decommissioning and mine reclamation of the plant associated with the M-S-R PPA San Juan Unit No. 4 Interest. Santa Clara's payments to M-S-R PPA under the M-S-R PPA Agreement constitute an operating expense of Santa Clara's electric system. Santa Clara's obligations to make payments under the M-S-R PPA Agreement are not dependent upon the operation of the San Juan Unit No. 4 and are not subject to reduction. Pursuant to the M-S-R PPA Agreement, upon failure of any M-S-R PPA member to make any payment thereunder which failure constitutes a default under the M-S-R PPA Agreement, the participation percentage of each non-defaulting member automatically shall be increased for the remaining term of the M-S-R PPA Agreement in proportion to its participation percentage; provided, however, that the sum of such increase for any non-defaulting member shall not exceed 25% of its original participation percentage.

Santa Clara plans to replace the energy provided by the M-S-R PPA San Juan Unit No. 4 Interest with energy from the Lodi Energy Center, and a number of power purchase agreements that Santa Clara

has entered into over the last several years, including, Friant Power Facility 1 and Friant Power Facility 2, the Manzana Wind Power Project, and multiple power purchase agreements. Future projects include the Central 40, LLC solar PV project with 40 MW of capacity, and the Altamont Wind Re-power project with 49.5 MW of capacity, both of which have an effective commercial operation date in 2021.

M-S-R PPA Purchased Power – Big Horn Project. In 2005, M-S-R PPA entered into a series of power purchase agreements with Avangrid Renewables LLC (formerly Iberdrola Renewables, Inc.) (“Avangrid”), certain of which agreements have been assigned to Avangrid’s subsidiary, Big Horn I, LLC, for the purchase of energy from the Big Horn I wind energy project (the “Big Horn I Project”) located near the town of Bickleton, in Klickitat County, Washington. The 199.5 MW project consists of 133 1.5 MW GE wind turbines. Santa Clara receives 52.5% of the power purchased by M-S-R PPA from the Big Horn I Project. Santa Clara’s share equates to approximately a 105 MW share of the output at a cost comparable to combined cycle gas-fuel generation. Power deliveries commenced on October 1, 2006 and will continue through September 30, 2026. Through an amendment of the original agreements M-S-R PPA has an obligation to continue to take the same output through September 30, 2031, or if the Big Horn Project is repowered M-S-R PPA will have a right of first offer to negotiate a long-term power purchase for such repowered project. The project interconnects with the high voltage transmission grid through an 11-mile transmission line at Bonneville Power Administration’s (“BPA”) Spring Creek Substation. Through the shaping and firming agreement between M-S-R and Avangrid, Avangrid receives Big Horn energy, as generated, and delivers such energy to M-S-R at the California-Oregon border pursuant to firm pre-established delivery schedules. Santa Clara uses a portion of its transfer capability of the COTP to provide for transmission of the output from the Big Horn I Project from the California-Oregon border. For the Fiscal Year ended June 30, 2018, Santa Clara received 269.76 GWh of energy from the Big Horn I Project.

The Big Horn Project is operated within the BPA balancing authority area. On October 1, 2009, BPA began imposing a wind integration charge for the purpose of recovering its costs to provide within-hour generation balancing services for wind generators. The wind integration charge is currently embodied in BPA’s variable energy resource balancing service and the currently applicable wind integration charge is set at \$1.22/kW-month. M-S-R PPA has entered into a series of amendments of the power purchase agreements with Avangrid whereby M-S-R PPA has agreed to pay, subject to certain caps and limitations, the first \$1.20/kW-month of any wind integration charge imposed by BPA, Avangrid has agreed to pay the next \$1.20/kW-month, and M-S-R PPA and Avangrid will equally split any wind integration charge exceeding \$2.40 per/kW-month. Through a collaborative effort between Avangrid and M-S-R PPA, the Big Horn I Project has obtained California Renewable Portfolio Standard (“RPS”) certification as an “Eligible” renewable resource by the California Energy Commission (the “CEC”). The Big Horn I Project has been registered with the Western Renewable Energy Generation Information System by Avangrid with BPA acting as the Qualified Reporting Entity. The RECs are transferred from Avangrid, the originator, to M-S-R PPA and finally to the members of M-S-R PPA, for either retirement or wholesale sales by such members.

M-S-R PPA subsequently negotiated a 25-year agreement with Avangrid for the purchase of the output from a 50 MW expansion of the Big Horn I Project, the Big Horn II Project. Santa Clara began receiving deliveries from the Big Horn II Project in November 2010. M-S-R PPA will pay the required wind integration charge and pay the cost of necessary transmission to BPA to deliver the output from the facility to a northern California market trading hub. Santa Clara receives 35% of the output from this project, or approximately 17.0 MW of project capacity. For the Fiscal Year ended June 30, 2018, Santa Clara received 42.78 GWh of energy from the Big Horn II Project.

In light of the divestiture of an active ownership interest in San Juan Unit No. 4 as described above, the majority of M-S-R PPA activities after April 2018 will be related to renewables (including the Big Horn Wind energy project described above). Coordinating, regulatory, and compliance services costs will be shared as follows: MID – 40%; Santa Clara – 40%; and Redding – 20%. Renewable administrative services,

electric product, delivery and environmental attribute rights benefits and costs will be shared in accordance with contracted participation ratios.

See also “Indebtedness – Joint Powers Agency Obligations” below for information regarding Santa Clara’s obligations in connection with bonds issued by the joint powers agencies in which it participates.

Purchased Power

Western Purchased Power. On December 14, 2000, Santa Clara signed a 20-year agreement with Western Area Power Administration (“Western”) for the continued purchase of low-cost hydroelectricity from the Central Valley Project (“CVP”), replacing a prior agreement which expired December 31, 2004. The CVP, for which Western serves as marketing agency, is a series of federal hydroelectric facilities in Northern California operated by the United States Bureau of Reclamation. Service under the successor agreement began on January 1, 2005 and continues through December 31, 2024, with Santa Clara receiving a 9.06592% “slice of the system” allocation from Western. Effective April 1, 2015, Western reallocated shares and Santa Clara’s base resource allocation increased to 9.60341%, which shall remain in effect until either superseded by another Exhibit A revision or termination of the agreement. The power marketed by Western to Santa Clara is provided on a take-or-pay basis where Western’s annual costs are allocated to preference customers based on their CVP participation percentage. Western then allocates the annual take-or-pay charges to the preference customers based on a monthly percentage that is designed to reflect the anticipated seasonal energy deliveries. Santa Clara is obligated to its preference customer share of the costs associated with operating the CVP facilities. Under the successor agreement, Santa Clara’s energy allocation dropped from pre-2005 levels of approximately 1,257 GWh to about 359 GWh per year delivered to Santa Clara based upon the hydrology of the CVP. For the Fiscal Year ended June 30, 2018, Santa Clara received 277.17 GWh of energy from Western. Santa Clara’s Donald Von Raesfeld power project, which commenced operation on March 22, 2005, was designed, in part, to offset the expected decrease in energy to be received from Western under the successor agreement beginning in 2005. See “– Generating Facilities – *Donald Von Raesfeld Power Plant*” above.

Manzana Wind. On February 14, 2012, Santa Clara entered into a 20-year power purchase agreement for 50 MW of the output from Avangrid’s Manzana Wind Power Project in Kern County, California, which began power deliveries in December 2012. For the Fiscal Year ended June 30, 2018, Santa Clara received approximately 136.16 GWh of energy from the Manzana Wind Power Project.

G-2 Energy LLC – Wheatland Landfill. Santa Clara entered into a power purchase agreement for, and began taking delivery of energy in January 2009 from, a 1.6 MW landfill gas facility, G2, near Wheatland, California. For the Fiscal Year ended June 30, 2018, Santa Clara received 12.59 GWh of energy from the G2 project.

Ameresco. On February 12, 2008, Santa Clara entered into a 20-year purchase power agreement with Ameresco for landfill gas generated electricity from the closed municipal landfill located in the city limits of Santa Clara, which includes three microturbines, and is estimated to generate approximately 4,700 MWh per year during the first ten years of the contract and approximately 3,100 MWh per year during the final ten years of the contract. For the Fiscal Year ended June 30, 2018, Santa Clara received approximately 2.81 GWh of energy from the Ameresco landfill project. On May 25, 2010, Santa Clara entered into a second 20-year power purchase agreement with Ameresco for landfill gas generated electricity for 4.6 MW (and potentially up to 9.2 MW) from the Forward landfill in Manteca, California. This project became operational in February 2014. On August 17, 2010, Santa Clara entered into a third 20-year power purchase agreement with Ameresco for landfill gas generated electricity for up to 5 MW from the Vasco Road landfill near Livermore, California. The Vasco Road landfill project became operational in February 2014. For the Fiscal Year ended June 30, 2018, Santa Clara received 30.85 GWh and 32.77 GWh for the Ameresco Forward landfill and Ameresco Vasco Road landfill projects, respectively.

Tri-Dam. In October 2013, Santa Clara entered into a power purchase agreement with the Tri-Dam Project and the Tri-Dam Power Authority to purchase the output from four hydroelectric power plants located on the Middle Fork of the Stanislaus River in Tuolumne County: 72.0 MW Donnell's Powerhouse, 25.9 MW Tulloch Powerhouse, 11.5 MW Beardsley Powerhouse, and 16.2 MW Sandbar Powerhouse. Power deliveries from Donnell's, Tulloch, and Beardsley commenced on January 1, 2014. Power deliveries from Sandbar commenced on January 1, 2017. The agreement is scheduled to terminate on December 31, 2023. For the Fiscal Year ended June 30, 2018, Santa Clara received 68.76 GWh from Beardsley, 225.13 GWh from Donnell's, 139.24 GWh from Tulloch, and 98.23 GWh from Sandbar under this agreement.

Recurrent. On July 14, 2011, Santa Clara entered into a 25-year power purchase agreement for the entire output from the RE Rosamond One LLC project, a 20.0 net MW solar photovoltaic-powered project in Kern County, California, which became operational in December 2013. For the Fiscal Year ended June 30, 2018, Santa Clara received 59.36 GWh of energy from Recurrent.

Graphics Packaging. Graphics Packaging is a manufacturer of recycled paper products that also operated a cogeneration facility within the city limits of Santa Clara. This manufacturing facility and the cogeneration plant was permanently closed in December of 2017, and the power purchase agreement was terminated. For the Fiscal Year ended June 30, 2018, Santa Clara received 57.24 GWh of energy from the Graphics Packaging cogeneration facility.

Friant Power Authority, Facility 1. Santa Clara has executed a power purchase agreement to purchase up to 68,000 MWh per year of electricity over the term of the agreement, from January 1, 2016 to August 31, 2032. Facility 1 consists of three existing run-of-river hydroelectric generating plants: the River Outlet (2 MW), the Friant-Kern (15 MW), and the Madera (8 MW). For the Fiscal Year ended June 30, 2018, Santa Clara received 110.32 GWh of energy from the Friant Power Authority, Facility 1.

Friant Power Authority, Facility 2. Santa Clara has executed a power purchase agreement to purchase the Net Electrical Output from Facility 2, a run-of-the river hydroelectric generating plant, Quinten Luallen Power Plant (7 MW), from July 10, 2012 to December 31, 2032. For the Fiscal Year ended June 30, 2018, Santa Clara received 50.14 GWh of energy from the Friant Power Authority, Facility 2.

Santa Clara Tioga Canopy. On February 2, 2012, Santa Clara entered into a 20-year Power Purchase Agreement with Tioga Solar Santa Clara, LLC. The project is located on Santa Clara's multi-level parking structure on Tasman Drive in the City of Santa Clara. The nameplate capacity of the project is 389.76 kW. For the Fiscal Year ended June 30, 2018, Santa Clara received 0.46 GWh of energy from the solar canopy.

Future Power Supply Resources

Santa Clara has entered into a 20-year power purchase and sale agreement with Samsung, contracted as Central 40, LLC, to develop, own and operate a 40 MW solar PV project located in Stanislaus County. The project is scheduled to be commercially operating as of December 31, 2020. Additionally, Santa Clara commenced a re-power project with S-Power in 2016 at its existing Altamont Wind Project site. S-Power will own and operate 19 MW capacity of wind generation. Two additional power purchase agreements were entered with S-Power under the Rooney Ranch, LLC, including Sand Hill A (13 MW) and Sand Hill B (17.5 MW). In total, the re-power project will be upgraded to meet a 49.5 MW capacity and is scheduled to be commercially operating by December 31, 2020 under a 25-year agreement. Santa Clara has approved the execution of a 20-year power purchase agreement with Viento Loco Wind, LLC for the addition of 200 MW of wind generation from a wind project in New Mexico. The project is expected to be commercially online in the year 2022. This project will add to and further diversify the power portfolio of Santa Clara's resources mix.

Due to Santa Clara’s projected retail demand growth driven primarily from the industrial sector and secondarily from the commercial sector, and to replace existing renewable energy contracts that will expire in the future, Santa Clara is actively exploring new renewable energy projects for procurement. Santa Clara is scoping renewable energy projects in the near term to also make use of the investment tax credit and production tax credit eligibility. Santa Clara is beginning to explore options for the procurement of energy storage and is undergoing economic analysis to understand how to cost-effectively invest in energy storage.

Fuel Supply

Natural gas is the primary fuel and the primary variable operating cost of Santa Clara’s cogeneration plants, Gianera Generating Station and Donald Von Raesfeld Power Plant. See “– Power Supply Resources – Generating Facilities” above. These plants can require delivery of up to 49,000 million British Thermal Units (“MMBtu”) of natural gas per day, with current average daily requirements of 24,400 MMBtu per day. Santa Clara has developed a comprehensive natural gas program to both manage supply and price volatility. This includes the procurement of a supply of natural gas at a discount from the monthly index price pursuant to a gas prepayment arrangement (described below) and several long-term fixed price contracts for 15,000 MMBtu per day from 2016 to 2019 and 10,000 MMBtu per day in 2020. In addition, Santa Clara currently has in place short-term fixed price contracts for the supply of an additional 10,000 MMBtu per day through October 2019. Excluding the M-S-R EA Gas Supply Agreement (described below) which is not a fixed rate contract, approximately 75% of gas needed for Santa Clara-owned generation is hedged for Fiscal Year 2018-19, and 91% of gas needed for Santa Clara-owned generation is hedged in Fiscal Year 2019-20 (based in each case on the projected gas-fired production for Santa Clara-owned generation facilities during such period).

M-S-R Energy Authority–Gas Prepay. The M-S-R PPA members have formed a joint power agency known as M-S-R EA. In 2009, Santa Clara participated in the M-S-R EA Gas Prepay Project. The M-S-R EA Gas Prepay Project provides, through a Gas Supply Agreement between M-S-R EA and Santa Clara, for a secure and long-term supply of natural gas of 7,500 MMBtu daily (or 2,730,500 MMBtu annually) through December 31, 2012, and 12,500 MMBtu daily (or 4,562,500 MMBtu annually) thereafter until September 30, 2039. The Gas Supply Agreement provides this supply at a discounted price below the monthly market index price (the PG&E Citygate index) over the 30 year term. M-S-R EA entered into a prepaid gas purchase agreement with Citigroup Energy, Inc. (“CEI”) to provide this gas supply, and issued \$500.2 million of its Gas Project Revenue Bonds to finance the prepayment for Santa Clara, all of which were outstanding as of January 31, 2019. Under the terms of the Gas Supply Agreement, M-S-R EA will bill Santa Clara for actual quantities of natural gas delivered each month on a “take-and-pay” basis. Moreover, any default by CEI or the other participants in M-S-R EA’s Gas Prepay Project, MID and Redding, is non-recourse to Santa Clara.

Transmission Resources

TANC California–Oregon Transmission Project. Santa Clara, 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 Redding, Western, two California water districts and 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 \$200.3 million principal amount of revenue bonds was outstanding as of January 31, 2019. See “– Indebtedness.”

In April 2008, TANC purchased the COTP transmission assets (approximately 121 MW) of Vernon Light & Power of the city of Vernon, California (“Vernon”), one of the original owners of the COTP. Santa Clara participated in the acquisition of an increased share of transfer capability of the COTP in connection with the acquisition from Vernon by TANC. TANC utilized a combination of cash and the issuance of commercial paper (which was subsequently refunded with taxable fixed-rate bonds) to fund the acquisition of Vernon’s COTP transmission assets (the “Vernon acquisition debt”). Santa Clara, as well as the other acquiring TANC members, began scheduling the acquired COTP transmission transfer capability on April 8, 2008.

Pursuant to Project Agreement No. 3 for the COTP (the “TANC Agreement”), TANC has agreed to provide to Santa Clara 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, Santa Clara’s participation percentage was 20.4745% of TANC’s share of COTP transfer capability (approximately 278 MW net of third party layoffs of TANC). Effective July 1, 2014, Santa Clara laid-off 147 MWs of this entitlement to MID, Turlock Irrigation District and Sacramento Municipal Utility District (“SMUD”) under a 25-year agreement. During the term of this agreement, the parties taking on the entitlement will assume responsibility for all associated debt service, operations and maintenance costs and all administrative and general costs. As a result of the layoff agreement, Santa Clara is currently responsible for paying approximately 10.01% of the operating and maintenance expenses of the COTP and approximately 9.81% of TANC’s COTP debt service. Santa Clara remains contractually obligated for its full participation share. Santa Clara’s payments to TANC under the TANC Agreement, including debt service on TANC’s revenue bonds, constitute an operating expense of Santa Clara’s electric system.

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”).

In December 2005, the COTP became part of the 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.

Santa Clara is using a portion of its share of the project transfer capability of the COTP to provide transmission of energy generated from the Big Horn Projects (described under “– Power Supply Resources – Purchased Power”).

TANC Tesla–Midway Transmission Service. The southern physical terminus of the COTP is near PG&E’s Tesla Substation near Tracy, California. The COTP is connected to Western’s Tracy and Olinda Substations. PG&E provides TANC and certain of the TANC members with 300 MW of firm, bi-directional transmission service on its transmission system from its Midway Substation near Buttonwillow, California (the “Tesla-Midway Service”) to those members under a long-term agreement known as the South of Tesla Principles. Santa Clara’s share of Tesla–Midway Transmission Service is 81 MW. Santa Clara utilizes its share of the TANC Tesla–Midway Transmission Service to provide access to power supplies located in the southwest.

Geysers Transmission Project. Santa Clara has a 55 MW transmission share in PG&E’s 230 kV Castle Rock to Lakeville Transmission Line, which provides a link from the NCPA Geothermal Project to PG&E’s bulk transmission system. Through a long-term contract with the CDWR, sufficient additional transmission capability on the same line is available for the balance of Santa Clara’s share of the capacity and energy produced by the NCPA Geothermal Project. Santa Clara obtains additional transmission services to Santa Clara for its share of the output of NCPA Geothermal Project from arrangements with PG&E and the CAISO.

Interconnections and Distribution Facilities

Santa Clara’s service area is surrounded by a portion of PG&E’s service area and the two systems are interconnected at two City-owned 115 kV receiving stations – Northern Receiving Station (“NRS”) and Kifer Receiving Station (“KRS”), each located within the city limits. In addition, Santa Clara has a 230 kV interconnection with PG&E at PG&E’s Los Esteros Substation (“LES”) in the city of San Jose. Power received at LES is transmitted by Santa Clara approximately six miles to NRS. Santa Clara owns facilities for the distribution of electric power within its city limits (approximately 19.3 square miles), which includes approximately 27 miles of 60 kV power lines, approximately 500 miles of 12 kV distribution lines (approximately 64% of which are underground), and 27 stations. Santa Clara’s electric system experiences approximately 0.5 to 1.5 hours of outage time per customer per year. This compares favorably with other utilities in California with reliability factors ranging from 1.0 to 2.5 hours outage per customer per year.

Santa Clara owns a limited number of remote transmission assets, including, but not limited to, wires, poles, and other needed equipment to safely maintain and deliver power generated from generation assets located outside the City limits. Pursuant to the requirements of California Senate Bill 1028, the Santa Clara City Council made a wildfire risk determination at its October 9, 2018 City Council meeting and directed the electric utility to create a wildfire mitigation plan. The plan is to consolidate, formalize and enhance as required established preventive maintenance procedures and practices and be completed by January 1, 2020. Current practices include periodic inspection and maintenance, vegetation management and re-energization procedures in the event of a line trip. The plan will incorporate the new mitigation plan requirements that were signed into law on September 21, 2018, by California Senate Bill 901. 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.

Historically, PG&E provided interconnection, partial power and other support services to Santa Clara under an interconnection agreement. Beginning March 31, 1998, the operation of the transmission facilities owned by California’s investor-owned utilities, including PG&E, was undertaken by the CAISO. In July 2002, FERC approved a series of agreements between Santa Clara, PG&E, the CAISO and NCPA (which acts as scheduling coordinator for Santa Clara), including Santa Clara’s MSS Agreement with the CAISO, to replace Santa Clara’s interconnection agreement with PG&E and to allow Santa Clara to operate within the CAISO control area.

To the extent Santa Clara requires transmission/ancillary/power services beyond those contained in other remaining existing contracts or from Santa Clara's own generating resources, Santa Clara will procure such transmission/ancillary/power services from the CAISO or via the CAISO's markets.

Santa Clara is unable to predict how future industry changes, especially those concerning resource adequacy requirements, renewable fuels, greenhouse gas limitations and new transmission facilities to serve potential renewable energy projects, will affect future costs for the purchase of services under its interconnection, scheduling and CAISO agreements.

Renewable Energy and Energy Efficiency

A significant portion of the energy received by Santa Clara's electric customers is generated from renewable energy resources. Santa Clara's power mix in calendar year 2018 consisted of 44% eligible renewable resources. When large hydroelectric resources are included, Santa Clara's power mix consisted of 60% renewable and large hydroelectric power. On December 6, 2011, the Santa Clara City Council adopted revisions to Santa Clara's Environmental Stewardship and Renewable Portfolio Standard Policy Statement, and adopted a new RPS Enforcement Program, to conform to the standards and timetable set forth in California Senate Bill X1-2, signed by the Governor on April 12, 2011. Santa Clara satisfied the RPS target for Compliance Period 1 (from 2011 through 2013), with an average of approximately 20% of Santa Clara's energy portfolio supplied from renewable resources over such period, which has been verified and approved by the State of California. Santa Clara has also satisfied the RPS target for Compliance Period 2 (from 2014 through 2016), meeting the compliance requirement of 20% of retail sales in 2014 and 2015, and 25% of retail sales in 2016. In the first year of Compliance Period 3 (from 2017 through 2020), Santa Clara satisfied the RPS target, meeting the requirement of 29% of retail sales. Santa Clara expects to fulfill the RPS requirement under Compliance Period 3, procuring eligible renewable energy resources (not including "large hydro") amounting to 33% of total retail sales by 2020. California Senate Bill 350 will require that the amount of electricity generated each year from eligible renewable energy resources be increased to at least 50% of total retail sales by December 31, 2030. In addition, Santa Clara is prepared to meet the accelerated eligible renewable energy compliance requirement of 60% of retail sales by December 31, 2030 in accordance with California Senate Bill 100. 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.

Santa Clara's energy efficiency programs are separated into residential and business programs, with the majority of funding toward its largest customer segment - the business sector. Total Public Benefits Charge funds are about \$11 million per year. Residential programs include rate assistance for low-income customers, energy efficiency rebates (ceiling fans, clothes dryers, heat pumps, water heaters, attic insulation, and variable speed pool pumps), energy audits, and programs for schools and libraries. Business programs include energy audits, installation management for small companies, rebates for a wide variety of equipment (lighting, air conditioning systems, chillers, motors, new construction, food service equipment and customized installations, etc.), and design and construction assistance.

Wholesale Energy

For a number of years, Santa Clara has used its energy and transmission resources together with its power scheduling capabilities to buy and sell energy in the western North American market. As deregulation unfolded, a greater need to manage resources on a day-to-day basis evolved, resulting in a more comprehensive approach to trading operations at Santa Clara. The principal reason for wholesale trading is to optimize the value of the utility's assets and cost-effectively serve its retail load. For the Fiscal Years ended June 30, 2017 and 2018, net trading revenues (wholesale power and fuel sales revenues less wholesale power and fuel purchase costs) were approximately \$1.0 million, and \$(0.4) million, respectively. The results in the Fiscal Year ended June 30, 2018 are primarily related to additional market purchases

required by a longer than expected Donald Von Raesfeld Power Plant outage and termination of the Graphic Packaging and San Juan contracts, which resulted in 70 MW of resources being replaced at higher market prices. In addition, Santa Clara enters into additional long-term gas supply contracts to hedge its market exposure. Primarily owing to the unavailability of the Donald Von Raesfeld Power Plant during the outage, natural gas was sold to the market at below the long-term contract price. See also “– Fuel Supply.”

Risk Management

On December 5, 2006, the Santa Clara City Council approved an amended Risk Management Policy to provide policy guidance with respect to its wholesale power activities. Pursuant to the Policy, Santa Clara has established a Risk Oversight Committee (composed of the City Manager, the Director of Finance, the Chief Electric Utility Officer and the Santa Clara City Attorney) and a Risk Management Committee, to oversee all proposed power purchase agreements, whether for retail or wholesale purposes. Pursuant to the Policy, Santa Clara has also established regulations approved by the Risk Oversight Committee to govern the various functions of its trading operations. The Policy and Regulations are intended to: (a) provide a common risk management infrastructure to facilitate management control and reporting; (b) create a procedure to evaluate the creditworthiness of the counterparties, and to monitor and manage the aggregate credit exposure; (c) establish a corporate culture exemplifying best practices in risk management; (d) create a mechanism to identify market-related opportunities within Santa Clara’s overall exposure balance or “book” and opportunities to internalize related transactions; and (e) develop an effective, streamlined ability to timely commit to transactions. The Regulations establish guidelines for, among other things, acceptable counterparty creditworthiness standards and requirements for limits on credit exposure to any individual counterparty. Most of the purchase and sale transactions entered into by the power trading operation are for 92 days or less.

Rates and Charges

The Santa Clara City Council is authorized by the City Code of the City of Santa Clara to set charges, pay for and supply all electric energy and power to be furnished to customers according to such schedules, tariffs, rules and regulations as adopted by the City Council. The authority of Santa Clara to impose and collect rates and charges for electric power and energy is not presently subject to the regulatory jurisdiction of the California Public Utilities Commission (“CPUC”) or any other regulatory authority.

The following table summarizes a history of Santa Clara’s electric rate increases over the last five years.

CITY OF SANTA CLARA ELECTRIC UTILITY DEPARTMENT HISTORY OF ELECTRIC RATE CHANGES

Date	Percent Change
January 1, 2019	2.00%
January 1, 2018	0.00
January 1, 2017	3.00
January 1, 2016	2.00
January 1, 2015	5.00

Source: City of Santa Clara.

Santa Clara has a monthly billing system set up for all its electric accounts, including its largest customers under contract. Charges for electric service are typically included in a customer’s Municipal Utilities Regular Bill with other utility charges for the same time period. Bills are due and payable upon

receipt of billing and generally become delinquent if not paid within 21 days thereafter. Late charges begin to accrue the day following the past due date. Electric service may be discontinued for nonpayment of any undisputed bill, following issuance by Santa Clara to the customer of a Shut-Off Notice Bill (typically the next bill sent to the customer following the past due bill) and a 48-Hour Notice of Service Discontinuance. Service will be restored only upon payment, in cash or certified funds, of all amounts then due and payable, including required deposits, utility service charges, and other related charges as permitted in the schedule of fees established and adopted by resolution of the Santa Clara City Council.

Major Customers

The ten largest customers of Santa Clara's electric utility department, in terms of kWh sales for the Fiscal Year ended June 30, 2018, which are listed below, accounted for 53.0% of total kWh sales and 46.9% of revenues. The largest customer accounted for 7.7% of total kWh sales and 7.0% of total revenues, while the smallest customer of the largest ten customers accounted for 2.6% of total kWh sales and 2.4% of total revenues. Santa Clara is heavily dependent upon its industrial customers, which comprise approximately 90.4% of its load and 88.8% of its revenues (in the Fiscal Year ended June 30, 2018). For reference, Santa Clara's industrial category includes all customers using more than 8,000 kWh per month. For many years, Santa Clara has been home to a number of the world's best known "high tech" firms involved in the design and production of computers and software. In the past few years, some of these firms have shifted production away from Santa Clara; however, this shift has been more than offset by the development of numerous data centers established to serve the data needs of corporate offices and of internet-related businesses.

To help retain its industrial customers, and thus assure the stability of Santa Clara's electric sales and revenue, Santa Clara has entered into multi-year electric service agreements with 14 of its larger customers, accounting for 64.9% of total kWh sales from industrial customers. All electric service agreements have a standard three-year term, with expirations ranging in 2019 through 2020. Santa Clara has developed flexible, standardized rate tariffs to replace these individually negotiated electric service agreements to facilitate transparency and efficiency. The new rate tariffs were approved by the Santa Clara City Council on November 27, 2018. The new rate tariffs are effective on January 1, 2019 and will take effect for customers as their existing electric service agreements expire. It is expected that the new standardized rate tariffs will result in similar rate impacts for customers who meet specific criteria.

CITY OF SANTA CLARA ELECTRIC UTILITY DEPARTMENT MAJOR CUSTOMERS

Customer	Business
Air Products	Industrial Gas and Chemicals
Coresite LLC	Data Centers
Cyxtera Data Centers Inc.	Data Centers
Digital Realty Trust	Data Centers
Intel Corp	Semiconductors
Microsoft Corporation	Data Centers
Oracle America Inc.	Database Software Products
Owens Corning Sales LLC	Manufacturing
Vantage Corp	Data Centers
Xeres Ventures LLC	Data Centers

Source: City of Santa Clara.

Customers, Energy Sales, Revenues and Demand

The average number of customers, kWh sales and revenues derived from sales, by classification of service, and peak demand during the past five Fiscal Years, are listed below.

CITY OF SANTA CLARA ELECTRIC UTILITY DEPARTMENT CUSTOMERS, SALES, REVENUES AND DEMAND (Fiscal Year Ended June 30)

	2014	2015	2016	2017	2018
Average Monthly Number of Customers:					
Residential	44,629	44,979	45,323	46,305	46,807
Commercial	6,191	6,253	6,277	6,231	6,156
Industrial	1,758	1,700	1,675	1,652	1,666
Other	561	563	566	549	569
Total.....	53,139	53,495	53,841	54,737	55,198
Kilowatt-hour Sales (000):					
Residential	233,847	224,647	232,581	228,505	229,957
Commercial	91,833	92,852	94,470	95,050	92,869
Industrial	2,651,757	2,754,035	3,000,038	3,133,903	3,236,317
Other	20,561	20,332	18,540	18,042	18,922
Total.....	2,997,998	3,091,866	3,345,629	3,475,500	3,578,065
Charges from Sale of Energy (000) ⁽¹⁾ :					
Residential	\$ 25,078	\$ 25,359	\$ 27,336	\$ 27,635	\$ 28,333
Commercial	13,771	14,609	15,407	15,868	15,678
Industrial	274,402	297,825	331,979	352,973	370,696
Other	2,435	2,520	2,449	2,448	2,565
Total ⁽²⁾	\$315,686	\$340,313	\$377,171	\$398,924	\$417,272
Peak Demand (MW).....	482.4	491.1	526.4	568.1	586.6

⁽¹⁾ Differs from Operating Revenues in Financial Operating Results and Balance Sheet information due to: (i) timing differences in accruals and billings; and (ii) exclusion of non-consumption based revenues.

⁽²⁾ Includes public benefits charge and grid management charge revenues.

Source: City of Santa Clara

Service Area

Population. The service area of the Santa Clara electric utility is coterminous with Santa Clara's boundaries. Santa Clara is located at the southern end of the San Francisco Bay. Encompassing a total area of approximately 19 square miles within northern Santa Clara County, Santa Clara is situated in the heart of "Silicon Valley." Shown below is certain population data for Santa Clara, the County of Santa Clara and the State of California.

POPULATION

	City of Santa Clara	County of Santa Clara	State of California
1970.....	86,118	1,065,313	19,971,069
1980.....	87,700	1,295,071	23,667,764
1990.....	93,613	1,497,577	29,760,021
2000.....	102,361	1,682,585	33,871,653
2010.....	116,468	1,781,642	37,253,956
2011.....	118,573	1,803,329	37,529,913
2012.....	119,950	1,828,843	37,874,977
2013.....	121,685	1,857,211	38,234,391
2014.....	122,504	1,880,197	38,568,628
2015.....	123,155	1,905,156	38,912,464
2016.....	123,640	1,922,619	39,256,000
2017.....	125,528	1,937,473	39,524,000
2018.....	129,604	1,956,598	39,810,000

Source: 1970-2010, as of April 1, based on historical U.S. Census population data compiled by the California State Department of Finance. 2011-2018, as of January 1, State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State – January 1, 2011-2018. Sacramento, California, May 2018.

Employment. The main businesses in Santa Clara are manufacturing and industrial. There are numerous companies that manufacture electronic components, communications equipment, computer systems, electronic games and similar products, and general items such as fiberglass, paper and chemicals. As shown in the following table, these firms are among the largest employers in Santa Clara as of June 30, 2018.

CITY OF SANTA CLARA TEN LARGEST EMPLOYERS

Employer	Business	Number of Employees
Applied Materials, Inc.	Nano Technology Mfg Services	8,500
Intel Corporation	Semiconductor Devices (Mfg.)	7,801
Advanced Micro Devices Inc.	Semiconductor Devices (Mfg.)	3,000
California's Great America	Amusement Park	2,500
Avaya Inc.	Software	2,000
Santa Clara University	Higher Education	2,000
City of Santa Clara	Local Government	1,904
Macy's	Retail	1,200
Catalyst Semiconductor Inc.	Semiconductor Devices (Mfg.)	1,100
Sra Osso Inc.	Information & Referral Services	1,001

Source: City of Santa Clara Comprehensive Annual Financial Report for Fiscal Year 2018.

Due to the nature of local industry, with its heavy emphasis on electronics, aerospace and research, Santa Clara has attracted many professional people and industrial workers possessing skills well above the average.

The San Jose Labor Market, as defined by the State Employment Development Department, includes all cities within Santa Clara County. According to the California Employment Development Department, the County of Santa Clara's unemployment rate was 3.2% for the year 2017. The following table sets forth certain information regarding employment in the County of Santa Clara from 2013 through 2017.

**COUNTY OF SANTA CLARA
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2013 TO 2017⁽¹⁾**

	2013	2014	2015	2016	2017
Civilian Labor Force	971,900	992,200	1,009,800	1,024,000	1,042,000
Employment	909,000	941,100	967,700	985,100	1,008,600
Unemployment	62,800	51,100	42,100	38,900	33,400
Unemployment Rate	6.5%	5.2%	4.2%	3.8%	3.2%

⁽¹⁾ Reflects March 2017 benchmark. Annual averages; not seasonally adjusted.

Source: State Department of Employment Development.

Transportation. Santa Clara is served by the Bayshore Freeway (U.S. Highway 101), which runs southeast from San Francisco to Los Angeles and is the major freeway connecting San Francisco and San Jose; Interstate 880, which runs north/south connecting San Jose and Oakland and becomes State Highway 17 (south of Interstate 280) and continues into Santa Cruz with access to Monterey; and Interstate 280, which runs north/south to San Francisco and State Highway 82. These freeways link Santa Clara to all parts of northern California.

Air transportation is available at both the San Francisco International Airport, approximately 40 miles to the north, and the San Jose International Airport, two miles from downtown Santa Clara. Rail service is provided by Union Pacific Railroad, on a north/south track linking San Jose and San Francisco, and CalTrain commuter service to Gilroy and San Francisco. The Guadalupe Corridor Light Rail has 20 completed miles of track from the Santa Clara Convention Center to the San Jose Convention Center, stretching to South San Jose, Mountain View and Milpitas.

The Santa Clara Valley Transportation Authority operates several lines within the City of Santa Clara with connections to major cities in the San Francisco Bay area. Interstate bus service is available via Greyhound Bus and Peerless. Most major trucking firms serve Santa Clara in addition to numerous local carriers.

Educational Facilities. The Santa Clara Unified School District provides public schooling from kindergarten through high school in most of the City of Santa Clara. Small geographical areas in the southern city limits are served by the Campbell Union Elementary School District and the Cupertino Union Elementary School District.

Santa Clara is also the home of the oldest institution of higher education in the West, Santa Clara University. Santa Clara residents are also in close proximity to San Jose State University, Stanford University and Mission College, as well as other units of the Community College System.

Capital Requirements

Santa Clara expects net capital requirements for the current and next four Fiscal Years (2018-19 through 2022-23) to total approximately \$206.4 million. Such improvements include distribution system improvements and replacements, including several new distribution substations and significant upgrades to its internal bulk distribution loops and distribution feeders. These distribution facilities are needed to meet increased capacity requirements of new and existing customers and are expected to be financed through a combination of load development fees, direct customer contributions, funds from Santa Clara's available cash reserves (described under "– Cash Reserves") and electric revenues. Santa Clara does not currently expect to issue new debt to finance its capital requirements.

Indebtedness

Santa Clara Electric Revenue Bonds. As of January 31, 2019, Santa Clara had outstanding senior lien electric revenue bonds ("Senior Electric Revenue Bonds") in the aggregate principal amount of \$151.245 million, payable from net revenues of the electric system. Such outstanding Senior Electric Revenue Bonds are comprised of \$54.830 million aggregate principal amount of Electric Revenue Refunding Bonds, Series 2011 A, \$47.615 million aggregate principal amount of Electric Revenue Refunding Bonds, Series 2013 A and \$48.800 million aggregate principal amount of Electric Revenue Refunding Bonds, Series 2018 A.

In addition to the outstanding Senior Electric Revenue Bonds, Santa Clara has entered into a loan agreement, dated as of June 16, 2014 (the "Loan Agreement"), with Banc of America Preferred Funding Corporation ("BofA") providing for a direct loan (the "Loan") from BofA to Santa Clara in an aggregate amount of approximately \$31.6 million, including \$1.1 million of capitalized interest. Santa Clara's obligation to make repayment of the Loan to BofA is evidenced by a subordinate electric revenue bond of Santa Clara (the "Subordinate Electric Revenue Bond"), payable from net revenues of the electric system on a basis junior and subordinate to the payment of Santa Clara's outstanding Senior Electric Revenue Bonds. Principal of the Loan is payable in annual installments, commencing on July 1, 2016 and ending on July 1, 2024. As of January 31, 2019, the remaining balance on the Loan Agreement is \$22.998 million. The occurrence of an event of default by Santa Clara under the Loan Agreement may result in an increase in the interest rate payable by Santa Clara with respect to the Subordinate Electric Revenue Bond and the Loan evidenced thereby and/or an acceleration in the payment of the principal amount of such Subordinate Electric Revenue Bond and the Loan evidenced thereby in accordance with the terms of the Loan Agreement.

For the Fiscal Year ending June 30, 2018, Santa Clara's annual debt service on the outstanding Senior Electric Revenue Bonds and the Subordinate Electric Revenue Bond totaled approximately \$18.1 million. Assuming no future debt issuances, the annual debt service on such outstanding Senior Electric Revenue Bonds and Subordinate Electric Revenue Bond is expected to increase to a high of \$19.856 million in Fiscal Year 2023-24, declining to a low of approximately \$12.745 million in Fiscal Year 2028-29.

Joint Powers Agency Obligations. As previously discussed, Santa Clara participates in several joint powers agencies, including TANC, NCPA, M-S-R PPA and M-S-R EA, which have issued indebtedness to finance the costs of certain projects on behalf of their respective project participants. Obligations of Santa Clara under its agreements with respect to TANC, NCPA and M-S-R PPA constitute operating expenses of Santa Clara's electric system payable prior to any of the payments required to be made on Santa Clara's Electric Revenue Bonds described above. Agreements with TANC, NCPA and M-S-R PPA 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 Santa Clara to pay a share of the obligations of a defaulting participant. As described herein, Santa Clara also participates in M-S-R EA and

has certain payment obligation in connection therewith which constitute operating expenses of Santa Clara's electric system. However, Santa Clara's payment obligation to M-S-R EA is with respect to actual quantity of natural gas delivered each month on a take-and-pay (rather than take-or-pay) basis. Responsibility for bond repayment is non-recourse to Santa Clara. See "– Fuel Supply—*M-S-R Energy Authority—Gas Prepay*" above.

Santa Clara's participation and share of debt service obligation (without giving effect to any "step-up" provisions) for the TANC, NCPA and M-S-R PPA projects in which it participates are shown in the following table.

**CITY OF SANTA CLARA
ELECTRIC UTILITY DEPARTMENT
OUTSTANDING DEBT OF JOINT POWERS AGENCIES
(as of January 31, 2019)
(Dollar Amounts in Millions)**

	Outstanding Debt⁽¹⁾	Santa Clara Participation⁽²⁾	Santa Clara Share of Outstanding Debt⁽¹⁾
M-S-R PPA			
San Juan Unit No. 4	\$ 98.9	35.00%	\$ 34.6
NCPA			
Geothermal Project	24.5	44.39	10.8
Calaveras Hydroelectric Project	292.9 ⁽³⁾	37.02 ⁽⁴⁾	111.0
Lodi Energy Center, Issue One	227.4	46.16	105.0
TANC			
Bonds	200.3	10.00 ⁽⁵⁾	19.4
TOTAL⁽⁶⁾	\$844.0		\$280.8

⁽¹⁾ Principal only. Does not include obligation for payment of interest on such debt. Excludes M-S-R EA as described above.

⁽²⁾ Participation based on actual debt service obligation. Participation obligation is subject to increase (in an amount up to a specified accumulated maximum above the original participation) upon default of another Participant.

⁽³⁾ Includes approximately \$85.2 million of hedged variable rate bonds.

⁽⁴⁾ Includes 1.16% additional share purchased from other NCPA participants. In addition, Santa Clara's actual payments represent approximately 37.90% of outstanding debt service as a result of credit to non-participating members with respect to a portion of the debt obligation.

⁽⁵⁾ Excludes 10.4705% of Santa Clara's original 20.4745% participation share for which, as described herein, Santa Clara has entered into an agreement to layoff to other TANC Member-Participants for a term of 25 years. Santa Clara remains contractually obligated for its full participation share. Santa Clara's actual debt service obligation differs slightly from this percentage due to varying shares of certain series of TANC bonds relating to each TANC member-participant's taxable portion and each TANC member-participant's participation or non-participation in acquisition of assets from Vernon.

⁽⁶⁾ Columns may not add to totals due to independent rounding.

Source: City of Santa Clara Electric Utility Department.

For the Fiscal Year ended June 30, 2018, Santa Clara's payment obligations under its agreements with the joint powers agencies aggregated approximately \$36.7 million. Santa Clara's obligations to the joint powers agencies is expected to range between \$7.1 million and \$36.8 million through Fiscal Year 2039-40. This projection assumes that layoff agreements affecting expected obligations to be paid by Santa Clara remain effective for their full term and are performed by the parties thereto, that there are no future debt issuances, and that swap counterparties on interest rate hedges continue to perform (all of Santa Clara's variable rate joint powers agency debt obligations are hedged). Santa Clara manages the total amount of variable rate debt exposure for its electric utility (including both direct and joint powers agency debt), and, by policy, has targeted up to approximately 25% as the appropriate variable rate exposure. 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 variable rate debt 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 the joint power agency variable rate debt obligations, the joint powers agency has entered into interest rate swap agreements (in an aggregate outstanding notional amount of approximately \$85.2 million) for the purposes of substantially fixing the interest cost with respect thereto. There is no guarantee that the floating rate payable to such joint powers agency pursuant to such interest rate swap agreements 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 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 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 Santa Clara). 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 termination 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 Santa Clara).

Transfers to the General Fund

The Santa Clara City Charter provides that up to 5% of gross revenues (not including revenues from wholesale transactions) from the electric utility is paid to the Santa Clara General Fund each year as a contribution in lieu of taxes. Pursuant to the Charter, such amounts are to be made from the Electric Utility Enterprise Fund after the payment of debt service on Santa Clara's Electric Revenue Bonds.

The following table sets out the transfers from the electric utility to the Santa Clara General Fund for the last five Fiscal Years.

**CITY OF SANTA CLARA
ELECTRIC UTILITY DEPARTMENT
TRANSFERS TO THE GENERAL FUND
(Dollar Amounts in Thousands)**

Fiscal Year	Transfer Amount
2013-14	\$16,591
2014-15	17,493
2015-16	19,057
2016-17	21,117
2017-18	21,986

Source: City of Santa Clara.

Employees

General. As of January 1, 2019, Santa Clara had approximately 192 budgeted employees for its electric utility department. All of these Electric Utility department employees are represented either by the International Brotherhood of Electrical Workers ("IBEW") or one of the other City employees' associations, in matters pertaining to wages, benefits and working conditions. The labor agreements with IBEW and with the Engineers of the City of Santa Clara expired in December 2018, and new agreements are currently under negotiation. Until the successor agreements are executed, the terms of the expired agreements will continue to govern. The current labor agreements with the City of Santa Clara Employees

Association (the primary bargaining units for employees of the electric utility department) and the miscellaneous unclassified management employees will expire in December 2019. There have been no strikes or other union work stoppages at Santa Clara, including its electric utility department.

Pension Plans. Santa Clara’s permanent employees, including those in the electric utility department, are covered by the California Public Employees Retirement System (“CalPERS”), an agent multiple-employer defined benefit plan administered by CalPERS, which 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.

Santa Clara’s defined benefit pension plans, the Miscellaneous Plan and Safety Plan, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries for all Santa Clara employees. All permanent (full-time and part-time) and eligible “as-needed” hourly Santa Clara employees are required to participate in CalPERS. No employees assigned to the electric utility department participate in the Safety Plan.

The cost of the Miscellaneous Plan is funded through bi-weekly contributions from employees and from employer contributions by Santa Clara. The member employees’ contribution rates are set by State statute and only change with significant contract amendments. The member contribution can be paid by the employee or by Santa Clara on the employee’s behalf in accordance with applicable labor agreements. In accordance with applicable state law, the contribution rate for all public employers is determined annually by the actuary and is 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. Santa Clara is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration. The employer contribution rates are established, and may be amended, by CalPERS.

The electric utility department is allocated its portion of Santa Clara’s required contributions for the Miscellaneous Plan. This allocation is based on eligible employee wages.

The table below sets forth the electric utility department’s allocated share of Santa Clara’s required contributions to the Miscellaneous Plan for the four Fiscal Years 2014-15 through 2017-18 and the amount budgeted for its allocated share of Santa Clara’s estimated required contributions to such plans for Fiscal Year 2018-19.

Fiscal Year Ended June 30	Miscellaneous Plan		
	Electric Utility Department Allocated Share	Total City Required Contribution Amount	Contributions as a % of Covered Payroll
2015	\$5,335,643	\$15,257,771	26.68%
2016	6,484,674	18,543,534	29.94
2017	7,558,410	21,613,984	30.32
2018	8,832,102	25,256,224	33.45
2019 ⁽¹⁾	9,633,675	33,779,638	N/A

⁽¹⁾ Fiscal Year 2018-19 figures are budgeted numbers.

Source: City of Santa Clara.

Santa Clara'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, and these assumptions and contribution requirement are subject to changes implemented by CalPERS Board of Administration. On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.50% to 7.00% using a three year phase-in beginning with the June 30, 2016 actual valuations, and beginning with Fiscal Year 2017-18 CalPERS changed the employer contributions toward the plan's unfunded liability as dollar amounts instead of prior method of a contribution rate. The CalPERS Board of Administration may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase Santa Clara's required contributions to CalPERS in future years. Accordingly, Santa Clara cannot provide any assurances that Santa Clara's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

Effective for Fiscal Year 2014-15, Santa Clara 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, Santa Clara 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 electric utility department's proportionate share of the Net Pension Liability of Santa Clara's Miscellaneous Plan for the measurement periods ended June 30, 2014 through June 30, 2017 (as reported in Santa Clara's audited financial statements as of the succeeding fiscal year). The electric utility department's proportion of the Net Pension Liability was based on a projection of the electric utility department's long-term share of contributions to the Miscellaneous Plan relative to the projected contributions of all funds of Santa Clara.

**City of Santa Clara Electric Utility Department
Proportionate Share of the Net Pension Liability – Miscellaneous Plan**

Measurement Date⁽¹⁾ (June 30)	Proportionate Share of the Net Pension Liability⁽²⁾	Electric Utility 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	34.97%	\$69,068,338	67.42%	345.33%
2015	34.97	74,516,387	65.57	371.64
2016	34.97	84,615,916	62.18	394.81
2017	34.97	92,735,319	62.02	411.60

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

⁽²⁾ Reflects the electric utility department's share of City's Miscellaneous Plan Net Pension Liability of \$197,507,400, \$213,086,611, \$241,967,166 and \$265,185,350 as of June 30, 2014, June 30, 2015, June 30, 2016 and June 30, 2017 measurement date, respectively.

Source: City of Santa Clara.

As of the June 30, 2017 measurement date, the city-wide Total Pension Liability for the Miscellaneous Plan was \$698,221,756 and the Plan Fiduciary Net Position was \$433,036,406, resulting in a city-wide Miscellaneous Plan Net Pension Liability of \$265,185,350. In the June 30, 2016 actuarial valuation utilized for measuring the pension liability as of the June 30, 2017 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% investment rate of return (net of pension plan investment and administrative expense); (b) projected salary increases that vary based on age and type of service; (c) an inflation component of 2.75% per year; (d) payroll growth of 3.0%; and (e) a discount rate of 7.15%.

Public Agencies Post-Employment Benefits Trust Program. In Fiscal Year 2016-17, the Santa Clara City Council approved a resolution creating the Public Agencies Post-Employment Benefits Trust Program (the “Program”) to allow Santa Clara to pre-fund its pension obligation. The Program was established within the meaning of Section 115 of the Internal Revenue Code, as amended, and the Regulations issued thereunder, and is a tax-exempt trust under the relevant statutory provisions of the State. The Program provides Santa Clara with an alternative to depositing additional funds with CalPERS and provides for greater Santa Clara control over assets and portfolio management, while allowing Santa Clara to set aside additional funds towards future CalPERS costs. The Program is administered by Public Agency Retirement Services (“PARS”). As of June 30, 2018, the market value of Santa Clara’s contributions to the Program was \$15,612,916, including the electric utility department’s portion of \$3,488,543.

Retiree Health Benefits. Santa Clara’s single-employer defined benefit Other Post Employment Benefit (“OPEB”) Plan Trust Fund, which was established by the Santa Clara City Council in Fiscal Year 2007-08 in accordance with GAAP, provides reimbursements to retirees for qualified healthcare expenses. Employees, including those assigned to the electric utility department, who have retired from Santa Clara with at least ten years of service and meet certain criterion based upon retirement date, household income in the most recent calendar year and age are entitled to reimbursements for qualified expenses. Annual maximum reimbursement amounts differ depending on when an employee retired from Santa Clara service. In Fiscal Year 2007-08, Santa Clara established an irrevocable exclusive agent multiple-employer defined benefit trust which is administered by Public Agency Retirement Services (PARS). The trust is used to accumulate and invest assets necessary to reimburse retirees.

The OPEB Plan trust annual contributions are based on actuarial valuations. The contribution requirements are established and may be amended by the Santa Clara City Council.

For Fiscal Years prior to Fiscal Year 2017-18, Santa Clara’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 actuarial assumptions used include a 5.25% discount rate.

The table below sets forth certain information regarding Santa Clara’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 Santa Clara’s Net OPEB obligation for the three Fiscal Years 2014-15 through 2016-17.

City of Santa Clara OPEB Plan				
Fiscal Year Ended June 30	Annual OPEB Cost	Amount Funded by Electric Utility Enterprise Fund	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$2,769,000	\$458,640	100%	--
2016	2,887,000	499,992	100	--
2017	2,981,000	545,871	100	--

Source: City of Santa Clara.

Effective for Fiscal Year 2017-18, Santa Clara 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 Santa Clara's annual contributions to the OPEB Plan trust for the Fiscal Year ended June 30, 2018, including the relation of such contributions to the actuarially determined contribution amount for such fiscal year. The amount budgeted for the electric utility department's share of OPEB Plan contributions for Fiscal Year 2018-19 is \$907,215.

City of Santa Clara OPEB Plan (For the Fiscal Year ended June 30, 2018)		
Contribution Funded by Electric Utility Enterprise Fund	Actuarially Determined Contribution Amount by Electric Utility Enterprise Fund	Electric Utility Contribution Deficiency (Excess) to Actuarially Determined Contribution
\$2,203,000 ⁽¹⁾	\$1,911,000	\$(292,000)
Total City Contribution	Total City Actuarially Determined Contribution Amount	Total City Contribution Deficiency (Excess) to Actuarially Determined Contribution
\$6,300,000	\$5,466,000	\$(834,000)

⁽¹⁾ For the fiscal year ending June 30, 2018, SVP cash contribution was \$1,882,000 in payment to the trust and the estimated implied subsidy was \$321,000, resulting in total payment of \$2,203,000.

Source: City of Santa Clara.

Pursuant to GASB No. 75, for the Fiscal Year ended June 30, 2018, Santa Clara reported a net OPEB liability of \$16,285,879 for the Electric Utility Enterprise Fund's proportionate share (34.97%) of the City of Santa Clara's net OPEB liability of \$46,571,000 (reflecting a total OPEB liability of \$65,516,000 and a fiduciary net position of \$18,945,000 for the OPEB Plan). The OPEB Plan Net Position as a percentage of Santa Clara's total OPEB liability was 28.902%. The net OPEB liability as a percentage of covered-employee payroll was 34.4%. 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, 2016 actuarial valuation, rolled forward to June 30, 2018 using standard actuarial methods, based on actuarial methods and assumptions. In the June 30, 2016 actuarial valuation, the actuarial assumptions used in determining the total OPEB liability include (a) a 5.25% discount rate and investment rate of return; (b) aggregate projected salary increases of 3.0% annually; (c) an inflation component of 3.0% per year; and (d) a healthcare cost trend of 6.5% for 2018, scaling down to 5.0% for year 2021 for non-medicare participants, and 6.7% for 2018, scaling down to 5.0% for year 2021 for medicare participants.

Additional information regarding the City of Santa Clara's retirement plans and other post-employment benefits can be found in the City of Santa Clara comprehensive annual financial report for the Fiscal Year ended June 30, 2018, which may be obtained at <http://santaclaraca.gov>.

Cash Reserves

Santa Clara maintains cash reserves for a number of reasons, including operating cash requirements, construction cash requirements, dealing with the cost impacts of dry hydroelectric conditions, gas and electric market volatility, and allowing Santa Clara the flexibility to increase rates on a scheduled basis. Santa Clara established a Cost Reduction Fund to manage the cost impacts of dry year hydroelectric

conditions and gas and electric market volatility, as well as the scheduling of rate increases. As of December 31, 2010, the balance of the Cost Reduction Fund was transferred to the Rate Stabilization Fund (as a subaccount therein) described below.

Santa Clara has maintained a Rate Stabilization Fund (the “Rate Stabilization Fund”). Amounts in the Rate Stabilization Fund are available to pay costs of the electric utility subject to certain terms and conditions. As of June 30, 2018, approximately \$120.7 million was on deposit in the Rate Stabilization Fund, including approximately \$95.7 million on deposit in the Cost Reduction Account therein. In addition, as of June 30, 2018, Santa Clara had unrestricted operating cash reserves of approximately \$94.1 million and \$98.8 million of cash reserves designated for construction purposes and approximately \$5.1 million for Donald Von Raesfeld Power Plant fuel reserves (not including \$3.5 million of cash reserves designated for pension liability and subsequently deposited at Public Agency Retirement Services). Thus, as of June 30, 2018, Santa Clara’s electric system had restricted and unrestricted cash reserves totaling approximately \$318.7 million.

Collectively, these reserves are designed to help insulate Santa Clara from market volatility. In addition, the indenture under which Santa Clara’s Senior Electric Revenue Bonds were issued permits the use of certain unrestricted cash balances and reserves to satisfy Santa Clara’s rate covenants with its bond holders. During the past five fiscal years, Santa Clara has made transfers related to operating expenses from the Rate Stabilization Fund for each of Fiscal Years 2013-14 and 2014-15 in the amounts set forth below. For Fiscal Years 2015-16 and 2016-17, Santa Clara made deposits into the Rate Stabilization Fund in the amounts of \$2.7 million and \$34.0 million, respectively, as set forth below. No Rate Stabilization Fund transfers or deposits were made for Fiscal Year 2017-18.

Fiscal Year	Transfer from Rate Stabilization Fund to Adjusted Net Revenues	Deposit to Rate Stabilization Fund
2013-14	\$10,000,000	--
2014-15	8,000,000	--
2015-16	--	\$ 2,700,000
2016-17	--	34,000,000
2017-18	--	--

Santa Clara has determined that it is appropriate to use a portion of its unrestricted cash balances and reserves to stabilize or subsidize its electric rates in the near term and to increase rates when appropriate. Santa Clara maintains a minimum target balance of \$120 million for the Rate Stabilization Fund. In order to maintain this minimum target balance, Santa Clara adopted a 7% electric rate increase effective in January 2010, a 7% electric rate increase effective in January 2011, a 5% electric rate increase effective in January 2014, a 5% electric rate increase effective in January 2015, and a 2% electric rate increase effective in January 2016. As of June 30, 2017, the Rate Stabilization Fund balance was restored to meet its minimum target balance level. See “– Condensed Operating Results and Selected Balance Sheet Information” and “– Rates and Charges” herein.

Insurance

The insurable property and facilities of the electric utility are covered under Santa Clara’s general insurance policies. Santa Clara maintains property damage coverage through the Alliant Property Insurance Program (“APIP”), which has a plan limit of \$1 billion. Santa Clara maintains boiler and machinery property coverage for its power plants through APIP of \$100 million per occurrence, with a \$2,500 deductible per occurrence, with certain exceptions. Santa Clara does not carry earthquake insurance on the property and facilities of the electric utility except for a dedicated earthquake coverage of up to \$20 million for the Grizzly Power Plant. Santa Clara maintains a dedicated flood limit shared by the power plants with

limits of \$27.5 million and \$7.5 million for locations in Flood Zones A & V. Santa Clara is self-insured for up to \$3 million for general liability claims. Inclusive of the self-insurance, Santa Clara has \$25 million in liability coverage with CSAC Excess Insurance Authority. In addition, Santa Clara is also self-insured up to \$500,000 per claim for workers' compensation claims with excess coverage up to the State of California statutory limit with employer's liability coverage of \$5 million per claim (inclusive of Santa Clara's retention) through CSAC Excess Insurance Authority. All self-insurance programs are administered jointly by Santa Clara personnel and outside contractors.

Litigation

General. There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining Santa Clara in the execution or delivery of, or in any way contesting or affecting the validity of any proceedings of Santa Clara taken with respect to Third Phase Agreement. At any given time, Santa Clara is party to or affected by various claims, disputes and litigation, including proceedings before FERC and other matters, that arise in the course of the electric system's activities and operations.

Present lawsuits and other claims against Santa Clara's electric utility are incidental to the ordinary course of operations of the electric utility and are covered by Santa Clara's liability coverage, including its self-insurance program. In the opinion of Santa Clara's management and, with respect to such litigation, the Santa Clara City Attorney, such claims and litigation will not have a materially adverse effect upon Santa Clara's ability to make payments under Third Phase Agreement.

Other Matters. In addition, from time-to-time, there are ongoing proceedings that involve projects in which Santa Clara has an interest and which comprise a portion of the current resource portfolio of Santa Clara's electric system. Although Santa Clara is generally not a party to such litigation, the outcome of such proceedings may impact the costs and operations of the affected project. Santa Clara is not aware of any such presently ongoing proceedings that, if determined adversely, would be expected to materially adversely affect the financial position or operations of its electric utility.

Condensed Operating Results and Selected Balance Sheet Information

The following table sets forth net income and selected balance sheet information of Santa Clara's electric utility for the five Fiscal Years ended June 30, 2018. The information for the Fiscal Years ended June 30, 2014 through June 30, 2018 was prepared by Santa Clara on the basis of its audited financial statements for such years.

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CITY OF SANTA CLARA
ELECTRIC UTILITY DEPARTMENT
SUMMARY OF FINANCIAL OPERATING RESULTS⁽¹⁾
(\$ in 000s)

	2014	2015	2016	2017	2018
Summary of Income					
Operating Revenues ⁽²⁾	\$309,169	\$332,938	\$371,801	\$390,409	\$403,698
Operating Expenses:					
Salaries, Wages and Benefits	23,654	26,712	26,461	32,016	38,633
Materials, Supplies and Services ⁽³⁾	276,335	283,861	301,991	299,531	328,517
Depreciation	19,727	20,163	19,956	19,820	20,143
Total Operating Expenses	\$319,716	\$330,736	\$348,408	\$351,367	\$387,293
Operating Income (Loss)	(10,547)	2,202	23,393	39,042	16,405
Other Income ⁽⁴⁾	24,629	21,535	21,883	23,083	26,999
Interest Expense	(8,605)	(9,094)	(8,819)	(8,697)	(8,103)
Wholesale Resources Sales	28,622	27,301	17,279	36,162	34,994
Wholesale Resources Purchases	(28,871)	(32,635)	(21,682)	(35,197)	(35,413)
Other Expenses	(5,556)	(4,766)	(7,183)	(6,808)	(5,809)
Gain (Loss) on Retirement of Fixed Assets	--	62	(10)	4,830	--
Renewable Energy Credit	5,449	2,129	3,879	6,237	3,499
Equity (Loss) in Joint Power Agencies ⁽⁵⁾	4,215	(4,719)	737	4,345	7,828
Net Income Before Operating Transfers and Extraordinary Items	\$ 9,336	\$ 2,015	\$ 29,477	\$ 62,997	\$ 40,400
Selected Balance Sheet Information (as of June 30)					
Rate Stabilization Fund ⁽⁶⁾	\$ 92,259	\$ 84,259	\$ 86,959	\$120,959	\$120,709
Cash Designated for Construction	89,922	79,988	65,593	74,613	98,821
Cash Designated for Pension Liability	--	--	--	3,500	--
Operating Cash	73,154	74,446	73,865	83,325	99,237
Total Pooled & Cash Investments	\$255,335	\$238,693	\$226,417	\$282,397	\$318,767

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

(2) See “– Rates and Charges” above. Excludes public benefit charge revenues.

(3) Includes purchased power payments and payments to joint power agencies. Also includes payment of a portion of gross revenues to Santa Clara’s General Fund as contribution in lieu of taxes which payment is subordinate to the payment of other operating expenses and debt service. Per the Santa Clara City Charter, up to 5% of gross revenues (not including revenues from wholesale transactions) from the electric utility is paid to Santa Clara’s General Fund each year.

(4) Primarily represents interest income, public benefit charge revenues, grants, rents, and other non-recurring miscellaneous income. Unrealized gains were included in Fiscal Year 2013-14 (\$1.914 million), 2014-15 (\$0.421 million), and 2015-16 (\$0.907 million). Unrealized losses were included in Fiscal Years 2016-17 (\$2.723 million) and 2017-18 (\$2.635 million).

(5) Net loss in Fiscal Year 2014-15 reflects equity share loss of \$4.067 million in NCPA and \$0.652 million in TANC.

(6) Includes Cost Reduction Account. As of December 31, 2010, the Cost Reduction Fund was transferred to the Rate Stabilization Fund (as a subaccount therein).

Source: City of Santa Clara.

Rate Covenant Compliance Under Electric Revenue Bond Indenture

The electric revenue bond indenture pursuant to which Santa Clara's Senior Electric Revenue Bonds are issued requires Santa Clara to produce electric utility revenues in each year such that Adjusted Net Revenues (as defined in the electric revenue bond indenture) will be sufficient to pay debt service on all Senior Electric Revenue Bonds and parity debt for such Fiscal Year. The electric revenue bond indenture permits amounts in the Rate Stabilization Fund to be used to satisfy the rate covenant. Santa Clara has elected to use such unrestricted funds for such purpose as described in "– Cash Reserves" above.

Santa Clara has satisfied its rate covenant in each year as shown below. In addition to operating expenses and debt service, the electric utility has other obligations which it is required to satisfy. Such obligations include payments in lieu of taxes as well as capital expenditures not otherwise financed with bond proceeds, which obligations are, in accordance with the Santa Clara City Charter, payable subordinate to the payment of debt service on the Electric Revenue Bonds and parity debt. Capital expenditures not financed with bond proceeds are funded from a variety of sources, including reserves, developer contributions and electric system revenues. See "– Cash Reserves." The debt service coverage ratios shown below differ from those previously reported for Fiscal Years 2013-14 through 2016-17 to reflect a correction made to adjusted operating expenses to eliminate the double-counting of certain non-capitalized previously budgeted expenditures.

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CITY OF SANTA CLARA
RATE COVENANT COMPLIANCE UNDER
ELECTRIC REVENUE BOND INDENTURE⁽¹⁾
(\$ in 000s)

	Fiscal Year Ending June 30,				
	2014	2015	2016	2017	2018
Debt Service Coverage:					
Adjusted Revenues ⁽²⁾	\$306,183	\$332,178	\$359,084	\$353,328	\$383,662
Adjusted Operating Expenses ⁽³⁾	287,661	296,390	312,786	315,340	346,825
Adjusted Net Revenue Available for Debt Service	\$ 18,522	\$ 35,788	\$ 46,298	\$ 37,988	\$ 36,837
Debt Service on Senior Electric Revenue Bonds ⁽⁴⁾	\$ 12,183	\$ 14,934	\$ 15,334	\$ 15,612	\$ 14,204
Debt Service on Subordinate Electric Revenue Bond	--	--	2,515	798	4,108
Total Debt Service ⁽⁵⁾	\$ 12,183	\$ 14,934	\$ 17,850	\$ 16,410	\$ 18,312
Adjusted Revenues in Excess of Debt Service Requirements	\$ 6,339	\$ 20,855	\$ 28,448	\$ 21,578	\$ 18,524
Debt Service Coverage Ratio - Senior Electric Revenue Bonds	1.52	2.40	3.02	2.43	2.59
Debt Service Coverage Ratio – Senior and Subordinate Bonds	1.52	2.40	2.59	2.31	2.01

⁽¹⁾ Numbers may not add due to rounding. The debt service coverage ratios shown above differ from those previously reported for Fiscal Years 2013-14 through 2016-17 to reflect a correction made to Adjusted Operating Expenses to eliminate the double-counting of certain non-capitalized previously budgeted expenditures.

⁽²⁾ Adjusted Revenue includes operating revenues and non-operating revenues, other income (excluding unrealized gains or losses and developer contributions), net wholesale transactions and renewable energy credits, and excludes any gain on retirement of fixed assets or equity in joint powers agency projects accounted for on the equity method of accounting. Fiscal Year 2012-13 adjusted revenue was recalculated in 2014 to include renewable energy credit. Also includes Rate Stabilization Fund transfers related to operating expenses. In Fiscal Years 2012-13, 2013-14 and 2014-15, transfers from the Rate Stabilization Fund were included in Adjusted Revenues, in the amounts of \$7.43 million, \$10.0 million and \$8.0 million, respectively. In Fiscal Years 2015-16 and 2016-17, deposits were made into the Rate Stabilization Fund in the amounts of \$2.7 million and \$34.0 million, respectively. See “– Rates and Charges” and “– Cash Reserves.”

⁽³⁾ Adjusted Operating Expenses include operating expenses (including joint powers agency obligation payments) and other expenses, less depreciation and amortization expense and contribution-in-lieu to the General Fund. Adjusted Operating Expenses do not include any loss on retirement of fixed assets or any loss on joint powers agency projects accounted for on an equity method of accounting basis.

⁽⁴⁾ Includes net swap payments and letter of credit fees relating to variable rate electric revenue bonds (which variable rate electric revenue bonds were redeemed in December 2018).

⁽⁵⁾ Excludes joint powers agency obligations, the costs of which are a component of adjusted operating expenses. See footnote (3).

Source: City of Santa Clara.

APPENDIX B

NCPA AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

The combined financial statements of Northern California Power Agency and Associated Power Corporations as of and for the years ended June 30, 2018 and 2017 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.

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 Bonds. The 2019 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 each Series of the 2019 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019 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 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 Bonds, except in the event that use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2019 Bond documents. For example, Beneficial Owners of 2019 Bonds may wish to ascertain that the nominee holding the 2019 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 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 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 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 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 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 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 Bond certificates will be printed and delivered to DTC.

APPENDIX D

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

“Act” means 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 and shall also include the provisions of any other law applicable to NCPA by virtue of being a public entity pursuant to said Chapter 5 of Division 7 of Title 1 including, without limitation, Article 10 and Articles 11 of Chapter 3 of Division 2 of Title 5 of said Government Code, as each thereof may be amended and supplemented.

“Additional Bonds” means all Bonds, whether issued in one or more Series, authenticated and delivered on original issuance pursuant to Section 203 of the Original Indenture and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds.

“Adjustable Rate Bond” means, as of any date of determination, any Bond not bearing interest from such date to the maturity thereof at a specified, fixed rate; provided, however, that each Adjustable Rate Bond shall also be an Option Bond with a Purchase Date on the Business Day next succeeding the termination of each Adjustment Period for such Bond.

“Adjusted Aggregate Debt Service” means, as of any date of calculation and with respect to any period, the sum of the amounts of Adjusted Debt Service during such period for all Series of Bonds, other than Lender Bonds; provided, however, that in computing such Adjusted Aggregate Debt Service, each Series of Adjustable Rate Bonds shall be deemed to bear the Assumed Interest Rate applicable thereto.

“Adjusted Debt Service” means, with respect to any Series of Bonds, as of any date of calculation and with respect to any period, the Debt Service for such Series of Bonds for such period which would result if the Principal Installment for such Series due on the final maturity date of such Series were adjusted over the period specified pursuant to the next sentence so that the Bonds of such Series would have Substantially Equal Debt Service for each Fiscal Year of such period and that such Principal Installment would be fully paid at the end of such period, assuming timely payment of all principal or Redemption Price, if any, of and interest on the Bonds of such Series in accordance with such adjustments and computing the interest component of Debt Service on the basis of the true interest cost actually incurred on such Series of Bonds (determined by the true, actuarial method of calculation which consists of calculating true interest cost from the actual delivery date of such Series of Bonds as opposed to calculating it from the date of such Series of Bonds). Such adjustment shall be made over a period which shall begin with the final maturity date of such Series and end on such date or a date which shall be specified in the Supplemental Indenture authorizing such Series of Bonds, which date shall be not later than the earlier to occur of (i) 40 years after the date of such Bonds or (ii) the termination date of the Third Phase Agreement. For purposes of computing such true interest cost for any Series of Bonds containing Adjustable Rate Bonds each such Adjustable Rate Bond shall be deemed to bear the Assumed Interest Rate applicable thereto.

“Agreement of Attornment” means the Agreement of Attornment, dated March 22, 1985, by and among NCPA, the Calaveras County Water District and Sierra Constructors, as the same may be amended and supplemented from time to time in accordance with its terms and terms of the Indenture.

“Beneficial Owner” means, with respect to the 2018 Bonds, any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any of the 2018 Bonds.

“Business Day” means, with respect to the 2018 Bonds, any day of the year on which banks in New York, New York are not required or authorized to remain closed and on which the Trustee, the Paying Agent and the New York Stock Exchange are open.

“Capital Improvements” shall mean all renewals or replacements of or repairs, additions, improvements, modifications or betterments chargeable to the capital account of the Project, which are (i) consistent with Prudent Utility Practice and determined necessary by the Commission to keep the Project in good operating condition or to prevent a loss of revenue therefrom, (ii) required by any governmental agency having jurisdiction over the Project, or (iii) required by the Indenture; provided, however, that Capital Improvements shall not include any additional generating units in addition to the number of generating units presently included in the Project.

“Debt Service Reserve Requirement” means, as of any date of calculation, and with respect to the Debt Service Reserve Account (which does not secure the 2018 Bonds), an amount equal to the greatest amount of Adjusted Aggregate Debt Service for the Participating Bonds for the then current or any future Fiscal Year and, with respect to a Series Debt Service Reserve Account, the amount, if any, specified as such with respect to such Series Debt Service Reserve Account pursuant to the Indenture.

“Favorable Opinion of Bond Counsel” means an opinion of Bond Counsel acceptable to the Insurer to the effect that the action proposed to be taken is authorized or permitted by the Indenture and will not result in the inclusion of interest on any Bonds in gross income for federal income tax purposes.

“Future Bonds” means all Bonds issued when the Eleventh Supplemental Indenture of Trust became effective, i.e., July 1, 1998.

“Initial Facilities” means those facilities included in or required by the FERC License and all associated facilities, rights, land and interest in land, properties, studies, reports, equipment, transmission facilities and improvements appurtenant thereto and necessary or convenient therewith including without limitation any payments to other parties such as contributions in and of construction in connection with the transmission of the output of the facilities included in the definition of the “Project” under the Power Purchase Contract.

“Interest Payment Date” means, with respect to each Series of Bonds, the dates during each year on which interest on such Series of Bonds is scheduled to be paid as specified in, or determined in accordance with, the Indenture or Supplemental Indenture authorizing such Series of Bonds.

“Investment Securities” means and includes any of the following securities, if and to the extent the same are at the time legal for investment of NCPA’s funds:

- (i) Direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, 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 and including a receipt, certificate or any other evidence of an ownership interest in the aforementioned obligations, or in specified portions thereof (which may consist of specified portions of interest thereon) and also including advance refunded tax-exempt bonds secured by the aforementioned obligations;

- (ii) Bonds, debentures, notes, participation certificates or other evidences of indebtedness issued, or the principal of and interest on which are unconditionally guaranteed, by the Bank for Cooperatives, the Federal Intermediate Credit Bank, the Federal Home Loan Bank System, the Export-Import Bank of the United States, the Government National Mortgage Association, the Federal National Mortgage Association, the United States Postal Service or any other agency or instrumentality of or corporation wholly owned by the United States of America;

- (iii) New Housing Authority Bonds or Project Notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions to be paid by the United States of America or any agency thereof;

(iv) Direct and general obligations, to the payment of which the full faith and credit of the issuer is pledged, of any State of the United States or any political subdivision thereof which at the time of investment is rated by any nationally recognized bond rating agency and assigned by such agency a rating which denotes a security with investment characteristics at least equal to the investment characteristics of a security presently rated by Moody's Investors Service, Inc. or Standard & Poor's Corporation as "A" or better;

(v) Bank time deposits evidenced by certificates of deposit, and banker's acceptances, issued by any bank, trust company or national banking association insured by the Federal Deposit Insurance Corporation; provided either that the aggregate of such bank time deposits and bankers' acceptances issued by any bank, trust company or banking association does not exceed at any one time ten per centum (10%) of the aggregate of the capital stock, surplus and undivided profits of such bank, trust company or banking association and that such capital stock, surplus and undivided profits shall not be less than Twenty-Five Million Dollars (\$25,000,000), or that such deposits are fully and continuously secured by a valid and perfected security interest in obligations described in paragraph (i), (ii) or (iii) of this definition; and

(vi) Repurchase agreements with any bank, trust company or national banking association insured by the Federal Deposit Insurance Corporation, or with any government bond dealer recognized as a primary dealer by the Federal Reserve Bank of New York, which agreements are fully and continuously secured by a valid and perfected security interest in obligations described in paragraph (i), (ii) or (iii) of this definition.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by NCPA by notice in writing to the Trustee and acceptable to the Insurer.

"NCPA Operating Expenses" means (i) costs incurred by NCPA pursuant to the Third Phase Agreement, (ii) any other current expenses or obligations required to be paid by NCPA under the provisions of the Project Agreements or by law, all to the extent properly allocable to the Project, or required to be incurred under or in connection with the performance of the Third Phase Agreement, (iii) the fees and expenses of the Fiduciaries, (iv) fees incurred pursuant to any lending or credit facility or agreement, including, without limitation, the Reimbursement Agreements, and (v) all other costs (including overhead) properly allocable to the Project. NCPA Operating Expenses shall not include any costs or expenses for new construction or any allowance for depreciation of the Project.

"NCPA Revenues" means (i) all revenues, income, rents and receipts derived or to be derived by NCPA from or attributable to the Project or the Power Purchase Contract or to the payment of the costs of the Project received or to be received by NCPA under the Third Phase Agreement or the Power Purchase Contract or under any other contract for the sale by NCPA of the Project or any part thereof or any contractual arrangement with respect to the use of the Project or any portion thereof or the services or capacity thereof, (ii) the proceeds of any insurance, including the proceeds of any self-insurance fund, covering business interruption loss relating to the Project, (iii) any receipts under the Construction Contract or the Agreement of Attornment, other than insurance proceeds required to be deposited in the Construction Fund in accordance with the provisions of the Indenture, and (iv) interest received or to be received on any moneys or securities (other than in the Construction Fund) held pursuant to the Indenture and required to be paid into the Revenue Fund.

"Participating Bonds" means all Bonds Outstanding prior to the Eleventh Supplemental Indenture of Trust becoming effective (July 1, 1998) and all Future Bonds other than Future Bonds which are specified in the Supplemental Indenture authorizing such Future Bonds not to be Participating Bonds in accordance with the provisions of the Indenture.

"Power Purchase Contract" means the Revised Power Purchase Contract, dated as of March 1, 1985, by and between NCPA and CCWD as the same may be amended and supplemented from time to time in accordance with its terms and the terms of the Indenture.

“Project” means the Initial Facilities and all Capital Improvements.

“Project Agreements” means, prior to the respective termination dates thereof, the Indenture, the Third Phase Agreement, the Power Purchase Contract, the Construction Contract, the Agreement of Attornment and any other contract designated a Project Agreement by the Commission of NCPA.

“Prudent Utility Practice” means 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 thereto) known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with good business practices, reliability, safety and expedition, taking into account the fact that Prudent Utility Practice is not intended to be limited to the optimum practice, methods 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 the lowest 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 shall apply not only to functional parts of the Project, but also to appropriate structures, landscaping, paving, signs, lighting, other facilities and public relations programs reasonably designed to promote public enjoyment, understanding and acceptance of the Project.

“Securities Depository” means, with respect to a Series of the 2018 Bonds, the securities depository designated in the Supplemental Indenture with respect to such Series and its successors and assigns or if (a) the then incumbent Securities Depository resigns from its functions as depository for such Series of the 2018 Bonds, or (b) NCPA discontinues use of the then incumbent Securities Depository for such Series of the 2018 Bonds pursuant to such Supplemental Indenture, any other securities depository which agrees to follow the procedures required to be followed by a securities depository for such Series of the 2018 Bonds.

“Series Debt Service Reserve Account” means each Account within the Debt Service Fund established with respect to a Series of Future Bonds which are not Participating Bonds, including the 2018 Bonds, pursuant to the Indenture.

“Sinking Fund Installment” means with respect to a Series of the 2018 Bonds, the amount required by the Supplemental Indenture with respect to such Series to be paid by NCPA on any single date for the retirement of 2018 Bonds of such Series.

“Substantially Equal Adjusted Aggregate Debt Service” means, with respect to any period of similar Fiscal Years for all Outstanding Bonds, other than Lender Bonds, that the greatest Adjusted Aggregate Debt Service for any Fiscal Year in such period is not in excess of one hundred and twenty-five percent of the Adjusted Aggregate Debt Service for any preceding Fiscal Year in such period.

“Substantially Equal Debt Service” means, with respect to any period of Fiscal Years for any Series of Bonds, other than Lender Bonds, that the greatest Debt Service for such Bonds for any Fiscal Year in such period is not in excess of one hundred and twenty-five percent of the smallest Debt Service for such Bonds for any Fiscal Year in such period.

“Supplemental Indenture” means any indenture supplemental to or amendatory of the Indenture, entered into by NCPA and the Trustee in accordance with the Indenture.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by NCPA by notice in writing to the Trustee and acceptable to the Insurer.

“Trust Estate” means (A) subject only 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 proceeds of the sale of the Bonds,

other than Lender Bonds, (ii) the NCPA Revenues and (iii) all amounts on deposit in the Funds established by the Indenture, including the investments, if any, thereof, to the extent held by the Trustee; (B) all right, title and interest of NCPA in, to and under the Third Phase Agreement; (C) all right, title and interest of NCPA in, to and under the Power Purchase Contract; and (D) all right, title and interest of NCPA in, to and under the Construction Contract and the Agreement of Attornment.

“2018 Bonds” means collectively, the 2018 Series A Bonds and the 2018 Series B Bonds.

“2018 Series A Bonds” means the Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A.

“2018 Series B Bonds” means the Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B.

Pledge Effected by the Indenture

NCPA has pledged and assigned the Trust Estate to the Trustee for the benefit of the Bondholders.

Nature of Obligation

The Indenture provides that the principal, Redemption Price, if any, and Purchase Price thereof, and interest on the Bonds shall be payable solely from the NCPA Revenues and other funds pledged by NCPA under the Indenture and shall not constitute a charge against the general credit of NCPA. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any member of NCPA or any Project Participant is pledged to the payment of the principal, Redemption Price, if any, and Purchase Price of, or interest on the Bonds. NCPA has no taxing power. The Bonds do not constitute a debt, liability or obligation of the State of California or any public agency (other than NCPA) or any member of NCPA or any Project Participant. Neither the members of the Commission of NCPA nor any officer or employee of NCPA shall be individually liable for the Bonds or in respect of any undertakings by NCPA under the Indenture.

Application of NCPA Revenues

NCPA Revenues are pledged by the Indenture to payment of the principal, Redemption Price, if any, and Purchase Price of, and interest on the Bonds, subject to the provisions of the Indenture permitting application for other purposes. The Indenture establishes the following Funds and Accounts for the application of Bond proceeds and NCPA Revenues:

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FUNDS	HELD BY
Revenue Fund	NCPA
Operating Reserve Fund.....	Trustee
Operating Fund	NCPA
Debt Service Fund*	Trustee
Debt Service Account	
Debt Service Reserve Account	
Subordinated Indebtedness Fund	Trustee
Note Fund	Trustee
Reserve and Contingency Fund	NCPA
Renewal and Replacement Account	
Reserve Account	
General Reserve Fund.....	NCPA
Rate Stabilization Account	
General Account	

All NCPA 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:

(1) To the Operating Reserve Fund, the amount, if any, required so that the balance in said Fund shall equal \$100,000 or such greater or lesser amount as shall be recommended by the Consulting Engineer to be on deposit in said Fund.

(2) To the Operating Fund, a sum which, together with any amount in the Operating Fund not set aside as a general reserve for NCPA Operating Expenses or as a reserve for working capital, is equal to the total moneys appropriated for NCPA Operating Expenses in the Annual Budget for the then current month. In addition, if the Supplemental Indenture authorizing a Series of Bonds so provides, amounts from the proceeds of such Bonds may be deposited in the Operating Fund and set aside as a reserve for working capital. Amounts in the Operating Fund shall be paid out from time to time by NCPA for reasonable and necessary NCPA Operating Expenses. The Indenture provides for the application of excess amounts in the Operating Fund to make up any deficiencies in certain other funds established under the Indenture with any balance to be deposited in the General Account of the General Reserve Fund.

(3) To the Debt Service Fund (i) for credit to the General Debt Service Subaccount, the amount, if any, required so that the balance in said subaccount, plus the amounts on deposit in all the other subaccounts in the Debt Service Account to the extent available to pay Accrued Aggregate Debt Service, as of the last day of the then current month, shall equal the Accrued Aggregate Debt Service as of the last day of the then current month; (ii) for credit to the Debt Service Reserve Account, the amount, if any, required for such Account to equal the Debt Service Reserve Requirement for the Debt Service Reserve Account as of the last day of the then current month; and (iii) for credit to each Series Debt Service Reserve Account established for Future Bonds, the amount, if any, required for each such Account to equal the applicable Debt Service Reserve Requirement for such Series Debt Service Reserve Account as of the last day of the then current month; provided that the transfers to the Debt Service Reserve Account and each Series Debt Service Reserve Account shall be made to the Debt Service Reserve Account and each Series Debt Service Reserve Account without preference or priority between such transfers made in accordance with clauses (ii) and (iii) of this subsection (a), and in the event of any insufficiency of such moneys ratably based on the amount required to be deposited in each such Account, without any discrimination or preference. The Trustee will apply amounts in the General Debt Service Subaccount in the Debt Service Account to the payment of principal of and interest on the Bonds. In addition, the Trustee may, and if directed by NCPA

* If provided in a Supplemental Indenture authorizing a Series of Future Bonds which are not Participating Bonds, the Debt Service Fund shall include a Series Debt Service Reserve Account for each such Series of Future Bonds as to which a debt service reserve is to be established.

must, apply certain amounts in the Debt Service Account to the purchase or redemption of Bonds to satisfy sinking fund requirements prior to the due date of any Sinking Fund Installment. The Trustee must pay out of the Debt Service Account the amount required for the redemption of Bonds called for redemption pursuant to sinking fund requirements on any redemption date.

Amounts in the Debt Service Reserve Account are to be applied on the last business day of each month to make up any deficiency in the Debt Service Account with respect to Participating Bonds. Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account with respect to Participating Bonds, is sufficient to pay in full all Outstanding Participating Bonds in accordance with their terms, the funds on deposit in the Debt Service Reserve Account will be transferred to the Debt Service Account. So long as the amount in the Debt Service Fund available for such purpose is sufficient to pay all then Outstanding Participating Bonds in full (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made in the Debt Service Reserve Account. Whenever moneys on deposit in the Debt Service Reserve Account exceed the Debt Service Reserve Requirement with respect to such Account, the excess will be deposited in the Revenue Fund.

In the event of the refunding of Participating Bonds, the Trustee shall, upon the direction of NCPA with the advice of Bond Counsel, withdraw from the Debt Service Reserve Account any and all of the amounts on deposit therein and hold such amounts for the payment of the principal or Redemption Price, if applicable, and interest on such Participating Bonds; provided that such withdrawal shall not be made unless (a) immediately thereafter the Participating Bonds being refunded shall be deemed to have been paid pursuant to the Indenture, and (b) the amount remaining in the Debt Service Reserve Account after such withdrawal shall not be less than the Debt Service Reserve Requirement for the Debt Service Reserve Account.

Amounts in each Series Debt Service Reserve Account are to be applied on the last business day of each month to make up any deficiency in the Debt Service Account with respect to the Future Bonds secured by such Series Debt Service Reserve Account. Whenever the amount in a Series Debt Service Reserve Account, together with the amount in the Debt Service Account with respect to the Future Bonds secured by such Series Debt Service Reserve Account, is sufficient to pay in full all Future Bonds secured by such Series Debt Service Reserve Account then Outstanding in accordance with their terms, the funds on deposit in such Series Debt Service Reserve Account will be transferred to the Debt Service Account and applied to the payment or redemption of the Series of Future Bonds secured by such Series Debt Service Reserve Account. So long as the amount in the Debt Service Fund with respect to a Series of Future Bonds secured by a Series Debt Service Reserve Account is sufficient to pay all such Future Bonds then Outstanding in full (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made in such Series Debt Service Reserve Account. Whenever moneys on deposit in a Series Debt Service Reserve Account exceed the Debt Service Reserve Requirement with respect to such Account, the excess will be deposited in the Revenue Fund.

In the event of the refunding of Future Bonds secured by a Series Debt Service Reserve Account, the Trustee shall, upon the direction of NCPA with the advice of Bond Counsel, withdraw from the Series Debt Service Reserve Account securing such Future Bonds any and all of the amounts on deposit therein and hold such amounts for the payment of the principal or Redemption Price, if applicable, and interest on such Future Bonds; provided that such withdrawal shall not be made unless immediately thereafter the Future Bonds being refunded shall be deemed to have been paid pursuant to the Indenture.

(4) To the Subordinated Indebtedness Fund, the amount, if any, required so that the balance in said Fund shall equal all principal and interest on outstanding Subordinated Indebtedness accrued and unpaid and to accrue to the end of the then current calendar month. The Trustee will apply amounts in the Subordinated Indebtedness Fund to the payment of interest and reserves on Subordinated Indebtedness in accordance with the provisions of the resolution, agreement or contract relating to the issuance of such Subordinated Indebtedness. However, if at any time the amounts in the Debt Service Fund are less than the amounts required by the Indenture, and there is not on deposit in the General Reserve Fund or in the Reserve and Contingency Fund or in the Note Fund available moneys sufficient to cure such deficiency, the

Trustee will transfer from the Subordinated Indebtedness Fund the amount necessary to make up such deficiency.

(5) To the Note Fund, the amount, if any, required so that the balance in said Fund shall equal all interest on outstanding Notes accrued and unpaid and to accrue to the end of the then current calendar month. The Trustee will apply amounts in the Note Fund to the payment of interest on Notes in accordance with the provisions of the resolution, agreement or contract relating to the issuance of such Notes. However, if at any time the amounts in the Debt Service Fund are less than the amounts required by the Indenture, and there is not on deposit in the General Reserve Fund or in the Reserve and Contingency Fund available moneys sufficient to cure such deficiency, the Trustee will transfer from the Note Fund the amount necessary to make up such deficiency.

(6) To the Reserve and Contingency Fund, for credit to (a) the Renewal and Replacement Account, the amount, if any, provided for deposit therein during the then current month in the current Annual Budget; and (b) the Reserve Account, the amount, if any, required so that the balance in said Account shall equal \$3,000,000 or such greater or lesser amount as shall be recommended by the Consulting Engineer to be on deposit in said Account.

Amounts in the Renewal and Replacement Account will be applied to the cost of Capital Improvements. To the extent not provided for in the then current Annual Budget or by reserves in the Operating Fund or from the proceeds of Bonds, amounts in the Reserve Account will be applied to the costs of Capital Improvements to the extent amounts in the Renewal and Replacement Account are not sufficient therefor, and to the payment of extraordinary operating and maintenance costs of the Project and contingencies.

If at any time the amounts in the Debt Service Fund are less than the amounts required by the Indenture, and there are not on deposit in the General Reserve Fund available moneys sufficient to cure such deficiency, then the Trustee will transfer from the Reserve Account and the Renewal and Replacement Account, in that order, the amount necessary to make up such deficiency.

Amounts in the Renewal and Replacement Account or the Reserve Account not required to meet any deficiencies in the Debt Service Fund or for any of the purposes for which such Accounts were established shall be transferred to the Operating Fund to the extent, if any, deemed necessary by NCPA, to make up any deficiencies therein. Any remaining excess shall be deposited into the General Account of the General Reserve Fund.

(7) To the Rate Stabilization Account of the General Reserve Fund, the amount, if any, provided for deposit therein during the then current month in the Annual Budget and, to the General Account of the General Reserve Fund, the balance, if any, in the Revenue Fund. NCPA must transfer from the General Reserve Fund: (a) to the Debt Service Fund amounts necessary to make up any deficiencies in required payments to the Debt Service Fund; and (b) to the Renewal and Replacement Account and the Reserve Account in the Reserve and Contingency Fund the amount necessary to make up any deficiencies in payments to said Accounts.

Amounts in the General Reserve Fund not required to meet any of the deficiencies described above will, upon determination of NCPA, be applied to or set aside for any one or more of the following: (a) transfer to the Revenue Fund; (b) the purchase or redemption of any Bonds, and expenses and reserves in connection therewith; (c) NCPA Operating Expenses or reserves therefor; (d) payments into any separate account or accounts established in the Construction Fund; (e) Capital Improvements or reserves therefor; (f) payment of principal of and interest on Subordinated Indebtedness or purchase or redemption of Subordinated Indebtedness; (g) payment of principal of and interest on Notes; and (h) any other lawful purpose of NCPA related to the Project. Bonds purchased or redeemed with amounts in the General Reserve Fund may be credited to Sinking Fund Installments thereafter to become due (other than the next due).

Deposits from the Revenue Fund into the Debt Service Fund, the Subordinated Indebtedness Fund, the Note Fund, the Reserve and Contingency Fund and the General Reserve Fund are to be made as soon as practicable in each month after the deposit of NCPA Revenues into the Revenue Fund, the Operating Reserve Fund and the Operating Fund have been made for such month, but not later than the last business day of such month.

Certain Requirements of and Conditions to Issuance of Bonds

Bonds shall be authenticated by the Trustee pursuant to the Indenture upon compliance with certain requirements and conditions, including the following:

(a) The Trustee shall have received an Opinion of Bond Counsel to the effect that the Bonds of the Series being issued have been duly and validly authorized, issued and are valid and binding obligations of NCPA and as to certain other matters concerning the Indenture.

(b) The Trustee shall have received the amount, if any, necessary for deposit: (A) in the Debt Service Reserve Account so that the amount in such Account shall equal the Debt Service Reserve Requirement with respect to such Account calculated immediately after the authentication and delivery of each Series of Participating Bonds and (B) in the Series Debt Service Reserve Account, if any, established with respect to each Series of Future Bonds, so that the amount in such Account shall equal the Debt Service Reserve Requirement, if any, with respect to such Account calculated immediately after the authentication and delivery of such Series of Future Bonds;

(c) Except in the case of Lender Bonds and Refunding Bonds, NCPA shall have certified that it is not in default in the performance of its agreements under the Indenture. In the case of Refunding Bonds such certificate may state that upon the application of the proceeds of the Refunding Bonds, NCPA will not be in default in the performance of its agreements under the Indenture.

The Indenture also provides that Principal Installments will be established at the time of issuance for each Series of Bonds so as to comply with the following:

(a) Principal Installments shall commence not later than the later of (A) the first day of the eighth Fiscal Year following the end of the Fiscal Year of authentication and delivery of such Series of Bonds or (B) the first day of the fifth Fiscal Year following the end of the Fiscal Year in which NCPA estimates that the Project will reach its Date of Firm Operation, and shall terminate not later than the date on which the Third Phase Agreement terminates.

(b) Such Principal Installments shall result in either (A) Substantially Equal Debt Service for the Bonds of such Series for the Fiscal Year immediately preceding the due date of the first such Principal Installment to occur subsequent to the Date of Firm Operation of the Project and for each Fiscal Year thereafter to and including the final maturity date of such Series or (B) Substantially Equal Adjusted Aggregate Debt Service for all Outstanding Bonds, including such Series being issued, for the first Fiscal Year in which Principal Installments become due on all Series of Bonds then Outstanding, including such Series being issued, beginning however no earlier than the Fiscal Year immediately preceding the due date of the first Principal Installment to occur subsequent to the Date of Firm Operation of the Project, and for each Fiscal Year thereafter to and including the Fiscal Year immediately preceding the latest maturity of any Series of Bonds Outstanding immediately prior to the issuance of such Series being issued or the Fiscal Year immediately preceding the latest maturity of such Series being issued, whichever is earlier (using in the case of any Series of Bonds sold by competitive bidding a net effective interest rate for the Bonds of such Series as estimated by NCPA); provided that, if the first Principal Installment of any Series of Bonds shall be less than 12 months after the date of issuance thereof, it shall be assumed, for purposes of this calculation, that interest accrued on such Series for the entire 12-month period preceding the first Principal Installment at the same rate as interest accrued for the actual portion of such period during which such Series of Bond was Outstanding.

Additional Bonds

NCPA may issue one or more series of Additional Bonds for the purpose of paying all or a portion of the Cost of Acquisition and Construction of the Project including paying the principal of and interest on any Subordinated Indebtedness or Notes issued for the purpose of paying all or a portion of the Cost of Acquisition and Construction of the Project upon compliance with the conditions to issuance described above.

Refunding Bonds

One or more Series of Refunding Bonds may be issued to refund any Outstanding Bonds of one or more Series or one or more maturities within a Series. Refunding Bonds shall be authenticated and delivered by the Trustee pursuant to the Indenture upon compliance with certain requirements and conditions, including the receipt by the Trustee of either (i) moneys sufficient to pay the applicable Redemption Price of the refunded Bonds to be redeemed plus the amount required to pay principal of refunded Bonds not to be redeemed together with accrued interest on such Bonds to the redemption date or maturity date, as the case may be, or (ii) Investment Securities in such amounts and having such terms as required by the Indenture to pay the principal or Redemption Price, if applicable, and interest due on and before the redemption date or maturity date, as the case may be.

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 such Series Debt Service Reserve Account and establishes the Debt Service Reserve Requirement for such Account; provided, however, that each Series of Future Bonds shall constitute Participating Bonds unless at or prior to the issuance of such Series of Future Bonds the Trustee shall have received written confirmation from each rating agency then rating the Outstanding Bonds that the issuance of such Series of Future Bonds as other than Participating Bonds, in and of itself, will not result in the withdrawal or reduction in the rating of any Bonds, other than such Series of Future Bonds, to be Outstanding upon the issuance of such Series of Future Bonds.

Notice of Redemption

The Trustee shall give notice of the redemption of any Bonds to be redeemed, which notice shall specify the redemption date and the place or places where amounts due upon redemption will be payable, and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable.

With respect to the redemption of any Bonds, the Trustee will mail a copy of such notice, not less than thirty (30) days before the redemption date, to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books.

Receipt of such notice shall not be a condition precedent to such redemption of the Bonds and failure to receive any such notice shall not affect the validity of the proceedings for the redemption of Bonds. Upon the request of NCPA, the Trustee shall also give notice of redemption to certain securities depositories and bond services as specified in the Indenture.

Interchangeability and Transfer

Bonds, other than Lender Bonds, upon surrender thereof at the principal corporate trust office of the Bond Registrar with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the Holder or his

duly authorized attorney, may be exchanged for an equal aggregate principal amount of Bonds of the same maturity and of other authorized denominations.

Except for Option Bonds deemed tendered but not actually tendered, Bonds shall be transferable only upon the books of NCPA, which shall be kept for such purposes at the principal corporate trust office of the Bond Registrar, by the Holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Register duly executed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond, other than a Lender Bond, NCPA shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, NCPA shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of the Indenture. For every such exchange or transfer of Bonds, NCPA or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

Investment of Certain Funds and Accounts

The Indenture provides that certain Funds and Accounts held thereunder may, and in the case of the Debt Service Account and the Debt Service Reserve Account in the Debt Service Fund, the Subordinated Indebtedness Fund, and the Note Fund, subject to the terms of agreements relating to the issuance of the Subordinated Indebtedness and Notes, must, be invested to the fullest extent practicable in Investment Securities; provided that certain of such Funds and Accounts can only be invested in certain types of Investment Securities. The Indenture provides that such investments will mature no later than such times as necessary to provide moneys when reasonably expected to be needed for payments from such Funds and Accounts and provides specific limitations on the terms of investments for moneys in certain Funds and Accounts.

Prior to the completion of the Initial Facilities, interest and investment earnings (net of which (a) represents a return of accrued interest paid in connection with the purchase of any investment or (b) 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 such Funds and Accounts will be paid into the Construction Fund and after such date all such interest shall be paid into the Revenue Fund; except that to the extent provided in the Supplemental Indenture authorizing a Series of Additional Bonds to pay the Cost of Acquisition and Construction of Capital Improvements, all such interest earned on any moneys or investments in the account established in the Construction Fund for such Capital Improvements shall be retained in said account.

The Trustee may deposit moneys in all Funds and Accounts held by it under the Indenture in banks or trust companies organized under the laws of any state of the United States or national banking associations ("Depositories"). All moneys held under the Indenture by the Trustee or any Depository must be (1) either (a) continuously and fully insured by the Federal Deposit Insurance Corporation, or (b) continuously and fully secured by lodging with the Trustee or any Federal Reserve Bank, as custodian, as collateral security, such securities as are described in clauses (i) through (iv), inclusive, of the definition of "Investment Security" having a market value (exclusive of accrued interest) not less than the amount of such moneys, or (2) held in such other manner as may then be required by applicable Federal or State of California laws and regulations and applicable state laws and regulations of the state in which the Trustee or such Depository is located, regarding security for the deposit of trust funds; provided, however, that it shall not be necessary for the Trustee, the Depositories or any Paying Agent to give security for the deposit of any moneys held in trust by it and set aside for the payment of principal or Redemption Price or Purchase Price of, or interest on, any Bonds or to give security for any moneys which are represented by obligations or certificates of deposit purchased as an investment of such moneys.

In computing the amount in any Fund created under the Indenture, obligations purchased as an investment of moneys therein shall be valued at the amortized costs of such obligations or the market value thereof, whichever is lower, exclusive of accrued interest except that obligations purchased as an investment of moneys in the Debt Service Reserve Account are to be valued at the amortized cost thereof.

Covenants

Encumbrances: Disposition of Properties

NCPA will not issue bonds, notes, debentures or other evidences of indebtedness, other than the Bonds, payable out of or secured by a pledge or assignment of the NCPA Revenues or other moneys, securities or funds held or set aside by NCPA, or the Fiduciaries under the Indenture, nor will it create, or cause to be created, any lien or charge thereon; provided, however, that nothing contained in the Indenture shall prevent NCPA from issuing, if and to the extent permitted by law, (1) evidences of indebtedness (a) payable out of moneys in the Construction Fund as part of the Cost of Acquisition and Construction of the Project or (b) payable out of, or secured by a pledge and assignment of, NCPA Revenues to be derived on and after the discharge of the pledge of NCPA Revenues provided in the Indenture or (2) Subordinated Indebtedness or Notes issued in accordance with the provisions of the Indenture.

NCPA may, however, 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 for the purposes of the Indenture 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 NCPA Revenues or any Fund or Account held under the Indenture and neither the cost of such facilities nor any expenditure in connection therewith or with the financing thereof shall be payable from the NCPA Revenues or from any such Fund or Account.

NCPA will not sell, lease, mortgage or otherwise dispose of the Project or consent to the sale, lease, mortgage or other disposal of the Project other than in accordance with the Third Phase Agreement.

Rate Covenant

NCPA covenants in the Indenture that so long as any Bonds are Outstanding it will have good right and lawful power to establish charges and cause to be collected amounts with respect to the use of the Project, subject to the terms of the Third Phase Agreement. NCPA covenants in the Indenture that it will at all times establish charges and cause to be collected amounts with respect to the use of the Project, as shall be required to provide NCPA Revenues at least sufficient in each Fiscal Year, together with other available funds, for the payment of all the following:

- (a) NCPA Operating Expenses during such Fiscal Year;
- (b) An amount equal to the Aggregate Debt Service for such Fiscal Year;
- (c) 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 Fund;
- (d) The amount, if any, to be paid during such Fiscal Year into the Subordinated Indebtedness Fund;
- (e) The amount, if any, to be paid during such Fiscal Year into the Note Fund;
- (f) The amount to be paid during such Fiscal Year into the Reserve and Contingency Fund for credit to the Renewal and Replacement Account and the Reserve Account therein; and
- (g) All other charges or liens whatsoever payable out of NCPA Revenues during such Fiscal Year.

In estimating Aggregate Debt Service on any Adjustable Rate Bonds for purposes of the preceding paragraph, NCPA shall be entitled to assume that such Adjustable Rate Bonds will bear such interest rate or rates as

NCPA shall determine; provided, however, that the interest rate or rates assumed shall not be less than the interest rate borne by such Adjustable Rate Bonds at the time of determination of Aggregate Debt Service.

NCPA will not furnish or supply or cause to be furnished or supplied any use or service of the Project free of charge to any person, firm or corporation, public or private, and NCPA will, consistent with the Project Agreements and upon the direction of the Trustee, enforce the payment of any and all accounts owing to NCPA by reason of the Project by discontinuing such use or service, or by filing suit therefor, as soon as practicable 30 days after any such accounts are due, or by both such discontinuance and by filing suit.

Covenants with Respect to Third Phase Agreement and Project Agreements

NCPA covenants that it will receive and deposit in the Revenue Fund all amounts payable to it under the Third Phase Agreement or otherwise payable to it pursuant to any contract for use of the Project or any part thereof. NCPA will enforce the provisions of the Third Phase Agreement and duly perform its covenants and agreements thereunder, and will not agree to or permit any rescission of or amendment to, or otherwise take any action under or in connection with, the Third Phase Agreement which would reduce the payments required thereunder or which would in any manner materially impair or materially adversely affect the rights or security of Bondholders under the Indenture; provided, however, NCPA is specifically authorized to make certain amendments relating to billing procedures and the sale price of surplus power and energy under the Third Phase Agreement and is also not prohibited from making any other amendments to the Third Phase Agreement.

Subject to the terms of the Indenture, NCPA will enforce or cause to be enforced the provisions of the Project Agreements to which it is a party and duly perform its covenants and agreements thereunder. NCPA will not consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with the Project Agreements which will in any manner materially impair or materially adversely affect the rights of NCPA thereunder or the rights or security of the Bondholders under the Indenture.

Annual Budget

NCPA will file with the Trustee an Annual Budget prepared in accordance with the Third Phase Agreement for each Fiscal Year commencing with the first Power Supply Year. The Annual Budget will set forth the estimated NCPA Revenues and NCPA Operating Expenses of the Project by month for such Fiscal Year and shall include monthly appropriations for the estimated amount to be deposited in each month of such Fiscal Year in the Revenue Fund, including provision for any general reserve for NCPA Operating Expenses and the amount to be deposited in the Renewal and Replacement Account, the Reserve Account in the Reserve and Contingency Fund, the Rate Stabilization Account in the General Reserve Fund and the requirements, if any, for the amounts estimated to be expended from each Fund and Account. NCPA shall review quarterly its estimates set forth in the Annual Budget and in the event such estimates do not substantially correspond with the actual NCPA Revenues, NCPA Operating Expenses or other requirements, NCPA shall adopt an amended Annual Budget for the remainder of such Fiscal Year. NCPA is also required to adopt such an amended Annual Budget if there are at any time during the year extraordinary receipts or payments of unusual costs. NCPA may also at any time in accordance with the provisions of the Third Phase Agreement, adopt an amended Annual Budget for the remainder of the then current Fiscal Year.

Insurance

NCPA will at all times after commencement of construction of the Project, insure the Project or cause the Project to be insured against such causes customarily insured against and in such amounts as are usually obtained. NCPA will also use its best efforts to maintain or cause to be maintained any additional or other insurance which NCPA deems necessary or advisable to protect its interests and those of the Bondholders. If any useful portion of the Project is damaged or destroyed, NCPA shall, as expeditiously as possible, continuously and diligently enforce its right to cause to be prosecuted the reconstruction or replacement thereof. The proceeds of any insurance, including the proceeds of any self-insurance fund, paid on account of damage or destruction (other than any business interruption loss insurance) shall be held by the Trustee and applied, to the extent necessary, to pay the costs of reconstruction or replacement. The proceeds of any business interruption loss insurance shall be paid into the Revenue Fund unless otherwise required by the Third Phase Agreement.

Accounts and Reports

NCPA will keep or cause to be kept proper and separate books of records and accounts relating to the Project and each Fund and Account established by the Indenture and relating to the costs and charges under the Third Phase Agreement. Such books, together with the Third Phase Agreement and all other books and papers of NCPA relating to the Project, will at all times be subject to the inspection of the Trustee and the Holders of an aggregate of not less than 5% in principal amount of Bonds then Outstanding.

NCPA will file annually with the Trustee an annual report for each Fiscal Year, accompanied by an Accountant's Certificate, relating to the Project, including a statement of assets and liabilities as of the end of such Fiscal Year, a statement of NCPA Revenues and NCPA Operating Expenses and a statement as to the existence of any default under the provisions of the Indenture.

NCPA will notify the Trustee forthwith of any Event of Default or default in the performance by NCPA of a provision of the Indenture. NCPA will file annually with the Trustee a certificate of an Authorized NCPA Representative stating whether, to the best of the signer's knowledge and belief, NCPA has complied with its covenants and obligations in the Indenture and whether there is then existing an Event of Default or other event which would become an Event of Default upon the lapse of time or the giving of notice, or both, and if any such default or Event of Default so exists, specifying the same and the nature and the status thereof.

The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of the Indenture will be available for inspection of Bondholders at the office of the Trustee and will be mailed to each Bondholder who files a written request therefor with the Trustee. The Trustee may charge each Bondholder requesting such reports, statements or other documents a reasonable fee to cover reproduction, handling and postage.

Extension of Payment of Bonds

NCPA covenants in the Indenture that it will not extend or assent to the extension of the maturity of any of the Bonds, other than Lender Bonds, or claims for interest. If the maturity of any of the Bonds, other than Lender Bonds, or claims for interest is extended, such Bonds or claims for interest shall not be entitled, in the case of any default under the Indenture, to the benefit of the Indenture or any payment out of NCPA Revenues, Funds or the moneys held by the Trustee or by any Paying Agent or any Depositary, except moneys held in trust for payment of (i) the principal of all Bonds Outstanding the maturity of which has not been extended, (ii) the portion of accrued interest on the Bonds which is not represented by such extended claims for interest and (iii) the accrued interest on the Lender Bonds. Nothing herein shall be deemed to limit the right of NCPA to issue Option Bonds or Refunding Bonds and neither such issuance nor the exercise by the Holder of any Option Bond of any of the rights appertaining to such Option Bond shall be deemed to constitute an extension of maturity of Bonds.

Amendments and Supplemental Indentures

Any of the provisions of the Indenture may be amended by NCPA, with the written consent of the Banks, by a Supplemental Indenture upon the consent of the Holders of at least sixty percent in principal amount in each case of (1) all Bonds then Outstanding and (2) if less than all of the several Series of Outstanding Bonds are affected, the Bonds of each affected Series; excluding, in each case, from such consent, and from the Outstanding Bonds, the Bonds of any specified Series and maturity if such amendment by its terms will not take effect so long as any of such Bonds remain Outstanding. Any such amendment may not permit a change in the terms of any Sinking Fund Installment or the terms of redemption or maturity of the principal of or interest on any Outstanding Bond or make any reduction in principal, Redemption Price, Purchase Price or interest rate without the consent of each affected Holder, or reduce the percentages of consents required for a further amendment.

NCPA may enter into, with the written consent of the Banks (without the consent of any Holders of the Bonds or the Trustee), a Supplemental Indenture to close the Indenture against, or impose additional limitations upon, the issuance of Bonds or other evidences of indebtedness; to authorize Bonds of a Series; to add to the restrictions to be observed by NCPA contained in the Indenture; to add to the covenants of NCPA contained in the

Indenture; to confirm any lien or pledge under the Indenture; to authorize the establishment of a fund or funds for self-insurance; to authorize Subordinated Indebtedness or Notes; and to modify any of the provisions of the Indenture in any other respect if (i) no Bonds will be Outstanding at such time or (ii) such modification shall be, and be expressed to be, effective only after all Bonds then Outstanding cease to be Outstanding and all Bonds authenticated and delivered after the adoption of such Supplemental Indenture specifically refer to such Supplemental Indenture in the text of such Bonds. NCPA may enter into, with the written consent of the Banks, a Supplemental Indenture which shall be effective upon the consent of the Trustee (without the consent of any Holders of the Bonds) to cure any ambiguity, supply any omission or correct any defect or inconsistent provision in the Indenture; or to clarify matters or questions arising under the Indenture and not contrary to or inconsistent with the Indenture.

Trustee; Payment Agents

The Trustee may at any time resign on 60 days' notice to NCPA and the Banks. Such resignation will take effect on the date specified in such notice, or, if a successor Trustee has been appointed, such resignation will take effect immediately upon the appointment of such successor. The Trustee may at any time be removed by the Holders of a majority in principal amount of the Bonds then Outstanding. Successor Trustees may be appointed by the Banks and the Holders of a majority in principal amount of Bonds then Outstanding, and failing such an appointment NCPA shall appoint a successor to hold office until the Banks and the Bondholders act. The Trustee and each successor Trustee, if any, must be a bank, trust company, or national banking association doing business and having its principal office in New York, New York or Chicago, Illinois or Los Angeles, California or San Francisco, California and having capital stock and surplus aggregating at least \$50,000,000, if there be such an entity willing and able to accept the appointment. The Indenture requires the appointment by NCPA of one or more Paying Agents (which may include the Trustee).

Pursuant to the Indenture, the Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform only such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and 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 their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Subject to the above, neither the Trustee nor any Paying Agent shall be liable in connection with the performance of its duties under the Indenture except for its own negligence, misconduct or default.

NCPA will cause to be paid to the Trustee and any Paying Agent or Depositary reasonable compensation for all services rendered under the Indenture and all reasonable expenses, charges, counsel fees and other disbursements, incurred in the performance of its duties under the Indenture. Each Trustee, Paying Agent or Depositary has a lien on any and all funds held by it under the Indenture securing its rights to compensation except that the proceeds of Drawings under the Letters of Credit or any funds taken into account in calculating the amount drawn under a Letter of Credit are not available for such purpose. NCPA also agrees to indemnify and save each Trustee, Paying Agent or Depositary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties under the Indenture and which are not due to its negligence, misconduct or default.

Defeasance

The pledge of the Trust Estate under the Indenture and all covenants, agreements and other obligations of NCPA to the Bondholders under the Indenture will cease, terminate and become void and be discharged and satisfied whenever all Bonds have been paid in full. Bonds or interest installments will be deemed to have been paid for the purpose of the defeasance referred to above in this paragraph if on the maturity or redemption date thereof Eligible Moneys have been set aside and held in trust by the Paying Agents for such payment. Bonds, other than Lender Bonds, will be deemed to have been so paid prior to the maturity or redemption date thereof whenever the following conditions are met: (1) there have been deposited with the Trustee either Eligible Moneys in an amount which will be sufficient, or Investment Securities purchased with Eligible Moneys the principal of and the interest on which when due, will provide moneys which, together with the Eligible Moneys deposited, will be sufficient, to pay when due principal or Redemption Price, if applicable, and interest due and to become due on such Bonds, (2) in the case of Bonds to be redeemed prior to maturity, NCPA has given to the Trustee irrevocable instructions to mail

the notice of redemption therefor, and (3) NCPA has given to the Trustee irrevocable instructions to (i) mail, as soon as practicable, notice to the Holders of such Bonds that the above deposit has been made with the Trustee and that such Bonds are deemed to be paid and stating the maturity or redemption date upon which moneys are to be available to pay principal or Redemption Price, if applicable, on such Bonds and (ii) publish a similar notice.

For purposes of determining whether Adjustable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Investment Securities and moneys, if any, in accordance with the preceding paragraph, the interest to come due on such Adjustable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Assumed Interest Rate; provided, however, that if on any date, as a result of such Adjustable Rate Bonds having borne interest at less than the Assumed Interest Rate for any period, the total amount of moneys and Investment Securities on deposit with the Trustee for the payment of interest on such Adjustable Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Adjustable Rate Bonds in order to satisfy the preceding paragraph, the Trustee shall, if requested by NCPA, pay the amount of such excess to NCPA free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under the Indenture.

Option Bonds shall be deemed to have been paid in accordance with the first paragraph of this heading only if there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal or Redemption Price, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to the first paragraph of this heading, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph. If any portion of the moneys deposited with the Trustee for the payment of the principal of and Redemption Price, if any, and interest on Option Bonds is not required for such purpose the Trustee shall, if requested by NCPA, pay the amount of such excess to NCPA free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under the Indenture.

Events of Default and Remedies

Events of Default specified in the Indenture include (i) failure to pay principal or Redemption Price of any Bond when due; (ii) failure to pay any interest installment on any Bond or the unsatisfied balance of any Sinking Fund Installment thereon when due; (iii) failure to pay the Purchase Price of any Option Bond at the time required by the Indenture and such default shall continue for 10 days; (iv) as specified under any Reimbursement Agreement (none of which is in effect); (v) if there is default by NCPA for 120 days after written notice thereof from the Trustee or the Holders of not less than 10% in principal amount of the Bonds then Outstanding in the observance or performance of any other covenants, agreements or conditions contained in the Indenture or in the Bonds; (vi) NCPA shall apply for or consent to the appointment of a receiver or admit in writing its inability to pay its debts generally as they become due; and (vii) a proceeding shall be instituted in any court of competent jurisdiction under any law relating to bankruptcy, insolvency, reorganization or relief of debtors and the same shall result in an entry of an order for relief or continue undismissed or pending unstayed for a period of 60 days. Upon the happening of any such Event of Default described in clause (i), (ii), (iii), (v), (vi) or (vii) above, the Trustee or the Holders of not less than 25% in principal amount of the Bonds then Outstanding may declare the principal of and accrued interest on all Bonds then Outstanding due and payable (subject to a rescission of such declaration upon the curing of such default before the Bonds have matured).

Upon the occurrence of any Event of Default which has not been remedied, NCPA will, if demanded by the Trustee, (1) account, as a trustee of an express trust, for all NCPA Revenues and other moneys, securities and funds pledged or held under the Indenture and (2) cause to be paid over to the Trustee (a) forthwith, all moneys, securities and funds then held by NCPA in any Fund under the Indenture and (b) as received, all NCPA Revenues. The Trustee will apply all moneys, securities, funds and NCPA Revenues received during the continuance of any Event of Default in the following order: (1) to payment of the reasonable and proper charges, expenses and liabilities of the Trustee, the Depositories and Paying Agents, (2) to the payment of NCPA Operating Expenses, and (3) to the payment of interest on and principal or Redemption Price of the Bonds without preference or priority of interest over principal or Redemption Price or of principal or Redemption Price over interest, unless the principal of all Bonds has not been declared due and payable, in which case first to the payment of interest on and second to the payment of

principal or Redemption Price of those Bonds which have become due and payable in order of their due dates, and in the amount available for such payment thereof, ratably, according to the amounts of interest or principal or Redemption Price, respectively, due on such date. In addition, the Trustee will have the right to apply in an appropriate proceeding for appointment of a receiver of the Project.

If an Event of Default has occurred and has not been remedied, the Trustee may, and on request of the Holders of not less than 25% in principal amount of Bonds Outstanding must, proceed to protect and enforce its rights and the rights of the Bondholders under the Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant in the Indenture or in aid of the execution of any power granted in the Indenture or any remedy granted under the Act, or for an accounting against 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 deems most effectual to enforce any of its rights or to perform any of its duties under the Indenture. The Trustee may, and upon the request of the Holders of a majority in principal amount of the Bonds then Outstanding and upon being furnished with reasonable security and indemnity must, institute and prosecute proper actions to prevent any impairment of the security under the Indenture or to preserve or protect the interests of the Trustee and of the Bondholders.

Upon the occurrence of an Event of Default, NCPA shall give notice to each Project Participant that such Project Participant shall make the payments due by it under the Third Phase Agreement directly to the Trustee.

Except as otherwise provided in the last sentence of this paragraph and except for the rights specifically conferred on the Banks and the Banks' Agent pursuant to the Indenture, no Bondholder will have any right to institute any suit, action or proceeding 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 (1) such Bondholder previously has given the Trustee written notice of an Event of Default, (2) the Holders of at least 25% in principal amount of the Bonds then Outstanding have filed a written request with the Trustee and have afforded the Trustee a reasonable opportunity to exercise its powers and institute such suit, action or proceeding, (3) there has been offered to the Trustee adequate security and indemnity against its costs, expenses and liabilities to be incurred and (4) the Trustee has refused to comply with such request within 60 days after receipt by it of such notice, request and offer of indemnity. The Indenture provides that nothing therein or in the Bonds affects or impairs NCPA's obligation to pay the Bonds and interest thereon due or the right of any Bondholder to enforce such payment of his Bonds.

The Banks' Agent or the Holders of not less than a majority in principal amount of Bonds then 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, subject to the Trustee's right to decline to follow such direction upon advice of counsel as to the unlawfulness thereof or upon its good faith determination that such action would involve the Trustee in personal liability or would be unjustly prejudicial to Bondholders not parties to such direction.

Notice of Default

The Trustee shall promptly mail written notice of the occurrence of any Event of Default to each Holder of Bonds at his address, if any, appearing on the registry books of NCPA.

Unclaimed Moneys

Any moneys held by the Trustee, a Paying Agent or Depositary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six years after the date when such Bonds have become due and payable, either at maturity or by call for redemption (unless such moneys were not held at the time of such maturity or call for redemption, and then which remain unclaimed for six years after the date of deposit of such moneys with the Trustee, Paying Agent or Depositary), shall, at the written request of NCPA and after meeting certain publication requirements, be repaid to NCPA, and such Trustee, Paying Agent or Depositary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to NCPA for the payment of such Bonds.

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 April __, 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 \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the “2019 Bonds”). The 2019 Bonds were issued pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, 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 Bondholders and Beneficial Owners of the 2019 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 2019 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 2019 Bonds (including without limitation persons holding 2019 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 2019 Bonds required to comply with the Rule in connection with the offering of the 2019 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 2019 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, 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 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 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:

- Fiscal Year;
- (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 2019 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 2019 Bonds or other material events affecting the tax status of the 2019 Bonds;
- (7) modifications to rights of the Holders of the 2019 Bonds, if material;

- (8) optional, unscheduled or contingent 2019 Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the 2019 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 2019 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 2019 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 Hydroelectric 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 Hydroelectric Project, any of which affect Holders of the 2019 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 Hydroelectric Project, any of which reflect financial difficulties.

For these purposes, 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.

(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 Bondholders of affected 2019 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 2019 Bonds and with respect to any 2019 Bonds upon the maturity, defeasance, prior redemption or payment in full of such 2019 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 Bondholders of at least 25% aggregate principal amount of Outstanding 2019 Bonds and the furnishing by such Bondholders of indemnity satisfactory to the Trustee against its costs and expenses, including, without limitation, fees and expenses of its attorneys, shall), or any Bondholder or Beneficial Owner of the 2019 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 Bondholder 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 Bondholders and Beneficial Owners of the 2019 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 2019 Bonds. The Dissemination Agent shall have no obligation to disclose information about the 2019 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 Bondholder 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 Bondholders and Beneficial Owners from time to time of the 2019 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:

U. S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Northern California Power Agency ("NCPA")

Name of Bond Issue: \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the "2019 Bonds")

Date of Issuance: April __, 2019

NOTICE IS HEREBY GIVEN that NCPA has not provided an Annual Report with respect to the 2019 Bonds as required by Section 3 of the Continuing Disclosure Agreement with respect to the 2019 Bonds, dated April __, 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 April __, 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 \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the “2019 Bonds”). The 2019 Bonds were issued pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, the “Indenture”), by and between NCPA and U.S. Bank National Association, as the Trustee. The Project Participant 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 the Project Participant and the Dissemination Agent for the benefit of the Bondholders and Beneficial Owners of the 2019 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 2019 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 2019 Bonds (including without limitation persons holding 2019 Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean any of the City Manager or the Director of Finance 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 2019 Bonds required to comply with the Rule in connection with the offering of the 2019 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 2019 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 4. 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 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 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 2019 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 payable from revenues of the Project Participant's electric system, any of which reflect financial difficulties.

For these purposes, 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.

(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 6. 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 2019 Bonds and with respect to any 2019 Bonds upon the maturity, defeasance, prior redemption or payment in full of such 2019 Bonds.

SECTION 7. 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 8. 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 9. 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 10. 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 Bondholders of at least 25% aggregate principal amount of Outstanding 2019 Bonds and the furnishing by such Bondholders of indemnity satisfactory to the Trustee against its costs and expenses, including, without limitation, fees and expenses of its attorneys, shall), or any Bondholder or Beneficial Owner of the 2019 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 Bondholder 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 Bondholders and Beneficial Owners of the 2019 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 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 2019 Bonds. The Dissemination Agent shall have no obligation to disclose information about the 2019 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 Bondholder or any other party.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Project Participant, the Trustee, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the 2019 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 the Project Participant: [Significant Share 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 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.

[SIGNIFICANT SHARE PROJECT PARTICIPANT]

By: _____
Name: _____
Title: _____

U. S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Northern California Power Agency ("NCPA")

Name of Bond Issue: \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the "2019 Bonds")

Name of Obligated Party: [Significant Share Project Participant] (the "Project Participant")

Date of Issuance: April __, 2019

NOTICE IS HEREBY GIVEN that the Project Participant has not provided an Annual Report with respect to the 2019 Bonds as required by Section 3 of the Continuing Disclosure Agreement with respect to the 2019 Bonds, dated April __, 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: 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 Bonds, Norton Rose Fulbright US LLP, Los Angeles, California, proposes to render its final approving opinion with respect to the 2019 Bonds in substantially the following form:

[Closing Date]

Commission
Northern California Power Agency
Roseville, California

Re: Northern California Power Agency
Hydroelectric Project Number One Revenue Bonds

\$ _____
2019 Refunding Series A

\$ _____
2019 Taxable Refunding Series B

Ladies and Gentlemen:

We have acted as bond counsel to the Northern California Power Agency (the “Agency”) in connection with the issuance of \$ _____ aggregate principal amount of its Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A (the “2019 Series A Bonds”) and \$ _____ aggregate principal amount of its Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Series B (the “2019 Series B Bonds” and, together with the 2019 Series A Bonds, the “2019 Bonds”). The 2019 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 March 1, 1985, by and between the Agency and U.S. Bank National Association, as successor trustee (the “Trustee”), as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, providing for the issuance of the 2019 Series A Bonds, and the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019, providing for the issuance of the 2019 Series B Bonds (collectively, the “Indenture”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

The 2019 Bonds are being issued to provide the funds necessary to refund the Agency’s outstanding Hydroelectric Project Number One Revenue Bonds, 2010 Series A and related purposes.

In our capacity as bond counsel, we have reviewed the Bond Law, the Indenture, the Hydroelectric Project 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 Hydroelectric Project 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 Hydroelectric Project Member Agreement. In addition, we call attention to the fact that the rights and obligations under the 2019 Bonds, the Indenture and the Hydroelectric Project 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 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 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 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 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 Bonds. The 2019 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 Hydroelectric Project 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 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 Bonds.

Respectfully submitted,

PROPOSED FORM OF OPINION OF SPECIAL TAX COUNSEL

Upon the delivery of the 2019 Bonds, Nixon Peabody LLP, Special Tax Counsel to NCPA, proposes to render its tax opinion with respect to the 2019 Bonds in substantially the following form:

[To come]

APPENDIX G

DEBT SERVICE REQUIREMENTS ON THE HYDROELECTRIC PROJECT BONDS

The following table shows the combined annual debt service required for the Hydroelectric Project Bonds to be Outstanding upon delivery of the 2019 Bonds. Principal amounts set forth in the table below include sinking fund redemptions.

Year Ended (July 1)	Outstanding Hydroelectric Project Bonds Debt Service ⁽¹⁾	2019 Bonds				Aggregate Annual Debt Service
		2019 Series A Bonds		2019 Series B Bonds		
		Principal	Interest	Principal	Interest	
2019	\$ 23,374,734					
2020	23,421,946					
2021	23,280,364					
2022	23,273,746					
2023	22,836,117					
2024	37,069,073					
2025	21,025,297					
2026	21,030,291					
2027	21,041,880					
2028	21,053,181					
2029	21,067,622					
2030	21,115,969					
2031	21,151,811					
2032	25,129,267					
Total	\$325,871,301					

⁽¹⁾ Excludes the 2010 Series A Bonds which are being refunded with the proceeds of the 2019 Bonds. Interest rate on the 2008 Series A Bonds is assumed to be the swap rate. Interest rate on the outstanding unhedged variable rate Hydroelectric Project Bonds is assumed to bear interest at 4.00% per annum.

TWENTY-SIXTH SUPPLEMENTAL
INDENTURE OF TRUST

between

NORTHERN CALIFORNIA POWER AGENCY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

relating to
Hydroelectric Project Number One Revenue Bonds,
2019 Refunding Series A

Dated as of April 1, 2019

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TWENTY-SIXTH SUPPLEMENTAL INDENTURE OF TRUST

THIS TWENTY-SIXTH SUPPLEMENTAL INDENTURE OF TRUST made and entered into as of April 1, 2019, by and between Northern California Power Agency, a joint exercise of powers agency established pursuant to the laws of the State of California (“NCPA”), and U.S. Bank National Association, a national banking association, incorporated under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out, with its principal corporate trust office located at 100 Wall Street, New York, New York, as successor trustee (the “Trustee”);

W I T N E S S E T H :

WHEREAS, NCPA has heretofore entered into with the Trustee an Indenture of Trust, dated as of March 1, 1985 (as the provisions thereof have been amended, the “Original Indenture”), as supplemented and amended by the following, each by and between NCPA and the Trustee: the First Supplemental Indenture of Trust, dated as of December 1, 1985, the Second Supplemental Indenture of Trust, dated as of July 1, 1986, the Fourth Supplemental Indenture of Trust, dated as of August 1, 1986, the Fifth Supplemental Indenture of Trust, dated as of December 1, 1986, the Sixth Supplemental Indenture of Trust, dated as of September 15, 1987, the Seventh Supplemental Indenture of Trust, dated as of July 1, 1991, the Eighth Supplemental Indenture of Trust, dated as of June 1, 1992, the Ninth Supplemental Indenture of Trust, dated as of June 1, 1993, the Tenth Supplemental Indenture of Trust, dated as of July 1, 1998, the Eleventh Supplemental Indenture of Trust, dated as of July 1, 1998, the Twelfth Supplemental Indenture of Trust, dated as of April 1, 2002, the Thirteenth Supplemental Indenture of Trust, dated as of April 1, 2002, the Fourteenth Supplemental Indenture of Trust, dated as of April 1, 2003, the Fifteenth Supplemental Indenture of Trust, dated as of April 1, 2003, the Sixteenth Supplemental Indenture of Trust, dated as of April 1, 2008, the Seventeenth Supplemental Indenture of Trust, dated as of April 1, 2008, the Eighteenth Supplemental Indenture of Trust, dated as of July 1, 2008, the Nineteenth Supplemental Indenture of Trust dated as of July 1, 2008, the Twentieth Supplemental Indenture of Trust, dated as of February 1, 2010, the Twenty-First Supplemental Indenture of Trust, dated as of February 1, 2010, the Twenty-Second Supplemental Indenture of Trust, dated as of February 1, 2012, the Twenty-Third Supplemental Indenture of Trust, dated as of February 1, 2012, the Twenty-Fourth Supplemental Indenture of Trust, dated as of April 1, 2018, and the Twenty-Fifth Supplemental Indenture of Trust, dated as of April 1, 2018; and

WHEREAS, NCPA has heretofore issued the Refunded 2010 Series A Bonds (capitalized terms used herein and not otherwise defined shall have the meanings given such terms in Section 103 hereof) pursuant to the Original Indenture as amended and supplemented by the Twentieth Supplemental Indenture; and

WHEREAS, the Original Indenture authorizes NCPA and the Trustee to enter into a Supplemental Indenture to provide for the issuance of Refunding Bonds such as the 2019 Series A Bonds; and

WHEREAS, NCPA desires to issue, on the terms set forth herein, its 2019 Series A Bonds in order to provide a portion of the moneys to refund the Refunded 2010

Series A Bonds and to pay certain costs in connection with the issuance of the 2019 Series A Bonds; and

WHEREAS, all acts and things have been done and performed which are necessary to make this Twenty-Sixth Supplemental Indenture a valid and binding agreement for the security of the 2019 Series A Bonds authenticated and delivered hereunder;

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS TWENTY-SIXTH SUPPLEMENTAL INDENTURE OF TRUST WITNESSETH:

That, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created and originally created by the Original Indenture, the mutual covenants herein contained and the purchase and acceptance of the 2019 Series A Bonds issued hereunder by the Holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of, Redemption Price, if any, and interest on the Bonds according to their tenor and effect, and the performance and observance by NCPA of all the covenants and conditions herein and therein contained on its part to be performed, it is agreed by and between NCPA and the Trustee as follows:

ARTICLE I

AUTHORITY AND DEFINITIONS

101. Supplemental Indenture of Trust. This Twenty-Sixth Supplemental Indenture of Trust is supplemental to the Original Indenture as heretofore amended and supplemented.

102. Authority for the Twenty-Sixth Supplemental Indenture of Trust. This Twenty-Sixth Supplemental Indenture is executed and delivered (i) pursuant to the provisions of Article 4 of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California and (ii) in accordance with Article II and Article XI of the Original Indenture.

103. Definitions; Rules of Construction.

(a) Except as provided by this Twenty-Sixth Supplemental Indenture, all terms which are defined in Section 101 of the Original Indenture, Section 103 of the First Supplemental Indenture, Section 103 of the Second Supplemental Indenture, Section 103 of the Fourth Supplemental Indenture, Section 103 of the Fifth Supplemental Indenture, Section 103 of the Sixth Supplemental Indenture, Section 103 of the Seventh Supplemental Indenture, Section 103 of the Eighth Supplemental Indenture, Section 103 of the Ninth Supplemental Indenture, Section 103 of the Tenth Supplemental Indenture, Section 103 of the Eleventh Supplemental Indenture, Section 103 of the Twelfth Supplemental Indenture, Section 103 of the Thirteenth Supplemental Indenture, Section 103 of the Fourteenth Supplemental Indenture, Section 103 of the Fifteenth Supplemental Indenture, Section 103 of the Sixteenth Supplemental Indenture, Section 103 of the Seventeenth Supplemental Indenture, Section 103 of the Eighteenth Supplemental Indenture, Section 103 of the Nineteenth Supplemental Indenture, Section 103 of the Twentieth Supplemental Indenture, Section 103 of the Twenty-First Supplemental Indenture, Section 103 of the Twenty-Second Supplemental Indenture, Section 103 of the Twenty-Third Supplemental Indenture, Section 103 of the Twenty-Fourth Supplemental Indenture or

Section 103 of the Twenty-Fifth Supplemental Indenture shall have the same meanings, respectively, in this Twenty-Sixth Supplemental Indenture as such terms are given in said Section 101 of the Original Indenture, Section 103 of the First Supplemental Indenture, Section 103 of the Second Supplemental Indenture, Section 103 of the Fourth Supplemental Indenture, Section 103 of the Fifth Supplemental Indenture, Section 103 of the Sixth Supplemental Indenture, Section 103 of the Seventh Supplemental Indenture, Section 103 of the Eighth Supplemental Indenture, Section 103 of the Ninth Supplemental Indenture, Section 103 of the Tenth Supplemental Indenture, Section 103 of the Eleventh Supplemental Indenture, Section 103 of the Twelfth Supplemental Indenture, Section 103 of the Thirteenth Supplemental Indenture, Section 103 of the Fourteenth Supplemental Indenture, Section 103 of the Fifteenth Supplemental Indenture, Section 103 of the Sixteenth Supplemental Indenture, Section 103 of the Seventeenth Supplemental Indenture, Section 103 of the Eighteenth Supplemental Indenture, Section 103 of the Nineteenth Supplemental Indenture, Section 103 of the Twentieth Supplemental Indenture, Section 103 of the Twenty-First Supplemental Indenture, Section 103 of the Twenty-Second Supplemental Indenture, Section 103 of the Twenty-Third Supplemental Indenture, Section 103 of the Twenty-Fourth Supplemental Indenture, and Section 103 of the Twenty-Fifth Supplemental Indenture, respectively.

(b) The following terms shall, for all purposes hereof, have the following meanings set forth below:

Authorized Denomination means with respect to the 2019 Series A Bonds, \$5,000 and any integral multiple thereof.

Dated Date means, with respect to the 2019 Series A Bonds, [April __, 2019].

Refunded 2010 Series A Bonds means the Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A authorized by the Twentieth Supplemental Indenture which are Outstanding on the Dated Date.

Securities Depository or **Depository** means, with respect to the 2019 Series A Bonds, the securities depository designated in Section 205 hereof and its successors and assigns or if (a) the then Securities Depository resigns from its functions as depository for the 2019 Series A Bonds, or (b) NCPA discontinues use of the Securities Depository pursuant to Section 205(d) hereof, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the 2019 Series A Bonds.

Twentieth Supplemental Indenture means the Twentieth Supplemental Indenture of Trust, dated as of February 1, 2010, amending and supplementing the Original Indenture as theretofore amended and supplemented.

Twenty-Sixth Supplemental Indenture means this Twenty-Sixth Supplemental Indenture of Trust, amending and supplementing the Original Indenture as heretofore amended and supplemented.

2010 Series A Escrow Agreement means the Escrow Deposit Agreement, dated as of April 1, 2019, by and between NCPA and the Trustee relating to the Refunded 2010 Series A Bonds.

2010 Series A Escrow Fund means the fund established in Section 2(a) of the 2010 Series A Escrow Agreement.

2019 Series A Bonds means the Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A authorized by Article II of this Twenty-Sixth Supplemental Indenture.

2019 Series A Costs of Issuance Fund means the Fund so designated established pursuant to Section 209 of this Twenty-Sixth Supplemental Indenture.

2019 Series A Rebate Fund means the Fund so designated established pursuant to Section 302 of this Twenty-Sixth Supplemental Indenture.

2019 Series A Rebate Instructions means those calculations and written directions required to be delivered to the Trustee by NCPA pursuant to Section 301 of this Twenty-Sixth Supplemental Indenture.

2019 Series A Rebate Requirement means the Rebate Requirement as defined in the 2019 Series A Tax Certificate.

2019 Series A Tax Certificate means that certain Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Code executed by NCPA on the date the 2019 Series A Bonds are issued and relating to the 2019 Series A Bonds.

(c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. Defined terms shall include any variant of the terms set forth in this Article I.

The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this Twenty-Sixth Supplemental Indenture, refer to this Twenty-Sixth Supplemental Indenture.

ARTICLE II

THE 2019 SERIES A BONDS

201. Principal Amount, Designation and Series. Pursuant to the provisions of the Indenture as supplemented by this Twenty-Sixth Supplemental Indenture and the provisions of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$_____. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A.” Each of the 2019 Series A Bonds shall be in fully registered form in an Authorized Denomination. The 2019 Series A Bonds shall be numbered one upward in consecutive numerical order preceded by the letter “R”. The 2019 Series A Bonds shall be in substantially the form attached hereto as Exhibit

A with such variations and omissions as are necessary to reflect the particular terms of each 2019 Series A Bond.

202. Purpose. The 2019 Series A Bonds are issued for the purpose of providing a portion of the moneys to refund the Refunded 2010 Series A Bonds and to pay the cost of issuance of the 2019 Series A Bonds and other costs related to the refunding of the Refunded 2010 Series A Bonds.

203. Terms of the 2019 Series A Bonds. (a) The 2019 Series A Bonds shall be dated the Dated Date, and shall bear interest from the Dated Date at the respective rates, and shall mature on July 1 in the years and in the principal amounts, shown below:

Maturity July 1	Aggregate Principal Amount	Interest Rate
	\$	%

(b) Interest on each 2019 Series A Bond shall be payable at the respective per annum rates set forth in Section 203(a) hereof, on each January 1 and July 1, commencing July 1, 2019, until payment of the principal of such 2019 Series A Bonds, computed using a year of 360 days comprised of twelve 30-day months.

204. Redemption Prices And Terms.

(a) The 2019 Series A Bonds are not subject to optional redemption prior to their stated maturities.

(b) 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: (i) insurance or condemnation proceeds and (ii) from any source of available funds if all or substantially all of the Initial Facilities are 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 being redeemed plus unpaid accrued interest to the redemption date, without premium; provided that the option of NCPA to call the 2019 Series A Bonds for redemption from insurance or condemnation proceeds shall expire 90 days following the receipt of such insurance or condemnation proceeds.

205. Global Form; Securities Depository.

(a) Except as otherwise provided in this Section, the 2019 Series A Bonds shall be in the form of a global bond for the aggregate principal amount of the 2019 Series A Bonds of each maturity, and shall be registered in the name of Cede & Co., as the nominee of DTC. Upon such registration, except as provided in subsection (c) of this Section, the 2019 Series A Bonds, may be transferred, in whole but not in part, only to a successor Securities Depository or a nominee of a successor Securities Depository selected by NCPA or to a nominee of such successor Securities Depository or its nominee.

(b) NCPA, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation with respect to:

(i) the accuracy of the records of the Securities Depository, or the Securities Depository nominee with respect to any beneficial ownership interest in the 2019 Series A Bonds;

(ii) the delivery to any beneficial owner of the 2019 Series A Bonds or any other person, other than a Holder as shown in the registration books, of any notice with respect to the 2019 Series A Bonds, including any notice of redemption;

(iii) the payment to any beneficial owner of the 2019 Series A Bonds or any other person, other than a Holder as shown in the registration books, of any amount with respect to the principal of, premium, if any, or interest on, the 2019 Series A Bonds;

(iv) any consent given by the Securities Depository as registered owner of the 2019 Series A Bonds; or

(v) subject to Section 504 of the Original Indenture, the selection by the Securities Depository of any beneficial owners to receive payment if 2019 Series A Bonds are redeemed in part.

Upon registration of the 2019 Series A Bonds in the name of a Securities Depository pursuant to subsection (a) of this Section, so long as the certificates for the 2019 Series A Bonds are not issued pursuant to subsection (c) of this Section, NCPA, the Trustee, the Bond Registrar and the Paying Agent may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of the 2019 Series A Bonds for all purposes whatsoever, including without limitation:

(i) the payment of principal, Redemption Price and interest on the 2019 Series A Bonds;

(ii) giving notices with respect to the 2019 Series A Bonds; and

(iii) registering transfers with respect to the 2019 Series A Bonds.

(c) If at any time the incumbent Securities Depository notifies NCPA that it is unwilling or unable to continue as Securities Depository with respect to the 2019 Series A Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under

the Securities Exchange Act or other applicable statute or regulation or NCPA determines to discontinue the use of the book-entry system of the incumbent Securities Depository for the 2019 Series A Bonds, and a successor Securities Depository is not appointed by NCPA within 90 days after NCPA receives notice or becomes aware of such condition, or discontinues the use of the book-entry system for the incumbent Securities Depository, as the case may be, subsection (a) of this Section shall no longer be applicable and NCPA shall execute and the Trustee shall authenticate and deliver certificates representing the 2019 Series A Bonds, as provided in the Representation Letter.

(d) Notwithstanding any other provision of this Twenty-Sixth Supplemental Indenture to the contrary, so long as any 2019 Series A Bond is registered in the name of DTC, or its nominee, all payments with respect to principal, Redemption Price and interest on such 2019 Series A Bonds, and all notices with respect to such 2019 Series A Bonds, shall be made and given, respectively, as provided in the Representation Letter.

(e) While DTC is serving as Securities Depository for the 2019 Series A Bonds, in connection with any notice or other communication to be provided to the Holders of the 2019 Series A Bonds, pursuant to this Twenty-Sixth Supplemental Indenture, by NCPA or the Trustee with respect to any consent or other action to be taken by the Holders of the 2019 Series A Bonds, NCPA or the Trustee, as the case may be, shall establish a record date for determining DTC participants eligible to consent or take such other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

206. Place of Payment and Paying Agent. Except as otherwise provided in the Representation Letter, the principal and Redemption Price of the 2019 Series A Bonds shall be payable upon surrender thereof at the principal corporate trust office of U.S. Bank National Association, in New York, New York, as shall be designated from time to time and such banking institution is hereby appointed as Paying Agent for the 2019 Series A Bonds. By execution of this Twenty-Sixth Supplemental Indenture, U.S. Bank National Association accepts the office of Paying Agent for the 2019 Series A Bonds and agrees to perform all duties in connection herewith as provided in the Indenture. The principal and Redemption Price of all 2019 Series A Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Indenture.

207. Application of Proceeds of 2019 Series A Bonds. In accordance with Section 204 of the Original Indenture, the proceeds of the sale of the 2019 Series A Bonds of \$_____ (representing the \$_____ principal amount of the 2019 Series A Bonds, [plus/less] original issue [premium/discount] of \$_____, and less underwriter's discount of \$_____), shall be applied simultaneously with the delivery of the 2019 Series A Bonds, as follows:

(a) There shall be deposited, in immediately available funds, in the 2010 Series A Escrow Fund the sum of \$_____; and

(b) There shall be deposited in the 2019 Series A Costs of Issuance Fund the \$_____ balance of such proceeds.

208. No 2019 Series A Debt Service Reserve Account. Pursuant to Section 202(1)(d) of the Original Indenture, the 2019 Series A Bonds are not Participating Bonds and are not secured by amounts in the Debt Service Reserve Account. No Series Debt Service Reserve Account will be established in the Debt Service Fund with respect to the 2019 Series A Bonds.

209. Establishment and Application of 2019 Series A Costs of Issuance Fund. The Trustee shall establish and maintain in trust a separate fund designated as the “2019 Series A Costs of Issuance Fund.” Moneys deposited in said fund shall be used to pay costs of issuance with respect to the 2019 Series A Bonds and the expenses and obligations payable by NCPA in connection with the 2019 Series A Bonds and the refunding of the Refunded 2010 Series A Bonds upon receipt by the Trustee of a requisition of an NCPA Authorized Representative stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. At the end of one year from the date of initial delivery of the 2019 Series A Bonds, or upon earlier receipt of a statement of an NCPA Authorized Representative that amounts in said fund are no longer required for the payment of such costs, expenses and obligations, said fund shall be terminated and any amounts then remaining in said fund shall be transferred to the Debt Service Fund.

ARTICLE III

CERTAIN TAX MATTERS

301. Tax Covenants.

(a) 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 from gross income of the interest on the 2019 Series A Bonds under Section 103 of the Code. NCPA shall not directly or indirectly use or permit the use of any proceeds of the 2019 Series A Bonds in such a manner as would adversely affect the exclusion of interest on any 2019 Series A 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 2019 Series A Bonds, or of any facilities financed thereby, or other funds of NCPA, or take or omit to take any action, that would cause any 2019 Series A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code. To that end, NCPA shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the 2019 Series A Bonds. In the event that at any time NCPA is of the opinion that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Indenture, NCPA shall so instruct the Trustee in writing, and the Trustee shall take such action as may be directed in such instructions.

(b) NCPA specifically covenants that:

(i) NCPA shall pay or cause to be paid the 2019 Series A Rebate Requirement as provided in the 2019 Series A Tax Certificate.

(ii) NCPA shall determine the amount of and cause to be deposited in the 2019 Series A Rebate Fund the 2019 Series A Rebate Requirement as provided in the 2019 Series A Tax Certificate (which is incorporated herein by reference). Subject to the provisions of this Section, moneys held in the 2019 Series A Rebate Fund are hereby pledged to secure payments to the United States of America and NCPA and the Owners of the 2019 Series A Bonds shall have no rights in or claim to such moneys. The Trustee shall invest all amounts held in the 2019 Series A Rebate Fund as directed in writing by an Authorized NCPA Representative.

Upon receipt of the 2019 Series A Rebate Instructions required to be delivered to the Trustee, the Trustee shall remit part or all of the balance held in the 2019 Series A Rebate Fund, together with any completed forms to be filed therewith prepared by NCPA and delivered with such 2019 Series A Rebate Instructions, to the United States of America to the extent so directed, including rebate due in connection with any Series of Bonds. In addition, if the 2019 Series A Rebate Instructions so direct, the Trustee shall deposit moneys into or transfer moneys out of the 2019 Series A Rebate Fund from or into such Accounts or Funds as the 2019 Series A Rebate Instructions direct.

The Trustee shall conclusively be deemed to have complied with the provisions of this Section if it follows the directions of NCPA set forth in the 2019 Series A Rebate Instructions and shall not be required to take any actions thereunder in the absence of 2019 Series A Rebate Instructions from an Authorized NCPA Representative.

(c) For purposes of this Section, capitalized terms not defined in Section 103 shall have the meanings ascribed to such terms in the 2019 Series A Tax Certificate.

302. Rebate Fund. If and to the extent necessary or desirable for purposes of complying with tax covenants contained in the Indenture, there shall be established a fund designated the “2019 Series A Rebate Fund” to be held by the Trustee. Amounts on deposit in the 2019 Series A Fund shall be applied as provided in Section 301 of this Twenty-Sixth Supplemental Indenture.

ARTICLE IV

MISCELLANEOUS

401. Indenture to Remain in Effect. Save and except as heretofore amended and supplemented and as amended and supplemented by this Twenty-Sixth Supplemental Indenture, the Indenture shall remain in full force and effect.

402. Counterparts. This Twenty-Sixth Supplemental Indenture may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, Northern California Power Agency has caused these presents to be signed in its name and on its behalf by its General Manager and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by one of its authorized officers, all as of the first day of April, 2019.

**NORTHERN CALIFORNIA POWER
AGENCY**

By: _____

Name: Randy S. Howard

Title: General Manger

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

By: _____

Authorized Officer

EXHIBIT A

FORM OF 2019 SERIES A BONDS

[bracketed language applies only to bonds to be registered in the name of Cede & Co.]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE NORTHERN CALIFORNIA POWER AGENCY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

NORTHERN CALIFORNIA POWER AGENCY

HYDROELECTRIC PROJECT NUMBER ONE REVENUE BOND, 2019 REFUNDING SERIES A

No. R-_____ \$_____

<u>Interest Rate</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>CUSIP No.</u>
_____%	_____, 2019	July 1, 20__	664845____

REGISTERED HOLDER: -----CEDE & CO. (TAX I.D. # 013-2555119)-----

PRINCIPAL AMOUNT: _____ **MILLION** _____ **THOUSAND DOLLARS**

NORTHERN CALIFORNIA POWER AGENCY (herein called “NCPA”), a joint exercise of powers agency established pursuant to the laws of the State of California, acknowledges itself indebted to, and for value received hereby promises to pay to, the registered owner specified above, or registered assigns, on the Maturity Date stated hereon, unless sooner paid as provided in the Indenture mentioned below, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the principal corporate trust office of the Trustee mentioned below, the principal amount specified above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount, by check of the Trustee hereafter mentioned mailed to such owner at his address as shown on the bond register, or as otherwise provided in the Indenture referred to below, at the interest rate per annum (calculated on the basis of a 360-day year of twelve thirty-day months) stated hereon, payable on the first days of January and July in each year, commencing July 1, 2019 (each an “Interest Payment Date”), until the payment of such principal sum. Such interest shall be payable from the most recent Interest

Payment Date next preceding the date of authentication hereof to which interest has been paid, unless the date of authentication hereof is a January 1 or July 1 to which interest has been paid, in which case from the date of authentication hereof, or unless the date of authentication hereof is on or prior to June 15, 2019, in which case from the Dated Date, or unless the date of authentication hereof is between a Record Date and the next Interest Payment Date, in which case from such Interest Payment Date. The interest so payable on any Interest Payment Date will be paid to the person in whose name this bond is registered at the close of business on the fifteenth day of the calendar month immediately preceding such Interest Payment Date at his address as shown on the bond register.

This bond is one of a duly authorized issue of bonds of NCPA designated as "Hydroelectric Project Number One Revenue Bonds" (the "Bonds") and of a series of Bonds designated as "Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A" (the "2019 Series A Bonds"). The 2019 Series A Bonds are issued pursuant to Article 4 of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, as amended and supplemented. The 2019 Series A Bonds have been issued in the aggregate principal amount of \$_____. The 2019 Series A Bonds are issued under, and, together with all other Bonds issued and outstanding thereunder, are equally and ratably secured by the Trust Estate and entitled to the protection given by, the Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, which Indenture was duly executed and delivered by NCPA to U.S. Bank National Association, New York, New York, the successor Trustee (the term "Trustee" where used herein refers collectively to said Trustee or its successors in said Trust) (said Indenture, as amended and supplemented and as the same may be amended and supplemented, is herein called the "Indenture").

Copies of the Indenture are on file at the office of NCPA and at the principal corporate trust office of the Trustee and reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of NCPA, the Trustee and the holders of the Bonds and the terms upon which the Bonds are or may be issued and secured under the Indenture, the rights and remedies of the holders of the Bonds, the limitations on such rights and remedies and the terms and conditions upon which Bonds are issued and may be issued thereunder. Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Indenture.

This bond is a special, limited obligation of NCPA and the principal of, Redemption Price, if any, and interest on this bond and the principal of, Redemption Price, if any, and interest on the other Bonds, are payable solely from the funds specified in the Indenture and shall not constitute a charge against the general credit of NCPA. The Bonds, including this bond, are not secured by a legal or equitable pledge of, or lien or charge upon, any property of NCPA or any of its income or receipts except the Trust Estate pledged pursuant to the Indenture which is subject to the provisions of the Indenture permitting the application of the Trust Estate for the purposes and on the terms and conditions set forth therein. Neither the State of California nor any public agency (other than NCPA from the specified sources of payment) nor any member of NCPA nor any Project Participant is obligated to pay the principal of and interest on this bond. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any member of NCPA or any Project Participant is pledged to the payment of the principal of or

interest on this bond. NCPA has no taxing power. The payment of the principal of or interest on this bond does not constitute a debt, liability or obligation of the State of California or any public agency (other than the special obligation of NCPA) or any member of NCPA or any Project Participant. Neither the members of the Commission of NCPA nor any officer or employee of NCPA shall be individually liable on the principal of or interest on this bond or in respect of any undertakings by NCPA under the Indenture.

The 2019 Series A Bonds were issued for the purpose of providing a portion of the funds necessary to refund Bonds issued under the Indenture and related purposes.

As provided in the Indenture, Bonds of NCPA may be issued thereunder from time to time pursuant to Supplemental Indentures in one or more Series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided. The aggregate principal amount of Bonds which may be issued under the Indenture is not limited except as provided in the Indenture, and all Bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and assignment and covenants made therein, except as otherwise expressly provided or permitted in the Indenture. Simultaneously with the issuance of the 2019 Series A Bonds, NCPA is issuing \$_____ aggregate principal amount of its Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (the “2019 Taxable Refunding Series B Bonds”). At the time of issuance of the 2019 Series B Bonds, there was Outstanding under the Indenture \$_____ aggregate principal amount of Bonds in addition to the 2019 Series A Bonds and the 2019 Series B Bonds, but excluding [\$52,845,000] aggregate principal amount of NCPA’s Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A, which are being refunded by the 2019 Series A Bonds and the 2019 Taxable Refunding Series B Bonds.

The 2019 Series A Bonds are issuable in the form of fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Under the circumstances prescribed in the Indenture, the 2019 Series A Bonds shall be available only through a Securities Depository.

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

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: (i) insurance or condemnation proceeds and (ii) from any source of money if all or substantially all of the Initial Facilities are 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 being redeemed, plus unpaid accrued interest to the redemption date, without premium; provided that the option of NCPA to call the 2019 Series A Bonds for redemption from insurance or condemnation proceeds shall expire 90 days following the receipt of such insurance or condemnation proceeds.

If less than all of the 2019 Series A Bonds of a maturity are to be redeemed, the particular 2019 Series A Bonds to be redeemed shall be selected as provided in the Indenture.

The 2019 Series A Bonds are payable upon redemption at the principal corporate trust office of the Trustee, as Paying Agent. Notice of redemption, setting forth the place of payment and the redemption date, shall be mailed, postage prepaid, not less than 30 days before the Redemption Date to the registered holders of any 2019 Series A Bonds to be redeemed in whole or in part; provided, however, that receipt of such mailing shall not be a condition precedent to such redemption and failure to receive any such notice or any defect therein shall not affect the validity of the proceedings for the redemption of the 2019 Series A Bonds. If notice of redemption shall have been given as aforesaid, the 2019 Series A Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the Redemption Date, moneys for the redemption of all the 2019 Series A Bonds or portions thereof to be redeemed, together with unpaid interest thereon to the Redemption Date, shall be available for such payment on said date, then from and after the Redemption Date interest on such 2019 Series A Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

This bond is transferable, as provided in the Indenture, only upon the books of NCPA kept for that purpose at the principal corporate trust office of the Trustee, as bond registrar, by the registered owner hereof, or by his duly authorized attorney, upon surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar duly executed by the registered owner or his duly authorized attorney, and upon payment of the charges prescribed in the Indenture a new registered 2019 Series A Bonds or Bonds, without coupons, and for the same aggregate principal amount and maturity, shall be issued to the transferee in exchange therefor as provided in the Indenture. NCPA, the Trustee and any Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by NCPA with, in certain cases, the written consent of the holders of at least sixty percent in principal amount of the Bonds then Outstanding under the Indenture; and, in case less than all of the Series of Bonds would be affected thereby, with such consent of the owners of at least sixty percent in principal amount of the Bonds of each separate Series so affected then Outstanding; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds. No such modification or amendment shall permit a change in the terms of any Sinking Fund Installment or the terms of redemption or maturity of the principal of any Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of any Paying Agent without its written assent thereto.

The Indenture may also be amended or supplemented without the necessity of the consent of the Holders of the Bonds for any one or more of the purposes specified in the Indenture.

The registered owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then Outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the 2019 Series A Bonds, together with all other indebtedness of NCPA, comply in all respects with the applicable laws of the State of California.

This bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, NORTHERN CALIFORNIA POWER AGENCY has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its General Manager and the seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, as of the Dated Date specified above.

**NORTHERN CALIFORNIA POWER
AGENCY**

[SEAL]

ATTEST: _____
ASSISTANT SECRETARY

BY: _____
CHAIRMAN

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the within mentioned Indenture.

Date of Authentication

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

BY: _____
AUTHORIZED OFFICER

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Name, Address and Tax Identification or
Social Security Number of Assignee)

the within Bond of the Northern California Power Agency and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Notice: The Signature of this assignment and transfer must correspond with the name as written upon the face of this bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed by

Notice: [Signature must be guaranteed by a by an eligible guarantor institution.]

TWENTY-SEVENTH SUPPLEMENTAL
INDENTURE OF TRUST

between

NORTHERN CALIFORNIA POWER AGENCY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

relating to
Hydroelectric Project Number One Revenue Bonds,
2019 Taxable Refunding Series B

Dated as of April 1, 2019

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TWENTY-SEVENTH SUPPLEMENTAL INDENTURE OF TRUST

THIS TWENTY-SEVENTH SUPPLEMENTAL INDENTURE OF TRUST made and entered into as of April 1, 2019, by and between Northern California Power Agency, a joint exercise of powers agency established pursuant to the laws of the State of California (“NCPA”), and U.S. Bank National Association, a national banking association, incorporated under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out, with its principal corporate trust office located at 100 Wall Street, New York, New York, as successor trustee (the “Trustee”);

W I T N E S S E T H :

WHEREAS, NCPA has heretofore entered into with the Trustee an Indenture of Trust, dated as of March 1, 1985 (as the provisions thereof have been amended, the “Original Indenture”), as supplemented and amended by the following, each by and between NCPA and the Trustee: the First Supplemental Indenture of Trust, dated as of December 1, 1985, the Second Supplemental Indenture of Trust, dated as of July 1, 1986, the Fourth Supplemental Indenture of Trust, dated as of August 1, 1986, the Fifth Supplemental Indenture of Trust, dated as of December 1, 1986, the Sixth Supplemental Indenture of Trust, dated as of September 15, 1987, the Seventh Supplemental Indenture of Trust, dated as of July 1, 1991, the Eighth Supplemental Indenture of Trust, dated as of June 1, 1992, the Ninth Supplemental Indenture of Trust, dated as of June 1, 1993, the Tenth Supplemental Indenture of Trust, dated as of July 1, 1998, the Eleventh Supplemental Indenture of Trust, dated as of July 1, 1998, the Twelfth Supplemental Indenture of Trust, dated as of April 1, 2002, the Thirteenth Supplemental Indenture of Trust, dated as of April 1, 2002, the Fourteenth Supplemental Indenture of Trust, dated as of April 1, 2003, the Fifteenth Supplemental Indenture of Trust, dated as of April 1, 2003, the Sixteenth Supplemental Indenture of Trust, dated as of April 1, 2008, the Seventeenth Supplemental Indenture of Trust, dated as of April 1, 2008, the Eighteenth Supplemental Indenture of Trust, dated as of July 1, 2008, the Nineteenth Supplemental Indenture of Trust dated as of July 1, 2008, the Twentieth Supplemental Indenture of Trust, dated as of February 1, 2010, the Twenty-First Supplemental Indenture of Trust, dated as of February 1, 2010, the Twenty-Second Supplemental Indenture of Trust, dated as of February 1, 2012, the Twenty-Third Supplemental Indenture of Trust, dated as of February 1, 2012, the Twenty Fourth Supplemental Indenture of Trust, dated as of April 1, 2018, the Twenty-Fifth Supplemental Indenture of Trust, dated as of April 1, 2018, and the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019; and

WHEREAS, NCPA has heretofore issued the Refunded 2010 Series A Bonds (capitalized terms used herein and not otherwise defined shall have the meanings given such terms in Section 103 hereof) pursuant to the Original Indenture as amended and supplemented by the Twentieth Supplemental Indenture; and

WHEREAS, the Original Indenture authorizes NCPA and the Trustee to enter into a Supplemental Indenture to provide for the issuance of Refunding Bonds such as the 2019 Series B Bonds; and

WHEREAS, NCPA desires to issue, on the terms set forth herein, its 2019 Series B Bonds in order to provide a portion of the moneys to refund the Refunded 2010 Series A Bonds and to pay certain costs in connection with the issuance of the 2019 Series A Bonds and the 2019 Series B Bonds; and

WHEREAS, all acts and things have been done and performed which are necessary to make this Twenty-Seventh Supplemental Indenture a valid and binding agreement for the security of the 2019 Series B Bonds authenticated and delivered hereunder;

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS TWENTY-SEVENTH SUPPLEMENTAL INDENTURE OF TRUST WITNESSETH:

That, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created and originally created by the Original Indenture, the mutual covenants herein contained and the purchase and acceptance of the 2019 Series B Bonds issued hereunder by the Holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of, Redemption Price, if any, and interest on the Bonds according to their tenor and effect, and the performance and observance by NCPA of all the covenants and conditions herein and therein contained on its part to be performed, it is agreed by and between NCPA and the Trustee as follows:

ARTICLE I

AUTHORITY AND DEFINITIONS

101. Supplemental Indenture of Trust. This Twenty-Seventh Supplemental Indenture of Trust is supplemental to the Original Indenture as heretofore amended and supplemented.

102. Authority for the Twenty-Seventh Supplemental Indenture of Trust. This Twenty-Seventh Supplemental Indenture is executed and delivered (i) pursuant to the provisions of Article 4 of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California and (ii) in accordance with Article II and Article XI of the Original Indenture.

103. Definitions; Rules of Construction.

(a) Except as provided by this Twenty-Seventh Supplemental Indenture, all terms which are defined in Section 101 of the Original Indenture, Section 103 of the First Supplemental Indenture, Section 103 of the Second Supplemental Indenture, Section 103 of the Fourth Supplemental Indenture, Section 103 of the Fifth Supplemental Indenture, Section 103 of the Sixth Supplemental Indenture, Section 103 of the Seventh Supplemental Indenture, Section 103 of the Eighth Supplemental Indenture, Section 103 of the Ninth Supplemental Indenture, Section 103 of the Tenth Supplemental Indenture, Section 103 of the Eleventh Supplemental Indenture, Section 103 of the Twelfth Supplemental Indenture, Section 103 of the Thirteenth Supplemental Indenture, Section 103 of the Fourteenth Supplemental Indenture, Section 103 of the Fifteenth Supplemental Indenture, Section 103 of the Sixteenth Supplemental Indenture, Section 103 of the Seventeenth Supplemental Indenture, Section 103 of the Eighteenth

Supplemental Indenture, Section 103 of the Nineteenth Supplemental Indenture, Section 103 of the Twentieth Supplemental Indenture, Section 103 of the Twenty-First Supplemental Indenture, Section 103 of the Twenty-Second Supplemental Indenture, Section 103 of the Twenty-Third Supplemental Indenture, Section 103 of the Twenty-Fourth Supplemental Indenture, Section 103 of the Twenty-Fifth Supplemental Indenture or Section 103 of the Twenty-Sixth Supplemental Indenture, shall have the same meanings, respectively, in this Twenty-Seventh Supplemental Indenture as such terms are given in said Section 101 of the Original Indenture, Section 103 of the First Supplemental Indenture, Section 103 of the Second Supplemental Indenture, Section 103 of the Fourth Supplemental Indenture, Section 103 of the Fifth Supplemental Indenture, Section 103 of the Sixth Supplemental Indenture, Section 103 of the Seventh Supplemental Indenture, Section 103 of the Eighth Supplemental Indenture, Section 103 of the Ninth Supplemental Indenture, Section 103 of the Tenth Supplemental Indenture, Section 103 of the Eleventh Supplemental Indenture, Section 103 of the Twelfth Supplemental Indenture, Section 103 of the Thirteenth Supplemental Indenture, Section 103 of the Fourteenth Supplemental Indenture, Section 103 of the Fifteenth Supplemental Indenture, Section 103 of the Sixteenth Supplemental Indenture, Section 103 of the Seventeenth Supplemental Indenture, Section 103 of the Eighteenth Supplemental Indenture, Section 103 of the Nineteenth Supplemental Indenture, Section 103 of the Twentieth Supplemental Indenture, Section 103 of the Twenty-First Supplemental Indenture, Section 103 of the Twenty-Second Supplemental Indenture, Section 103 of the Twenty-Third Supplemental Indenture, Section 103 of the Twenty-Fourth Supplemental Indenture, Section 103 of the Twenty-Fifth Supplemental Indenture, and Section 103 of the Twenty-Sixth Supplemental Indenture, respectively.

(b) The following terms shall, for all purposes hereof, have the following meanings set forth below:

Authorized Denomination means with respect to the 2019 Series B Bonds, \$5,000 and any integral multiple thereof.

Dated Date means, with respect to the 2019 Series B Bonds, [April __, 2019].

Refunded 2010 Series A Bonds means the Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A authorized by the Twentieth Supplemental Indenture which are Outstanding on the Dated Date.

Securities Depository or **Depository** means, with respect to the 2019 Series B Bonds, the securities depository designated in Section 205 hereof and its successors and assigns or if (a) the then Securities Depository resigns from its functions as depository for the 2019 Series B Bonds, or (b) NCPA discontinues use of the Securities Depository pursuant to Section 205(d) hereof, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the 2019 Series B Bonds.

Twentieth Supplemental Indenture means the Twentieth Supplemental Indenture of Trust, dated as of February 1, 2010, amending and supplementing the Original Indenture as theretofore amended and supplemented.

Twenty-Sixth Supplemental Indenture means the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, amending and supplementing the Original Indenture as heretofore amended and supplemented.

Twenty-Seventh Supplemental Indenture means this Twenty-Seventh Supplemental Indenture of Trust, amending and supplementing the Original Indenture as heretofore amended and supplemented.

2010 Series A Escrow Agreement means the Escrow Deposit Agreement, dated as of April 1, 2019, by and between NCPA and the Trustee relating to the Refunded 2010 Series A Bonds.

2010 Series A Escrow Fund means the fund established in Section 2(a) of the 2010 Series A Escrow Agreement.

2019 Series A Bonds means the Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A issued pursuant to the Twenty-Sixth Supplemental Indenture.

2019 Series B Bonds means the Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B authorized by Article II of this Twenty-Seventh Supplemental Indenture.

2019 Series B Costs of Issuance Fund means the Fund so designated established pursuant to Section 209 of this Twenty-Seventh Supplemental Indenture.

(c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. Defined terms shall include any variant of the terms set forth in this Article I.

The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this Twenty-Seventh Supplemental Indenture, refer to this Twenty-Seventh Supplemental Indenture.

ARTICLE II

THE 2019 SERIES B BONDS

201. Principal Amount, Designation and Series. Pursuant to the provisions of the Indenture as supplemented by this Twenty-Seventh Supplemental Indenture and the provisions of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$_____. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B.” Each of the 2019 Series B Bonds shall be in fully registered form in an Authorized

Denomination. The 2019 Series B Bonds shall be numbered one upward in consecutive numerical order preceded by the letter “R”. The 2019 Series B Bonds shall be in substantially the form attached hereto as Exhibit A with such variations and omissions as are necessary to reflect the particular terms of each 2019 Series B Bond.

202. Purpose. The 2019 Series B Bonds are issued for the purpose of providing a portion of the moneys to refund the Refunded 2010 Series A Bonds and to pay the cost of issuance of the 2019 Series A Bonds and the 2019 Series B Bonds and other costs related to the refunding of the Refunded 2010 Series A Bonds.

203. Terms of the 2019 Series B Bonds. (a) The 2019 Series B Bonds shall be dated the Dated Date, and shall bear interest from the Dated Date at the respective rates, and shall mature on July 1 in the years and in the principal amounts, shown below:

Maturity July 1	Aggregate Principal Amount	Interest Rate
	\$	%

(b) Interest on each 2019 Series B Bond shall be payable at the respective per annum rates set forth in Section 203(a) hereof, on each January 1 and July 1, commencing July 1, 2019, until payment of the principal of such 2019 Series B Bonds, computed using a year of 360 days comprised of twelve 30-day months.

204. Redemption Prices And Terms.

(a) The 2019 Series B Bonds are subject to redemption prior to their stated maturit[y][ies], at the option of NCPA, in whole or in part, in such amounts as may be specified by NCPA, on any date, from any source of available funds, at a redemption price equal to 100% of the principal amount of such 2019 Series B Bonds plus the Make Whole Premium (as defined below), if any, plus unpaid accrued interest, if any, thereon to the redemption date.

The “Make-Whole Premium” with respect to any 2019 Series B Bond to be redeemed will be equal to the positive difference, if any, between:

(i) the sum of the present values, calculated as of the date fixed for redemption of: (a) each interest payment that, but for such redemption, would have been payable on the 2019 Series B Bonds or portion thereof being redeemed on each regularly scheduled interest payment date occurring after the dated fixed for redemption through the maturity date of the 2019 Series B Bonds (excluding any accrued interest for the period prior to the redemption date); provided, that if the date fixed for redemption is not a regularly scheduled interest payment date with respect to such 2019 Series B Bonds, the amount of the next regularly scheduled interest payment will be reduced by the amount of the interest accrued on such 2019 Series B Bond to the date fixed for redemption, plus

(b) the principal amount that, but for such redemption, would have been payable at the final maturity of the 2019 Series B Bonds or portion thereof being redeemed; minus

(ii) the principal amount of the 2019 Series B Bonds or portion thereof being redeemed.

The present values of interest and principal payments referred to in paragraph (i) above will be determined by discounting the amount of each interest or principal payment from the date that each such payment would have been payable, but for the redemption to the date fixed for redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate equal to the “comparable treasury yield” (as defined below) plus ____ basis points.

The Make-Whole Premium will be calculated by an independent investment banking institution or independent financial advisor of national standing appointed by NCPA.

For purposes of determining the Make-Whole Premium, “comparable treasury yield” means a rate of interest per annum equal to the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated “H.15(519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the 2019 Series B Bonds (“the H.15 statistical release”). The comparable treasury yield will be determined as of the third business day immediately preceding the applicable redemption date. If the H.15 statistical release sets forth a weekly average yield for United States Treasury Securities having a constant maturity that is the same as the remaining term calculated as set forth above, then the comparable treasury yield will be equal to such weekly average yield. In all other cases, the comparable treasury yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury Securities (in each case as set forth in the H.15 statistical release) that have a constant maturity (i) closest to and greater than the remaining term to maturity of the 2019 Series B Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2019 Series B Bonds being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward.

If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15 statistical release, then the comparable treasury yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

“Comparable Treasury Issue” means the United States Treasury security selected by the independent investment banking institution or independent financial advisor of national standing appointed by NCPA as having a maturity comparable to the remaining term to maturity of the 2019 Series B Bond being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities

of comparable maturity to the remaining term to maturity of the 2019 Series B Bond being redeemed.

“Comparable Treasury Price” means, with respect to any date on which a 2019 Series B Bond or portion thereof is being redeemed, either (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (b) if the independent investment banking institution or independent financial advisor of national standing appointed by NCPA is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the independent investment banking institution or independent financial advisor of national standing appointed by NCPA, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the independent investment banking institution or independent financial advisor of national standing appointed by NCPA, at 5:00 p.m. New York City time on the third business day preceding the date fixed for redemption.

“Reference Treasury Dealer” means a primary United States Government securities dealer in the United States appointed by NCPA (which may be an underwriter) and reasonably acceptable to the independent investment banking institution or independent financial advisor of national standing appointed by NCPA.

(b) The 2019 Series B 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: (i) insurance or condemnation proceeds and (ii) from any source of available funds if all or substantially all of the Initial Facilities are 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 B Bonds being redeemed plus unpaid accrued interest to the redemption date, without premium; provided that the option of NCPA to call the 2019 Series B Bonds for redemption from insurance or condemnation proceeds shall expire 90 days following the receipt of such insurance or condemnation proceeds.

205. Global Form; Securities Depository.

(a) Except as otherwise provided in this Section, the 2019 Series B Bonds shall be in the form of a global bond for the aggregate principal amount of the 2019 Series B Bonds of each maturity, and shall be registered in the name of Cede & Co., as the nominee of DTC. Upon such registration, except as provided in subsection (c) of this Section, the 2019 Series B Bonds, may be transferred, in whole but not in part, only to a successor Securities Depository or a nominee of a successor Securities Depository selected by NCPA or to a nominee of such successor Securities Depository or its nominee.

(b) NCPA, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation with respect to:

(i) the accuracy of the records of the Securities Depository, or the Securities Depository nominee with respect to any beneficial ownership interest in the 2019 Series B Bonds;

(ii) the delivery to any beneficial owner of the 2019 Series B Bonds or any other person, other than a Holder as shown in the registration books, of any notice with respect to the 2019 Series B Bonds, including any notice of redemption;

(iii) the payment to any beneficial owner of the 2019 Series B Bonds or any other person, other than a Holder as shown in the registration books, of any amount with respect to the principal of, premium, if any, or interest on, the 2019 Series B Bonds;

(iv) any consent given by the Securities Depository as registered owner of the 2019 Series B Bonds; or

(v) subject to Section 504 of the Original Indenture, the selection by the Securities Depository of any beneficial owners to receive payment if 2019 Series B Bonds are redeemed in part.

Upon registration of the 2019 Series B Bonds in the name of a Securities Depository pursuant to subsection (a) of this Section, so long as the certificates for the 2019 Series B Bonds are not issued pursuant to subsection (c) of this Section, NCPA, the Trustee, the Bond Registrar and the Paying Agent may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of the 2019 Series B Bonds for all purposes whatsoever, including without limitation:

(i) the payment of principal, Redemption Price and interest on the 2019 Series B Bonds;

(ii) giving notices with respect to the 2019 Series B Bonds; and

(iii) registering transfers with respect to the 2019 Series B Bonds.

(c) If at any time the incumbent Securities Depository notifies NCPA that it is unwilling or unable to continue as Securities Depository with respect to the 2019 Series B Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation or NCPA determines to discontinue the use of the book-entry system of the incumbent Securities Depository for the 2019 Series B Bonds, and a successor Securities Depository is not appointed by NCPA within 90 days after NCPA receives notice or becomes aware of such condition, or discontinues the use of the book-entry system for the incumbent Securities Depository, as the case may be, subsection (a) of this Section shall no longer be applicable and NCPA shall execute and the Trustee shall authenticate and deliver certificates representing the 2019 Series B Bonds, as provided in the Representation Letter.

(d) Notwithstanding any other provision of this Twenty-Seventh Supplemental Indenture to the contrary, so long as any 2019 Series B Bond is registered in the name of DTC, or its nominee, all payments with respect to principal, Redemption Price and

interest on such 2019 Series B Bonds, and all notices with respect to such 2019 Series B Bonds, shall be made and given, respectively, as provided in the Representation Letter.

(e) While DTC is serving as Securities Depository for the 2019 Series B Bonds, in connection with any notice or other communication to be provided to the Holders of the 2019 Series B Bonds, pursuant to this Twenty-Seventh Supplemental Indenture, by NCPA or the Trustee with respect to any consent or other action to be taken by the Holders of the 2019 Series B Bonds, NCPA or the Trustee, as the case may be, shall establish a record date for determining DTC participants eligible to consent or take such other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

206. Place of Payment and Paying Agent. Except as otherwise provided in the Representation Letter, the principal and Redemption Price of the 2019 Series B Bonds shall be payable upon surrender thereof at the principal corporate trust office of U.S. Bank National Association, in New York, New York, as shall be designated from time to time and such banking institution is hereby appointed as Paying Agent for the 2019 Series B Bonds. By execution of this Twenty-Seventh Supplemental Indenture, U.S. Bank National Association accepts the office of Paying Agent for the 2019 Series B Bonds and agrees to perform all duties in connection herewith as provided in the Indenture. The principal and Redemption Price of all 2019 Series B Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Indenture.

207. Application of Proceeds of 2019 Series B Bonds. In accordance with Section 204 of the Original Indenture, the proceeds of the sale of the 2019 Series B Bonds of \$_____ (representing the \$_____ principal amount of the 2019 Series B Bonds less underwriter's discount of \$_____), shall be applied simultaneously with the delivery of the 2019 Series B Bonds, as follows:

(a) There shall be deposited, in immediately available funds, in the 2010 Series A Escrow Fund the sum of \$_____; and

(b) There shall be deposited in the 2019 Series B Costs of Issuance Fund the \$_____ balance of such proceeds.

208. No 2019 Series B Debt Service Reserve Account. Pursuant to Section 202(1)(d) of the Original Indenture, the 2019 Series B Bonds are not Participating Bonds and are not secured by amounts in the Debt Service Reserve Account. No Series Debt Service Reserve Account will be established in the Debt Service Fund with respect to the 2019 Series B Bonds.

209. Establishment and Application of 2019 Series B Costs of Issuance Fund. The Trustee shall establish and maintain in trust a separate fund designated as the "2019 Series B Costs of Issuance Fund." Moneys deposited in said fund shall be used to pay costs of issuance with respect to the 2019 Series A Bonds and the 2019 Series B Bonds and the expenses and obligations payable by NCPA in connection with the 2019 Series A Bonds and the 2019 Series B Bonds and the refunding of the Refunded 2010 Series A Bonds upon receipt by the Trustee of a requisition of an NCPA Authorized Representative stating the person to whom payment is to be

made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. At the end of one year from the date of initial delivery of the 2019 Series B Bonds, or upon earlier receipt of a statement of an NCPA Authorized Representative that amounts in said fund are no longer required for the payment of such costs, expenses and obligations, said fund shall be terminated and any amounts then remaining in said fund shall be transferred to the Debt Service Fund.

ARTICLE III

MISCELLANEOUS

301. Indenture to Remain in Effect. Save and except as heretofore amended and supplemented and as amended and supplemented by this Twenty-Seventh Supplemental Indenture, the Indenture shall remain in full force and effect.

302. Counterparts. This Twenty-Seventh Supplemental Indenture may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Northern California Power Agency has caused these presents to be signed in its name and on its behalf by its General Manager and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by one of its authorized officers, all as of the first day of April, 2019.

**NORTHERN CALIFORNIA POWER
AGENCY**

By: _____

Name: Randy S. Howard

Title: General Manger

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

By: _____

Authorized Officer

EXHIBIT A

FORM OF 2019 SERIES B BONDS

[bracketed language applies only to bonds to be registered in the name of Cede & Co.]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE NORTHERN CALIFORNIA POWER AGENCY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

NORTHERN CALIFORNIA POWER AGENCY

**HYDROELECTRIC PROJECT NUMBER ONE REVENUE BOND,
2019 TAXABLE REFUNDING SERIES B**

No. R-_____ \$_____

<u>Interest Rate</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>CUSIP No.</u>
_____%	_____, 2019	July 1, 20__	664845____

REGISTERED HOLDER: -----CEDE & CO. (TAX I.D. # 013-2555119)-----

PRINCIPAL AMOUNT: _____ MILLION _____ THOUSAND DOLLARS

NORTHERN CALIFORNIA POWER AGENCY (herein called “NCPA”), a joint exercise of powers agency established pursuant to the laws of the State of California, acknowledges itself indebted to, and for value received hereby promises to pay to, the registered owner specified above, or registered assigns, on the Maturity Date stated hereon, unless sooner paid as provided in the Indenture mentioned below, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the principal corporate trust office of the Trustee mentioned below, the principal amount specified above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount, by check of the Trustee hereafter mentioned mailed to such owner at his address as shown on the bond register, or as otherwise provided in the Indenture referred to below, at the interest rate per annum (calculated on the basis of a 360-day year of twelve thirty-day months) stated hereon, payable on the first days of January and July in each year, commencing July 1, 2019 (each an “Interest Payment Date”), until the payment of such principal sum. Such interest shall be payable from the most recent Interest

Payment Date next preceding the date of authentication hereof to which interest has been paid, unless the date of authentication hereof is a January 1 or July 1 to which interest has been paid, in which case from the date of authentication hereof, or unless the date of authentication hereof is on or prior to June 15, 2019, in which case from the Dated Date, or unless the date of authentication hereof is between a Record Date and the next Interest Payment Date, in which case from such Interest Payment Date. The interest so payable on any Interest Payment Date will be paid to the person in whose name this bond is registered at the close of business on the fifteenth day of the calendar month immediately preceding such Interest Payment Date at his address as shown on the bond register.

This bond is one of a duly authorized issue of bonds of NCPA designated as “Hydroelectric Project Number One Revenue Bonds” (the “Bonds”) and of a series of Bonds designated as “Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B” (the “2019 Series B Bonds”). The 2019 Series B Bonds are issued pursuant to Article 4 of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, as amended and supplemented. The 2019 Series B Bonds have been issued in the aggregate principal amount of \$_____. The 2019 Series B Bonds are issued under, and, together with all other Bonds issued and outstanding thereunder, are equally and ratably secured by the Trust Estate and entitled to the protection given by, the Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, which Indenture was duly executed and delivered by NCPA to U.S. Bank National Association, New York, New York, the successor Trustee (the term “Trustee” where used herein refers collectively to said Trustee or its successors in said Trust) (said Indenture, as amended and supplemented and as the same may be amended and supplemented, is herein called the “Indenture”).

Copies of the Indenture are on file at the office of NCPA and at the principal corporate trust office of the Trustee and reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of NCPA, the Trustee and the holders of the Bonds and the terms upon which the Bonds are or may be issued and secured under the Indenture, the rights and remedies of the holders of the Bonds, the limitations on such rights and remedies and the terms and conditions upon which Bonds are issued and may be issued thereunder. Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Indenture.

This bond is a special, limited obligation of NCPA and the principal of, Redemption Price, if any, and interest on this bond and the principal of, Redemption Price, if any, and interest on the other Bonds, are payable solely from the funds specified in the Indenture and shall not constitute a charge against the general credit of NCPA. The Bonds, including this bond, are not secured by a legal or equitable pledge of, or lien or charge upon, any property of NCPA or any of its income or receipts except the Trust Estate pledged pursuant to the Indenture which is subject to the provisions of the Indenture permitting the application of the Trust Estate for the purposes and on the terms and conditions set forth therein. Neither the State of California nor any public agency (other than NCPA from the specified sources of payment) nor any member of NCPA nor any Project Participant is obligated to pay the principal of and interest on this bond. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any member of NCPA or any Project Participant is pledged to the payment of the principal of or

interest on this bond. NCPA has no taxing power. The payment of the principal of or interest on this bond does not constitute a debt, liability or obligation of the State of California or any public agency (other than the special obligation of NCPA) or any member of NCPA or any Project Participant. Neither the members of the Commission of NCPA nor any officer or employee of NCPA shall be individually liable on the principal of or interest on this bond or in respect of any undertakings by NCPA under the Indenture.

The 2019 Series B Bonds were issued for the purpose of providing a portion of the funds necessary to refund Bonds issued under the Indenture and related purposes.

As provided in the Indenture, Bonds of NCPA may be issued thereunder from time to time pursuant to Supplemental Indentures in one or more Series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided. The aggregate principal amount of Bonds which may be issued under the Indenture is not limited except as provided in the Indenture, and all Bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and assignment and covenants made therein, except as otherwise expressly provided or permitted in the Indenture. Simultaneously with the issuance of the 2019 Series B Bonds, NCPA is issuing \$_____ aggregate principal amount of its Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A (the “2019 Refunding Series A Bonds”). At the time of issuance of the 2019 Series B Bonds, there was Outstanding under the Indenture \$_____ aggregate principal amount of Bonds in addition to the 2019 Series A Bonds and the 2019 Series B Bonds, but excluding [\$52,845,000] aggregate principal amount of NCPA’s Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A, which are being refunded by the 2019 Refunding Series A Bonds and the 2019 Series B Bonds.

The 2019 Series B Bonds are issuable in the form of fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Under the circumstances prescribed in the Indenture, the 2019 Series B Bonds shall be available only through a Securities Depository.

The 2019 Series B Bonds are subject to redemption prior to their stated maturit[y][ies], at the option of NCPA, in whole or in part, in such amounts as may be specified by NCPA, on any date, from any source of available funds, at a redemption price equal to 100% of the principal amount of such 2019 Series B Bonds plus the Make-Whole Premium (as defined in the Indenture), if any, plus unpaid accrued interest, if any, thereon to the redemption date.

The 2019 Series B Bonds are also 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: (i) insurance or condemnation proceeds and (ii) from any source of money if all or substantially all of the Initial Facilities are 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 B Bonds being redeemed, plus unpaid accrued interest to the redemption date, without premium; provided that the option of NCPA to call the 2019 Series B Bonds for redemption from insurance or condemnation proceeds shall expire 90 days following the receipt of such insurance or condemnation proceeds.

If less than all of the 2019 Series B Bonds of a maturity are to be redeemed, the particular 2019 Series B Bonds to be redeemed shall be selected as provided in the Indenture.

The 2019 Series B Bonds are payable upon redemption at the principal corporate trust office of the Trustee, as Paying Agent. Notice of redemption, setting forth the place of payment and the redemption date, shall be mailed, postage prepaid, not less than 30 days before the Redemption Date to the registered holders of any 2019 Series B Bonds to be redeemed in whole or in part; provided, however, that receipt of such mailing shall not be a condition precedent to such redemption and failure to receive any such notice or any defect therein shall not affect the validity of the proceedings for the redemption of the 2019 Series B Bonds. If notice of redemption shall have been given as aforesaid, the 2019 Series B Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the Redemption Date, moneys for the redemption of all the 2019 Series B Bonds or portions thereof to be redeemed, together with unpaid interest thereon to the Redemption Date, shall be available for such payment on said date, then from and after the Redemption Date interest on such 2019 Series B Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

This bond is transferable, as provided in the Indenture, only upon the books of NCPA kept for that purpose at the principal corporate trust office of the Trustee, as bond registrar, by the registered owner hereof, or by his duly authorized attorney, upon surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar duly executed by the registered owner or his duly authorized attorney, and upon payment of the charges prescribed in the Indenture a new registered 2019 Series B Bonds or Bonds, without coupons, and for the same aggregate principal amount and maturity, shall be issued to the transferee in exchange therefor as provided in the Indenture. NCPA, the Trustee and any Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by NCPA with, in certain cases, the written consent of the holders of at least sixty percent in principal amount of the Bonds then Outstanding under the Indenture; and, in case less than all of the Series of Bonds would be affected thereby, with such consent of the owners of at least sixty percent in principal amount of the Bonds of each separate Series so affected then Outstanding; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds. No such modification or amendment shall permit a change in the terms of any Sinking Fund Installment or the terms of redemption or maturity of the principal of any Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of any Paying Agent without its written assent thereto.

The Indenture may also be amended or supplemented without the necessity of the consent of the Holders of the Bonds for any one or more of the purposes specified in the Indenture.

The registered owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then Outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the 2019 Series B Bonds, together with all other indebtedness of NCPA, comply in all respects with the applicable laws of the State of California.

This bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, NORTHERN CALIFORNIA POWER AGENCY has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its General Manager and the seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, as of the Dated Date specified above.

**NORTHERN CALIFORNIA POWER
AGENCY**

[SEAL]

ATTEST: _____
ASSISTANT SECRETARY

BY: _____
CHAIRMAN

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the within mentioned Indenture.

Date of Authentication

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

BY: _____
AUTHORIZED OFFICER

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Name, Address and Tax Identification or
Social Security Number of Assignee)

the within Bond of the Northern California Power Agency and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Notice: The Signature of this assignment and transfer must correspond with the name as written upon the face of this bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed by

Notice: [Signature must be guaranteed by a by an eligible guarantor institution.]

ESCROW DEPOSIT AGREEMENT

Between

NORTHERN CALIFORNIA POWER AGENCY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated as of April 1, 2019

Relating to

**Hydroelectric Project Number One Revenue Bonds,
2010 Refunding Series A**

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ESCROW DEPOSIT AGREEMENT

Relating to

Northern California Power Agency
Hydroelectric Project Number One Revenue Bonds,
2010 Refunding Series A

THIS ESCROW DEPOSIT AGREEMENT, dated as of April 1, 2019, by and between Northern California Power Agency (“NCPA”) and U.S. Bank National Association, New York, New York, as successor trustee (the “Trustee”) under the Indenture of Trust, dated as of March 1, 1985 (the “Original Indenture”), as amended and supplemented, by and between NCPA and the Trustee,

WITNESSETH:

WHEREAS, NCPA has previously authorized and issued its Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A (the “2010 Series A Bonds”) under the Original Indenture as amended and supplemented, including the supplements thereto made by the Twentieth Supplemental Indenture of Trust, dated as of February 1, 2010, by and between NCPA and the Trustee; and

WHEREAS, the 2010 Series A Bonds are currently outstanding in the aggregate principal amount of \$52,845,000 and mature on July 1 in each of the years 2019 through 2023, inclusive; and

WHEREAS, the outstanding 2010 Series A Bonds maturing on and after July 1, 2020 are subject to redemption at the option of NCPA in whole or in part on any date on and after July 1, 2019, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed (the “Redemption Price”), plus unpaid accrued thereon to the date fixed for redemption; and

WHEREAS, NCPA has determined to refund all of the outstanding 2010 Series A Bonds (such 2010 Series A Bonds to be refunded as more fully described in Schedule 1 hereto and hereinafter referred to as the “Refunded Bonds”) and to exercise its option to redeem on July 1, 2019 (the “Redemption Date”) the Refunded Bonds maturing on and after July 1, 2020; and

WHEREAS, NCPA has determined to provide the Trustee with the funds which, together with the interest thereon as provided herein, will provide amounts necessary to pay the maturing principal or Redemption Price (as applicable) of, and interest accrued and unpaid on, the Refunded Bonds on the Redemption Date (such amounts the “Escrow Requirements” as shown on Schedule 2 hereto); and

WHEREAS, for the purpose of paying and refunding the Refunded Bonds, NCPA has issued the following: pursuant to (i) the Original Indenture as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019 (the “Twenty-Sixth

Supplemental Indenture”), by and between NCPA and the Trustee, \$_____ aggregate principal amount of its Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A (the “2019 Series A Bonds”); and (ii) the Original Indenture, as supplemented by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (the “Twenty-Seventh Supplemental Indenture”), by and between NCPA and the Trustee, \$_____ aggregate principal amount of its Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (the “201 Series B Bonds” and, together with the 2019 Series A Bonds, the “2019 Bonds”); and

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, NCPA and the Trustee agree as follows:

SECTION 1. Definitions. Unless otherwise defined herein (including in the recitals above), capitalized terms shall have the meanings herein given such terms in the Original Indenture, as amended and supplemented by the Supplemental Indentures (as defined in the Original Indenture) thereto.

In addition, the following terms shall, unless the context otherwise requires, have the meanings set forth below.

“**Defeasance Securities**” shall mean the noncallable, direct obligations of the United States of America described in Schedule 3 hereto.

“**Escrow Fund**” shall mean the fund established pursuant to Section 2(a) of this Agreement.

SECTION 2. The Escrow Fund.

(a) There is hereby established with the Trustee a fund designated the “Hydroelectric Project Number One Revenue Bonds, 2010 Series A Refunding Escrow Fund” (the “Escrow Fund”) to be held in irrevocable trust by the Trustee for the benefit of the Holders of the Refunded Bonds separate and apart from all other funds of NCPA and the Trustee, subject, nonetheless, to the application thereof as provided in this Agreement.

Subject to the provisions of this Agreement, amounts in the Escrow Fund shall be applied solely to the payment of the Escrow Requirements as specified in Section 4 hereof. All Defeasance Securities purchased with moneys in the Escrow Fund shall be held for the credit of the Escrow Fund and all payments, including without limitation, all principal and interest payments with respect to such Defeasance Securities, shall be deposited upon receipt by the Trustee into the Escrow Fund.

(b) NCPA acknowledges that it has no right, title or interest in or to any of the moneys or Defeasance Securities held in the Escrow Fund. Under no circumstances shall any money or Defeasance Securities held in the Escrow Fund be paid over or delivered to, or upon the order of, NCPA.

(c) There has been deposited with the Trustee for deposit in the Escrow Fund the sum of \$_____ consisting of the following: (i) \$_____, representing a portion of the

proceeds of the 2019 Series A Bonds; (ii) \$_____, representing a portion of the proceeds of the 2019 Series B Bonds; and (iii) \$_____ representing amounts transferred from the Debt Service Account pursuant to subsection (d) below.

(d) The Trustee is hereby directed to transfer \$_____ representing amounts accumulated in the Debt Service Account with respect to the Refunded Bonds to the Escrow Fund.

(e) The Trustee acknowledges receipt of the moneys described in Section 2(c) and agrees to deposit such moneys in the Escrow Fund and apply such moneys as provided in this Agreement.

SECTION 3. Use and Investment of Moneys.

(a) The Trustee is hereby directed to apply, on April __, 2019, \$_____ of the moneys deposited in the Escrow Fund pursuant to Section 2(c) to the purchase of the Defeasance Securities at the purchase price set forth in Schedule 3 hereto. Except as provided in this subsection (a), the moneys on deposit in the Escrow Fund or otherwise held by the Trustee under this Agreement shall be held uninvested by the Trustee.

(b) NCPA represents, and the Accountant's Certificate delivered by _____ to the Trustee at the time of execution and delivery of this Agreement verifies, that the moneys to be received from the maturing principal of and interest on the Defeasance Securities shall be sufficient, together with the other funds held in the Escrow Fund, to pay the Escrow Requirements when due.

(c) The moneys held in the Escrow Fund, including receipts of payments of the principal of and interest on the Defeasance Securities, shall not be withdrawn or used for any purpose other than, and shall be held in trust for, the payment to the Holders of the Refunded Bonds of the Escrow Requirements when due as required by Section 4.

(d) The Trustee shall not be held liable for investment losses resulting from compliance with the provisions of this Agreement.

SECTION 4. Payment of Escrow Requirements. From the maturing principal of any Defeasance Securities held in the Escrow Fund and the investment income and other earnings thereon and any uninvested money then held in the Escrow Fund, U.S. Bank National Association, as Trustee and Paying Agent for the Refunded Bonds, shall pay the maturing principal or Redemption Price of the Refunded Bonds on the Redemption Date and unpaid accrued interest thereon.

SECTION 5. Notice of Redemption and Notice of Defeasance.

(a) NCPA irrevocably directs the Trustee to give the notice of redemption of the Refunded Bonds maturing on and after July 1, 2020 to be redeemed on the Redemption Date not less than twenty-five (25) days prior to the Redemption Date (i) to the Holders of such Refunded Bonds by the time and in the manner required by the Indenture and (ii) to post such notice to the Electronic Municipal Market Access System (referred to as "EMMA") of the

Municipal Securities Rulemaking Board (“MSRB”), at www.emma.msrb.org, linked to all CUSIP Numbers of the Refunded Bonds. Such notice shall be in substantially the form attached hereto as Exhibit A.

(b) NCPA irrevocably directs the Trustee to give the notice of defeasance of the Refunded Bonds within five (5) business days of the date hereof (i) to the Holders of the Refunded Bonds and otherwise in the manner required by the Indenture and (ii) to post such notice to EMMA linked to all CUSIP Numbers of the Refunded Bonds. Such notice shall be in substantially the form attached hereto as Exhibit B.

SECTION 6. Termination of Obligations. As provided in subsection 2 of Section 1301 of the Original Indenture, upon the deposit of the amounts specified in Section 2(c) and the purchase of Defeasance Securities pursuant to Section 3(a), the Holders of the Refunded Bonds shall cease to be entitled to any lien, benefit or security under the Indenture with respect to the Refunded Bonds, and all covenants, agreements and obligations of NCPA with respect to the Refunded Bonds under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied and the Refunded Bonds shall no longer be Outstanding within the meaning of the Indenture.

Notwithstanding the provisions for payment of the Refunded Bonds as provided in, and with the effect stated in, subsection 2 of Section 1301 of the Original Indenture, the provisions of the Indenture relating to record dates, medium of payment, registration, transfer, exchange and replacement shall continue to apply to the Refunded Bonds.

SECTION 7. Performance of Duties. The Trustee agrees to perform the duties set forth herein.

SECTION 8. Trustee’s Authority to Make Investments. The Trustee shall have no power or duty to invest any funds held under this Agreement except as provided in Section 3 hereof. The Trustee shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Agreement.

SECTION 9. Indemnity. NCPA hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Trustee and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Trustee at any time (whether or not also indemnified against the same by NCPA or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Trustee in accordance with the provisions of this Agreement; provided, however, that NCPA shall not be required to indemnify the Trustee against the Trustee’s own negligence or willful misconduct or the negligence or willful

misconduct of the Trustee's respective successors, assigns, agents and employees or the material breach by the Trustee of the terms of this Agreement. In no event shall NCPA or the Trustee be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

SECTION 10. Responsibilities of Trustee. The Trustee and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested moneys held hereunder to accomplish the redemption of the Refunded Bonds, or any payment, transfer or other application of moneys or securities by the Trustee in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Trustee made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of NCPA, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the redemption of the Refunded Bonds pursuant to the Indenture or to the validity of this Agreement as to NCPA and, except as otherwise provided herein, the Trustee shall incur no liability in respect thereof. The Trustee shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Trustee shall be determined by the express provisions of this Agreement. The Trustee may consult with counsel, who may or may not be counsel to NCPA, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring an Accountant's Certificate or an Opinion of Bond Counsel) may be deemed to be conclusively established by a certificate signed by an Authorized NCPA Representative. Whenever the Trustee shall deem it necessary or desirable that a matter specifically requiring an Accountant's Certificate or an Opinion of Bond Counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such an Accountant's Certificate or such Opinion of Bond Counsel.

SECTION 11. Compensation. The Trustee's acts hereunder shall constitute services rendered under the Indenture for purposes of Section 1005 of the Original Indenture; provided, however, that under no circumstances shall the Trustee be entitled to any lien whatsoever on any moneys or Defeasance Securities in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Trustee under this Agreement, the Indenture or otherwise.

SECTION 12. Amendments. This Agreement is irrevocable and no provision hereof may be amended except as specifically set forth herein. NCPA and the Trustee may, without the consent of, or notice to, the Holders of the Bonds, amend this Agreement or

enter into such agreements supplemental to this Agreement as shall not adversely affect the interests of the Holders of the Refunded Bonds. The Trustee shall be entitled to rely conclusively upon an Opinion of Bond Counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the Holders of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 13. **Term.** This Agreement shall commence upon its execution and delivery and shall terminate on the date the principal of and interest on the Refunded Bonds has been paid to the respective Holders of the Refunded Bonds as required by Section 4 hereof. After such payment, any moneys remaining in the Escrow Fund shall be transferred by the Trustee to the General Debt Service Subaccount in the Debt Service Account in the Debt Service Fund.

SECTION 14. **Severability.** If any one or more of the covenants or agreements provided in this Agreement on the part of NCPA or the Trustee to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 15. **Representations.** NCPA represents and warrants that the statements contained in the preambles to this Agreement are true and correct.

SECTION 16. **Counterparts.** This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 17. **Governing Law.** This Agreement shall be construed under the laws of the State of California.

SECTION 18. **Assignment.** This Agreement shall not be assigned by the Trustee or any successor thereto without the prior written consent of NCPA.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

**NORTHERN CALIFORNIA POWER
AGENCY**

By: _____
General Manager

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

By: _____
Authorized Signatory

SCHEDULE 1

DESCRIPTION OF THE REFUNDED BONDS

Maturity Date (July 1)	Outstanding Principal Amount to be Refunded	Interest Rate	CUSIP
2019	\$ 8,710,000	5.00%	664845CY8
2020	9,150,000	5.00	664845CZ5
2021	9,610,000	5.00	664845DA9
2022	10,145,000	5.00	664845DB7
2023	<u>15,230,000</u>	5.00	664845DC5
Total	\$52,845,000		

SCHEDULE 2
ESCROW REQUIREMENTS

<u>Date</u>	<u>Interest</u>	<u>Maturing Principal</u>	<u>Called Principal</u>	<u>Call Premium</u>	<u>Total Requirements</u>
07/01/19	\$	\$8,710,000.00	\$44,135,000.00	--	\$

SCHEDULE 3
DEFEASANCE SECURITIES

TYPE	MATURITY DATE	PAR AMOUNT	COUPON	COST
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EXHIBIT A
FORM OF NOTICE OF REDEMPTION TO BE GIVEN

NOTICE OF REDEMPTION

NORTHERN CALIFORNIA POWER AGENCY HYDROELECTRIC PROJECT NUMBER ONE REVENUE BONDS, 2010 REFUNDING SERIES A

Maturity Date (July 1)	Outstanding Principal Amount to be Redeemed	Interest Rate	CUSIP*
2020	\$ 9,150,000	5.00%	664845CZ5
2021	9,610,000	5.00	664845DA9
2022	10,145,000	5.00	664845DB7
2023	15,230,000	5.00	664845DC5

TO: The Owners of the above-captioned bonds (the “Bonds”)

U.S. Bank National Association acts as the trustee (the “Trustee”) with respect to the above-referenced Bonds issued on April 5, 2010 pursuant to the Indenture of Trust, dated as of March 1, 1985, as amended and supplemented (the “Indenture”), by and between the Northern California Power Agency (“NCPA”) and the Trustee.

On behalf of NCPA, you are hereby notified that:

1. NCPA has exercised its option to redeem the Bonds identified above on July 1, 2019 (the “Redemption Date”);

2. on the Redemption Date, there shall become due and payable upon each Bond the Redemption Price thereof, which is 100% of the principal amount of the Bond, together with unpaid accrued interest on such principal amount to the Redemption Date, and that from and after the Redemption Date interest on the Bonds shall cease to accrue and be payable;

3. payment of the Redemption Price of the Refunded Bonds called for redemption will be paid only upon presentation and surrender of such bonds at the address listed below (if delivery is by mail, registered mail with return receipt requested is recommended):

Delivery Instructions:
U.S. Bank National Association
Global Corporate Trust Services
111 Fillmore Avenue E
St. Paul, MN 55107
1-800-934-6802

Important Notice

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the “Act”), unless the Trustee has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

** The CUSIP numbers listed above are provided for the convenience of the holders. NCPA or the Trustee are not responsible for the accuracy of such numbers.*

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated: _____, 2019

EXHIBIT B
FORM OF NOTICE OF DEFEASANCE TO BE GIVEN

NOTICE OF DEFEASANCE

NORTHERN CALIFORNIA POWER AGENCY HYDROELECTRIC PROJECT NUMBER ONE REVENUE BONDS, 2010 REFUNDING SERIES A

Maturity Date (July 1)	Principal Amount	Interest Rate	CUSIP*
2019	\$ 8,710,000	5.00%	664845CY8
2020	9,150,000	5.00	664845CZ5
2021	9,610,000	5.00	664845DA9
2022	10,145,000	5.00	664845DB7
2023	15,230,000	5.00	664845DC5

TO: The Owners of the above-captioned bonds (the “Bonds”)

U.S. Bank National Association acts as the trustee (the “Trustee”) with respect to the above-referenced Bonds issued on April 5, 2010 pursuant to the Indenture of Trust, dated as of March 1, 1985, as amended and supplemented (the “Indenture”), by and between the Northern California Power Agency (“NCPA”) and the Trustee.

NOTICE IS HEREBY GIVEN on behalf of NCPA that there has been deposited in escrow with the Trustee, cash and noncallable, direct obligations of the United States of America (“Defeasance Securities”), paying interest and principal in an amount which, together with the amounts held as cash, shall be sufficient to pay, on July 1, 2019, the maturing principal or redemption price (*i.e.*, 100% of the principal amount) of the Bonds identified in the table above, plus unpaid accrued interest thereon. NCPA has instructed the Trustee to call the Bonds maturing on and after July 1, 2020 for redemption on July 1, 2019.

The Bonds have been defeased pursuant to an Escrow Deposit Agreement, dated as of April 1, 2019 (the “Escrow Agreement”), between NCPA and the Trustee. In accordance with the Indenture, upon the deposit by NCPA of the amounts as provided in the Escrow Agreement and the purchase of the Defeasance Securities pursuant thereto, the Holders of the Bonds shall have ceased to be entitled to any lien, benefit or security under the Indenture with respect to such Bonds, and all covenants, agreements and obligations of NCPA with respect to the Bonds under the Indenture shall have ceased, terminated and become void and been discharged and satisfied. All payments of the interest on, and the principal or redemption price of, the Bonds shall be paid only from moneys on deposit with the Trustee and available under the Escrow Agreement as aforesaid, and the Bonds shall no longer be Outstanding within the meaning of the Indenture.

Capitalized terms used herein not otherwise defined shall have the meaning given such terms in the Indenture.

** The CUSIP numbers listed above are provided for the convenience of the holders. NCPA or the Trustee are not responsible for the accuracy of such numbers.*

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated: _____, 2019

**NORTHERN CALIFORNIA POWER AGENCY
Hydroelectric Project Number One Revenue Bonds**

**[\$[A Principal]
2019 Refunding Series A**

**[\$[B Principal]
2019 Taxable Refunding Series B**

[Sale Date], 2019

CONTRACT OF PURCHASE

Northern California Power Agency
651 Commerce Drive
Roseville, California 95678

Ladies and Gentlemen:

RBC Capital Markets, LLC, as Underwriter (the “Underwriter”), hereby offers to enter into this Contract of Purchase (this “Purchase Contract”) with you, the Northern California Power Agency (“NCPA”). This offer is made subject to acceptance by NCPA prior to 11:00 P.M., New York time, on the date hereof, and upon such acceptance this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon NCPA and the Underwriter.

NCPA acknowledges and agrees that (i) the purchase and sale of the Bonds (as hereinafter defined) pursuant to this Purchase Contract is an arm’s-length commercial transaction between NCPA and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent or fiduciary of NCPA, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of NCPA with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter or any affiliate of the Underwriter has provided other services or is currently providing other services to NCPA on other matters) and the Underwriter has no obligation to NCPA with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract and (iv) NCPA has consulted its own legal, financial and other advisors to the extent it has deemed appropriate in connection with the offering and sale of the Bonds.

1. Purchase, Sale and Delivery of the Bonds.

(a) Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase and NCPA hereby agrees to sell to the Underwriter

all (but not less than all) of NCPA's \$[A Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A (the "2019 Series A Bonds") and \$[B Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (the "2019 Series B Bonds" and together with the 2019 Series A Bonds, the "Bonds"). The Bonds shall be dated the date of delivery thereof and shall mature on the dates and in the amounts set forth on Schedule I attached hereto. Interest on the Bonds shall be payable semiannually on January 1 and July 1 of each year, commencing on [July 1, 2019]. The aggregate purchase price of the Bonds shall be \$_____ (representing the sum of (i) the purchase price of the 2019 Series A Bonds of \$_____ (being the \$[A Principal].00 aggregate principal amount of the 2019 Series A Bonds, plus an original issue premium of \$_____, less Underwriter's discount of \$_____), and (ii) the purchase price of the 2019 Series B Bonds of \$_____ (being the \$[B Principal].00 aggregate principal amount of the 2019 Series B Bonds, less Underwriter's discount of \$_____)).

(b) The Bonds are to be issued and secured under and pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, the "Indenture"), by and between NCPA and U.S. Bank National Association, as successor trustee (the "Trustee"), substantially in the form previously submitted to the Underwriter, with only such changes therein as shall be mutually agreed upon. Capitalized terms used herein and not defined shall have the meanings assigned to them in the Official Statement mentioned below.

The Bonds are being issued by NCPA for the purpose of providing funds, together with other available moneys, to refund NCPA's outstanding Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A (the "Refunded Bonds") and to pay the costs of issuance of the Bonds. Pursuant to an Escrow Agreement, dated as of April 1, 2019 (the "Escrow Agreement"), by and between NCPA and U.S. Bank National Association, as escrow agent (the "Escrow Agent"), a portion of the proceeds of the Bonds, together with certain other available moneys, will be deposited into an escrow fund and will either be held as cash or will be used to purchase defeasance securities that will bear interest at such rates and will be scheduled to mature at such times and in such amounts, so that sufficient moneys will be available to pay the redemption price (100.0% of the principal amount) of the Refunded Bonds and accrued interest thereon to the redemption date, July 1, 2019.

NCPA and the Significant Share Project Participants have each agreed, pursuant to a Continuing Disclosure Agreement (each, a "Continuing Disclosure Agreement"), to be dated the Closing Date (as defined below), 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 such Project Participants' respective electric systems, and to provide to the MSRB notices of certain events relating to the Bonds. A description of this undertaking is set forth in the Preliminary Official Statement and the Official Statement (both terms as defined below).

(c) At 8:00 A.M., California time, on [Closing Date], 2019, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by NCPA and the

Underwriter (such time and date being herein referred to as the “Closing Date”), NCPA will deliver to the Underwriter at the offices of Norton Rose Fulbright US LLP, Los Angeles, California (“Bond Counsel”), the closing documents hereinafter mentioned. The Bonds, registered to Cede & Co. and in definitive form, will be made available to the Underwriter one business day prior to the Closing Date (hereinafter defined) at the offices of Bond Counsel, or at such other place as may be designated by the Underwriter and shall be subsequently delivered on the Closing Date through the facilities of DTC by the Fast Automated Securities Transfer (F.A.S.T) system. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any of the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Contract. Upon release of the Bonds, the Underwriter will pay the purchase price of each Series of the Bonds as set forth in subsection (a) of this Section 1, in immediately available funds to the order of NCPA. The releases and payments referenced in this subsection (c) are herein called the “Closing.”

2. Public Offering; Establishment of Issue Price.

(a) The Underwriter agrees to reoffer the Bonds in a bona fide public offering at the initial offering prices or yields set forth in Schedule I attached hereto. After the initial offering, the Underwriter reserves the right to change such public offering prices as the Underwriter shall deem necessary in marketing the Bonds.

(b) The Underwriter agrees to assist NCPA in establishing the issue price of the 2019 Series A Bonds and shall execute and deliver to NCPA at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, NCPA and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the 2019 Series A Bonds.

(c) The Underwriter confirms that it has offered the 2019 Series A Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule I attached hereto[, except as otherwise set forth therein. Except for the Hold-the-Price Maturities (defined below),] NCPA will treat the first price at which 10% of each maturity of the 2019 Series A Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). Schedule 1 to Exhibit A sets forth the maturities of the 2019 Series A Bonds with respect to which the 10% test has been satisfied as of the execution of the Purchase Contract (“10% Test Maturities”). [As set forth in Schedule 1 to Exhibit A, all of the maturities of the 2019 Series A Bonds are 10% Test Maturities.]

(d) [Schedule 1 to Exhibit A also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the 2019 Series A Bonds for which the 10% test has not been satisfied (the “Hold-the-Price Maturities”) and for which NCPA and the Underwriter agree that (i) it will retain the unsold 2019 Series A Bonds of any Hold-the-Price Maturities and not allocate any such 2019 Series

A Bonds to any other Underwriter and (ii) the restrictions set forth in the next sentence shall apply, which will allow NCPA to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the 2019 Series A Bonds, the Underwriter will neither offer nor sell unsold 2019 Series A Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the 2019 Series A Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise NCPA when it has sold 10% of that maturity of the 2019 Series A Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.]

(e) [The Underwriter confirms that any selling group agreement and any retail distribution agreement (to which the Underwriter is a party) relating to the initial sale of the 2019 Series A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. NCPA acknowledges that, in making the representations set forth in this Section 2, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the 2019 Series A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the 2019 Series A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. NCPA further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the 2019 Series A Bonds.]

(f) The Underwriter acknowledges that sales of any 2019 Series A Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this Section 2:

- (1) “maturity” means 2019 Series A Bonds with the same credit and payment terms; 2019 Series A Bonds with different maturity dates, or 2019 Series A Bonds with

the same maturity date but different stated interest rates, are treated as separate maturities,

(2) “public” means any person other than an underwriter or a related party,

(3) “underwriter” means (A) any person that agrees pursuant to a written contract with NCPA (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2019 Series A Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2019 Series A Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of 2019 Series A Bonds to the public),

(4) a purchaser of any of 2019 Series A Bonds is a “related party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(5) “sale date” means the date of execution of this Purchase Contract by all parties.

3. Use and Preparation of the Official Statement. NCPA has heretofore delivered to the Underwriter a Preliminary Official Statement dated [POS Date], 2019 relating to the Bonds (as supplemented or amended with the consent of the Underwriter, the “Preliminary Official Statement”), that NCPA has deemed final as of its date in accordance with paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”). NCPA shall deliver or cause to be delivered to the Underwriter, within seven (7) business days from the date hereof, copies of an official statement relating to the Bonds executed on behalf of and approved for distribution by NCPA in the form of the Preliminary Official Statement, as revised to conform to the terms of this Purchase Contract and to reflect the reoffering terms of the Bonds and with such other changes as shall have been approved by NCPA and consented to by the Underwriter (the “Official Statement”). NCPA shall deliver the Official Statement in “designated electronic format” (as defined in MSRB Rule G-32) and in such quantities as the Underwriter may request in order to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the MSRB. NCPA hereby approves the distribution of the Preliminary Official Statement and the Official Statement and authorizes the use of copies of the Official Statement (including any amendment or supplement thereto) and the documents referred to therein in connection with the offering and sale of the Bonds by the Underwriter. The Underwriter hereby agrees to deliver a copy of the Official Statement to the MSRB in accordance with the applicable rules of the MSRB.

4. Representations of NCPA. NCPA represents to the Underwriter that, as of the date hereof and as of the Closing Date:

(a) NCPA has full legal right, power and authority to cause the Bonds to be authenticated and delivered, to execute and deliver this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party and the Third Phase Agreement, and to perform its obligations contained herein and therein in accordance with the Act and other applicable laws; and, by official action of NCPA prior to or concurrently with the acceptance hereof, NCPA has duly authorized and approved the issuance and delivery of the Bonds and the performance of its obligations contained herein and therein, the execution and delivery of this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party and the Third Phase Agreement and the performance of its obligations contained herein and therein and the consummation by it of all other transactions contemplated by this Purchase Contract, the Official Statement, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party and the Third Phase Agreement to have been performed or consummated at or prior to the Closing Date, all in accordance with the Act and other applicable laws, and NCPA is and will be in compliance with the provisions thereof in all material respects;

(b) NCPA is duly existing as a public entity organized under the laws of the State of California (the "State"), and under the laws of the State has full legal right, power and authority to refinance all or part of the acquisition, construction and improvement of the Project;

(c) Between the date hereof and the Closing Date, except as contemplated by the Preliminary Official Statement and the Official Statement, NCPA will not have incurred any material liabilities, direct or contingent, or entered into any material transaction in either case other than in the ordinary course of business, and there shall not have been any material adverse change in the financial condition or prospects of NCPA or the Project;

(d) The performance by NCPA of its obligations contained in the Bonds and the execution and delivery of this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party and the Third Phase Agreement and the performance of its obligations contained herein and therein do not and will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution or agreement to which NCPA is subject or by which it is bound; NCPA is not, in any material respect, in breach of or in default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which it is a party or is otherwise subject and, no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute a default or an event of default under any such instrument;

(e) Except as disclosed in the Preliminary Official Statement and the Official Statement, no litigation is, or at the Closing Date will be, pending or, to the knowledge of NCPA, threatened in any court (i) in any way questioning the corporate existence of NCPA or the titles of the officers of NCPA to their respective offices; (ii) seeking to restrain or enjoin the issuance

or delivery of any of the Bonds, or the collection of revenues pledged or to be pledged to pay the principal of, premium, if any, and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds, this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which NCPA is a party or the Third Phase Agreement or the collection of said revenues, or the pledge thereof, or contesting the powers of NCPA or any authority for the issuance and delivery of the Bonds or the performance of its obligations contained therein or the execution and delivery of this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party or the Third Phase Agreement or the performance of its obligations contained herein or therein, (iii) which would be likely to result in any material adverse change in the business, properties, assets or financial condition of NCPA relating to the Bonds or to have a material adverse effect on the ability of NCPA to meet its obligations under the Bonds, this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party or the Third Phase Agreement; or (iv) asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that if the Underwriter accepts at the Closing any change in the certificate referred to in Section 5(e)(3) hereof, the representations contained in this Section 4(e) shall be deemed modified to a like extent;

(f) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, NCPA of its obligations in connection with this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party or the Third Phase Agreement or the issuance, offering and sale of the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds;

(g) All material studies undertaken by or on behalf of NCPA with respect to the Project have been disclosed and/or made available to the Underwriter;

(h) The Joint Powers Agreement and the Third Phase Agreement are and shall be in full force and effect, and neither NCPA nor any of the Project Participants, respectively, is or shall be in default thereunder;

(i) The Bonds, the Indenture, the Third Phase Agreement, the Escrow Agreement, the Continuing Disclosure Agreements and the other documents described in the Preliminary Official Statement and the Official Statement conform in all material respects to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement; and the Bonds, when delivered as provided herein, will be validly issued and outstanding obligations of NCPA entitled to the benefits of the Indenture and the Third Phase Agreement;

(j) NCPA will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriter as the

Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for the distribution of the Bonds; provided that NCPA shall not be obligated to take any action that would subject it to the general service of process in any state or jurisdiction where it is not now so subject;

(k) As of its date and at the time of NCPA's acceptance hereof, the Preliminary Official Statement is true, complete, correct and final in all material respects, except for the omission of certain information permitted to be omitted in accordance with Rule 15c2-12, and, except for the omission of certain information permitted to be omitted in accordance with Rule 15c2-12, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(l) The Official Statement is and at all times subsequent hereto up to and including the Closing Date will be (unless an event occurs of the nature described in paragraph (m) hereof), true and correct in all material respects; and the Official Statement does not and will not (unless an event occurs of the nature described in paragraph (m) hereof) omit any statement or information necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that no representation is made as to any information included in the Official Statement relating to The Depository Trust Company ("DTC") or its book-entry only system;

(m) If between the date hereof and the date which is 25 days after the end of the underwriting period (as determined in accordance with paragraph (o) hereof), an event occurs which might or would cause the information contained in the Official Statement, as previously supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the information therein, in the light of the circumstances under which it was presented, not misleading, NCPA will notify the Underwriter, and, if in the opinion of NCPA or the Underwriter, or counsel to the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, NCPA will forthwith prepare and furnish to the Underwriter (at the expense of NCPA) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading. For the purposes of this subsection, between the date hereof and the date which is 25 days after the end of the underwriting period, NCPA will furnish such information with respect to itself as the Underwriter may from time to time reasonably request;

(n) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (m) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at

all times subsequent thereto up to and including the date which is 25 days after the end of the underwriting period (as determined in accordance with paragraph (o) hereof), the Official Statement as so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading;

(o) The term “end of the underwriting period” referred to in paragraphs (m) and (n) hereof shall mean the later of such time as (i) NCPA delivers the Bonds to the Underwriter or (ii) the Underwriter does not retain an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the end of the underwriting period shall be deemed to be the Closing Date;

(p) After the Closing, NCPA will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter shall reasonably object in writing or which shall be disapproved by counsel to the Underwriter;

(q) The financial statements of NCPA contained as Appendix B to the Official Statement do and will fairly present the financial position and results of operations of NCPA as of the dates and for the periods therein set forth in accordance with generally accepted accounting principles applied consistently; and

(r) Except as disclosed in the Preliminary Official Statement and the Official Statement, NCPA has not, in the last five years, failed in any material respect to comply with any previous continuing disclosure undertaking entered into by it under Rule 15c2-12 and as of the date hereof, NCPA is in compliance with all of its continuing disclosure obligations under Rule 15c-12.

5. Conditions to the Obligations of the Underwriter. The Underwriter have entered into this Purchase Contract in reliance upon the representations herein and the performance by NCPA of NCPA’s obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter’s obligations under this Purchase Contract are and shall be subject to the following further conditions:

(a) The representations of NCPA contained herein shall be true and correct in all material respects at the date hereof and on the Closing Date.

(b) As of the Closing Date, a material adverse change in or affecting NCPA, the Project Participants, the Bonds or the security and sources of payment therefor, the status of operation of the Hydroelectric Project or the required permits, licenses or approvals relating to the Hydroelectric Project, as each of the foregoing matters were described in the Official Statement, shall not have occurred requiring an amendment or supplement to the Official Statement pursuant to Section 4(m) hereof to disclose;

(c) At the time of the Closing, this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreements and the Third Phase Agreement shall have been duly authorized, executed and delivered by the respective parties thereto, and the Official Statement shall have been duly authorized, executed and delivered by NCPA, all in substantially the forms heretofore submitted to the Underwriter, with only such changes as shall have been agreed to by the Underwriter, and such Purchase Contract, Indenture, Escrow Agreement, Continuing Disclosure Agreements and Third Phase Agreement shall be in full force and effect and shall not have been amended, modified or supplemented and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter; NCPA shall perform or have performed its obligations required under or specified in this Purchase Contract, the Official Statement, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party and the Third Phase Agreement to be performed at or prior to the Closing; and there shall be in full force and effect such resolution or resolutions of the Commission of NCPA as, in the opinion of Bond Counsel, shall be necessary or appropriate in connection with the transactions contemplated hereby;

(d) The Underwriter may terminate this Purchase Contract by notification to NCPA if at any time after the date hereof and prior to the Closing Date any of the following shall occur:

(i) legislation shall be enacted by the State of California, the Congress of the United States or introduced and pending in or adopted by either House thereof or a decision by a Court of the State of California or the United States or the Tax Court of the United States shall be rendered or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made with respect to federal or state taxation upon revenues or other income of the general character expected to be derived by NCPA or upon interest received on securities of the general character of the 2019 Series A Bonds in the hands of the holders thereof which, in the judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices or yields, of the Bonds; or

(ii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Bonds is in violation or would be in violation of any provisions of the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended or the Trust Indenture Act of 1939, as amended; or

(iii) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent

jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(iv) there shall have occurred any new outbreak or escalation of war or similar hostilities or declaration by the United States of a national emergency or war or any other national or international calamity or crisis (including in the financial markets), which, in the judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices or yields, of the Bonds; or

(v) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (A) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Bonds or similar obligations; or (B) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers, which, in the judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices or yields, of the Bonds; or

(vi) a general banking moratorium shall have been declared by Federal, New York or California authorities having jurisdiction and shall be in force or a major financial crisis or a material disruption in commercial banking or securities settlement or clearance services shall have occurred, which, in the judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices or yields, of the Bonds; or

(vii) any event shall occur, or information shall become known which makes untrue or incorrect in any material respect, as of the time of such event or information becoming known, any statement or information contained in the

Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event: (A) NCPA refuses to permit the Official Statement to be supplemented to supply such statement or information or (B) the effect of the Official Statement as so supplemented is, in the judgment of the Underwriter, to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices or yields, of the Bonds; or

(viii) there shall have occurred or any notice shall have been given of any downgrading, suspension, withdrawal, or negative change in credit watch status to any rating of the Bonds or other Hydroelectric Project debt securities of NCPA.

(e) At or prior to the Closing Date, the Underwriter shall receive the following documents:

(1) the opinions of Norton Rose Fulbright US LLP, Bond Counsel to NCPA, and Nixon Peabody LLP, Special Tax Counsel to NCPA, each dated the Closing Date, substantially in the forms attached as Appendix F to the Official Statement, together with a reliance letter thereon addressed to the Underwriter;

(2) a certificate or certificates, dated the Closing Date, of NCPA executed by its General Manager, its Assistant General Manager/CFO, Finance and Administrative Services, or other appropriate official, to the effect that (A) on the date of the Official Statement and on the Closing Date (unless an event shall have occurred of the nature described in Section 4(m)) and an amendment or supplement as been made to the Official Statement, in which case, including any amendment or supplement to the Official Statement as of such date) (i) the descriptions and statements of or pertaining to NCPA and the Project contained in the Official Statement were and are true and correct in all material respects; (ii) insofar as NCPA and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (iii) insofar as the descriptions and statements, including financial data, of or pertaining to other bodies and their activities contained in the Official Statement are concerned, such descriptions, statements and data have been obtained from sources which NCPA believes to be reliable and NCPA has no reason to believe that they are untrue in any material respect (provided that no representation is made as to DTC and its book-entry only system); (B) during the five-day period immediately preceding the Closing Date such official spoke by telephone with the Mayor or other appropriate official of the Significant Share Project Participants and asked each such individual questions relating to the representations to be made by such Significant Share Project Participant in the certificate to be delivered by such Significant Share Project Participant on the Closing Date and the information relating to such Significant Share Project Participant included in

the Preliminary Official Statement and the Official Statement (including any amendment or supplement to the Official Statement as of such date), and in the course of such conversations no facts came to the attention of such official that would lead such official to believe that either the ability of any Significant Share Project Participant to comply with its obligations under the Third Phase Agreement has been materially and adversely affected or that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (C) the representations of NCPA in this Purchase Contract were true and correct as of the date made and are true and correct on and as of the Closing Date as if made on and as of the Closing Date, and NCPA has complied with and performed all of its covenants and agreements in this Purchase Contract to be complied with and performed at or prior to the Closing Date;

(3) a certificate dated the Closing Date, by the Chairman of the Commission or other appropriate official of NCPA and Jane E. Luckhardt, Esq., General Counsel to NCPA, to the effect that other than as described in the Preliminary Official Statement and the Official Statement (including any amendment or supplement to the Official Statement as of such date), no litigation is pending (with NCPA having received service of process) or, to their knowledge, threatened in any court (i) in any way questioning the corporate existence of NCPA or the titles of the officers of NCPA to their respective offices; (ii) seeking to restrain or enjoin the delivery of the Bonds, or the collection of revenues pledged or to be pledged to pay the principal of, premium, if any, and interest on the Bonds; (iii) in any way contesting or affecting the validity of the Bonds, the Indenture, the Escrow Agreement, the Third Phase Agreement, the Continuing Disclosure Agreements or this Purchase Contract; (iv) in any way contesting or affecting the collection of said revenues or the pledge thereof, or contesting the powers of NCPA or any authority for the issuance and delivery of the Bonds and the performance by NCPA of its obligations contained therein or the execution and delivery of the Indenture, the Escrow Agreement, the Third Phase Agreement, the Continuing Disclosure Agreement to which it is a party or this Purchase Contract and the performance of its obligations contained therein or herein; (v) which would be likely to result in any material adverse change in the business, properties, assets or the financial condition of NCPA relating to the Project or which would be likely to have a material adverse effect on the ability of NCPA to meet its obligations under the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party or the Third Phase Agreement; or (vi) asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, which certificate shall be in form and substance acceptable to the Underwriter (but in lieu of such certificate, the Underwriter may in its discretion accept an opinion of Bond Counsel or Counsel to NCPA, acceptable to the Underwriter in form and substance, that in their opinion the issues raised in any such pending or threatened litigation are without substance or that the contentions of any plaintiffs therein are without merit);

(4) opinions of Norton Rose Fulbright US LLP; Nixon Peabody LLP ; Jane E. Luckhardt, Esq., and Spiegel & McDiarmid LLP, dated the Closing Date, substantially in the respective forms attached hereto as Exhibits B-1, B-2, C and D, respectively, with such changes as counsel to the Underwriter may approve;

(5) a defeasance opinion of Bond Counsel relating to the defeasance of the Refunded Bonds, dated the Closing Date and addressed to the Trustee;

(6) certificates of the Project Participants, dated the Closing Date, substantially in the form attached hereto as Exhibit E, and of the Significant Share Project Participants, dated the Closing Date, substantially in the form attached hereto as Exhibit F (the Underwriter may, in its discretion, accept a legal opinion to the effect that the issues raised in any pending or threatened litigation mentioned therein are without substance or that the contentions of the plaintiffs therein are without merit);

(7) an opinion of counsel to each Project Participant substantially in the form attached hereto as Exhibit G;

(8) copies of the documents referred to in Section 5(c) in substantially the form previously submitted to the Underwriter with only changes, amendments, modifications or supplements as agreed to by the Underwriter;

(9) certified copies of all proceedings relating to the authorization and issuance of the Bonds certified by the General Manager or other appropriate official of NCPA;

(10) a certified copy of the general resolution of the Trustee, Escrow Agent and Dissemination Agent authorizing the execution and delivery of the Indenture, the Escrow Agreement and the Continuing Disclosure Agreements, together with a certificate to the effect that (i) the Trustee, Escrow Agent and Dissemination Agent is a national association existing under the laws of the United States of America; (ii) the Trustee, Escrow Agent and Dissemination Agent has full corporate trust powers and authority to serve as Trustee under the Indenture, as Escrow Agent under the Escrow Agreement and as Dissemination Agent under the Continuing Disclosure Agreements, respectively; and (iii) the Trustee's, Escrow Agent's and Dissemination Agent's actions in executing and delivering the Indenture, the Escrow Agreement and the Continuing Disclosure Agreements, respectively, is in full compliance with and does not conflict with any applicable law or governmental regulation currently in effect and does not conflict with or violate any contract to which the Trustee, Escrow Agent or Dissemination Agent is a party or any administrative or judicial decision by which the Trustee, Escrow Agent or Dissemination Agent is bound;

(11) An opinion, dated the Closing Date and addressed to NCPA, the Underwriter, the Escrow Agent and the Trustee, of counsel to the Trustee and Escrow Agent, in such form as Bond Counsel and counsel to the Underwriter shall approve;

(12) A copy of the audited financial statements of NCPA included as Appendix B to the Preliminary Official Statement and the Official Statement, together with a letter from Baker Tilly Virchow Krause, LLP (the “Independent Auditors”), in form acceptable to the Underwriter, consenting to the references to such firm and the inclusion of such financial statements of NCPA in the Preliminary Official Statement and the Official Statement, or confirmation from NCPA in a form satisfactory to the Underwriter that no such consent shall be required under the terms of NCPA’s contract for services of the Independent Auditors;

(13) Tax certifications by NCPA in form and substance acceptable to Special Tax Counsel;

(14) Evidence that a federal tax information form 8038-G has been prepared for filing with respect to the Bonds;

(15) A copy of the Notice of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code;

(16) A copy of the verification report prepared by Grant Thornton LLP, as verification agent, in connection with the Refunded Bonds;

(17) evidence satisfactory to the Underwriter that the Bonds shall have been rated at least “___” and “___” by Moody’s Investors Service and Fitch Ratings, respectively; and neither of such ratings shall have been suspended, revoked or downgraded;

(18) A copy of any Blue Sky Memorandum with respect to the Bonds, prepared by Underwriter’s Counsel;

(19) an opinion of Orrick, Herrington & Sutcliffe LLP, Underwriter’s Counsel, dated the Closing Date, in the form and substance satisfactory to the Underwriter;

(20) an opinion of Nixon Peabody LLP, Special Tax Counsel to NCPA, dated the Closing Date and addressed to the Underwriter to the effect that the statements contained in the Official Statement under the caption “TAX MATTERS” and in the form of such firm’s opinion included in “APPENDIX F – PROPOSED FORMS OF BOND COUNSEL OPINION AND SPECIAL TAX COUNSEL OPINION,” insofar as the statements contained under such captions purport to summarize certain provisions of its Special Tax Counsel Opinion, present an accurate summary of such provisions for the purpose of use in the Official Statement; and

(21) such additional certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date of NCPA’s representations and warranties contained in this Purchase Contract and the due performance or satisfaction by NCPA at or prior to such time of all

agreements then to be performed and all conditions then to be satisfied by NCPA pursuant to this Purchase Contract.

The opinions and certificates and other material referred to above shall be in form and substance satisfactory to the Underwriter and to Underwriter's Counsel.

If NCPA shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Contract, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract and all obligations of the Underwriter hereunder may be terminated by the Underwriter at or at any time prior to the Closing by written notice delivered by the Underwriter to NCPA, and neither the Underwriter nor NCPA shall have any further obligations hereunder, except that the respective obligations of NCPA and the Underwriter set forth in Sections 6 and 8 hereof shall continue in full force and effect. In the event that the Underwriter fails (other than for a reason permitted under this Purchase Contract) to purchase, accept delivery of and pay for the Bonds on the Closing Date as herein provided, the amount of one percent (1%) of the principal amount of the Bonds will be accepted as and shall constitute full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriter, and shall constitute full release and discharge of all claims and rights hereunder of NCPA against the Underwriter with respect to such failure. The Underwriter and NCPA understand that in such event the actual damages of NCPA may be greater or may be less than such amount. Accordingly, the Underwriter hereby waives any right to claim that the actual damages of NCPA are less than such sum, and the acceptance of this offer by NCPA shall constitute a waiver of any right NCPA may have to additional damages from the Underwriter. Except as set forth in Sections 6 and 8 hereof, no party hereto shall have any further rights against any other party hereunder with respect to such failure.

6. Expenses. NCPA shall pay or cause to be paid (or shall reimburse the Underwriters in the expense portion of the Underwriter's Discount for their payment of) the expenses incident to the performance of its obligations hereunder including but not limited to (a) the cost of the preparation and printing or other reproduction (for distribution on or prior to the date hereof) of the Indenture and the other documents mentioned herein; (b) the fees and disbursements of Norton Rose Fulbright US LLP, Nixon Peabody LLP, Spiegel & McDiarmid LLP, PFM Financial Advisors LLC, the Trustee, the Escrow Agent, the Dissemination Agent, the verification agent and any other experts or consultants retained by NCPA; (c) the costs and fees of the credit rating agencies; (d) the cost of preparing and delivering the definitive Bonds; (e) the cost of immediately available funds for the Closing; and (f) the cost of preparation and printing or other reproduction of this Purchase Contract and any Blue Sky Memorandum, and of the preparation of the Preliminary Official Statement and the Official Statement and any supplement thereto, including a reasonable number of certified or conformed copies thereof; (g) the cost of printing such copies of the Preliminary Official Statement and the Official Statement and any supplement thereto as the Underwriter may request for use in connection with the public offering of the Bonds; (h) all other expenses incurred by them in connection with their public offering and distribution of the Bonds, including the fee and disbursements of Orrick, Herrington & Sutcliffe LLP, counsel to the Underwriter, and the fees of Digital Assurance Certification, L.L.C. for a continuing disclosure compliance review; (i) the fees of the California

Debt and Investment Advisory Commission; and (j) any expenses incurred on behalf of NCPA's employees, including but not limited to, closing costs, meals, transportation and lodging of those employees. NCPA acknowledges that the fees payable to the California Debt and Investment Advisory Commission in connection with the Bonds are the legal obligation of the Underwriter and not NCPA and NCPA consents to reimburse the Underwriter for such fees. NCPA acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

7. Notices. Any notice or other communication to be given to NCPA under this Purchase Contract may be given by delivering the same in writing to the Commission, Northern California Power Agency, 651 Commerce Drive, Roseville, California 95678, Attention: General Manager; and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to: RBC Capital Markets, LLC, 777 South Figueroa St., Suite 850 | Los Angeles, CA 90017, Attention: Greg Dawley, Managing Director.

[Remainder of page intentionally left blank.]

8. Parties in Interest; Survival of Representations and Agreements. This Purchase Contract, when accepted by NCPA in writing as heretofore specified, shall constitute the entire agreement between NCPA and the Underwriter with respect to the purchase of the Bonds and is made solely for the benefit of NCPA and the Underwriter (including any successor in business of the Underwriter). No other person shall acquire or have any right hereunder or by virtue hereof. All the representations and agreements in this Purchase Contract shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf the Underwriter, (b) delivery of and payment for the Bonds hereunder, and (c) any termination of this Purchase Contract.

Very truly yours,

RBC CAPITAL MARKETS, LLC

By: _____
Managing Director

Accepted at [_____] [a.m./p.m.] [time zone] on [Sale Date], 2019

NORTHERN CALIFORNIA POWER AGENCY

By: _____
Assistant General Manager/CFO,
Finance and Administrative Services

SCHEDULE I

**NORTHERN CALIFORNIA POWER AGENCY
Hydroelectric Project Number One Revenue Bonds**

**[\$A Principal]
2019 Refunding Series A**

<u>Maturity Date (July 1)*</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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[* All of the maturities are 10% Test Maturities.]

**[\$B Principal]
2019 Taxable Refunding Series B**

<u>Maturity Date (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
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[FORM OF ISSUE PRICE CERTIFICATE]

\$[A Principal]
NORTHERN CALIFORNIA POWER AGENCY
Hydroelectric Project Number One Revenue Bonds,
2019 Refunding Series A

ISSUE PRICE CERTIFICATE

The undersigned, RBC Capital Markets, LLC, as Underwriter (as defined below) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the Northern California Power Agency (the “Issuer”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule 1 hereto.

2. ***[Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) The Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule 1 hereto (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule 2.

(b) As set forth in the Contract of Purchase dated [Sale Date], 2019, between the Underwriter and the Issuer, the Underwriter agreed in writing on or prior to the Sale Date that, (i) the Underwriter would retain the unsold Bonds of any Hold-the-Offering-Price Maturity and not allocate any such Bonds to any other Underwriter, (ii) for each Maturity of the Hold-the-Offering-Price Maturities, the Underwriter would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (iii) any selling group agreement will contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement will contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, the Underwriter has not offered or sold any unsold Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

2. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule 1 hereto as the “General Rule Maturities.” [As set forth in Schedule 1 all of the Maturities of the Bonds are General Rule Maturities.]

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule 1 hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriter sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [Sale Date], 2019.

(g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the undersigned’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Nixon Peabody LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

IN WITNESS WHEREOF, the undersigned has executed this certificate on this __ day of April, 2019.

RBC CAPITAL MARKETS, LLC

By: _____
Name: _____
Title: _____

SCHEDULE 1 TO EXHIBIT A
SALE PRICES OF THE GENERAL RULE MATURITIES
AND INITIAL OFFERING PRICES OF THE
HOLD-THE-OFFERING-PRICE MATURITIES (IF ANY)
(To be Attached)

SCHEDULE 2 TO EXHIBIT A
PRICING WIRE OR EQUIVALENT COMMUNICATION
(To be Attached)

[Letterhead of Norton Rose Fulbright US LLP]

[Closing Date]

RBC Capital Markets, LLC
Los Angeles, California

Re: Northern California Power Agency
Hydroelectric Project Number One Revenue Bonds

\$ _____	\$ _____
2019 Refunding Series A	2019 Taxable Refunding Series B

Ladies and Gentlemen:

This letter is addressed to you, as the Underwriter, pursuant to Section 5(e)(4) of the Contract of Purchase, dated [Sale Date], 2019 (the “Contract of Purchase”), between the Northern California Power Agency (the “Agency”) and RBC Capital Markets, LLC, as underwriter (the “Underwriter”), providing for the purchase of the Agency’s \$[A Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$[B Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, the “Indenture”), between the Agency and U.S. Bank National Association, as successor trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture or, if not defined in the Indenture, the Contract of Purchase.

We have delivered our final legal opinion (the “Bond Opinion”) as bond counsel to the Agency concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Agency. You may rely on such opinion as though the same were addressed to you.

In connection with our role as bond counsel to the Agency, we have reviewed the Indenture, the Official Statement of the Agency dated [Sale Date], 2019 with respect to the Bonds (the “Official Statement”), the Contract of Purchase, certificates of the Agency, the Trustee and others, opinions of counsels to the Agency, the Trustee and others, and such other

documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth in the numbered paragraphs below.

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. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented or certified in the documents, and of the legal conclusions contained in the opinions referred to in the third paragraph hereof.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Contract of Purchase has been duly authorized, executed and delivered by the Agency and (assuming due authorization, execution and delivery by and validity against the Underwriter) is a valid and binding agreement of the Agency. We call attention to the fact that the rights and obligations under the Contract of Purchase and the enforceability thereof are subject to and may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles, to the possible unavailability of specific performance or injunctive relief, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver (including, without limitation, waiver of jury trial or consent to nonjury trial) provisions contained in the Contract of Purchase.

3. The statements contained in the Official Statement under the captions "INTRODUCTION," "PLAN OF REFUNDING," "THE 2019 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE 2019 BONDS," "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," "APPENDIX E – PROPOSED FORMS OF CONTINUING DISCLOSURE AGREEMENTS" and in the form of our opinion included in "APPENDIX F – PROPOSED FORMS OF BOND COUNSEL OPINION AND SPECIAL TAX COUNSEL OPINION," (excluding any statements under each such caption relating to The Depository Trust Company, Cede & Co. and the book-entry system, and any statements relating to the treatment of the Bonds or the interest, discount or premium, if any thereon or therefrom for tax purposes under the laws of any jurisdiction, as to all of which we express no view) , insofar as the statements contained under such captions purport to summarize certain provisions of the Act, the Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreements, the Third Phase Agreement and our Bond Opinion, present an accurate summary of such provisions for the purpose of use in the Official Statement.

The opinions and conclusions expressed herein are limited to matters under and governed by the laws of the State of California and the federal securities law of the United States, and we

assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction.

This letter is delivered to you as the Underwriter of the Bonds and is solely for your benefit as such Underwriter and is not to be used, circulated, quoted or otherwise referred to for any other purpose, including but not limited to the purchase or sale of the Bonds, nor is it to be referred to in whole or in part in the Official Statement or any other document, except that it may be included in, and reference may be made to it in any list of, the closing documents pertaining to the delivery of the Bonds. The provision of this letter to you shall not create any attorney-client relationship between our firm and you. This letter may not be relied upon by any other person, firm, corporation or other entity without our prior written consent, and we disclaim any obligation to update this letter.

Respectfully submitted,

[Letterhead of Norton Rose Fulbright US LLP]

[Closing Date]

RBC Capital Markets, LLC
Los Angeles, California

Re: NORTHERN CALIFORNIA POWER AGENCY
Hydroelectric Project Number One Revenue Bonds

[\$[A Principal]
2019 Refunding Series A

[\$[B Principal]
2019 Taxable Refunding Series B

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the Northern California Power Agency (the “Agency”) in connection with the issuance by the Agency of its \$[A Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$[B Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, the “Indenture”), between the Agency and U.S. Bank National Association, as successor trustee.

The Bonds are being sold and delivered by the Agency on the date hereof to you, RBC Capital Markets, LLC, as underwriter (the “Underwriter”), pursuant to that certain Contract of Purchase, dated [Sale Date], 2019 (the “Contract of Purchase”), between the Agency and the Underwriter.

We have reviewed the Preliminary Official Statement of the Agency dated [POS Date], 2019 with respect to the Bonds (the “Preliminary Official Statement”) and the Official Statement of the Agency dated [Sale Date], 2019 with respect to the Bonds (the “Official Statement”), certificates of the Agency, the Trustee, the Project Participants and others, the opinion of Special Tax Counsel, opinions of counsels to the Agency, the Project Participants and others, and such other records, opinions and documents, and we have made such investigations of law and fact, as we have deemed appropriate as a basis for the conclusions hereinafter expressed. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Preliminary Official Statement and the Official Statement.

In our capacity as Disclosure Counsel, we have rendered certain legal advice and assistance to the Agency in connection with the preparation of the Preliminary Official Statement and the Official Statement. Rendering such legal advice and assistance involved, among other things, discussions and inquiries concerning various legal matters, review of certain records,

documents and proceedings, and participation in meetings and telephonic conferences with, among others, representatives of the Agency, the Significant Share Project Participants, their respective counsel, Special Tax Counsel, PFM Financial Advisors LLC, as municipal advisor to the Agency, the Underwriter, Orrick, Herrington & Sutcliffe LLP, as counsel to the Underwriters, and others, at which meetings and during which telephonic conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. On the basis of the information made available to us in the course of the foregoing (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement), as of the date hereof no facts have come to the attention of the personnel in our firm directly involved in rendering legal advice and assistance in connection with the preparation of the Preliminary Official Statement and the Official Statement that causes us to believe that (a) the Preliminary Official Statement as of the date of the Contract of Purchase contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the discussions contained in the Preliminary Official Statement of permits, licenses and approvals required for the construction and operation of any projects of the Agency or the Significant Share Project Participants, and the status thereof, the description of any litigation, statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction, any information relating to DTC, Cede & Co., the book-entry system, forecasts, projections, estimates, assumptions and expressions of opinions and the financial and statistical data included therein, and Appendices B through G thereto, as to all of which we express no view, and except for such information as is permitted to be excluded from the Preliminary Official Statement pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, including but not limited to information as to pricing, yields, interest rates, maturities, amortization, redemption provisions, debt service requirements, underwriter's discount, ratings and CUSIP numbers), or (b) the Official Statement as of its date or as of the date hereof contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the discussions contained in the Official Statement of permits, licenses and approvals required for the construction and operation of any projects of the Agency or the Significant Share Project Participants, and the status thereof, the description of any litigation, statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction, any information relating to DTC, Cede & Co., the book-entry system, forecasts, projections, estimates, assumptions and expressions of opinions and the financial and statistical data included therein, and Appendices B through G thereto, as to all of which we express no view).

During the period from the date of the Official Statement to the date of this opinion, except for our review of the certificates and opinions regarding the Preliminary Official Statement and the Official Statement delivered on the date hereof, we have not undertaken any procedures or taken any actions which were intended or likely to elicit information concerning the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement.

The conclusions expressed herein are limited to matters under and governed by the federal securities law of the United States, and we assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction.

We are furnishing you this letter at the request of the Agency and solely for the information of, and assistance to, you in conducting and documenting your investigation of the affairs of the Agency in connection with the offering of the Bonds and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, including but not limited to the purchase or sale of the Bonds, nor is it to be referred to in whole or in part in the Official Statement or any other document, except that it may be included in, and reference may be made to it in any list of, the closing documents pertaining to the delivery of the Bonds. The provision of this opinion to you shall not create any attorney-client relationship between our firm and you. This opinion may not be relied upon by any other person, firm, corporation or other entity without our prior written consent.

Respectfully submitted,

EXHIBIT C

[Form of Opinion of General Counsel to NCPA]

[Closing Date]

RBC Capital Markets, LLC,
Los Angeles, California

Re: NORTHERN CALIFORNIA POWER AGENCY
Hydroelectric Project Number One Revenue Bonds

\$(A Principal)
2019 Refunding Series A

\$(B Principal)
2019 Taxable Refunding Series B

Ladies and Gentlemen:

I am general counsel for Northern California Power Agency (“NCPA”). This opinion is being provided in accordance with your request pursuant to the Contract of Purchase, dated [Sale Date], 2019 (the “Contract of Purchase”), between NCPA and RBC Capital Markets, LLC, as underwriter (the “Underwriter”), providing for the purchase of NCPA’s \$(A Principal) Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$(B Principal) Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the “Bonds”). Terms used herein which are defined in said Contract of Purchase shall have the meanings specified therein or, if not defined therein, in the official statement dated [Sale Date], 2019, relating to the Bonds (the “Official Statement”).

NCPA is a joint powers agency and a public entity, created under the laws of the State of California and more specifically the Joint Exercise of Power Act (California Government Code §§ 6500 et seq.). Certain of the members of NCPA, to wit, the cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Roseville, Santa Clara and Ukiah and associate member, the Plumas-Sierra Rural Electric Cooperative, herein called the “Project Participants,” have entered into an agreement with NCPA dated as of September 1, 1982, entitled “Agreement for Construction, Operation and Financing of the North Fork Stanislaus River Hydroelectric Development Project,” which, as amended to the date hereof, is referred to as the “Third Phase Agreement.”

Opinion

It is my opinion that:

1. NCPA has full power, authority and legal right to execute, deliver and perform the Contract of Purchase, the Third Phase Agreement, the Escrow Agreement, the Continuing

Disclosure Agreement, dated [Closing Date], 2019 (the “Continuing Disclosure Agreement”), between NCPA and the Trustee and the Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, the “Indenture”), between NCPA and U.S. Bank National Association, as successor trustee.

2. The execution, delivery and performance by NCPA of the Contract of Purchase, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Third Phase Agreement have been duly authorized by all appropriate action and do not and will not (i) violate any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to NCPA or (ii) result in a breach of or constitute a default under any indenture or loan or credit agreement, lease or instrument to which it is a party or by which it or its properties may be bound or affected.

3. All authorizations, consents, approvals, licenses, exemptions of or registrations with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, necessary to the valid execution, delivery or performance by NCPA of the Contract of Purchase, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Third Phase Agreement have been obtained or effected, and are and will remain in full force and effect. I express no opinion regarding notice to or filings with the California Debt and Investment Advisory Commission or with respect to any securities laws.

4. The Contract of Purchase, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Third Phase Agreement constitute the legal, valid and binding obligations of NCPA enforceable against NCPA in accordance with their respective terms.

5. The respective obligations of the Project Participants under the Third Phase Agreement are secured by the promise of each Project Participant to make payments out of electric department revenues as an operating expense.

6. NCPA is entitled to receive any and all amounts payable by the Project Participants pursuant to the Third Phase Agreement free and clear of all rights and interests of others except as provided in the Indenture.

7. NCPA has duly authorized, executed and delivered the Official Statement.

8. Except as disclosed in the Preliminary Official Statement and the Official Statement, there are to my knowledge no actions, suits or proceedings pending or threatened against NCPA or its properties before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which, if determined adversely, would have a material adverse effect on the business or financial condition of NCPA.

9. The statements in the Preliminary Official Statement and the Official Statement under the caption “LITIGATION” and the statements as to California law under the captions “RATE REGULATION” and “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY” accurately summarize the matters set forth therein.

Without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement (except to the extent expressly set forth in the preceding sentence) and based upon the information made available to me during the preparation of the Preliminary Official Statement and the Official Statement as General Counsel to NCPA, nothing has come to my attention which causes me to believe that the information contained in the Preliminary Official Statement and the Official Statement under the captions "NORTHERN CALIFORNIA POWER AGENCY," "LITIGATION" and "RATE REGULATION" (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions, as to all of which I express no view), as of its date or as of the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering my opinions herein, I have made no investigation of, and do not express any opinion with respect to, the following as they may relate to the valid, binding and enforceable nature of the Third Phase Agreement: (i) the legal existence or formation of any of the Project Participants or the incumbency of any official or officer thereof, (ii) the charter, by laws or other governing instrument of any of the Project Participants, (iii) any local or special acts or any ordinance, resolution or other proceedings of any of the Project Participants, including, without limitation, any proceedings relating to the negotiation or authorization of the Third Phase Agreement or the execution, delivery or performance thereof, (iv) any bond resolution, indenture, contract, debt instrument, agreement or other instrument, agreement or other instrument (other than the Third Phase Agreement) or any governmental order, regulation or rule of or applicable to any of the Project Participants, (v) any judicial order, judgment or decree in a proceeding to which any of the Project Participants is a party or (vi) any approval, consent, filing, registration or authorization by or with any regulatory authority or other governmental or public agency, authority or person which may be or has been required for the authorization, execution, delivery or performance by any of the Project Participants of the Third Phase Agreement. NCPA has received, independent from this opinion, opinions with respect to, among other things, the validity and enforceability of the Third Phase Agreement rendered by the respective legal counsel to the Project Participants.

The enforceability of the Contract of Purchase, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Third Phase Agreement may be limited by bankruptcy, insolvency, moratorium and similar laws or equitable principles affecting the rights of creditors generally.

This opinion is rendered only with respect to the laws of the State of California and the United States of America, and is addressed only to the Underwriter. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

No attorney-client relationship has existed or exists between me and yourselves in connection with the Bonds or by virtue of this letter. This letter is solely for the information of, and assistance to, you as the Underwriter and is not to be used, circulated, quoted or otherwise

referred to in connection with the offering of the Bonds except that reference may be made to this letter in any list of closing documents pertaining to the sale of the Bonds.

Sincerely,

JANE E. LUCKHARDT
General Counsel

[Letterhead of Spiegel & McDiarmid LLP]

[Closing Date]

Northern California Power Agency
Roseville, California

RBC Capital Markets, LLC,
Los Angeles, California

Re: NORTHERN CALIFORNIA POWER AGENCY
Hydroelectric Project Number One Revenue Bonds

\$(A Principal)
2019 Refunding Series A

\$(B Principal)
2019 Taxable Refunding Series B

Ladies and Gentlemen:

We are counsel to Northern California Power Agency (“NCPA”) in connection with the litigation described in NCPA’s Preliminary Official Statement dated [POS Date], 2019 (the “Preliminary Official Statement”) and the Official Statement dated [Sale Date], 2019 (the “Official Statement”), under the captions “LITIGATION – California Energy Market Dysfunction, Refund Dispute and Related Litigation” and “– FERC and CAISO Proceedings; Market Redesign.” In giving this opinion, we have examined such documents and instruments as we deem appropriate, including:

- (a) the Preliminary Official Statement and the Official Statement,
- (b) The documents associated with the current status of each of the proceedings described, together with such statutes and decisions relevant thereto as we deem relevant.

Based upon the foregoing, we are of the opinion that the statements in the Preliminary Official Statement and the Official Statement under the captions “LITIGATION – California Energy Market Dysfunction, Refund Dispute and Related Litigation” and “– FERC and CAISO Proceedings; Market Redesign,” and under the captions “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – [Federal Energy and Environmental Policies and Legislation – *Federal Power Act*] and] “– ISO Markets,” and, with respect to federal regulation, under the caption “RATE REGULATION” accurately summarize the matters set forth therein, and nothing has come to our attention which would lead us to believe that such statements contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in the light of the circumstances under which they are made, not

misleading. These representations, of course, are made with respect to the current state of the law, and recognize that in these matters, as in most others, the law is subject to change from time to time.

We consent to the references to us in the Preliminary Official Statement and the Official Statement.

Sincerely,

EXHIBIT E

CERTIFICATE OF PROJECT PARTICIPANT

I, [name], [Mayor or other appropriate official] of the [name of Project Participant] do hereby certify:

Other than as set forth in the Preliminary Official Statement dated [POS Date], 2019 (the “Preliminary Official Statement”) and the Official Statement dated [Sale Date], 2019, [as amended and supplemented to the date hereof] (the “Official Statement”) of the Northern California Power Agency, relating to the \$[A Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and the \$[B Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B, no litigation is pending or, to my knowledge, threatened (1) in any way contesting or affecting the validity of the Third Phase Agreement (as defined therein), or (2) against [name of Project Participant] or involving any of the property or assets which comprise the electric system of [name of Project Participant] that could materially and adversely affect the ability of [name of Project Participant] to meet its obligations under such Third Phase Agreement.

Dated: [Closing Date]

[Title]

EXHIBIT F

CERTIFICATE OF SIGNIFICANT SHARE PROJECT PARTICIPANT

I, [name], [Mayor or other appropriate official] of the [name of Project Participant] do hereby certify:

(a) The information concerning [name of Project Participant] (the “Participant Information”) in Appendix A to the Preliminary Official Statement dated [POS Date], 2019 (the “Preliminary Official Statement”) and the Official Statement dated [Sale Date], 2019 [as amended and supplemented to the date hereof] (the “Official Statement”) of the Northern California Power Agency, relating to the \$[A Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and the \$[B Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the “Bonds”) was as of the dates thereof, and is as of the date hereof, true and correct in all material respects and did not and does not omit to state any material fact which is necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(b) Since the date of the Participant Information, except as referred to in or as contemplated by the Preliminary Official Statement and the Official Statement, with respect to its electric system, [name of Project Participant] has not incurred any material liabilities, direct or contingent, or entered into any transactions, nor has there been any adverse change in the condition, financial or physical, of the electric system of [name of Project Participant], in each case that would materially and adversely affect the ability of [name of Project Participant] to meet its obligations under the Third Phase Agreement (as defined in the Preliminary Official Statement and the Official Statement) to which it is a party; and

(c) The Continuing Disclosure Agreement relating to the Bonds to which [name of Project Participant] has been duly authorized, executed and delivered by [name of Project Participant] and, [except as disclosed in the Preliminary Official Statement and the Official Statement,] [name of Project Participant] has not, in the last five years, failed in any material respect to comply with any previous continuing disclosure undertaking entered into by it under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

Dated: [Closing Date]

[Title]

EXHIBIT G

[Form of Opinion of Counsel to Participant]

[Closing Date]

Northern California Power Agency
Roseville, California

RBC Capital Markets, LLC,
Los Angeles, California

Re: NORTHERN CALIFORNIA POWER AGENCY
 Hydroelectric Project Number One Revenue Bonds

 \$[A Principal]
 2019 Refunding Series A

 \$[B Principal]
 2019 Taxable Refunding Series B

Dear Sirs:

I am [we are] acting as counsel to the _____ (the “Participant”) under the Agreement for Construction, Operation and Financing of the North Fork Stanislaus River Hydroelectric Development Project, dated as of September 1, 1982, as amended (the “Agreement”), among the Participant, Northern California Power Agency (the “Agency”) and certain other entities, and I [we] have acted as counsel to the Participant in connection with the matters referred to herein. As such counsel I [we] have examined and am [are] familiar with (i) those documents relating to the existence, organization and operation of the Participant, (ii) all necessary documentation of the Participant relating to the authorization, execution and delivery of the Agreement and (iii) an executed counterpart of the Agreement. Capitalized terms used herein not otherwise defined which are defined in the Agreement shall have the meanings specified therein.

Based upon the foregoing and an examination of such other information, papers and documents as I [we] deem necessary or advisable to enable me [us] to render this opinion, including the Constitution and laws of the State of California together with the [charter], other governing instruments, ordinances and public proceedings of the Participant, I [we] am [are] of the opinion that:

1. The Participant is [state form of organization] _____, duly created, organized and existing under the laws of the State of California and duly qualified to furnish electric service within said State.

2. The Participant has the authority and right to execute, deliver, and perform pursuant to the terms of, the Agreement, and the Participant has complied with the provisions of applicable law in all matters relating to such transactions.

3. The Agreement has been duly authorized, executed and delivered by the Participant, is in full force and effect and, assuming that the Agency has all the requisite power and authority, and has taken all necessary action, to execute and deliver such Agreement, constitutes the legal, valid and binding agreement of the Participant enforceable against it in accordance with its terms, except that the rights and remedies set forth therein may be limited by or resulting from bankruptcy, insolvency, reorganization or other laws affecting creditors rights generally.

4. Payments by the Participant under the Agreement will constitute an operating expense of the Participant and are to be made solely from the Revenues of its Electric System as provided in the Agreement.

5. No approval, consent or authorization of any governmental or public agency, authority or person (that has not been obtained) is required for the execution and delivery by the Participant of the Agreement, or the performance by the Participant of its obligations thereunder.

6. The authorization, execution and delivery of the Agreement did not, and compliance with the provisions thereof will not, conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Participant, any commitment, agreement or other instrument to which the Participant is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the Participant (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Participant and its affairs.

7. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to my [our] knowledge, threatened against or affecting the Participant or any entity affiliated with the Participant or any of its officers in their respective capacities as such (nor to the best of my [our] knowledge is there any basis therefor), which questions the powers of the Participant referred to in paragraph 2 above or the validity of the proceedings taken by the Participant in connection with the authorization, execution or delivery of the Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreement, or which, in any way, would adversely affect the validity or enforceability of the Agreement.

This opinion is rendered only with respect to the laws of the State of California and the United States of America, and is addressed to the Agency and the Underwriter. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

Very truly yours,

**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 April __, 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 \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the “2019 Bonds”). The 2019 Bonds were issued pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, 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 Bondholders and Beneficial Owners of the 2019 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 2019 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 2019 Bonds (including without limitation persons holding 2019 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 2019 Bonds required to comply with the Rule in connection with the offering of the 2019 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 2019 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, 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 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 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 2019 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 2019 Bonds or other material events affecting the tax status of the 2019 Bonds;
- (7) modifications to rights of the Holders of the 2019 Bonds, if material;
- (8) optional, unscheduled or contingent 2019 Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the 2019 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 2019 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 2019 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 Hydroelectric 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 Hydroelectric Project, any of which affect Holders of the 2019 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 Hydroelectric Project, any of which reflect financial difficulties.

For these purposes, 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.

(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 Bondholders of affected 2019 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 2019 Bonds and with respect to any 2019 Bonds upon the maturity, defeasance, prior redemption or payment in full of such 2019 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 Bondholders of at least 25% aggregate principal amount of Outstanding 2019 Bonds and the furnishing by such Bondholders of indemnity satisfactory to the Trustee against its costs and expenses, including, without limitation, fees and expenses of its attorneys, shall), or any Bondholder or Beneficial Owner of the 2019 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 Bondholder 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 Bondholders and Beneficial Owners of the 2019 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 2019 Bonds. The Dissemination Agent shall have no obligation to disclose information about the 2019 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 Bondholder 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 Bondholders and Beneficial Owners from time to time of the 2019 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 REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Northern California Power Agency ("NCPA")

Name of Bond Issue: \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the "2019 Bonds")

Date of Issuance: April ___, 2019

NOTICE IS HEREBY GIVEN that NCPA has not provided an Annual Report with respect to the 2019 Bonds as required by Section 3 of the Continuing Disclosure Agreement with respect to the 2019 Bonds, dated April ___, 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

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY __, 2019**NEW ISSUE - BOOK-ENTRY ONLY**

Ratings: See “RATINGS” herein.

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. Interest on the 2019 Series B Bonds is not excluded from gross income for federal income tax purposes. Interest on all of the 2019 Bonds, including the 2019 Series B 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.

**NORTHERN CALIFORNIA POWER AGENCY
HYDROELECTRIC PROJECT NUMBER ONE REVENUE BONDS**

\$ _____ *
2019 Refunding Series A

\$ _____ *
2019 Taxable Refunding Series B

Dated: Date of Delivery**Due: July 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 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 \$ _____ * of its Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A (the “2019 Series A Bonds”) and \$ _____ * of its Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (the “2019 Series B Bonds”) and together with the 2019 Series A Bonds, the “2019 Bonds”). The 2019 Bonds are being issued by NCPA pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, the “Indenture”), by and between NCPA and U.S. Bank National Association, as successor trustee (the “Trustee”) for the purpose of providing funds to refund NCPA’s Outstanding Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A and to pay costs of issuance of the 2019 Bonds. See “PLAN OF REFUNDING” herein.

The 2019 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 Bonds, and individual purchases of the 2019 Bonds will be made in book-entry form only. Interest on the 2019 Bonds of each Series is payable on each January 1 and July 1, beginning on July 1, 2019. Principal is payable on July 1 of the years and in the amounts set forth on the inside cover page hereof. The 2019 Bonds of each Series may be purchased in authorized denominations of \$5,000 and any integral multiple thereof. Principal, premium, if any, and interest on the 2019 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 Bonds. See “APPENDIX C—BOOK-ENTRY ONLY SYSTEM” hereto.

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

THE 2019 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF NCPA PAYABLE SOLELY FROM THE TRUST ESTATE, AND SECURED SOLELY BY A PLEDGE AND ASSIGNMENT OF THE TRUST ESTATE, CONSISTING PRIMARILY OF THE NCPA REVENUES (AS DEFINED HEREIN) AND THE OTHER FUNDS PLEDGED BY NCPA UNDER THE INDENTURE. THE 2019 BONDS DO NOT CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF NCPA. THE 2019 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 BONDS. NCPA HAS NO TAXING POWER.

**Maturity Schedules
(see inside cover)**

The 2019 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 Bonds. Norton Rose Fulbright US LLP is serving as Disclosure Counsel to NCPA in connection with the 2019 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 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 April __, 2019.

RBC Capital Markets

Dated: _____, 2019

* Preliminary, subject to change.

MATURITY SCHEDULES*

NORTHERN CALIFORNIA POWER AGENCY HYDROELECTRIC PROJECT NUMBER ONE REVENUE BONDS

\$ _____ *

2019 Refunding Series A Bonds

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP [†]
					664845____
					664845____
					664845____
					664845____
					664845____
					664845____

\$ _____ *

2019 Taxable Refunding Series B

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP [†]
					664845____

* Preliminary, subject to change.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. 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 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 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2019 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 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
[Vacant] City of Gridley	David Hagele Mayor, City of Healdsburg
Mark Chandler..... Mayor, City of Lodi	Vacant..... City of Lompoc
[Vacant] City of Palo Alto	Dave Roberti Board President, Plumas-Sierra Rural Electric Cooperative
Basil Wong Utility Director, Port of Oakland	Kristen Schreder Councilmember, City of Redding
John AllardCouncilmember, 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.....	Ken Speer

Project Participants

Participant	Project Entitlement Percentage
Alameda	10.00%
Biggs	0.10
Gridley	1.06
Healdsburg	1.66
Lodi	10.37
Lompoc	2.30
Palo Alto	22.92
Roseville	12.00
Santa Clara	35.86
Ukiah	2.04
Plumas-Sierra Rural Electric Cooperative	1.69
	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.

Auditor
Baker Tilly Virchow
Krause, LLP
Madison, Wisconsin

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

Verification Agent
Causey Demgen
& Moore P.C.
Denver, Colorado

Municipal Advisor
PFM Financial
Advisors LLC
Los Angeles, California

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 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 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 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 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 BONDS THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2019 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 Bonds.

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OFFICIAL STATEMENT

NORTHERN CALIFORNIA POWER AGENCY HYDROELECTRIC PROJECT NUMBER ONE REVENUE BONDS

\$ _____*
2019 Refunding Series A

\$ _____*
2019 Taxable Refunding Series B

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 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 INDENTURE – Certain Definitions.”

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 \$ _____* Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A (the “2019 Series A Bonds”) and \$ _____* Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (the “2019 Series B Bonds” and together with the 2019 Series A Bonds, the “2019 Bonds”); and (iii) the eleven NCPA Members which have entered into the Third Phase Agreement (hereinafter defined) with NCPA (collectively, the “Project Participants”) relating to NCPA’s Hydroelectric Project Number One (the “Project” or the “Hydroelectric Project”), including in particular the five principal Project Participants (the “Significant Share Project Participants”).

The 2019 Bonds are being issued by NCPA for the purpose of providing funds to refund NCPA’s Outstanding Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A (the “2010 Series A Bonds”) and to pay costs of issuance of the 2019 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 and their Project Entitlement Percentages are shown on page (a) hereof. The Significant Share Project

* Preliminary, subject to change.

Participants, representing in aggregate over 90% in Project Entitlement Percentages, are the cities of Alameda, Lodi, Palo Alto, Roseville and Santa Clara.

Authority for Issuance

The 2019 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 and under and in accordance with an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, the “Indenture”), by and between NCPA and U.S. Bank National Association, as successor trustee (the “Trustee”), the Agreement for Construction, Operation and Financing of the North Fork Stanislaus River Hydroelectric Development Project, dated as of September 1, 1982, as amended (the “Third Phase Agreement”), by and among NCPA and the Project Participants, and the Power Purchase Contract dated July 6, 1981, as amended and revised by the Revised Power Purchase Contract, dated as of March 1, 1985 (the “Power Purchase Contract”), by and between NCPA and Calaveras County Water District (“Calaveras”).

The 2019 Bonds and all Hydroelectric Project Number One Revenue Bonds Outstanding under the Indenture are referred to herein as the “Hydroelectric Project Bonds.”

The Project

The Project consists of a 252.86 megawatt (“MW”) hydroelectric project (net capacity based on California Independent System Operator Masterfile for Collierville Powerhouse and Spicer Meadow Dam Powerhouse) and related facilities, described under the caption “THE HYDROELECTRIC PROJECT.” NCPA is entitled, under the Power Purchase Contract (i) to receive the electric output, and associated capacity, of the Project for 50 years from February 1982, with an option to purchase Project capacity and energy in excess of Calaveras’ requirements thereafter, subject to Federal Energy Regulatory Commission (“FERC”) approval, and (ii) to operate the generating facilities of the Project. In February 1990, the operating portions of the Project were declared substantially complete and commercially operable. The Project is primarily used to serve the Project Participants’ load requirements, and is secondarily used for load-following by NCPA, whereby the project output is used to balance the Project Participants’ load forecast deviations.

Third Phase Agreement

Under the Third Phase Agreement, NCPA has agreed to provide, and each Project Participant has agreed to take or cause to be taken, the Project Participant’s Project Entitlement 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 BONDS – Third Phase Agreement.”

Security and Sources of Payment for the 2019 Bonds

The 2019 Bonds are special, limited obligations of NCPA. The 2019 Bonds are payable solely from, and secured solely by a pledge and assignment of, the Trust Estate, consisting primarily of the NCPA

Revenues, and the other funds pledged by NCPA under the Indenture as described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE 2019 BONDS.”

The 2019 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 Bonds. NCPA has no taxing power.

No Debt Service Reserve Account

No debt service reserve account will be established to secure the 2019 Bonds. Amounts held in or credited to any other debt service reserve account established in connection with any other series of Outstanding Hydroelectric Project Bonds do not secure, and are not available for, the payment of the 2019 Bonds.

Risk Factors

For a description of certain risks associated with the purchase of the 2019 Bonds, see “SECURITY AND SOURCES OF PAYMENT FOR THE 2019 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. Copies of the Indenture, the Escrow Agreement, the Third Phase 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 Bonds are being issued for the purpose of providing funds to refund all of NCPA’s Outstanding 2010 Series A Bonds. A portion of the proceeds of the 2019 Bonds will also be applied to pay costs of issuance of the 2019 Bonds.

Prior Financing and Refunding Plan

The 2010 Series A Bonds were originally issued on April 5, 2010 in the aggregate principal amount of \$101,260,000 pursuant to the Indenture for the purpose of refinancing a portion of the costs of the Project. As of the date hereof, \$52,845,000 principal amount of 2010 Series A Bonds remains Outstanding. The Outstanding 2010 Series A Bonds mature on July 1 in each of the years 2019 through 2023. The

Outstanding 2010 Series A Bonds maturing on and after July 1, 2020 will be called for redemption on July 1, 2019.

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

Refunded 2010 Series A Bonds

Maturity Date (July 1)	CUSIP [†]	Outstanding Principal Amount to be Refunded	Interest Rate	Maturity or Redemption Date	Redemption Price
2019	664845CY8	\$ 8,710,000	5.00%	July 1, 2019	N/A ⁽¹⁾
2020	664845CZ5	9,150,000	5.00	July 1, 2019	100%
2021	664845DA9	9,610,000	5.00	July 1, 2019	100
2022	664845DB7	10,145,000	5.00	July 1, 2019	100
2023	664845DC5	<u>15,230,000</u>	5.00	July 1, 2019	100
Total		\$52,845,000			

⁽¹⁾ The Refunded 2010 Series A Bonds maturing on July 1, 2019 to be paid on their maturity date.

[†] 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 (the “Escrow Agreement”), to be entered into by NCPA and U.S. Bank National Association, as Trustee, a portion of the proceeds of the 2019 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 non-callable, direct obligations of the United States of America (the “Escrow 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 maturing principal or redemption price (100.0% of the principal amount) of the Refunded 2010 Series A Bonds on the maturity or redemption date therefor, together with accrued interest on such Refunded 2010 Series A Bonds.

On the date of delivery of the 2019 Bonds, NCPA will receive a report from Causey Demgen & Moore P.C., Denver, Colorado, 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 Escrow Securities (if any), to pay on July 1, 2019 the principal or redemption price of the Refunded 2010 Series A Bonds and accrued interest thereon. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

Upon such deposit to the Escrow Fund for their payment, the Refunded 2010 Series A Bonds will no longer be deemed to be Outstanding under the Indenture, and all obligations of NCPA with respect to the Refunded 2010 Series A Bonds shall cease and terminate, except for the obligation of NCPA to cause the amounts due on the Refunded 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 Bonds and other amounts are as follows:

	2019 Series A Bonds	2019 Series B Bonds	Total
Sources of Funds			
Principal Amount.....	\$	\$	\$
Original Issue Premium			
Transfer from Refunded 2010 Series A Bonds funds and accounts			
Total	<u>\$</u>	<u>\$</u>	<u>\$</u>
Uses of Funds			
Deposit to Escrow Fund.....	\$	\$	\$
Costs of Issuance ⁽¹⁾			
Total	<u>\$</u>	<u>\$</u>	<u>\$</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 January 31, 2019, in addition to the \$292.9 million Hydroelectric Project Bonds Outstanding under the Indenture (of which \$52.8 million is being refunded by the 2019 Bonds), NCPA had outstanding approximately \$29.6 million Capital Facilities Revenue Bonds, \$24.5 million outstanding Geothermal Project Number 3 Revenue Bonds and \$342.6 million Lodi Energy Center Revenue 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.

In 2004, NCPA entered into an interest rate swap agreement (the "2004 Swap Agreement") with Citigroup Financial Products Inc. ("CFPI") in an initial notional amount of \$85.16 million in anticipation of refunding \$85.87 million principal amount of NCPA's then Outstanding 1998 Bonds (the "1998 Bonds"). Certain of the 1998 Bonds were refunded with the issuance of NCPA's Hydroelectric Project Number One Revenue Bonds, 2008 Refunding Series A (the "2008 Series A Bonds") and 2008 Taxable Refunding Series B (the "2008 Series B Bonds").

The 2008 Series A Bonds and the 2008 Series B Bonds are variable rate obligations secured by respective letters of credit, upon which the Trustee and tender agent, as applicable, under the Indenture, are entitled to draw to pay the principal or redemption price of, and interest on, the 2008 Series A Bonds and 2008 Series B Bonds, and to pay the purchase price of the 2008 Series A Bonds and 2008 Series B Bonds which are tendered but are not successfully remarketed. The existing letters of credit for the 2008 Series A Bonds and the 2008 Series B Bonds have been provided by The Bank of Montreal and have a scheduled expiration date of September 9, 2019. NCPA expects to replace the existing letters of credit for the 2008 Series A Bonds or 2008 Series B Bonds (or alternatively, to refund or retire such 2008 Series B Bonds) on or before the scheduled expiration date of the respective letters of credit.

The existing reimbursement agreements for such letters of credit obligate NCPA to repay The Bank of Montreal for amounts drawn under the respective letter of credit on the date on which the drawing is

paid by the bank; provided, however that, upon the satisfaction of certain conditions, including, among other things, that (i) the representations and warranties of NCPA made in the related reimbursement agreement are true and correct and (ii) no event has occurred and is continuing which constitutes a default under the reimbursement agreement, the principal portion of any drawing made to pay the purchase price of 2008 Series A Bonds or 2008 Series B Bonds may be repaid in six (6) semi-annual principal installments over a period of up to three (3) years (unless required to be earlier repaid in accordance with the terms of the related reimbursement agreement). The interest rate payable by NCPA for unreimbursed draws under the letters of credit may be considerably higher than the interest rate on the 2008 Series A Bonds and the 2008 Series B Bonds. The obligations of NCPA to reimburse The Bank of Montreal for any drawings under the letters of credit are payable from and secured by a pledge and assignment of the Trust Estate and funds and accounts pledged to the repayment of the Hydroelectric Bonds. Upon the occurrence of an event of default under the reimbursement agreements, including a failure by NCPA to pay amounts due thereunder, a failure by NCPA to perform or observe its covenants, a default in other specified indebtedness of NCPA, the downgrade of the credit ratings on such 2008 Series A Bonds or 2008 Series B Bonds or other parity debt below investment grade, or other specified events of default, the bank has the right to accelerate NCPA's obligation to repay its borrowings. While NCPA may attempt in such event to refinance the 2008 Series A Bonds and 2008 Series B Bonds to avoid this additional debt burden, there can be no assurance that NCPA will have access to the debt markets.

Pursuant to the 2004 Swap Agreement, the floating rate interest payments that NCPA is obligated to make with respect to the 2008 Series A Bonds were converted into substantially fixed rate payments. In general, the terms of the 2004 Swap Agreement provide that, on a same-day net-payment basis determined by reference to a notional amount equal to the principal amount of the Outstanding 2008 Series A Bonds (*i.e.*, \$85.16 million), NCPA will pay a fixed interest rate on the notional amount. In return, CFPI will pay a variable rate of interest under the 2004 Swap Agreement on a like notional amount. The agreement by CFPI to make payments under the 2004 Swap Agreement does not affect NCPA's obligation to make payment of the 2008 Series A Bonds. Under certain circumstances, the 2004 Swap Agreement is subject to termination and NCPA may be required to make a substantial termination payment to the counterparty thereunder. Payments due from NCPA under the 2004 Swap Agreement, including any amounts payable upon early termination thereof, are payable from amounts on deposit in the General Reserve Account on a basis that is junior and subordinate to the payment of the Hydroelectric Project Bonds and are insured by National Public Finance Guarantee Corporation (formerly MBIA Insurance Corporation).

THE 2019 BONDS

The following is a summary of certain provisions of the 2019 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 Bonds of each Series are being issued in the respective aggregate principal amounts indicated on the inside cover page of this Official Statement, will mature on July 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 Bonds of each Series will be dated their date of delivery. Interest on the 2019 Bonds of each Series is payable on January 1 and July 1 of each year, commencing July 1, 2019 (calculated on the basis of a 360-day year comprised of twelve 30-day months).

The 2019 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 Bonds being hereinafter referred to as the "Holder." DTC will act as

securities depository for the 2019 Bonds. Ownership interests in the 2019 Bonds may be purchased in book-entry form only. Ownership interests in the 2019 Bonds of each Series may be purchased in authorized denominations of \$5,000 and any integral multiple thereof. Purchasers will not receive securities certificates representing their interests in the 2019 Bonds purchased. Payments of principal of, premium, if any, and interest on the 2019 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 Bonds. See “APPENDIX C–BOOK-ENTRY ONLY SYSTEM.”

Redemption of 2019 Bonds

Optional Redemption

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

2019 Series B Bonds. The 2019 Series B Bonds are subject to redemption prior to their stated maturity[y][ies], at the option of NCPA, in whole or in part, in such amounts as may be specified by NCPA, on any date, from any source of available funds, at a redemption price equal to 100% of the principal amount of such 2019 Series B Bonds plus the Make-Whole Premium (as defined below), if any, plus unpaid accrued interest, if any, thereon to the redemption date.

The “Make-Whole Premium” with respect to any 2019 Series B Bond to be redeemed will be equal to the positive difference, if any, between:

- (1) the sum of the present values, calculated as of the date fixed for redemption of:
 - (a) each interest payment that, but for such redemption, would have been payable on the 2019 Series B Bonds or portion thereof being redeemed on each regularly scheduled interest payment date occurring after the date fixed for redemption through the maturity date of the 2019 Series B Bonds (excluding any accrued interest for the period prior to the redemption date); provided, that if the date fixed for redemption is not a regularly scheduled interest payment date with respect to such 2019 Series B Bonds, the amount of the next regularly scheduled interest payment will be reduced by the amount of the interest accrued on such 2019 Series B Bond to the date fixed for redemption, plus
 - (b) the principal amount that, but for such redemption, would have been payable at the final maturity of the 2019 Series B Bonds or portion thereof being redeemed; minus
- (2) the principal amount of the 2019 Series B Bonds or portion thereof being redeemed.

The present values of interest and principal payments referred to in paragraph (1) above will be determined by discounting the amount of each interest or principal payment from the date that each such payment would have been payable, but for the redemption to the date fixed for redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate equal to the “comparable treasury yield” (as defined below) plus ____ basis points.

The Make-Whole Premium will be calculated by an independent investment banking institution or independent financial advisor of national standing appointed by NCPA.

For purposes of determining the Make-Whole Premium, “comparable treasury yield” means a rate of interest per annum equal to the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated “H.15(519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication that is published weekly by the Board of

Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the 2019 Series B Bonds (“the H.15 statistical release”). The comparable treasury yield will be determined as of the third business day immediately preceding the applicable redemption date. If the H.15 statistical release sets forth a weekly average yield for United States Treasury Securities having a constant maturity that is the same as the remaining term calculated as set forth above, then the comparable treasury yield will be equal to such weekly average yield. In all other cases, the comparable treasury yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury Securities (in each case as set forth in the H.15 statistical release) that have a constant maturity (i) closest to and greater than the remaining term to maturity of the 2019 Series B Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2019 Series B Bonds being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward.

If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15 statistical release, then the comparable treasury yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

“Comparable Treasury Issue” means the United States Treasury security selected by the independent investment banking institution or independent financial advisor of national standing appointed by NCPA as having a maturity comparable to the remaining term to maturity of the 2019 Series B Bond being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the 2019 Series B Bond being redeemed.

“Comparable Treasury Price” means, with respect to any date on which a 2019 Series B Bond or portion thereof is being redeemed, either (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (b) if the independent investment banking institution or independent financial advisor of national standing appointed by NCPA is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the independent investment banking institution or independent financial advisor of national standing appointed by NCPA, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the independent investment banking institution or independent financial advisor of national standing appointed by NCPA, at 5:00 p.m. New York City time on the third business day preceding the date fixed for redemption.

“Reference Treasury Dealer” means a primary United States Government securities dealer in the United States appointed by NCPA (which may be the Underwriter) and reasonably acceptable to the independent investment banking institution or independent financial advisor of national standing appointed by NCPA.

Extraordinary Redemption

The 2019 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: (i) insurance or condemnation proceeds and (ii) from any source of money if all or substantially all of the Initial Facilities are 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 thereof, plus unpaid accrued

interest to the date fixed for redemption, without premium; provided that the option of NCPA to call the 2019 Bonds for redemption from insurance or condemnation proceeds will expire 90 days following the receipt of such insurance or condemnation proceeds.

Selection of 2019 Bonds for Redemption

NCPA may select the Series of the 2019 Bonds, the maturities of the 2019 Bonds and the principal amount of each such maturity to be redeemed in its sole discretion. Whenever provision is made in the Indenture for the redemption of less than all of the 2019 Bonds of like maturity of any Series, the Trustee will select the 2019 Bonds to be redeemed from all 2019 Bonds of such Series and 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 Bonds by mailing a notice of redemption of such 2019 Bonds, postage prepaid, not less than 30 days before the redemption date, to the Holders of any 2019 Bonds or portions of 2019 Bonds which are to be redeemed, at their last address appearing upon the registry books. Among other things, such notice will state that on the redemption date there will become due and payable on each 2019 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 Bonds to be redeemed in part only, together with unpaid accrued interest to the redemption date, and that on and after such date, interest thereon 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 Bonds. So long as the 2019 Bonds are in book-entry form, such notice of redemption by the Trustee to the Holders will be mailed only to DTC (or its nominee).

SECURITY AND SOURCES OF PAYMENT FOR THE 2019 BONDS

Pledge Effected by the Indenture

The 2019 Bonds are special, limited obligations of NCPA payable solely from, and secured solely by a pledge and assignment of, the following pursuant to the Indenture, which constitutes the Trust Estate: (a) subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, (i) the proceeds of the sale of the Hydroelectric Project Bonds, (ii) (a) all revenues, income, rents and receipts derived or to be derived by NCPA from or attributable to the Project or the Power Purchase Contract or to the payment of the costs of the Project received or to be received by NCPA under the Third Phase Agreement or the Power Purchase Contract or under any other contract for the sale by NCPA of the Project or any part thereof or any contractual arrangement with respect to the use of the Project or any portion thereof or the services or capacity thereof, (b) the proceeds of any insurance, including the proceeds of any self-insurance fund, covering business interruption loss relating to the Project, and (c) interest received or to be received on any moneys or securities (other than in the Construction Fund) held pursuant to the Indenture and required to be paid into the Revenue Fund established thereunder ("NCPA Revenues"), and (iii) all amounts on deposit in the Funds established by the Indenture, including the investments, if any, thereof to the extent held by the Trustee and (b) all right, title and interest of NCPA in, to and under the Third Phase Agreement and the Power Purchase Contract.

The 2019 Bonds and the interest thereon are payable solely from the funds provided therefor under the Indenture and will not constitute a charge against the general credit of NCPA. The 2019 Bonds are not secured by a legal or equitable pledge of, or lien or charge upon, any property of NCPA or any of its income or receipts except the Trust Estate pledged pursuant to the Indenture which is

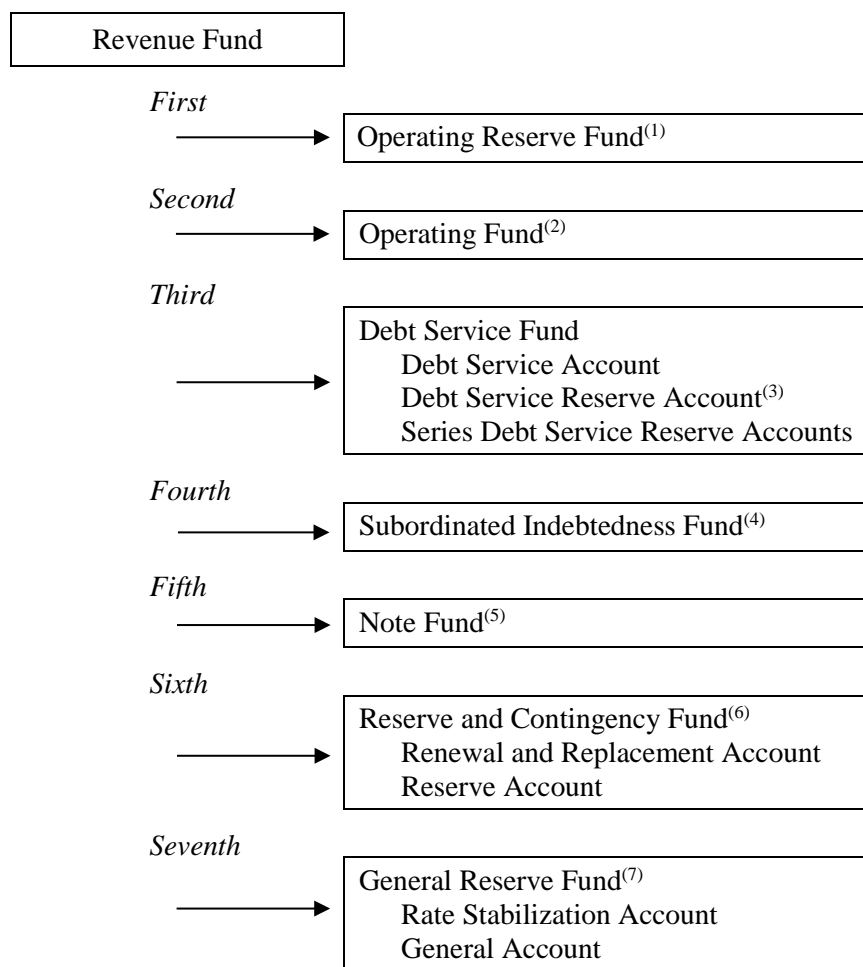
subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any Member of NCPA or any Project Participant is pledged to the payment of the principal of, or interest on, the 2019 Bonds. NCPA has no taxing power. Neither the payment of the principal of, or interest on, the 2019 Bonds constitutes a debt, liability or obligation of the State of California or any public agency thereof (other than NCPA) or any Member of NCPA or any Project Participant. The Commissioners, directors, officers and employees of NCPA will not be individually liable on the 2019 Bonds or in respect of any undertakings by NCPA under the Indenture.

The 2019 Bonds are payable from and secured by the Trust Estate on a parity basis with all other Hydroelectric Project Bonds Outstanding under the Indenture. As of January 31, 2019, there was \$292.9 million aggregate principal amount of Hydroelectric Project Bonds Outstanding under the Indenture, of which \$52.8 million are being refunded by the 2019 Bonds.

Order of Application of NCPA Revenues

Pursuant to the Indenture, all NCPA 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) To be maintained in such amount as recommended by a Consulting Engineer. The Consulting Engineer has recommended that such amount be set to \$0, provided that NCPA has established a common special reserve fund for the operating and maintenance expenses of the Project and the NCPA Geothermal Project in an amount not less than \$3,000,000. Such special reserve has been established.

(2) To be applied for the payment of NCPA Operating Expenses.

(3) The Debt Service Reserve Account is maintained in an amount equal to the Debt Service Reserve Requirement as defined in APPENDIX D. Amounts in the Debt Service Reserve Account are available to fund deficiencies in the Debt Service Account for Participating Bonds. The 2019 Bonds are Non-Participating Bonds and are not secured by amounts in the Debt Service Reserve Account. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019 BONDS – No Debt Service Reserve Account for 2019 Bonds.” NCPA’s Outstanding Hydroelectric Project Number One Revenue Bonds, 1992 Refunding Series A are the only Participating Bonds. The 2019 Bonds, the 2010 Series A Bonds, and NCPA’s Hydroelectric Project Number One Revenue Bonds, 2008 Refunding Series A Bonds, 2008 Taxable Refunding Series B Bonds, 2012 Refunding Series A, 2012 Taxable Refunding Series B, 2018 Refunding Series A and 2018 Taxable Refunding Series B are not Participating 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. The 2019 Bonds are being issued with no debt service reserve.

(4) To be applied to the payment of Subordinated Indebtedness under the Indenture. There is currently no Subordinated Indebtedness Outstanding under the Indenture.

(5) To be applied to the payment of Notes. There are currently no Notes Outstanding under the Indenture.

(6) Amounts in the Renewal and Replacement Account (currently \$0) are to be applied to the costs of Capital Improvements. The Reserve Account is to be maintained in such amount as recommended by the Consulting Engineer. Amounts in the Reserve Account, if any, are to be applied to the costs of Capital Improvements not funded from the Renewal and Replacement Account, to the payment of extraordinary operating and maintenance costs of the Project and to contingencies. Amounts in the Reserve and Contingency Fund, if any (currently \$0) are available to fund deficiencies in Operating Fund or Debt Service Fund.

(7) Amounts in the General Reserve are to be applied to make up deficiencies in the Debt Service Account, the Debt Service Reserve Account 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 INDENTURE” for further discussion of certain of the terms and provisions of the Indenture relating to the application of NCPA Revenues.

NCPA Rate Covenant

Pursuant to the Indenture, NCPA has covenanted, at all times, to establish and collect rates and charges with respect to the Project to provide NCPA Revenues at least sufficient in each Fiscal Year, together with other available funds, for the payment of all of the following: (i) NCPA Operating Expenses, (ii) Aggregate Debt Service, (iii) all other required deposits to any Funds under the Indenture, and (iv) all other charges or other amounts whatsoever payable out of NCPA Revenues during such Fiscal Year. See “APPENDIX D–SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants – Rate Covenant.”

No Debt Service Reserve Account for 2019 Bonds

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

Pursuant to the Indenture, certain prior Series of Hydroelectric Project Bonds were secured by, and all future Series of Hydroelectric Project Bonds other than Hydroelectric Project Bonds authorized by a Supplemental Indenture that provides that such Hydroelectric Project Bonds are not “Participating Bonds” will be secured by, the Debt Service Reserve Account. The Indenture provides that a Supplemental Indenture authorizing a Series of Hydroelectric Project Bonds may provide that such Hydroelectric Project Bonds are not Participating Bonds (all such Hydroelectric Project Bonds being referred to as “Non-Participating Bonds”) and may be secured by a Series Debt Service Reserve Account or may be issued with no debt service reserve. Pursuant to the Twenty-Sixth Supplemental Indenture and the Twenty-Seventh Supplemental Indenture, the 2019 Bonds are not Participating Bonds and will be issued with no debt service reserve. Amounts on deposit in any Series Debt Service Reserve Account for any Series of Non-Participating Bonds shall be used and withdrawn as provided in the Supplemental Indenture of Trust authorizing the issuance of such Non-Participating Bonds. Amounts on deposit in the Debt Service Reserve Account secure only Participating Bonds and do not secure in any manner the 2019 Bonds. Amounts on deposit in any Series Debt Service Reserve Account for any other Series of Non-Participating Bonds do not secure in any manner the 2019 Bonds.

See “APPENDIX D–SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Debt Service Reserves for Future Bonds.”

Additional Hydroelectric Project Bonds

NCPA may issue Hydroelectric Project Bonds under and secured by the Indenture to refund bonds previously issued and Outstanding under and secured by the Indenture and may, although it does not currently expect to, issue Additional Bonds to finance Capital Improvements to the Project. For further information, see “APPENDIX D–SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Additional Bonds” and “– Refunding Bonds.”

Third Phase Agreement

Project Participants’ Take-or-Pay Obligation. The Third Phase Agreement authorizes NCPA to fix charges thereunder equal to the amounts anticipated to be needed to provide capacity and energy from the Project, including but not limited to debt service, operation, maintenance and replacement costs, a reasonable reserve for contingencies, and all other costs of the Project. The Third Phase 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 will pay an amount equal to their Project Entitlement Percentage of debt service on bonds, notes and other evidences of indebtedness (including an applicable percentage of the 2019 Bonds), reserves therefor, and all other payments required to be made under the Indenture and the Power Purchase Contract, whether or not the Project is completed, operable, operating or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of Project output or the power and energy contracted for in whole or in part for any reason whatsoever.

Operating Expense. Each Project Participant will make payments under the Third Phase Agreement solely from the Revenues of, and as an operating expense of, its electric system. Nothing in the Third Phase Agreement prohibits any Project Participant from using any other funds and revenues to satisfy the provisions thereof.

Project Participants' Rate Covenant. 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 Third Phase 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 Project Participants' Original Project Entitlement Percentage. Upon the failure of any Project Participant to make any payment, which failure constitutes a default under the Third Phase Agreement, and except as sales and transfers are made pursuant thereto, the Third Phase Agreement provides that the Project Entitlement Percentage of each non-defaulting Project Participant will be automatically increased for the remaining term of the Third Phase 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 will 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 Entitlement Percentage.

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 Hydroelectric Project Bonds issued under the Indenture. No such transfer, sale or assignment shall relieve the Project Participant of its obligations under the Third Phase Agreement. No Project Participant shall transfer its electric system unless the Project Participant provides assurance that its obligations under the Third Phase Agreement will be promptly and adequately met, including providing sufficient moneys for such purpose if no other adequate assurance is available.

Limitations on Remedies

The rights of the owners of the 2019 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 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 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, 2018 and 2017 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 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 CIRINCIONE, 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. Cirincione 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. Cirincione 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, has worked for NCPA for 18 years. 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.

KEN SPEER, Assistant General Manager, Generation Services, has over 35 years of experience in the generation resource management field, having also managed significant generation facilities for the City of Santa Clara (Silicon Valley Power) and PG&E. Mr. Speer also served as the Director of Capital Investment for Duke Energy North America, where he oversaw the capital investment program for the company's California-based assets. Mr. Speer has a Bachelor of Science degree in Mechanical and Nuclear Engineering from the University of California, Berkeley, and is a Registered Mechanical Engineer.

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. See "APPENDIX A—SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS – CITY OF SANTA CLARA."

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 HYDROELECTRIC PROJECT

The 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 Project, with the exception of certain transmission facilities, is owned by Calaveras and is licensed by FERC, pursuant to a 50-year License (Project No. 2409) issued in 1982 to Calaveras. Pursuant to the Power Purchase Contract, NCPA (i) is entitled to the electric output, including capacity, of the Project until February 2032, (ii) managed the construction of the Project, and (iii) operates the generating and recreational facilities of the Project. Under a separate FERC-issued license with an expiration date coterminous with the 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 Project is determined by consideration of its storage capacity, hydrology conditions, and available stream flows and requirements. The Project has a 105-year record (1913 to 2018) of stream flows. Based upon the record, the Project's average production is estimated to be 512 GWh annually. The 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 Project gives NCPA a great degree of flexibility in meeting the hourly and daily variations which occur in the Project Participants' loads. The net Project generation for the previous ten fiscal years is as follows:

Fiscal Year Ended June 30	Total Net Generation (GWh)
2009	377
2010	533
2011	852
2012	463
2013	268
2014	197
2015	164
2016	397
2017	945
2018	487

NCPA financed the Project through the issuance of Hydroelectric Project Number One Revenue Bonds, of which approximately \$292.9 million aggregate principal amount was Outstanding as of January 31, 2019. See “Indebtedness” for each of the Significant Share Project Participants in “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 Project.

NCPA has sold the energy and capacity of the Project to the Project Participants pursuant to a “take-or-pay” power sales contract, which require 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 Project of all of NCPA’s costs of the 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.

Biggs and Gridley have transferred their entitlement shares of the Project output to Santa Clara. Each Project Participant remains obligated for all payments due from such Project Participant under the Third Phase Agreement, in the event moneys received from transferees pursuant to such arrangements are insufficient to satisfy all payments. Redding, Truckee Donner, Port of Oakland, Shasta Lake and BART, which are Members of NCPA, are not Project Participants, and have no financial or other responsibility or liability associated with the acquisition, construction, maintenance, operation or financing of the Project.

NCPA has estimated the average cost per kWh of power generated from the Project to be approximately \$0.11 cents/kWh in Fiscal Year 2018-19 (based on the current water year conditions). The average cost per kWh of power generated from the Project over the prior five fiscal years is shown in the following table:

Fiscal Year	Average Cost of Power (cents/kWh)
2013-14	\$0.26
2014-15	0.33
2015-16	0.13
2016-17	0.06
2017-18	0.12

THE PROJECT PARTICIPANTS

General

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

The governing body of each Project Participant has approved the Third Phase 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.

Descriptions of the Significant Share Project Participants

The five Project Participants with the largest Project Entitlement Percentages are Alameda (10.00%), Lodi (10.37%), Palo Alto (22.92%), Roseville (12.00%) and Santa Clara (35.86%), which, in the aggregate, comprise over 90% of the Project. None of the remaining Project Participants has a Project Entitlement Percentage in excess of 3%. Alameda, Lodi, Palo Alto, Roseville, and Santa Clara 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. In addition, Alameda, Healdsburg, Lodi, Lompoc, Roseville and Ukiah obtain a portion of their power needs from Western. Biggs, Gridley, Palo Alto and Plumas-Sierra are also wholesale customers of Western and obtain a larger portion of their power needs from that source. Roseville also derives a portion of its power from its own generating facilities. Santa Clara receives part of its power requirements from Western, part from other power agencies, the power markets and its own generating projects. NCPA also purchases power from the market for certain of its Members (the Project Participants, exclusive of Santa Clara and Roseville) for periods of up to 30 days and for periods of up to five years (under separate project agreements) for Biggs, Gridley, Healdsburg, Lodi, Lompoc and Ukiah. 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 municipal 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 municipal Project Participants have authority to acquire, construct, establish, enlarge, improve, maintain, own and operate electric distribution systems. Plumas-Sierra provides electric service pursuant to its Articles and Bylaws.

The retail customers of the municipal Project Participants are located within their respective city boundaries and environs. Plumas-Sierra serves rural areas in Plumas, Lassen and Sierra Counties in California and in Washoe Township in Washoe County, Nevada.

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 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)
2017-18	1,075
2016-17	300
2015-16	1,077
2014-15	1,668
2013-14 ⁽¹⁾	1,191

⁽¹⁾ First full year of operation.

The increased generation in the fiscal year ended June 30, 2015 reflects the then ongoing dry weather conditions. During 2015, California was experiencing one of 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. LEC is operating as expected in the current fiscal year.

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 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 \$227.4 million is outstanding as of January 31, 2019, and (ii) its Lodi Energy Center Revenue Bonds, Issue Two, issued on behalf of the California Department of Water Resources, of which \$115.2 million is outstanding as of January 31, 2019. The Modesto Irrigation District provided its own financing for its share of the estimated costs of construction of the Lodi Energy Center. See "Indebtedness" for each of the Significant Share Project Participants in "APPENDIX A—SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS" for a discussion of the obligations of each of Lodi and Santa Clara 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.

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 101 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 71.5 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 is still being produced, NCPA has 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 \$59.3 million. NCPA has been collecting monies to pay the expected decommissioning costs since 2007 and holds \$18.1 million in a reserve for such purpose as of June 30, 2018. Collections towards future decommissioning costs are expected to be approximately \$1.8 million for Fiscal Year 2018-19.

Each of the Significant Share Project Participants, together with Biggs, Gridley, Healdsburg, Lompoc, 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 \$24.5 million were outstanding as of January 31, 2019. See “Indebtedness” for each of the Significant Share Project Participants in “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.

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. Alameda, Lodi, Palo Alto and Roseville, together with Biggs, Gridley, Healdsburg, Lompoc, Ukiah and Plumas Sierra, are participants in the Geysers Transmission Project.

Capital Facilities Project

The NCPA Capital Facilities Project, known as Combustion Turbine Project Number Two, currently consists of one power generating station, Unit One, with a design rating of 49.9 MW located in the City of Lodi. Such power generating station consists of a single natural gas-fired steam injected gas turbine (STIG), generator, and required auxiliary and electrical interconnection systems.

The Cities of Alameda, Lodi, Lompoc and Roseville are the project participants in the Capital Facilities Project. NCPA has sold the capacity and energy of the Capital Facilities Project to the Capital Facilities Project participants on a “take-or-pay” basis, in accordance with their respective project entitlement percentages to the capacity and energy of the Capital Facilities Project. NCPA financed the Capital Facilities Project with Capital Facilities Revenue Bonds, of which approximately \$29.6 million were outstanding as of January 31, 2019. See “Indebtedness” for each of the Significant Share Project Participants in “APPENDIX A–SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS” for a discussion of the obligations of each of Alameda, Lodi and Roseville with respect to the Capital Facilities Project.

Unit One is economically dispatched to meet the Capital Facilities Project participants’ load, depending on the amount of generation available from NCPA’s hydroelectric project and prices of alternative electric energy supplies, to meet other NCPA Members’ load or to sell power to third parties depending on natural gas prices and electric energy prices.

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, Lodi and Santa Clara, together with Healdsburg, Lompoc, Ukiah and Plumas-Sierra, are the current participants in Combustion Turbine Project Number One. 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 Combustion Turbine Project and of the Capital Facilities Project’s Unit One, 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

Seattle City Light Exchange Agreement. NCPA, on behalf of Healdsburg, Palo Alto, Ukiah, Lodi and Roseville, entered into a seasonal exchange agreement with Seattle City Light for 60 MW of summer capacity and energy and a return of 46 MW of capacity and energy in the winter. Deliveries under the

agreement began June 1, 1995. Effective May 31, 2008, Healdsburg, Palo Alto and Roseville assigned their participation percentages to Santa Clara. NCPA terminated the exchange agreement with Seattle City Light effective on May 31, 2018.

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 December 31, 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 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 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 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 be inconsistent with the contractual obligations of the Project Participant (including those under the Third Phase 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. Alameda and Palo Alto, two of the Significant Share Project Participants, are currently engaged in litigation filed against the respective city, generally alleging that the annual transfer of funds from the electric utility to the city’s general fund is an unauthorized tax for purposes of Article XIII C of the California Constitution in violation of Proposition 26. See “APPENDIX A–SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS – CITY OF ALAMEDA – Litigation” and “– CITY OF PALO ALTO – Litigation.”

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 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 Bonds should obtain and review such information. Such information is not incorporated herein by reference.

State Legislation and Regulatory Proceedings

A number of bills affecting NCPA, the Project Participants and the electric utility industry have been introduced or enacted by the California Legislature in recent years. In general, these bills reflect California climate policy developments by regulating greenhouse gas (“GHG”) emissions and providing for greater investment in energy efficiency and environmentally friendly generation and storage alternatives, principally through more stringent renewable resource portfolio standard requirements. 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 a number of regulatory programs designed to reduce greenhouse gas emissions and encourage or mandate renewable energy generation. Set forth below is a brief summary of certain of these bills and regulatory proceedings.

GHG Regulations; Cap-and-Trade. In September 2006, then-Governor Schwarzenegger signed into law the California Global Warming Solutions Act of 2006 or AB 32 (the “Global Warming Solutions Act”). This law requires CARB to adopt enforceable GHG emission limits and emission reduction measures in order to reduce GHG emissions from within the State to 1990 levels by 2020. In September 2016, then-Governor Brown signed into law an amendment to the Global Warming Solutions Act, or SB 32, that requires CARB to take such actions to ensure that statewide GHG emissions from within the State are reduced to at least 40% below 1990 levels by 2030.

The Global Warming Solutions Act established an annual mandatory reporting requirement for all IOUs, local publicly-owned electric utilities (“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 and gave CARB the authority to enforce such regulations beginning in 2012. The Project Participants are complying with the applicable reporting requirements under the Global Warming Solutions Act.

CARB implemented the Global Warming Solutions Act through a series of regulations (collectively referred to as the “Cap-and-Trade Regulations”) that imposed aggregate emissions limitations on the electricity generation industry in California. The Cap-and-Trade Regulations require all regulated entities 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.

In July 2017, then-Governor Brown signed into law AB 398 to extend the state’s Cap-and-Trade Regulation from 2021 to 2030. The bill passed both houses with a 2/3 supermajority vote, which protects the legislation from certain legal challenges. Under AB 398, CARB is directed to address the following: establish a price ceiling, offer non-tradeable allowances at two price containment points below the price ceiling, transfer current vintages unsold for more than 24 months to the allowance price containment reserve, evaluate and address allowance over-allocation concerns, set industry assistance factors for

allowance allocation, and establish allowance banking rules. AB 398 was passed in conjunction with AB 617, which strengthens the monitoring of criteria air pollutants and toxic air contaminants in local communities. CARB has been undertaking a public rulemaking process to amend the Cap-and-Trade Regulation to reflect the requirements of AB 398.

Also in July 2017, CARB approved various amendments to the Cap-and-Trade Regulation, which amendments took effect on October 1, 2017. The amendments included revised allowance allocations to electrical distribution utilities from 2021 to 2030. Project Participants are expected to receive more than \$400 million in proceeds from the sale of these allowances, which will substantially minimize the impact of CARB's requirement to purchase allowance on Project Participants' finances and operations.

In connection with the approval of the Cap-and-Trade Regulation amendments in July 2017, CARB adopted CARB Board Resolution 17-21, which directs CARB staff to consider requiring all electric distribution utilities to consign all administratively allocated allowances to auction. Currently, IOUs are required to consign their allowances to CARB's auctions, as are POUs whose generation accesses the CAISO Balancing Authority. POUs served by non-CAISO Balancing Authorities have the option of placing their allowances to their compliance account to cover emissions from their generating stations and/or consigning a portion of allowances to CARB's auctions. Action taken by CARB in December 2018 aimed at reducing compliance costs and promoting stability in the market include providing a price ceiling for allowances, authorizing CARB to sell reserve allowances at fixed prices, and if needed, sell additional allowances beyond the annual cap. Those rules are expected to become effective on April 1, 2019.

GHG Emissions Performance Standard and Financial Commitment Limits. SB 1368 (Chaptered in 2006) provided for an emission performance standard ("EPS") restricting new investments in baseload electric generating resources that exceed a specified rate of greenhouse gas emissions. SB 1368 allows the CEC to establish a regulatory framework to enforce the EPS for POUs. Pursuant to SB 1368, the CEC adopted a GHG EPS for electric generating facilities of 1,100 pounds of carbon dioxide (CO₂) per MWh for "covered procurements" by POUs. SB 1368 also 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.

As modified, the EPS regulations require a POU to post a notice of a public meeting at which its governing board will consider any expenditure over \$2.5 million to meet environmental regulatory requirements at a non-EPS compliant baseload facility. In addition, each POU is required to file an annual notice identifying all investments over \$2.5 million that it anticipates making during the subsequent 12 months on non-EPS compliant baseload facilities to comply with environmental regulatory requirements. This requirement is waived for any POU that has entered into a binding agreement to divest within five years of all baseload facilities exceeding the EPS. CEC staff has confirmed that the \$2.5 million threshold applies to an individual investment by each utility, and not the combined investment of all participants in a project.

2030 GHG Emissions Targets. SB 350, the Clean Energy and Pollution Reduction Act of 2015, was signed by then-Governor Brown in October 2015. Among other things, SB 350 requires 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 POUs, which

include the four largest NCPA member systems (Santa Clara, Roseville, Redding, and Palo Alto). See “–Integrated Resource Plans (IRP)” below.

Energy Procurement and Efficiency Reporting. SB 1037, signed by then-Governor Schwarzenegger in September 2005, 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.

Further, AB 2021, chaptered in 2006, requires that POUs establish, report, and explain the basis of the annual energy efficiency and demand reduction targets by June 1, 2007 and every three years thereafter for a ten-year horizon. A subsequent amendment, AB 2227, extended the reporting timeframe from three to 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. Early efforts established a renewables portfolio standard (“RPS”) of 20% of renewable electricity generation by 2017. Since then, both legislative and executive branch initiatives have raised that standard in multiple phases.

On April 12, 2011, then-Governor Brown signed into law the California Renewable Energy Resources Act, or SBX1-2. SBX1-2 requires each POU to adopt and implement a renewable energy resource procurement plan. The plan must require the utility to procure a minimum quantity of electricity products from eligible renewable energy resources, which may include renewable energy certificates (“RECs”), as a proportion of total kilowatt hours sold to the utility’s retail end-use customers to achieve the following targets: (i) an average of 20% for the period January 1, 2011 to December 31, 2013, inclusive; (ii) 25% by December 31, 2016; and (iii) 33% by December 31, 2020. In addition to the specific requirements in 2016 and 2020, SBX1-2 also required procurement of quantities of renewable energy resources in the years 2014-2015 and 2017-2019 sufficient to show reasonable progress toward achieving the above goals. The governing boards of POUs are responsible for implementing the requirements of SBX1-2, rather than the CPUC, as is the case for the IOUs. In addition, the CEC was given certain enforcement authority for POUs and CARB was given the authority to set penalties. The CEC has developed detailed rules to implement SBX1-2, and has adopted regulations for the enforcement of the RPS program requirements for POUs, which regulations have been subsequently amended from time to time.

SB 350, as enacted in 2015, establishes 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 POUs, including interim targets of (i) 40% of retail sales from eligible renewable energy resources by December 31, 2024; (ii) 45% of retail sales from eligible renewable energy resources by December 31, 2027; and (iii) 50% of retail sales from eligible renewable energy resources by December 31, 2030.

SB 100, the 100 Percent Clean Energy Act of 2018, was signed into law by then-Governor Brown in September 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. SB 100 requires retail electric sellers and POUs to procure a minimum quantity of electricity products from eligible renewable energy resources so that the total kWhs of those products sold to retail end-use customers achieve (i) 44% of retail

sales by December 31, 2024; (ii) 52% of retail sales by December 31, 2027; and (iii) 60% of retail sales by December 31, 2030. SB 100 additionally establishes that it is the policy of the State that eligible renewable energy resources and zero-carbon resources supply 100% of retail sales of electricity to California end-use customers by December 31, 2045.

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 of such members has completed its IRP within the required timeline. As required in the statute, all IRPs will be submitted to the CEC, including information outlined in the CEC’s POU IRP Guidelines that were finalized in August 2017.

Legislation Relating to Wildfires; Related Risks. SB 1028 (chaptered in 2016), requires 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 POUs 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.

A number of wildfires occurred in California in 2017 and 2018. 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. SB 901 does not address the existing legal doctrine relating to utilities’ liability for wildfires. How any future legislation addresses California’s inverse condemnation and “strict liability” issues for utilities in the context of wildfires in particular could be significant for the electric utility industry.

NCPA’s Commission adopted a Wildfire Mitigation Plan in response to SB 1028 in August of 2018, in which NCPA has identified a series of measures intended to reduce the risks of wildfire occurrences

related to the operation of its facilities and equipment. In accordance with SB 901, NCPA is updating its Wildfire Mitigation Plan to include all of the information and elements proscribed in SB 901, which is expected to be completed in advance of the 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 peak demands, the availability and cost of renewable energy, the impact of economy-wide greenhouse gas emission legislation and regulations, fuel costs and availability, weather effects on customer demand, the impact of climate change, 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 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.

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”), have the authority to establish 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.

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.

On October 23, 2015, the EPA published the Clean Power Plan and final regulations for (1) carbon pollution standards for new, modified, and reconstructed power plans, and (2) carbon pollution emission guidelines for existing electricity utility generating units. The total national emissions reduction goal under the Clean Power Plan targets an average of a 32 percent reduction from 2005 levels by 2030, with incremental interim goals for the years from 2022 through 2029. The Clean Power Plan allows states multiple options for measuring reductions and establishes different reduction goals depending upon the regulatory program set forth in the state plan.

The Clean Power Plan is being challenged in the United States Circuit Court of Appeals for the District of Columbia. The United States Supreme Court stayed implementation of the Clean Power Plan on February 9, 2016 for a period of time until the D.C. Circuit renders a decision and the Supreme Court

concludes any proceedings brought before it. Due to the stay, states were not required to submit initial plans by the original September 2016 deadline. The D.C. Circuit has continued to hold the case in abeyance and has been requiring EPA to submit 30-day status updates.

On October 16, 2017, the Federal Register published EPA's proposal to repeal the Clean Power Plan, under the premise that it exceeds EPA's statutory authority under Section 111 of the Clean Air Act.

On December 28, 2017, the Federal Register published an Advanced Notice of Proposed Rulemaking to consider proposing a new GHG emission limit rule from existing generating units. Under the new version of the proposed rule, EPA will have to determine whether to set a common efficiency standard for the coal fleet or write guidance for states to set their own standards for individual plants based on age and technology. If the effort moves down this path, NCPA and Project Participants would likely be unaffected 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 new administrations, including the President of the United States, could impact substantially 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.

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 reporting its intent to file voluntary bankruptcy (the “PG&E SEC filing”) 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. In addition, on January 24, 2019, Cal Fire released its findings on the cause of the 2017 Sonoma County Tubbs Fire, one of the 2017 wildfires, determining that such fire had been caused by a private electrical system adjacent to a home, not by equipment operated by PG&E. In its filings, PG&E did not specifically identify the proportion of its stated \$30 billion potential wildfire liability forecast that was attributable to the 2017 Tubbs fire. 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 HYDROELECTRIC 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 Santa Clara also receives the 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 does expect to participate 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 has requested approval from the bankruptcy court to continue operations of both its electric and gas systems. In its SEC filing, 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 has indicated that it has 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. In connection with its Chapter 11 filing, PG&E filed several “first-day” motions seeking approval of both use of the DIP Financing as well

as other relief in order to provide PG&E with the ability to continue operations and payment in the ordinary course, including authority to (a) continue existing customer programs, (b) pay the pre-petition claims of certain critical vendors and suppliers and (c) pay the pre-petition claims of natural gas and electricity exchange operators, *i.e.*, CAISO and ICE NGX (a Canada-based exchange that provides electronic trading, central counterparty clearing and data services to the North American natural gas and electricity markets), and allow the continuation of setoffs and netting with the exchanges and the provision of additional collateral. On January 31, 2019, the Bankruptcy Court approved, on either an interim or final basis, PG&E's requested "first-day" relief, including interim approval for the DIP financing permitting access to \$1.5 billion of the aggregate \$5.5 billion of committed 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. In the event 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, 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 indicated that it will examine 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 expects that the Chapter 11 case will, 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 will 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.

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 Resource Adequacy Availability Incentives. Resources that load-serving entities designate as providing Resource Adequacy capacity are subject to obligations to offer energy to the CAISO markets in designated hours and, in certain circumstances, to provide substitute capacity if the resource is unavailable. CAISO’s Resource Adequacy Availability Incentive Mechanism (“RAAIM”) assesses a non-availability charge on resources that fall below 94.5% of their must-offer obligation and makes incentive payments to resources that exceed 98.5% of their must-offer obligation. Some of NCPA’s resources do provide Resource Adequacy capacity and are subject to the RAAIM. CAISO is currently considering changes to the program, and the final result is yet to be determined.

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.

Increased Integration of Renewables. As part of the effort to integrate increased levels of intermittent renewable resources into the grid, the CAISO has proposed an array of changes to existing markets and to the resource adequacy structure that assures that sufficient resources are available to the markets. These proposals could affect the value of energy sold and purchases in the wholesale markets.

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. Although it does not appear that CAISO is considering proposing a centralized capacity market at this time, proposals from others are occasionally made. The CPUC has ongoing docket that could also result in changes to the Resource Adequacy and CAISO’s markets. However, the details of such changes remain to be established.

Transmission Access Charge Review. The CAISO has undertaken 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.

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.

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 severe 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) 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, (o) 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, (p) other legislative changes, voter initiatives, referenda and statewide propositions, (q) effects of the changes in the economy, population and demand of customers within a utility’s service area, (r) effects of possible manipulation of the electric markets, (s) acts of terrorism or cyber-terrorism impacting a utility and/or significant load customers, (t) changes to the climate; (u) 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 (v) 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 Bonds, or in any way contesting or affecting the validity of the 2019 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 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 (“MOUs”), including Santa Clara.

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 expects to participate 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

2019 Series A Bonds

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 and Nonarbitrage Certificate 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 Discount. Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the 2019 Series A Bonds over its issue price (*i.e.*, the first price at which price a substantial amount of such maturity of the 2019 Series A Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a “Discount Bond” and collectively the “Discount Bonds”) constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the 2019 Series Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium. 2019 Series A Bonds sold at prices in excess of their 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 are not rendering any opinions as to any federal tax matters other than those described in the their 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.

2019 Series B Bonds

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the 2019 Series B Bonds. The summary is based upon the provisions of the Code, the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses 2019 Series B Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such 2019 Series B Bonds as a hedge against currency risks or as a position in

a “straddle,” “hedge,” “constructive sale transaction” or “conversion transaction” for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers that acquire 2019 Series B Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the 2019 Series B Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the 2019 Series B Bonds.

NCPA has not sought and will not seek any rulings from the Internal Revenue Service with respect to any matter discussed herein. No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax characterizations and tax consequences set forth below.

U.S. Holders. As used herein, the term “U.S. Holder” means a beneficial owner of 2019 Series B Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds 2019 Series B Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds 2019 Series B Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the 2019 Series B Bonds.

Taxation of Interest Generally. Interest on the 2019 Series B Bonds is not excluded from gross income for federal income tax purposes under Code Section 103 and so will be fully subject to federal income taxation. Purchasers (other than those who purchase 2019 Series B Bonds in the initial offering at their principal amounts) will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such 2019 Series B Bonds. In general, interest paid on the 2019 Series B Bonds and recovery of any accrued original issue discount and market discount will be treated as ordinary income to a Bondholder, and after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S. Holder’s adjusted tax basis in the 2019 Series B Bonds and capital gain to the extent of any excess received over such basis.

Original Issue Discount. The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of 2019 Series B Bonds issued with original issue discount (“Discount 2019 Series B Bonds”). A 2019 Series B Bond will be treated as having been issued at an original issue discount if the excess of its “stated redemption price at maturity” (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the 2019 Series B Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such 2019 Series B Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A 2019 Series B Bond’s “stated redemption price at maturity” is the total of all payments provided by the 2019 Series B Bond that are not payments of “qualified stated interest.” Generally, the term

“qualified stated interest” includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a Discount Bond is the sum of the “daily portions” of original issue discount with respect to such 2019 Series B Bond for each day during the taxable year in which such holder held such 2019 Series B Bond. The daily portion of original issue discount on any Discount Bond is determined by allocating to each day in any “accrual period” a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a 2019 Series B Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the 2019 Series B Bond’s adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The “adjusted issue price” of a Discount Bond at the beginning of any accrual period is the sum of the issue price of the Discount Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the 2019 Series B Bond that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on the 2019 Series B Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

Market Discount. Any owner who purchases a 2019 Series B Bond at a price which includes market discount (*i.e.*, at a purchase price that is less than its adjusted issue price in the hands of an original owner) in excess of a prescribed de minimis amount will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a 2019 Series B Bond as ordinary income to the extent of any remaining accrued market discount or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest.

An owner of a 2019 Series B Bond who acquires such 2019 Series B Bond at a market discount also may be required to defer, until the maturity date of such 2019 Series B Bonds or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a 2019 Series B Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner’s gross income for the taxable year with respect to such 2019 Series B Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the 2019

Series B Bond for the days during the taxable year on which the owner held the 2019 Series B Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the 2019 Series B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Bondholder elects to include such market discount in income currently as described above.

Bond Premium. A holder of a 2019 Series B Bond who purchases such 2019 Series B Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all taxable bonds held by the holder on the first day of the taxable year to which the election applies and to all taxable bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Holders of any 2019 Series B Bonds who acquire such 2019 Series B Bonds at a premium should consult with their own tax advisors with respect to state and local tax consequences of owning such 2019 Series B Bonds.

Surtax on Unearned Income. Recently enacted legislation generally imposes a tax of 3.8% on the "net investment income" of certain individuals, trusts and estates for taxable years beginning after December 31, 2012. Among other items, net investment income generally includes gross income from interest and net gain attributable to the disposition of certain property, less certain deductions. U.S. Holders should consult their own tax advisors regarding the possible implications of this legislation in their particular circumstances.

Sale or Redemption of 2019 Series B Bonds. A Bondholder's adjusted tax basis for a 2019 Series B Bond is the price such owner pays for the 2019 Series B Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such 2019 Series B Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a 2019 Series B Bond, measured by the difference between the amount realized and the Bondholder's tax basis as so adjusted, will generally give rise to capital gain or loss if the 2019 Series B Bond is held as a capital asset (except in the case of 2019 Series B Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of the 2019 Series B Bonds are materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those which related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. The defeasance of the 2019 Series B Bonds may also result in a deemed sale or exchange of such 2019 Series B Bonds under certain circumstances.

EACH POTENTIAL HOLDER OF 2019 SERIES B BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE OR REDEMPTION OF THE 2019 SERIES B BONDS, AND (2) THE CIRCUMSTANCES IN WHICH 2019 SERIES B BONDS WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.

Non-U.S. Holders. The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of 2019 Series B Bonds by a person other than a

U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a “Non-U.S. Holder”).

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act (“FATCA”), payments of principal by NCPA or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (1) does not own (actually or constructively) 10-percent or more of the voting equity interests of NCPA, (2) is not a controlled foreign corporation for United States tax purposes that is related to NCPA (directly or indirectly) through stock ownership, and (3) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (1) the Non-U.S. Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to NCPA, its agents or paying agents or a broker under penalties of perjury that it is not a U.S. person and must provide its name and address, or (2) a securities clearing organization, bank or other financial institution, that holds customers’ securities in the ordinary course of its trade or business and that also holds the 2019 Series B Bonds must certify to NCPA or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

Interest payments may also be exempt from federal withholding tax depending on the terms of an existing Federal Income Tax Treaty, if any, in force between the U.S. and the resident country of the Non-U.S. Holder. The U.S. has entered into an income tax treaty with a limited number of countries. In addition, the terms of each treaty differ in their treatment of interest and original issue discount payments. Non-U.S. Holders are urged to consult their own tax advisor regarding the specific tax consequences of the receipt of interest payments, including original issue discount. A Non-U.S. Holder that does not qualify for exemption from withholding as described above must provide NCPA or its agent with documentation as to his, her, or its identity to avoid the U.S. backup withholding tax on the amount allocable to a Non-U.S. Holder. The documentation may require that the Non-U.S. Holder provide a U.S. tax identification number.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a 2019 Series B Bond held by such holder is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (subject to a reduced rate under an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a 2019 Series B Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a 2019 Series B Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (2) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the 2019 Series B Bonds, FATCA imposes U.S. withholding tax on interest payments and, for dispositions after December 31, 2018, gross proceeds of the sale of the 2019 Series B Bonds paid to certain foreign financial institutions (which is broadly defined for

this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, Bondholders or beneficial owners of the 2019 Series B Bonds shall have no recourse against NCPA, nor will NCPA be obligated to pay any additional amounts to “gross up” payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the 2019 Series B Bonds. However, it should be noted that on December 13, 2018, the IRS issued Proposed Treasury Regulation Section 1.1473-1(a)(1) which proposes to remove gross proceeds from the definition of “withholdable payment” for this purpose.

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the 2019 Series B Bonds.

Information Reporting and Backup Withholding. For each calendar year in which the 2019 Series B Bonds are outstanding, NCPA, its agents or paying agents or a broker is required to provide the IRS with certain information, including a holder’s name, address and taxpayer identification number (either the holder’s Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, NCPA, its agents or paying agents or a broker may be required to make “backup” withholding of tax on each payment of interest or principal on the 2019 Series B Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder’s federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments of interest made by NCPA, its agents (in their capacity as such) or paying agents or a broker to a Non-U.S. Holder if such holder has provided the required certification that it is not a U.S. person (as set forth in the second paragraph under “– Non-U.S. Holders” above), or has otherwise established an exemption (provided that neither NCPA nor its agent has actual knowledge that the holder is a U.S. person or that the conditions of an exemption are not in fact satisfied).

Payments of the proceeds from the sale of a 2019 Series B Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following:

- a U.S. person;
- a controlled foreign corporation for U.S. tax purposes;
- a foreign person 50-percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or
- a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a 2019 Series B Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner

certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the 2019 Series B Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

State Taxes. Special Tax Counsel is of the opinion that interest on the 2019 Series B 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 B Bonds nor as to the taxability of the 2019 Series B Bonds or the income therefrom under the laws of any state other than California.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE 2019 SERIES B BONDS.

Considerations for ERISA and Other U.S. Benefit Plan Investors. The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA ("ERISA Plans"). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein ("Qualified Retirement Plans"), and on Individual Retirement Accounts ("IRAs") described in Section 408(b) of the Code (collectively, "Tax-Favored Plans"). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA) ("Governmental Plans"), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) ("Church Plans"), are not subject to ERISA requirements. Additionally, such Governmental and Church Plans are not subject to the requirements of Section 4975 of the Code but may be subject to applicable federal, state or local law ("Similar Laws") which is, to a material extent, similar to the foregoing provisions of ERISA or the Code. Accordingly, assets of such plans may be invested in the 2019 Series B Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of Similar Laws.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, "Benefit Plans") and persons who have certain specified relationships to the Benefit Plans ("Parties In Interest" or "Disqualified Persons"), unless a statutory or administrative exemption is available. The definitions of "Party in Interest" and "Disqualified Person" are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) fiduciary with respect to a plan; (2) a person providing services to a plan; (3) an employer or employee organization any of whose employees or members are covered by the plan; and (4) the owner of an IRA. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available. Without an exemption an IRA owner may disqualify his or her IRA.

Certain transactions involving the purchase, holding or transfer of the 2019 Series B Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of

NCPA were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the “Plan Assets Regulation”), the assets of NCPA would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 of the Code if the Benefit Plan acquires an “equity interest” in NCPA and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there can be no assurances in this regard, it appears that the 2019 Series B Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the 2019 Series B Bonds, including the reasonable expectation of purchasers of 2019 Series B Bonds that the 2019 Series B Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features. The debt treatment of the 2019 Series B Bonds for ERISA purposes could change subsequent to issuance of the 2019 Series B Bonds. In the event of a withdrawal or downgrade to below investment grade of the rating of the 2019 Series B Bonds or a characterization of the 2019 Series B Bonds as other than indebtedness under applicable local law, the subsequent purchase of the 2019 Series B Bonds or any interest therein by a Benefit Plan is prohibited.

However, without regard to whether the 2019 Series B Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of 2019 Series B Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if NCPA or the Trustee, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the 2019 Series B Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a 2019 Series B Bond. Included among these exemptions are: Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by certain “in-house asset managers”; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts”; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.” Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving “adequate consideration” with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate’s) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the 2019 Series B Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a 2019 Series B Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a plan, its fiduciary) is deemed to (a) represent and warrant that either (i) it is not acquiring the 2019 Series B Bond (or interest therein) with the assets of a Benefit Plan, Governmental plan or Church plan; or (ii) the acquisition and holding of the 2019 Series B Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or Similar Laws, and (b) acknowledge and agree that a Benefit Plan, Governmental plan or Church plan subject to Similar Laws may not purchase the 2019 Series B Bonds (or any interest therein) at any time that the ratings on the 2019 Series B Bonds are withdrawn or downgraded to below investment grade or the 2019 Series B Bonds have been characterized as other than indebtedness for applicable local law purposes. A purchaser or transferee who acquires 2019 Series B Bonds with assets of a Benefit Plan represents that

such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

In addition, each purchaser and each transferee (and if the purchaser or transferee is a Benefit Plan, its fiduciary) of a 2019 Series B Bond that is a Benefit Plan is deemed to represent and warrant that: (a) the decision to acquire the 2019 Series B Bonds was made by the plan fiduciary; (b) the plan fiduciary is independent of NCPA, the Trustee, and the Underwriter; (c) the plan fiduciary meets the requirements of 29 C.F.R. § 2510.3 21(c)(1) and specifically is either a bank as defined in Section 202 of the Investment Advisers Act of 1940 or similar institution that is regulated and supervised and subject to periodic examination by a U.S. state or U.S. federal agency; an insurance carrier which is qualified under the laws of more than one U.S. state to perform the services of managing, acquiring or disposing of assets of a Benefit Plan; an investment adviser registered under the Investment Advisers Act of 1940 or, if not registered as an investment adviser under the Investment Advisers Act by reason of paragraph(1) of Section 203A of the Investment Advisers Act, is registered as an investment adviser under the laws of the U.S. state in which it maintains its principal office and place of business; a broker dealer registered under the Exchange Act; or holds, or has under its management or control, total assets of at least \$50 million (provided that this clause shall not be satisfied if the plan fiduciary is an individual directing his or her own individual plan account or is a relative of such individual); (d) the plan fiduciary is capable of evaluating investment risks independently, both in general and with regard to particular transactions, and investment strategies, including the purchase or transfer of the 2019 Series B Bonds; (e) the plan fiduciary is a “fiduciary” with respect to the plan within the meaning of Section (21) of ERISA, Section 4975 of the Code, or both, and is responsible for exercising independent judgment in evaluating the acquisition, transfer or holding of the 2019 Series B Bonds; (f) none of NCPA, the Trustee, or the Underwriter has exercised any authority to cause the Benefit Plan to invest in the 2019 Series B Bonds or to negotiate the terms of the Benefit Plan’s investment in the 2019 Series B Bonds; and (g) the plan fiduciary has been informed: (1) that none of NCPA, the Trustee, or the Underwriter are undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with the plan’s acquisition or transfer of the 2019 Series B Bonds and (2) of the existence and nature of NCPA’s, the Trustee’s, or the Underwriter’s financial interests in the Benefit Plan’s acquisition or transfer of the 2019 Series B Bonds.

None of NCPA, the Trustee, or the Underwriter is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with the acquisition or transfer of the 2019 Series B Bonds by any Benefit Plan.

Because NCPA, the Trustee, the Underwriter or any of their respective affiliates may receive certain benefits in connection with the sale of the 2019 Series B Bonds, the purchase of the 2019 Series B Bonds using plan assets of a Benefit Plan over which any of such parties has investment authority or provides investment advice for a direct or indirect fee may be deemed to be a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code or Similar Laws for which no exemption may be available. Accordingly, any investor considering a purchase of 2019 Series B Bonds using plan assets of a Benefit Plan should consult with its counsel if NCPA, the Trustee or the Underwriter or any of their respective affiliates has investment authority or provides investment advice for a direct or indirect fee with respect to such assets or is an employer maintaining or contributing to the Benefit Plan.

Any ERISA Plan fiduciary considering whether to purchase the 2019 Series B Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of any similar state or federal law.

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 will provide to the MSRB through the EMMA System 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 Participants will provide to the MSRB through the EMMA System 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 have been 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 60 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) In certain instances, Palo Alto’s filed its annual continuing disclosure report after the date required for such filing and/or filed a report which omitted certain information Palo Alto had covenanted to provide in prior undertakings. Specifically, Palo Alto’s annual filings for Fiscal Years 2014, 2015, 2016 and 2017 in connection with certain outstanding utility revenue bonds of Palo Alto omitted certain information relating to the top ten customers of its gas system. For Fiscal Year 2015, certain information required in connection with an issue of assessment district bonds of Palo Alto was not filed until

approximately 229 days after the date required for such filing. For Fiscal Years 2014, 2015 and 2016, Palo Alto's annual report was not properly associated (or not properly initially associated) on EMMA with the CUSIPs for certain general obligation bonds of Palo Alto. In 2016, in connection with the economic defeasance of portions of certain bonds, the filing of the notices of such defeasance was not timely; about a month after the event.

(5) 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.

(6) 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.

RATINGS

Moody's Investors Service and Fitch Ratings have assigned to the 2019 Bonds the ratings of "___" and "___," respectively. No application has been made to any other rating agency in order to obtain additional ratings on the 2019 Bonds. Each credit rating reflect only the view of the organization furnishing the same and is not a recommendation to buy, sell or hold the 2019 Bonds. Explanations of the significance of such ratings may be obtained only from the respective organizations at: Moody's Investors Service, 1 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007 and Fitch Ratings, 33 Whitehall Street, New York, New York 10004. 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 either rating will continue for any given period or that it will not be revised downward or withdrawn entirely by the respective 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 ratings may have an adverse effect on the market price of the 2019 Bonds.

UNDERWRITING

RBC Capital Markets, LLC (the "Underwriter"), has agreed to purchase the 2019 Series A Bonds from NCPA at a price of \$_____ (which reflects the \$_____ par amount of the 2019 Series A Bonds, plus original issue premium of \$_____, and less an Underwriter's discount of \$_____) and to purchase the 2019 Series B Bonds from NCPA at a price of \$_____ (which reflects the \$_____ par amount of the 2019 Series B Bonds less an Underwriter's discount of \$_____), subject to certain conditions set forth in the Contract of Purchase between NCPA and the Underwriter.

The Underwriter may offer and sell the 2019 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 Bonds provides that the Underwriter will purchase all of the 2019 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.

CERTAIN RELATIONSHIPS

The Underwriter and its affiliates comprise a full service securities firm and a commercial bank, among other entities. The Underwriter and its affiliates engage in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriter and its affiliates may have certain creditor and/or other rights against NCPA and its members in connection with such activities.

In the various course of their various business activities, the Underwriter and its affiliates, may purchase, sell or hold a broad array of investments and 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, and such investment and trading activities may involve or relate to assets, securities and/or instruments of NCPA (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with NCPA.

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.

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 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 Bonds.

APPROVAL OF LEGAL PROCEEDINGS

The issuance of the 2019 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 Bonds. Norton Rose Fulbright US LLP is serving as Disclosure Counsel to NCPA in connection with the 2019 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 Bonds, NCPA will receive a report from Causey Demgen & Moore P.C., Denver, Colorado (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 Escrow Securities (if any), to pay on the date of maturity or redemption therefor, the principal or 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, 2018 and 2017 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 Bonds, the Indenture, the Escrow Agreement, the Third Phase 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.

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: _____
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.

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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 (“AMP”) serves the entire area of the City of Alameda and has about 86 pole miles of overhead distribution lines and 179 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 the fiscal year 2017-18, AMP served an average of 34,790 customers, comprised of an average of 30,625 residential customers, an average of 3,778 commercial and industrial customers and an average of 387 public authority and other customers, with a peak demand of approximately 59.6 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 – Interfund Transfers” below.

Only the revenues of AMP’s electric system will be available to pay amounts owed by Alameda under the Third Phase 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, 2018.

**CITY OF ALAMEDA
ALAMEDA MUNICIPAL POWER
POWER SUPPLY RESOURCES
For the Fiscal Year Ended June 30, 2018**

Source	Capacity Available (MW) ⁽¹⁾	Actual Energy (GWh)	% of Total Energy
Purchased Power ⁽²⁾ :			
Western Hydroelectric	14.0	36.6	10.93%
Landfill Gas ⁽⁴⁾	12.2	41.1	12.26
High Winds	3.1	19.5	5.82
Graeagle	--	2.8	0.84
NCPA			
Hydroelectric Project	25.3	49.2	14.68
Combustion Turbine Project No. 1 & 2 ⁽³⁾	24.9	5.0	1.49
Geothermal Plant 1 ⁽⁴⁾	7.6	--	0.00
Geothermal Plant 2 ⁽⁴⁾	1.3	--	0.00
Silicon Valley Power	--	14.2	4.23
Other Purchases (Net)	--	183.3	54.74
Total Capacity and Total Purchased Energy	79.5	351.6	105.0%
Less Line Losses	N/A	(16.7)	(5.00)
AMP’s Capacity and Retail Sales Requirements	63.7	334.9	100.00%

(1) Non-coincident capacity available.

(2) Entitlements, firm allocations and contract amounts.

(3) Combustion Turbine Project No. 2 is also referred to as the NCPA Capital Facilities 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.

Source: Alameda Municipal Power.

In the fiscal year ended June 30, 2018, AMP’s average cost of power for 334.9 GWh of energy sales was 9.41 cents per kWh, and its average cost of power for the 351.6 GWh purchased was 8.96 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.

Other Purchases. AMP has also entered into certain other PPAs: (i) a PPA with Avangrid Renewables LLC (formerly Iberdrola Renewables, Inc.) for power supplied from the Highwinds Project in Solano County, California under which AMP receives 6.17% (approximately 10 MW of the 162 MW project) until June 30, 2028; (ii) 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 3.5 MW of baseload power from two facilities since early 2006, approximately 5.2 MW of baseload output from two additional facilities since 2009, and approximately 1.9 MW of baseload power from a fifth facility since 2009; and (iii) 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 10.00% entitlement share in the NCPA Hydroelectric Project; a 21.820% entitlement share in the NCPA Combustion Turbine Project Number One; a 19.00% entitlement share in the NCPA Capital Facilities Project (also known as Combustion Turbine Project Number Two); 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 HYDROELECTRIC 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 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 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 the California-Oregon Transmission Project (“COTP”) transfer capability. 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. See, however, “– *COTP Long-Term Layoff*” below. See “CITY OF SANTA CLARA – Transmission Resources – *TANC California-Oregon Transmission Project*” for a further description of the COTP and the TANC Agreement.

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 Sacramento Municipal Utility District). 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 Pacific Gas & Electric Company (“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. See “CITY OF SANTA CLARA – Transmission Resources – *TANC Tesla-Midway Transmission Service*” for a further description of the Tesla-Midway Transmission Service. See also “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – PG&E Bankruptcy” in the front part of this Official Statement.

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.

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 2021, which became law in 2007, requires investor-owned utilities (“IOUs”) and POU 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 POU 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 20% of retail sales in 2014 and 2015, and 25% of retail sales in 2016. AMP does not currently anticipate any difficulty in meeting the Compliance Period 3 RPS targets of 27% for 2017, 29% for 2018, 31% for 2019 and 33% for 2020. AMP’s current portfolio is expected to fulfill its RPS compliance requirements under current law through 2030 and beyond.

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’s SB 1305, passed in 1997, AMP must annually disclose the 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 88% for 2018 instead of an estimated 32%.

Per Assembly Bill (“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 – *GHG Regulations; Cap-and-Trade*” in the front part of this Official Statement for more information on AB 32.

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

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 60.17 minutes of outage time per customer in fiscal year 2017-18.

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 California Senate Bill 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. 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 2017-18 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 2017-18 was 19.19 cents. The

average rates for commercial service were 16.67 cents per kWh. AMP's average rate for municipal and public authority service for fiscal year 2017-18 was 19.13 cents per kWh. In general, the rate adjustment for fiscal year 2017-18 was designed to increase revenue by approximately 1.9 cents per kWh. Currently, AMP management estimates that AMP's electric rates are approximately 16.9% below those in the surrounding area on average.

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

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

Date	Percent Change (Average)
July 1, 2018	1.00%
July 1, 2017	5.00
July 1, 2016	5.00
July 1, 2015	4.60
July 1, 2014	2.00

Source: Alameda Municipal Power.

Largest Customers

AMP's ten largest electric customers in terms of kWh sales for the fiscal year ended June 30, 2018 accounted for 20.54% of total kWh sales and 18.90% of total revenues. The largest customer accounted for 5.23% of total kWh sales and 4.53% of total revenues. The smallest of the ten largest customers accounted for 1.26% of total kWh sales and 1.17 % 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 2013-14 through 2017-18, are listed below.

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

	Fiscal Years Ended June 30,				
	2014	2015	2016	2017	2018
Number of Customers:					
Residential	30,293	30,307	30,377	30,495	30,625
Commercial	3,786	3,834	3,735	3,764	3,778
Industrial	12	8	8	12	12
Public Authority	363	361	363	362	363
Other	28	15	11	15	12
Total Customers	34,482	34,525	34,494	34,648	34,790
Kilowatt-Hour Sales:					
Residential	131,209,422	125,431,220	125,831,929	126,850,402	124,589,523
Commercial	175,075,476	174,257,771	176,575,883	172,520,353	168,873,305
Industrial	31,951,900	26,587,830	31,490,040	30,127,960	28,321,180
Public Authority	12,537,513	12,801,245	12,375,517	11,428,198	10,723,565
Other	3,138,994	3,124,117	2,546,494	2,838,825	2,518,330
Total kWh sales	353,913,305	342,202,183	348,819,863	343,765,738	335,025,903
Revenues from Sale of Energy:					
Residential	\$18,974,096	\$18,849,656	\$19,869,104	\$21,510,126	\$23,902,788
Commercial	25,554,219	25,660,869	27,071,358	27,177,335	28,500,186
Industrial	4,088,510	3,435,518	4,278,240	4,366,885	4,338,898
Public Authority	1,859,914	2,047,549	1,973,689	1,958,154	1,965,664
Other	660,902	797,198	1,028,631	913,247	793,870
Total Revenues from Sale of Energy	\$51,137,641	\$50,790,790	\$54,221,022	\$55,925,747	\$59,501,406
Peak Demand (kW)	68,100	63,372	64,283	63,738	59,624

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; 2011-2018 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	23,668,562
1990	73,979	1,276,702	29,760,021
2000	73,713	1,443,939	33,871,653
2010	73,812	1,510,271	37,253,956
2011	74,100	1,525,427	37,529,913
2012	74,728	1,543,365	37,874,977
2013	75,460	1,567,167	38,234,391
2014	76,058	1,588,576	38,568,628
2015	76,489	1,611,770	38,912,464
2016	77,969	1,629,738	39,256,000
2017	78,575	1,646,405	39,524,000
2018	78,863	1,660,202	39,810,000

Sources: 1970-2010, as of April 1, based on historical U.S. Census population data compiled by the California State Department of Finance. 2011-2018, as of January 1, State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State – January 1, 2011-2018. Sacramento, California, May 2018.

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, 2018 are as follows:

**CITY OF ALAMEDA
2017-18 LARGEST EMPLOYERS**

Employer	Business	Number of Employees
Penumbra	Med. Device Developer/Manufacturer	1,754
Alameda Unified School district	Public School	1,025
VF Outdoor	Clothing Design/Manufacturer	813
Alameda Hospital	Health Care/Hospital	754
Oakland Raiders	Sports Team	640
Abbott Diabetes Care	Med. Device Developer/Manufacturer	531
City of Alameda	Local Government	531
U.S. Department of Transportation	Federal Government	440
Kaiser Foundation Health Plan	Health Care/Clinic	425
Cost Plus Corporate Headquarters	Business Administration	410

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 3.6% for the year 2017. The following table sets forth certain information regarding employment in the County of Alameda from 2013 through 2017.

**COUNTY OF ALAMEDA
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2013 TO 2017⁽¹⁾**

	2013	2014	2015	2016	2017
Civilian Labor Force	802,800	810,000	823,100	837,600	848,500
Employment	744,800	762,900	784,200	801,800	817,600
Unemployment	58,000	47,100	38,900	35,800	30,900
Unemployment Rate	7.2%	5.8%	4.7%	4.3%	3.6%

⁽¹⁾ Reflects March 2017 benchmark. Annual averages; not seasonally adjusted.

Source: State Department of Employment Development.

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

**CITY OF ALAMEDA
TOTAL ASSESSED VALUATIONS
(Fiscal Years 2013-14 through 2017-18)**

2013-14	2014-15	2015-16	2016-17	2017-18
\$9,949,194,280	\$10,531,584,610	\$11,155,282,233	\$11,858,309,875	\$12,544,972,055

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,				
2019	2020	2021	2022	2023
\$5,136,900	\$4,917,400	\$3,751,250	\$3,736,400	\$2,471,400

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 January 31, 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 \$24,070,000, the installment payments payable by AMP under which 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 January 31, 2019)**

	Outstanding Debt⁽¹⁾	AMP's Participation⁽²⁾	AMP's Share of Outstanding Debt⁽¹⁾
NCPA			
Geothermal Project	\$ 24.5	16.8825%	\$ 4.1
Hydroelectric Project	292.9	10.0000	29.3
Capital Facilities Project Unit One	29.6	19.0000	5.6
TANC – South of Tesla	2.6	2.104%	0.1 ⁽³⁾
TOTAL *	\$349.6		\$39.1

* 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.

For the fiscal year ending June 30, 2018, AMP estimates its payment obligations for debt service on its joint powers agency debt obligations were approximately \$2.6 million and for the fiscal year ending June 30, 2019, AMP estimates its payment obligations for debt service on its joint powers agency debt obligations to be approximately \$2.6 million. 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 2013-14 through 2017-18.

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

Fiscal Year	Transfer Amount
2014	\$2,800,000
2015	2,800,000
2016	2,800,000
2017	2,800,000
2018	3,700,000

Source: Alameda Municipal Power.

Litigation has been filed challenging the transfer to the Alameda General Fund, see “– Litigation” below.

Employees

Labor Relations. As of January 1, 2019, approximately 79 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 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 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 local government 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. The member contribution can be paid by the employee or by Alameda on the employee’s behalf in accordance with applicable labor agreements. The required member contributions are currently paid by the employees. 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 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 AMP’s allocated share of Alameda’s city-wide required contributions to the Miscellaneous Plan for the four fiscal years 2014-15 through 2017-18. AMP’s estimated allocated share of Alameda’s city-wide budgeted contributions to the Miscellaneous Plan for the Fiscal Year ending June 30, 2019 is \$1,752,722.

City of Alameda Miscellaneous Plan			
Fiscal Year Ended June 30	AMP Allocated Share	Total City Required Contribution Amount	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⁾	1,719,910	5,710,914	20.12

⁽¹⁾ Preliminary, based on unaudited financial information.

Source: City of Alameda.

[Based upon the CalPERS Annual Valuation Report of Alameda's Miscellaneous Plan, the market value of assets for the Miscellaneous Plan as of June 30, 2017 (the most recent actuarial information available) was \$203,560,016 and the entry age normal accrued liability was \$280,833,232, resulting in a total unfunded actuarial accrued liability for the Alameda's Miscellaneous Plan of \$77,273,216 and a funded ratio of 72.5% as of such date.] *{Delete when current audit done with Net Pension Liability info available}*

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 will be 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 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 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 June 30, 2014 through June 30, 2017. AMP's proportion of Alameda's net pension liability was based on AMP's fiscal year [2016-17] contributions to the pension plan 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	30.12	24,557,226	71.50	303.40

(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, \$55,313,151, \$70,405,741 and \$81,333,405 as of June 30, 2014, June 30, 2015, June 30, 2016 and June 30, 2017 measurement date, respectively.

Source: City of Alameda.

As of the June 30, 2017 measurement date, the total pension liability for the Miscellaneous Plan for the City of Alameda was \$_____ and the plan fiduciary net position was \$_____, resulting in a city-wide Miscellaneous Plan net pension liability of \$_____. In the June 30, 2016 actuarial valuation utilized for measuring the pension liability as of the June 30, 2017 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% investment rate of return (net of pension plan investment and administrative expense); (b) projected salary increases ranging from 3.2% to 12.2% depending on age, service and type of employment; (c) an inflation component of 2.75% per year; (d) payroll growth of 3.0%; and (e) a discount rate of 7.15%. *{information to come upon audit completion}*

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 \$133 per month for 2018. 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. As of June 30, 2018, the total amount of contributions by AMP was \$71,130.

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: City of Alameda.

As of January 1, 2015 (the latest date for which actuarial information is available), the total actuarial accrued liability for the Alameda OPEB Plan was \$113,164,000, the actuarial value of plan

assets was \$177,000, and the unfunded actuarial accrued liability was \$112,987,000, resulting in a funded ratio of 0.16%. The covered payroll (annual payroll of active employees covered by the OPEB Plan was \$47,679,000 and the ratio of the unfunded actuarially accrued liability to the covered payroll was 237%.
{Delete when current audit done with Net OPEB Liability info available}

Effective for 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.

The table below sets forth certain information regarding AMP’s allocated share of Alameda’s city-wide annual contributions to the OPEB Plan for the Fiscal Year ended June 30, 2018, including the relation of Alameda’s contributions to the actuarially determined contribution amount for such fiscal year. The amount budgeted for AMP’s share of OPEB Plan contributions for fiscal year 2018-19 is \$65,000.

City of Alameda OPEB Plan – Miscellaneous Employees				
Fiscal Year Ended June 30	Contribution Funded by AMP	Total City Contribution	Actuarially Determined Contribution Amount	Contribution Deficiency (Excess) to Actuarially Determined Contribution
2018	\$71,130			

Source: City of Lodi.

Pursuant to GASB No. 75, for the fiscal year ended June 30, 2018, Alameda reported a net OPEB liability of \$1,512,165 for AMP’s proportionate share (17.00%) of the City of Alameda’s net OPEB liability of \$_____ (reflecting a total OPEB liability of \$_____ and a fiduciary net position of \$_____ for the OPEB Plan). The OPEB Plan (Miscellaneous Employees) net position as a percentage of Alameda’s total OPEB liability was 10.27%. AMP’s proportionate share of the City of Alameda’s net OPEB liability as a percentage of covered-employee payroll was 12.61%. AMP’s proportion of the City of Alameda’s net 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. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability for the plan used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions include: (a) a 6.75% investment rate of return; (b) payroll growth of 3.00%, plus merit increases; (c) a 2.7[5][8]% inflation rate; (d) an annual health care cost trend rate of 6.0% to 6.5% initially, reducing in 0.5% decrements to 5.0% in 2022 and later years; and (e) a discount rate of 3.98%.
{information to come and subject to confirmation when audit complete}

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 Third Phase Agreement.

As described below, litigation has been filed challenging the AMP transfer to the Alameda General Fund:

Zachary Ginsburg, on behalf of himself, and others similarly situated v. City of Alameda et al. Alameda Superior Court Case No. RG15791428. On October 29, 2015, Zachary Ginsburg filed a petition for writ of mandate and complaint in the Superior Court for the State of California, County of Alameda, alleging that electric rates charged by AMP represent an “illegal tax” under the provisions of Proposition 26, a 2010 ballot measure. An appellate decision earlier in 2015, *Citizens for Fair REU Rates v. City of Redding*, 182 Cal. Rptr. 3d 722 (Feb. 19, 2015), had held that in certain circumstances, electric rates that were used to fund payments by a city-owned electric utility to a city’s general fund could constitute a “tax” subject to provisions of the California Constitution that would require voter approval. Plaintiff alleges that because AMP made certain transfers to Alameda’s General Fund without voter approval, he and a class of all AMP customers who paid for electricity from October 2012 through the present are entitled to “tax refunds.” Plaintiff also complains that differences between the rates charged to commercial users and residential users are an alleged illegal cross-category subsidy in favor of commercial users. After Plaintiff filed a Second Amended Verified Petition on March 15, 2016, Alameda filed its answer, denying the allegations and stating its affirmative defenses, on April 26, 2016.

The California Supreme Court granted review of the *City of Redding* matter, and on August 27, 2018, the California Supreme Court rendered its decision, reversing the judgement of the Court of Appeal. The California Supreme Court determined that the transfer from the city-owned electric utility to the city’s general fund, which was calculated as a “payment in lieu of taxes,” itself is not the type of exaction that is subject to Article XIII C of the California Constitution. The court reasoned that it is only the city’s electric utility rate, not the payments made by the city-owned utility, that is imposed on customers for electric service. The California Supreme Court concluded that because the total rate revenue of the electric utility was insufficient to cover the electric utility’s uncontested operating expenses (other than the payments in lieu of taxes) in the years at issue, the challenged rate did not exceed the reasonable costs of providing electric service, and therefore did not constitute a tax.

Alameda had moved to stay the *Ginsburg* matter, and the Court granted the stay on December 9, 2016. No trial date or date for hearing on whether a class should be certified has yet been set. {monitor for update}

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, 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 2013-14 through 2017-18. The information for the fiscal years ended June 30, 2014 through June 30, 2018 was prepared by AMP on the basis of its audited financial statements for such years. The historical debt service coverage ratios have been calculated in accordance with AMP's Electric System Installment Sale Agreement.

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

	Fiscal Years Ended June 30				
	2014	2015	2016	2017	2018
Electric System Revenues					
Sales of Electricity	\$51,137,641	\$50,790,790	\$54,221,022	\$55,925,748	\$59,501,406
REC & C&T Sales	1,355,947	1,390,534	1,852,516	3,159,383	3,435,082
Other Revenues ⁽¹⁾	6,938,783	6,824,069	6,363,950	5,071,175	1,890,185
Total Electric System Revenues	\$59,432,371	\$59,005,393	\$62,437,488	\$64,156,306	\$64,827,185
Operation and Maintenance Costs					
Purchased Power ⁽²⁾⁽³⁾	\$28,196,783	\$27,517,599	\$29,781,270	\$28,201,607	\$28,618,484
Energy Efficiency, Solar and Other	1,086,966	1,605,608	1,684,963	1,504,629	1,172,615
Operations & Maintenance	4,097,223	4,328,813	4,573,500	4,674,307	4,814,122
Customer Service, Information Systems	2,074,830	2,113,922	2,226,364	2,170,617	2,296,001
Administrative & General	6,032,512	6,115,467	7,732,884	7,425,117	10,020,729
Customer Relations	499,294	531,550	540,214	530,544	505,711
Jobbing Sales Expense	718,904	202,796	315,472	993,580	367,624
Balancing Account Adjustment	(1,897,439)	(660,241)	1,010,084	1,425,636	2,821,087
Total Operation and Maintenance Costs ⁽⁴⁾	\$40,809,073	\$41,755,514	\$47,864,751	\$46,926,037	\$50,616,373
Net Revenues	\$18,623,298	\$17,249,879	\$14,572,737	\$17,230,269	\$14,210,812
Rate Stabilization Fund Transfers	(\$6,938,783)	(\$6,824,069)	(\$6,363,950)	(\$5,071,175)	(\$3,435,082)
Use of Reserves	134,636	1,411,438	2,281,580	1,020,393	5,652,517
Adjusted Annual Net Revenues	\$11,819,151	\$11,837,248	\$10,490,367	\$13,179,487	\$16,428,247
Debt Service	2,747,479	2,712,637	2,640,325	2,631,044	2,626,368
Debt Service Coverage ⁽⁵⁾	4.30	4.36	3.97	5.01	6.26
Amount Available After Debt Service	\$9,071,672	\$9,124,611	\$7,850,042	\$10,548,443	\$13,801,879
Selected Balance Sheet Information:					
(in thousands)					
Unrestricted Cash & Investments ⁽⁶⁾	\$45,581	\$42,094	\$41,909	\$39,422	\$48,058
Rate Stabilization Fund Balance ⁽⁷⁾	11,222	16,505	20,583	24,633	21,431
Net Plant in Service	38,052	35,669	38,470	36,275	38,333
Construction Work in Progress	46	4,519	1,736	6,452	2,873
Electric Utility Plant-Net	38,097	40,188	40,206	42,727	41,206
Outstanding Electric System Debt	\$28,749	\$27,590	\$26,460	\$25,290	\$24,070

⁽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.

⁽³⁾ Purchased Power costs reflect inclusion of prior year budget settlements from NCPA.

⁽⁴⁾ Excluding Payments in lieu of taxes and depreciation.

⁽⁵⁾ Adjusted Annual Net Revenues divided by debt service.

⁽⁶⁾ Includes General Reserve balance held at NCPA. See also "Available Reserves" below.

⁽⁷⁾ Includes renewable energy credit sales and cap and trade auction sales placed into reserve for Rate Stabilization Fund. See "-- Energy Efficiency and Conservation; Renewable Resources" above.

Source: Alameda Municipal Power.

Interfund Transfers. During the fiscal year 2008-09, \$1,095,614 in interfund 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 interfund 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 Reserves. As of June 30, 2018, the balance in cash and equivalents available at AMP was \$25,980,675. In addition, AMP had available in reserve accounts held by NCPA an additional \$4,550,080 as of such date.

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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 13.98 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 electric system serves the entire area of the City of Lodi (approximately 13.98 square miles) and has approximately 131 miles of overhead lines and over 123 miles of underground lines. During the fiscal year ended June 30, 2018, the Lodi electric system served 26,430 customers, comprised of 23,145 residential customers, 3,116 commercial/industrial customers and 169 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 Third Phase 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 Melissa Price, Interim 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, 2018.

CITY OF LODI
ELECTRIC UTILITY DEPARTMENT
POWER SUPPLY RESOURCES
For the Fiscal Year Ended June 30, 2018

Source	Capacity Available (MW)⁽¹⁾	Actual Energy (MWh)	% of Total Energy
Purchased Power ⁽²⁾ :			
Western Area Power Administration	8.1	19,477	4.1%
NCPA			
Geothermal Project	11.5	80,423	17.0
Hydroelectric Project	26.2	51,030	10.8
Combustion Turbine Project No. 1	9.5	2,030	0.4
Capital Facilities, Unit One	19.6	3,523	0.7
Lodi Energy Center	26.6	102,133	21.5
Contracts and Exchanges ⁽³⁾	35.5	215,560	45.5
Total	137.0	474,176	100.0%
Total Capacity and Energy Sold at Wholesale	N/A	38,258	
Lodi System Requirement for Retail Load ⁽⁴⁾	130.9	435,918	

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

(2) Entitlements, firm allocations and contract amounts.

(3) Includes participation in Astoria 2 Solar Project, Seattle City Light Exchange (terminated in May 2018), and purchases procured through NCPA for Lodi.

(4) Information compiled from NCPA All Resources Bill.

Source: City of Lodi.

In the fiscal year ended June 30, 2018, Lodi's average cost of power delivered to the Lodi electric system was 9.3 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"), which is scheduled to expire on December 31, 2024, under which Lodi takes delivery of 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 as a take-or-pay basis; whereby Lodi is obligated to pay its share of Western's costs whether or not it receives any power. Base Resource energy is scheduled for delivery to Lodi by NCPA.

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 amount of energy received by Lodi during fiscal year 2017-18 is reflected in the Contracts and Exchanges figures listed in the table above. Energy received under the SCL Exchange Agreement was transmitted to Lodi using California Independent System Operator Corporation ("CAISO") transmission. The SCL Exchange expired on May 31, 2018. Other power purchases for fiscal year 2017-18, as reflected in the Contracts and Exchanges figures listed in the table above, are associated with short-term purchases. 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 10.37% project participation entitlement share of the NCPA Hydroelectric Project; a 39.5% project participation entitlement share of the NCPA Capital Facilities Project (also known as the Combustion Turbine Project Number Two or Steam Injection Gas Turbine 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 HYDROELECTRIC 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 SANTA CLARA – 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”), the Clean Energy and Pollution Reduction Act of 2015 (“SB 350”), and the California Global Warming Solutions Act of 2006 (the “GWSA”). 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 year 2017 consisted of 31% eligible renewable resources. 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 2021.

Lodi’s current renewable power resources include geothermal, solar and small hydroelectric. Lodi’s current renewable power resources 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 2021.

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”), which is expected to reach commercial operation on December 31, 2021, is a 51 MW photovoltaic plant developed by Antelope Expansion 1B, LLC, located in the City of Lancaster, Los Angeles County, California. 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 believes its annual balance-of-month, day-ahead, and hour-ahead purchases will be less than 25% of total energy requirements for 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, continues to consider additional projects that might be included in its 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 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

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 240 miles of 12 kV distribution lines (approximately 51% of which are underground) and four substations. Lodi's system experiences approximately 52.1 minutes of outage time per customer per year.

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 (“SB 901”), Lodi expects to prepare a wildfire mitigation plan to be completed prior to 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.

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 2017-18 average rate per kWh for residential service was 18.0 cents. Lodi’s fiscal year 2017-18 average rate for commercial and industrial service was 15.3 cents per kWh. Lodi’s fiscal year 2018-19 average rate per kWh for residential service is projected to be 17.4 cents. Lodi’s fiscal year 2018-19 average rate for commercial and industrial service is projected to be 15.5 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 2013-14 through 2017-18

Fiscal Year	ECA (\$/kWh)
2013-14	0.0082
2014-15	0.0057
2015-16	0.0064
2016-17	0.0056
2017-18	0.0123

Largest Customers

The ten largest customers of Lodi's electric system in terms of kWh sales, as of June 30, 2018, accounted for 29% of total kWh sales and 23% of revenues. The largest customer accounted for 5.3% of total kWh sales and 3.7% 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 2013-14 through 2017-18, are listed below.

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

	Fiscal Years Ended June 30,				
	2014	2015	2016	2017	2018
Number of Customers:					
Residential	22,547	22,355	22,459	22,870	23,145
Commercial	2,898	3,264	3,296	3,071	3,075
Industrial	38	40	44	41	41
Other	250	253	213	170	169
Total	25,733	25,912	26,012	26,152	26,430
Kilowatt Hour (kWh)					
Sales:					
Residential	148,762,783	148,950,428	151,137,940	146,192,111	155,539,509
Commercial	146,176,148	149,380,413	150,522,357	149,882,241	144,244,913
Industrial	130,333,102	128,814,673	125,018,845	118,900,040	115,066,917
Other	12,022,160	11,635,397	10,567,193	10,436,182	10,306,535
Total	437,294,193	438,780,911	437,246,335	425,410,574	425,157,874
Revenues from Sale of Energy ⁽²⁾					
Residential	\$25,270,075	\$25,165,194	\$26,525,558	\$26,021,916	\$27,967,919
Commercial	23,127,603	23,780,354	24,693,195	24,432,075	25,105,915
Industrial	14,381,296	14,418,921	14,469,390	13,852,860	14,877,597
Other	1,913,833	1,871,470	1,819,036	1,540,730	1,295,279
Total	\$64,692,808	\$65,235,939	\$67,507,179	\$65,847,581	\$69,246,709
Peak Demand (MW)	128.7	134.0	124.3	128.7	130.9

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

⁽²⁾ Excludes revenues from California Energy Commission Tax.

Sources: City of Lodi, CAFR and 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; 2011–2018 as of January 1)**

Year	City of Lodi	County of San Joaquin	State of California
1970	28,691	291,073	19,971,069
1980	34,850	343,500	23,668,562
1990	51,900	477,700	29,760,021
2000	57,011	563,598	33,871,653
2010	62,134	685,306	37,253,956
2011	63,317	691,689	37,529,913
2012	63,477	698,555	37,874,977
2013	63,788	704,739	38,234,391
2014	63,975	712,134	38,568,628
2015	64,415	723,856	38,912,464
2016	64,920	735,319	39,256,000
2017	65,911	747,263	39,524,000
2018	67,121	758,744	39,810,000

Source: 1970-2010, as of April 1, based on historical U.S. Census population data compiled by the California State Department of Finance. 2011-2018, as of January 1, State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State – January 1, 2011-2018. Sacramento, California, May 2018.

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, 2018 are as follows:

CITY OF LODI LARGEST EMPLOYERS

Employer	Business	Number of Employees
Lodi Unified School District	Education	3,359
Pacific Coast Producers	Canning	1,663
Lodi Health Hospital	Healthcare	1,390
Blue Shield	Healthcare	848
TreeHouse	Specialty Food	496
Walmart	Retail	484
City of Lodi	Government	390
Farmers & Merchants Bank	Banking	358
Costco	Retail	227
Target	Retail	145

Source: City of Lodi, City Manager's Office.

The following table sets forth certain information regarding employment in the City of Lodi, the County of San Joaquin and the State from 2013 through 2017.

CITY OF LODI UNEMPLOYMENT RATES 2013 TO 2017⁽¹⁾

Year	City of Lodi	County of San Joaquin	State of California
2013	11.60%	12.30%	8.90%
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

⁽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 2013-14 through 2017-18 (Dollar Amounts in Thousands)

Fiscal Year	Land	Improvements	Personal Property	Total	Less Exemptions	Net Assessed Value
2013-14	\$1,364,401	\$3,443,266	\$321,741	\$5,129,408	\$324,439	\$4,804,969
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

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. Over the next five years, capital expenditures (not including the project described in the next paragraph) are estimated to cost approximately \$16 million. Lodi anticipates funding such capital costs from rate revenues and special development fees.

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 in-service date is 2023. 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 million annually by eliminating the low voltage transmission access charge.

Indebtedness; Joint Powers Agency Obligations

As of January 31, 2019, Lodi had outstanding \$41.6 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 \$887,000 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 January 31, 2019)

	Outstanding Debt⁽¹⁾	Lodi's Participation⁽²⁾	Lodi's Share of Outstanding Debt⁽¹⁾
NCPA			
Geothermal Project Three	\$ 24.5	10.28%	\$ 2.5
Hydroelectric Project	292.9	10.37 ⁽³⁾	31.2 ⁽³⁾
Capital Facilities Project	29.6	39.50	11.7
Lodi Energy Center, Issue One	227.4	17.03	38.7
TANC			
COTP Bonds	200.3	0.0 ⁽⁴⁾	0.0 ⁽⁴⁾
TOTAL	\$774.7	100.00%	\$84.1

⁽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⁾ Excludes Lodi's 3.68% 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 \$9.47 million for the fiscal year ended June 30, 2018 and are expected to aggregate approximately \$9.40 million for the fiscal year ending June 30, 2019. 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 January 1, 2019, 45 full-time City of Lodi employees were assigned 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 contract with IBEW expired on December 31, 2018. Negotiations are ongoing and IBEW workers continue to provide service to Lodi Electric under the terms of the prior agreement. Despite the lack of agreement, the labor management relationship remains strong. There have been no strikes or other union work stoppages at the City of Lodi, including the electric utility department.

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. The City is currently undergoing a contract amendment with CalPERS for all bargaining units except IBEW. For Miscellaneous plan members, all non-IBEW employees will contribute between 1% and 3% of salary towards the City’s employer cost once the amendment is finalized. 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
2015	\$ 784,603	\$2,994,958	18.07%
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⁾	1,342,540	5,060,143	26.50

⁽¹⁾ Fiscal year 2018-19 is 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 will be 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 normal cost for miscellaneous plans. In addition, CalPERS has estimated that employers could expect gradual increases in their UAL payment, reaching an approximate increase in their UAL payment of 30-40% by 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 December 31, 2018, \$10,685,926.62 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, an additional \$1,811,561 will be invested into the PSF before the end of fiscal year ending June 30, 2019. 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, 2017 actuarial report, the funded status for the Miscellaneous Plan was 70%, Safety plan was 59.8% and combined plans was 64.9%. As of December 31, 2018, the combined funded status when considering the PSF assets increases to 67.7%. Based on fiscal year ending June 30, 2018 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, 2017, as reported in Lodi’s audited financial statements for the fiscal year ended June 30, 2018. 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

⁽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, 2017 measurement date, the total pension liability for the Miscellaneous Plan for the City of Lodi was \$190,531,368 and the plan fiduciary net position was \$132,306,298, resulting in a city-wide Miscellaneous Plan net pension liability of \$58,225,070. In the June 30, 2016 actuarial valuation utilized for measuring the pension liability as of the June 30, 2017 measurement date, the Entry Age Normal Actuarial Cost Method was used. The actuarial valuation assumptions used for determining pension liabilities included (a) a 7.65% 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 2016-17.

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 for 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.

For fiscal year 2017-18, Lodi contributed \$2,947,260 to its OPEB Plan, of which \$1,000,000 was placed in the OPEB trust fund. The electric utility department's allocated share of Lodi's fiscal year 2017-18 contribution was \$211,267. The amount budgeted for Lodi electric utility department's share of OPEB Plan contributions for fiscal year 2018-19 is \$216,650.

Pursuant to GASB No. 75, for the fiscal year ended June 30, 2018, Lodi reported a net OPEB liability of \$33,275,362 (reflecting a total OPEB liability of \$34,354,842 and a fiduciary net position of \$1,079,480 for the OPEB Plan). The net OPEB liability as a percentage of covered-employee payroll was 94.23%. The OPEB Plan Net Position as a percentage of Lodi's total OPEB liability was 3.14%. The net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by a June 30, 2017 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 3.60%.

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 Hartford Steam Boiler for up to \$39,986,075 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 of, or in any way contesting or affecting the validity of any proceedings of Lodi taken with respect to the Third Phase 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. Consistent with the policy Lodi has established guidelines which provide a time and price triggered tier approach to closing open positions as long as 5 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	<25 th
1-3	80-85%	85-90%	90%	90%	90%
3+	80-85%	85%	85-90%	90%	90%
6+	70-75%	75-80%	80-85%	85-90%	90%
9+	60-65%	65-70%	70-75%	75-80%	80%
12+ months	60-65%	65-70%	70-75%	75-80%	80%

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. 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 2013-14 through 2017-18. The information for the fiscal years ended June 30, 2014 through June 30, 2018 was prepared by Lodi on the basis of its audited financial statements for such years.

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

	Fiscal Year ended June 30,				
	2014	2015	2016	2017	2018
OPERATING REVENUES:					
Rate Revenue	\$ 61,837	\$63,370	\$ 65,265	\$ 64,114	\$ 65,055
ECA Revenue	2,856	1,867	2,242	1,734	4,192
Other Revenue	2,451	1,895	2,933	1,967	3,475
Total Operating Revenues	67,144	67,132	70,440	67,815	72,722
OPERATING EXPENSES:					
Purchased Power ⁽²⁾	37,303	38,512	37,788	35,650	39,519
Non-Power Costs ⁽³⁾	13,046	13,604	13,417	16,609	16,422
Total Operating Expenses	50,349	52,116	51,205	52,259	55,941
NET REVENUE					
AVAILABLE FOR DEBT					
SERVICE:	16,795	15,016	19,235	15,557	16,781
Debt Service	8,356	8,318	8,289	5,288	5,298
Remaining After Debt Service	8,439	6,698	10,946	10,268	11,483
OTHER REVENUES					
(EXPENSES):					
Greenhouse gas allowance	453	2,323	1,571	2,370	2,262
Payments in Lieu of Taxes	(6,977)	(7,033)	(7,082)	(7,131)	(7,159)
Net Cash Flow Before Capital Expenditure	\$ 1,915	\$ 1,988	\$ 5,435	\$ 5,507	\$ 6,586
SELECTED BALANCE SHEET INFORMATION:					
Net Plant in Service	\$ 8,950	\$ 8,585	\$ 8,271	\$ 7,957	\$ 7,808
Land and Construction Work in Progress	\$ 764	\$ 764	\$ 764	\$ 764	\$ 764
Ending Operating Reserve Balance	\$33,939	\$36,583	\$42,891	\$49,651	\$56,611
Long-Term Debt	\$71,288	\$66,303	\$61,084	\$58,669	\$48,291
Debt Service Coverage Ratio ⁽¹⁾	2.01	1.81	2.32	2.94	3.17

⁽¹⁾ Except as noted, 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 Generally Accepted Accounting Principles. See "– Indebtedness; Joint Powers Agency Obligations." Debt Service Coverage Ratio does not include Available Reserves as permitted by the documents pursuant to which Lodi's outstanding electric system revenue obligations were issued.

⁽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 and amortization expense.

Source: City of Lodi.

CITY OF PALO ALTO

Introduction

The City of Palo Alto (“Palo Alto”) is a charter city of the State of California. Pursuant to the California Constitution, Palo Alto’s City Charter, and its municipal code, Palo Alto has the power to furnish electric utility service to its inhabitants. In connection therewith, Palo Alto has the powers of eminent domain, to contract, to construct works, to fix rates and charges for commodities or services furnished and to incur indebtedness.

Palo Alto provides electric and other utility services through its department of utilities (the “Department of Utilities”). The legal responsibilities and power of the Department of Utilities, including the establishment of rates and charges, are exercised through the seven-member Palo Alto City Council. The members of the City Council are elected citywide for staggered four-year terms. The Palo Alto Department of Utilities is under the direction of the General Manager of Utilities who is accountable to the City Manager and who is appointed by the City Manager with the approval of the City Council.

Since 1900, Palo Alto has provided all electric service within the City of Palo Alto. For the fiscal year ended June 30, 2018, Palo Alto served 29,513 customers, had total sales of approximately 900 million kWh and a peak demand of 182 MW.

To provide electric service within its service area, Palo Alto owns and operates an electric system which includes power supply resources and transmission and distribution facilities. Palo Alto also purchases power and transmission services from others and participates in pooling and other utility type arrangements. In addition, Palo Alto provides gas utility and other normal city services to its inhabitants such as police and fire protection and water and sewer service.

In 2011, the California Legislature passed Senate Bill X1-2 (“SBX1-2”), the “California Renewable Energy Resources Act.” SBX1-2 requires local publicly-owned utilities to adopt and implement a renewable energy resource procurement plan to achieve specified targets for serving their retail energy loads from eligible renewable energy resources.

In March 2011, the Palo Alto City Council approved the updated Long-Term Electric Acquisition Plan (“LEAP”) Objectives, Strategies and Implementation Plan. LEAP provides high level policy direction for the pursuit of energy efficiency, demand resources, renewable energy, local generation and transmission resources. LEAP also sets direction for the management of hydroelectric resources and market exposure uncertainty. LEAP was updated in March and April 2012 to include revisions related to Palo Alto’s energy storage targets and Renewable Portfolio Standard (“RPS”).

In 2013, the Palo Alto City Council approved a Carbon Neutral Electric Resource Plan (the “Carbon Neutral Plan”), which defined carbon neutrality for Palo Alto’s electric portfolio, demonstrated a transparent and verifiable protocol to measure carbon content and established a goal to achieve carbon neutrality by the end of 2013. As a result, Palo Alto has neutralized all greenhouse gas emissions associated with the City’s electric portfolio since 2013, putting the City of Palo Alto on track to achieve its Sustainability and Climate Action Plan greenhouse gas emission reduction goal of 80% emissions reduction from 1990 levels by 2030. See “– Future Power Supply Resources – *Carbon Neutral Plan*” below.

In 2015, the California Legislature passed Senate Bill 350 (“SB 350”), the “Clean Energy and Pollution Reduction Act of 2015.” SB 350 increased California’s renewable electricity procurement goal from 33% by 2020 to 50% by 2030 based on RPS-eligible resources. SB 350 also requires Palo Alto to develop and submit an Integrated Resource Plan for the electric utility every four years, with the first

required to be adopted by the Palo Alto City Council by January 1, 2019. In 2018, the California Legislature passed Senate Bill 100 (“SB 100”), the “100 Percent Clean Energy Act of 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 also “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – State Legislation and Regulatory Proceedings” in the front part of this Official Statement for more information on SB 350 and SB 100.

In 2017, Palo Alto kicked-off a process to develop its Electric Integrated Resource Plan (“EIRP”) for the 2019 to 2030 planning horizon. The EIRP updates LEAP and maps out Palo Alto’s long-term plan for achieving its electric energy, capacity and reliability needs through the use of distributed energy resources (“DER”), such as energy efficiency and solar photovoltaics, and carbon neutral supply resources. The EIRP was approved by the Palo Alto City Council in December 2018, and will be submitted to the California Energy Commission (the “CEC”) in early 2019. The document will serve as the City’s Integrated Resource Plan for the purpose of meeting California’s integrated resource planning compliance requirements for local publicly-owned utilities under SB 350.

Palo Alto has a comprehensive Energy Risk Management Program governing electric and natural gas transactions. The program consists of the Palo Alto City Council approved policies, and operational guidelines approved by Palo Alto City’s Risk Oversight and Coordination Committee. The Energy Risk Management Program segregates commodity purchase and sale functions related to the front, middle and back offices.

Only the revenues of the Palo Alto electric utility will be available to pay amounts owed by Palo Alto under the Third Phase Agreement.

The main offices of the City of Palo Alto Department of Utilities are located at 250 Hamilton Avenue, 3rd Floor, Palo Alto, California 94301 (650) 329-2161. For more information about Palo Alto and its Department of Utilities, contact Dean Batchelor, Acting General Manager of Utilities, at the above address and telephone number. A copy of the most recent comprehensive annual financial report of the City of Palo Alto (the “Annual Report”) is available on Palo Alto’s website at <http://www.cityofpaloalto.org> 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.

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Power Supply Resources

The following table sets forth information concerning Palo Alto's power supply resources and the energy supplied by each during the fiscal year ended June 30, 2018.

**CITY OF PALO ALTO
DEPARTMENT OF UTILITIES
POWER SUPPLY RESOURCES
For the Fiscal Year Ended June 30, 2018**

Source	Capacity Available (MW)	Actual Energy (GWh)	Percent of Total Energy
Purchased Power:			
Western	186	357	38%
Wind Energy	25	98	10
Landfill Gas Energy	14	108	11
Solar Energy	127	346	37
Forward Market Purchases ⁽¹⁾	40	(88)	(9)
NCPA			
Geothermal Project ⁽²⁾	--	--	--
Hydroelectric Project	58	113	12
Seattle City Light Exchange ⁽³⁾	--	--	--
Short-Term Market Purchases	--	9	1
Total	N/A ⁽⁴⁾	943	100%

⁽¹⁾ See "-- Purchased Power -- *Other Power Purchases*" below.

⁽²⁾ Capacity and energy sold to Turlock Irrigation District. See "-- Joint Powers Agency Resources -- *NCPA*" below.

⁽³⁾ Assigned to City of Santa Clara effective June 2008. See "-- Joint Powers Agency Resources -- *NCPA*" below.

⁽⁴⁾ Capacity availability varies by season and is not necessarily additive at any given time.

Source: City of Palo Alto.

In the fiscal year ended June 30, 2018, Palo Alto's average cost of power delivered to the Palo Alto electric system was approximately 9.1 cents per kWh.

Purchased Power

Western. Palo Alto receives a substantial portion of its supply of power from the Central Valley Project ("CVP") pursuant to a contract with the Western Area Power Administration ("Western").

In October 2000, Palo Alto signed a 20-year agreement with Western (the "Western Base Resource Contract") for the continued purchase of hydroelectricity from the CVP. Service under such Western Base Resource Contract began on January 1, 2005 and continues through 2024, with Palo Alto receiving an 11.620% "slice of the system" allocation from Western. On January 1, 2015, Palo Alto's allocation increased to 12.309%. The power marketed by Western to Palo Alto is provided on a take-or-pay basis where Western's annual costs are allocated to preference customers based on their CVP participation percentage. Western then allocates the annual take-or-pay charges to the preference customers based on a monthly percentage that is designed to reflect the anticipated seasonal energy deliveries. Palo Alto is obligated to its preference customer share of the costs associated with operating the CVP facilities. Palo Alto's energy allocation under the current Western Base Resource Contract

starting in January 2005 is approximately 365 GWh/year in an average hydrological year. Palo Alto's annual cost obligation under the Western Base Resource Contract is approximately \$14 million per year, resulting in an average cost of approximately \$38 per MWh in an average hydrological year.

Wind Energy Contracts. Palo Alto currently has two long-term contracts for the output of wind electricity generation. Under a contract with Avangrid Renewables (formerly Iberdrola Renewables and PPM Energy, Inc.) ("Avangrid"), for power from the High Winds I project (owned by NextEra Energy Resources, LLC (formerly FPL Energy, LLC)) in Solano County, Palo Alto is allocated available capacity of 20 MW and acquired a fixed unit price on expected generation of 43 GWh/year. The term of the High Winds I contract ends in 2028. Under a separate contract with Avangrid, for power from the Shiloh I project (owned by Iberdrola Renewables) in Solano County, Palo Alto is allocated available capacity of 25 MW and acquired a fixed unit price on expected generation of 56 GWh/year. The term of the Shiloh I contract ends in 2021.

Landfill Gas Energy Contracts. Palo Alto currently has five long-term contracts for the output of landfill gas electricity generation under separate contracts with Ameresco, Inc. Under the first contract with Ameresco Santa Cruz Energy, L.L.C., for power from the Santa Cruz project (at a landfill owned by County of Santa Cruz) in Watsonville, California, Palo Alto is allocated available capacity of 1.5 MW and acquired an initial fixed per-unit price with 1.5% annual increases on expected generation of 9.0 GWh/year. The Santa Cruz project began commercial operation in February 2006 and its contract term ends in 2026. Under a second contract with Ameresco Half Moon Bay, L.L.C., for power from the Ox Mountain project (at a landfill owned by Republic Services, Inc.) in Half Moon Bay, California, Palo Alto is allocated available capacity of 5.1 MW and acquired an initial fixed per-unit price with 1.5% annual increases on expected generation of 42.5 GWh/year. The Ox Mountain project began commercial operation in April 2009 and its contract term ends in 2029. Under a third contract with Ameresco Keller Canyon, L.L.C., for power from the Keller Canyon project (at a landfill owned by Republic Services) in Pittsburg, California, Palo Alto is allocated available capacity of 1.5 MW and acquired an initial fixed per-unit price with 1.5% annual increases on expected generation of 13.8 GWh/year. The Keller Canyon project began commercial operation in August 2009 and its contract term ends in 2029. Under a fourth contract with Ameresco Johnson Canyon, L.L.C., for power from the Johnson Canyon project (at a landfill owned by Salinas Valley Solid Waste Authority) in Gonzales, California, Palo Alto is allocated available capacity of 1.4 MW and acquired an initial fixed per-unit price with 1.5% annual increases on expected generation of 9.2 GWh/year. The Johnson Canyon project began commercial operation in May 2013 and its contract term ends in 2033. Under a fifth contract with Ameresco San Joaquin, L.L.C., for power from the San Joaquin project (at a landfill owned by San Joaquin County) in Linden, California, Palo Alto is allocated available capacity of 4.3 MW and acquired an initial fixed per-unit price with 1.5% annual increases on expected generation of 27.5 GWh/year. The San Joaquin project began commercial operation in April 2014 and its contract term ends in 2034.

Palo Alto expects to receive a total of 102 GWh from these five landfill gas projects, representing approximately 11% of Palo Alto's load. Each of the foregoing landfill gas energy contracts is unit contingent.

Solar Energy Contracts. Palo Alto currently has six long-term contracts for the output of solar electricity generation under separate contracts with three different parent companies. The first three contracts are with the Sustainable Power Group (sPower): the 26.656 MW Hayworth Solar project in Kern County, and the 40 MW Elevation Solar C and 20 MW Western Antelope Blue Sky Ranch B projects in Los Angeles County. These three contracts all feature fixed per-unit prices and produce expected generation of 52 GWh/year, 101 GWh/year, and 50.5 GWh/year, respectively. The terms of such contracts all end in 2041. Palo Alto also has two solar energy contracts with Clēnera: the 20 MW Frontier Solar project in Stanislaus County, and the 20 MW EE Kettleman Land project in Kings County.

Both of these contracts feature fixed per-unit prices and produce expected generation of 52.5 GWh/year and 53.5 GWh/year, respectively. The term of the Frontier Solar contract ends in 2046, while that of the EE Kettleman Land contract ends in 2040. Finally, Palo Alto has a contract with Hecate Energy for a 26 MW project that is still in the development stages. This contract, for a fixed per-unit price, has a 25-year contract term, and is expected to begin in 2021.

Palo Alto expects to receive a total of 330 GWh from the five operating solar energy projects, representing approximately 35% of Palo Alto's load. Each of the foregoing solar energy contracts is unit contingent.

Other Power Purchases. Palo Alto has nine active Master Agreements with BP Energy, Shell Energy North America, Powerex Corp, Cargill Power Markets, Exelon Generation, Avangrid, NextEra Energy Marketing, Turlock Irrigation District ("TID"), and PacifiCorp to facilitate competitive forward market purchases to meet Palo Alto's loads in the short- to medium-term. As of June 30, 2018, Palo Alto had outstanding electricity purchase commitments for the period July 2018 to June 2020 totaling 92 GWh, and sales commitments for this period totaling 82 GWh. These market-based purchases and sales are made within the parameters of Palo Alto's Energy Risk Management Program.

In fiscal year 2017-18, gross market-based purchases provided approximately 18% of Palo Alto's energy needs, while gross market-based sales equaled 21% of Palo Alto's energy needs. The volume of market purchases and sales however is highly dependent on hydrologic conditions and long-term commitments to renewable resource based supplies. During normal hydrologic conditions, gross market purchases are expected to meet approximately 18% of energy needs, while gross market sales are expected to amount to approximately 26% of energy needs. All purchase transactions and sales-incidental-to-purchases are designed to meet native load. NCPA serves as Palo Alto's scheduling and billing agent for all transactions, and acts as the interface with the California Independent System Operator ("CAISO") under the Second Amended and Restated Metered Subsystem Aggregation Agreement (the "MSSA"). See "NORTHERN CALIFORNIA POWER AGENCY – NCPA Power Pool" in the front part of this Official Statement.

Joint Powers Agency Resources

NCPA. Except for a small 4.5 MW generator within the City of Palo Alto, Palo Alto does not independently own any generation assets. In addition to purchasing power from other sources, Palo Alto is a participant in certain NCPA projects. Palo Alto has purchased from NCPA a 22.920% entitlement share in the NCPA Hydroelectric Project and a 6.158% entitlement share in the NCPA Geothermal Project. In 1984, Palo Alto permanently assigned its share of the Geothermal Project to TID on a take-or-pay basis for the life of the plant, since Palo Alto's need for base load generation at the time the sale was made was limited. Palo Alto remains, however, secondarily liable for payment of project costs not paid by TID. For each of these NCPA projects in which Palo Alto participates, Palo Alto is obligated to pay, on an unconditional take-or-pay basis, as an operating expense of the Palo Alto 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 addition, in 1992, NCPA entered into an agreement with Seattle City Light to provide for a seasonal power exchange. The agreement entitled Palo Alto to 11 MW (10.3 MW at Palo Alto's meter) during the summer and obligated it to return 8 MW (at Palo Alto meter) during the winter. Deliveries under this agreement began June 1, 1995. Changes in Palo Alto's electric portfolio needs and wholesale market conditions led Palo Alto to assign its full share and obligations in the Seattle City Light exchange to the City of Santa Clara effective June 2008. The NCPA-Seattle City Light agreement was terminated effective on May 31, 2018.

For a description of such NCPA resources, see “THE HYDROELECTRIC PROJECT” and “OTHER NCPA PROJECTS” in the front part of this Official Statement.

TANC California-Oregon Transmission Project. Palo Alto is also a member of the Transmission Agency of Northern California (“TANC”) and has a participation share of 4.00% (net of layoffs) of TANC’s entitlement to transfer capability (approximately 50 MW) of the California-Oregon Transmission Project (“COTP”) and is responsible for 4.032% of TANC’s COTP operating and maintenance expenses and 4.00% of TANC’s aggregate debt service. As a result of low utilization on Palo Alto’s part of the transmission capacity and therefore low value relative to costs, in addition to a focus on acquiring in-state renewable resources, in August 2008 Palo Alto effected a long-term assignment of its full share and obligations in COTP to Sacramento Municipal Utility District (“SMUD”), TID and Modesto Irrigation District (“MID”). The long-term assignment is for 15 years with an option to renew for five years. In March 2016, TANC restructured the long-term debt associated with COTP extending the debt through the end of 2039. Palo Alto’s layoff recipients, SMUD, TID and MID, through an amendment to the assignment agreement, agreed to extend the term of the payments under the assignment agreement to continue to pay Palo Alto’s portion of the COTP debt during the term of the term of the COTP bonds. For a further description of the TANC COTP project, see “CITY OF SANTA CLARA – Transmission Resources – *TANC California-Oregon Transmission Project.*”.

Distributed Energy Resources

Distributed energy resources include generation, storage, demand response, and energy efficiency on the distribution system which can change the shape and timing of energy use. Palo Alto has undertaken a comprehensive process to plan to maximize the value of distributed energy resources and is reviewing a coordinated Distributed Energy Resources Plan. In addition, Palo Alto’s Electric and Gas Public Benefits and Water Efficiency Programs include programs related to efficiency, renewable energy, low-income discounts, and research, development and demonstration (RD&D) of emerging technologies. Due to increasing supply costs, significant new regulatory requirements, and Palo Alto’s desire to promote environmental stewardship, Palo Alto has placed an increased emphasis on energy and water efficiency. Palo Alto continues to pursue cost-effective energy efficiency as a priority in reducing customer bills. The LEAP includes energy efficiency as the highest-priority goal and requires that an assessment of least total cost, which includes environmental costs and benefits, be conducted when acquiring any energy resource. The Gas Utility Long-Term Plan (“GULP”) also includes energy efficiency as an important contributor to the energy plan.

Energy Efficiency Savings Goals and Achievements. California Assembly Bill 2021 (“AB 2021”) required all local publicly-owned utilities to identify all potentially achievable cost-effective electric efficiency savings and to establish annual targets for energy efficiency (“EE”) savings over ten years, with the first set of EE targets to be reported to the CEC on or before June 1, 2007, and updated every three years thereafter. California Assembly Bill 2227 passed in 2012 amended this target, setting the schedule to every four years. Palo Alto adopted its first Ten-Year Energy Efficiency Portfolio Plan in April 2007, which included annual electric and gas efficiency targets between 2008 and 2017, with a ten-year cumulative savings goal of 3.5% of the forecasted energy use. In accordance with California law, the electric efficiency targets were updated in 2010, with the ten-year cumulative savings goal doubling to 7.2% between 2011 and 2020. Since then, increasingly stringent statewide building code and appliance standards have resulted in substantial energy savings. However, these “codes and standards” energy savings cannot be counted toward meeting the utility’s EE goals. The ten-year electric efficiency targets were updated again in 2012, with the ten-year cumulative electric efficiency savings being revised downward to 4.8% between 2014 and 2023.

In 2015, SB 350 mandated the State to double statewide energy efficiency savings in electricity and natural gas end uses by 2030, with cost-effective utility energy efficiency programs as one

component. In February 2017, City Council adopted the current set of Ten-Year Electric Efficiency Goals, updating the ten-year cumulative electric efficiency savings target to 5.7% between 2018 and 2027. For fiscal year 2017-18, the electric utility achieved electric savings of 0.66% of load through its customer efficiency programs. Cumulative electric efficiency savings since 2006 are approximately 6% of the fiscal year 2017-18 electric usage.

In parallel to the development of Ten-Year Electric Efficiency Goals, Palo Alto adopted its first set of gas efficiency targets in 2007 to reduce gas consumption by 3.5% between 2008 and 2017. In 2010, the gas efficiency targets were updated to reduce use by 5.5% between 2011 and 2020. Similar to the electric side, gas efficiency potential has declined due to recent changes to California's appliance standards and building codes. The ten-year electric efficiency targets were updated again in 2012, with the ten-year cumulative gas efficiency savings being revised downwards to 2.85% between 2014 and 2023. In March 2017, the Palo Alto City Council adopted its current set of Ten-Year Gas Efficiency Goals, updating the ten-year cumulative gas efficiency savings target to 5.1% between 2018 and 2027. For fiscal year 2017-18, the gas utility achieved gas efficiency savings of 0.9% of total gas sales. Cumulative gas efficiency savings since 2006 is about 5.6% of the fiscal year 2017-18 gas usage.

Local Solar Plan. In April 2014, the Palo Alto City Council passed the Local Solar Plan, which set the city-wide goal of meeting 4% of Palo Alto's energy needs from local solar by 2023 and identified a number of strategies to facilitate achieving that goal. These strategies include the development of several solar programs to encourage installation of roof-top solar, such as the existing incentives of the feed-in tariff program and the PV Partners solar rebate program (described below). As of June 2018, all solar installations within the City of Palo Alto generate approximately 2.0% of Palo Alto's annual electricity (from 11.8 MW of installed local solar capacity).

Customer-side Renewable Generation Programs. The following is a description of Palo Alto's customer-side renewable generation programs:

PV Partners: The PV Partners Program encourages photovoltaic or solar electric ("PV") installations on Palo Alto homes and businesses by providing a rebate based on the capacity, measured in watts, of newly installed PV systems. The PV Partners Program continues to be one of the most successful in the State. Rebate funds were fully reserved in April 2016. The effect of the PV Partners program is illustrated by the cumulative total of PV installations under the program. As of June 30, 2018, there were 1,081 PV installations with the total capacity of 10.18 MW (5.6% of Palo Alto's system peak load).

Net-Energy Metering Successor Program: Prior to January 1, 2018 residential and commercial customers in Palo Alto who installed approved PV systems were able to sign up for the Palo Alto Net Energy Metering ("NEM") program. Palo Alto reached the NEM cap of 10.8 MW in January 2018 and Palo Alto is now offering a NEM Successor Program instead. The NEM Successor process is integrated with the permitting process, and customers receive a credit for electricity exported to the grid based on Palo Alto's avoided costs.

Palo Alto CLEAN (Clean Local Energy Accessible Now): This feed-in tariff program (referred to as "Palo Alto CLEAN") purchases electricity generated by renewable energy resources located in Palo Alto's service territory and interconnected on the utility-side of the electric meter. The electricity is purchased by Palo Alto for credit to its RPS. The program was launched in 2012 and has been modified over the past few years. On February 3, 2014, the Palo Alto City Council approved a total program capacity of 3 MW at a price of 16.5 cents per kilowatt hour (kWh) fixed for 20 years. On May 8, 2017, the Palo Alto City Council approved minor changes to Palo Alto CLEAN such that the program no longer has a total participation cap for either solar or non-solar eligible renewable energy resources. Palo Alto is currently offering to

purchase the output of eligible renewable electric generation systems located in Palo Alto at the following prices:

- For solar energy resources: 16.5 cents per kilowatt hour (“¢/kWh”) for a 15-, 20- or 25-year contract term until the subscribed capacity reaches 3 MW; thereafter, the price will drop to 8.8 ¢/kWh for a 15-year contract term, 8.9 ¢/kWh for a 20-year contract term, or 9.1 ¢/kWh for a 25-year contract term; and
- For non-solar eligible renewable energy resources: 8.3 ¢/kWh for a 15-year contract term, 8.4 ¢/kWh for a 20-year contract term, or 8.5 ¢/kWh for a 25-year contract term.

There is no minimum or maximum project size, but the program is best suited for commercial property owners with available roof-tops or parking lots. Palo Alto’s Public Works Department recently solicited proposals to install solar PV systems and electric vehicle chargers at four City-owned parking structures. All four City-owned parking garage solar PV systems became operational as of March 2018. As of February 2019, there are a total of six solar PV systems participating in the Palo Alto CLEAN program, including the four aforementioned systems on City-owned parking garages. These six projects account for 2.915 MW of the capacity available at the 16.5 ¢/kWh contract rate and all are expected to be online by April 2019, with contract terms ranging from 15 to 25 years.

Solar Hot Water Program: Palo Alto launched its solar water heating program in May 2008, in advance of a State law requiring natural gas utilities to offer incentives. This program offers rebates of up to \$2,719 for residential systems and up to \$100,000 for commercial and industrial systems. A sample set of installations are inspected for quality and program compliance by an independent contractor. The program was recently extended through 2020. A total of 63 systems have been installed as of June 30, 2018; 57 of these are residential. From 2008 to 2018, \$411,733 in rebates was disbursed. In fiscal year 2017-18, this program resulted in annual energy savings of 24,786 therms and 13,387 kWh.

Future Power Supply Resources

Carbon Neutral Plan. In March 2013, the Palo Alto City Council approved its Carbon Neutral Plan committing Palo Alto to using carbon neutral electric resources beginning in calendar year 2013. The plan also provides that such resource portfolio adjustments should not result in a rate increase of more than 0.15¢/kWh (equivalent to about \$1.00/month for an average residential bill).

Palo Alto’s current renewable energy resource policy targets a 50% resource portfolio share by 2030. The policy also provides that such resource portfolio adjustments should not result in a rate increase of more than 0.5¢/kWh (equivalent to about \$3.35/month for an average residential bill). Palo Alto also permits its commercial customers to voluntarily participate in a green power program whereby participating customers can elect to pay a premium through their electric rates to purchase renewable energy certificates through Palo Alto for all or a portion of their energy needs.

In accordance with LEAP and the Carbon Neutral Plan, Palo Alto has entered into a number of electricity purchase contracts to meet its resource requirements as described above. As of December 31, 2018, Palo Alto had procured approximately 107% of its total projected electricity needs for fiscal year 2019-20 (assuming the projected hydroelectric production).

Palo Alto satisfied the RPS target under SBX1-2 for Compliance Period 1 (from 2011 through 2013), with an average of approximately 21.3% of Palo Alto’s energy portfolio supplied from renewable resources over such period. Palo Alto has also satisfied the RPS target for Compliance Period 2 (from

2014 through 2016), meeting the compliance requirement of 20% of retail sales in 2014 and 2015, and 25% of retail sales in 2016. Palo Alto further expects to satisfy the RPS target under SBX1-2 for Compliance Period 3 (from 2017 through 2020). As of February 2019, Palo Alto has sufficient hydroelectric and renewable generation contracts to provide enough energy to supply its entire load (assuming average hydrologic conditions). See also “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – State Legislation and Regulatory Proceedings” in the front part of this Official Statement for more information on SBX1-2.

Going forward, Palo Alto expects to meet its energy needs through energy efficiency and other distributed energy resources, existing hydroelectric generation and renewable resources and additional renewable generation contracts which are expected to be on line in 2021. Palo Alto will continue to procure energy supplies to meet Palo Alto’s short and medium-term energy needs through market purchases with Palo Alto’s pre-selected suppliers.

Interconnections, Transmission and Distribution Facilities

Palo Alto’s electric system is directly interconnected with the system of Pacific Gas and Electric Company (“PG&E”) by a single 115 kV delivery point at Palo Alto’s Colorado substation. Palo Alto receives transmission services under the MSSA between NCPA and the CAISO. See also “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – PG&E Bankruptcy” in the front part of this Official Statement.

Palo Alto’s distribution system consists of the 115 kV to 60 kV delivery point, two 60 kV switching stations, 9 distribution substations, approximately 12 miles of 60 kV sub transmission lines, and approximately 469 miles of 12 kV and 4 kV distribution lines including 223 miles of overhead lines and 245 miles of underground lines.

The service area of the Palo Alto electric system is coterminous with the municipal boundaries of the City of Palo Alto. A portion of the area within the City limits, west of Highway 280 and known as the “Foothills” area, is in a State-designated high fire threat area. On August 20, 2018, pursuant to the requirements of California Senate Bill 1028, the Palo Alto City Council made a wildfire risk determination with respect to the Foothills area. The Palo Alto electric utility has in place a number of mitigation measures aimed at reducing the risk of a wildfire occurrence being caused by its overhead electrical lines and equipment, which were approved by the City Council in connection with its wildfire risk determination. These measures include: periodic inspection of overhead electric facilities, ongoing vegetation clearance and management activities, and the elimination of the automatic restoration function in the Foothills to required that power to a tripped lines is only restored after manual inspection and confirmation that it may be operated safely. Separately, the City of Palo Alto has maintained a Foothills Fire Mitigation Plan since 2009; such plan was most recently updated in 2016. Pursuant to the requirements of California Senate Bill 901 (“SB 901”), the Palo Alto electric utility is in the process of preparing its own wildfire mitigation plan to be completed prior to January 1, 2020 to include all of the information and elements proscribed in SB 901. See “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

The Palo Alto City Council is authorized by the Palo Alto Municipal Code to set fees and charges, pay for and supply all electric energy and power to be furnished to customers according to such schedules, resolutions, rules and regulations as are adopted by the City Council. These rates are not subject to review by any State or federal agency. In addition, the City Charter provides for the maintenance of a separate fund for each utility into which is deposited receipts from the operations of

such utilities and from which are payable the utility's costs and expenses, including operating and maintenance, debt service, capital expenditures, funding of reserves, and general fund transfers.

Palo Alto's fiscal year 2017-18 average rates per kWh for all service was 13.9 cents. Palo Alto's fiscal year 2017-18 average rates for commercial and industrial service was 13.7 cents per kWh. Palo Alto's fiscal year 2017-18 average rate per kWh for residential service was 14.8 cents.

The following table presents a history of Palo Alto's electric utility rate increases since 2014.

**CITY OF PALO ALTO
DEPARTMENT OF UTILITIES
RATE CHANGES**

Date	Percent Change
July 1, 2018	6.00%
July 1, 2017	14.0
July 1, 2016	11.0
July 1, 2015	0.0
July 1, 2014	0.0

Source: City of Palo Alto.

Palo Alto spends approximately 2.85% of gross electric revenues on the public benefit programs it originally developed in response to California Assembly Bill 1890, which was adopted in 1996 ("AB 1890"). In addition to funding available through the public benefits program, Palo Alto funds additional efficiency and renewable energy programs through the electric utility's supply resource acquisition budget.

Low-Income Programs

The following is a description of Palo Alto's low income assistance programs:

- ***Residential Energy Assistance Program (REAP).*** This program provides qualifying low-income residents with free energy efficiency measures and access to the Rate Assistance Program (RAP) rate discount. For qualifying customers, a Home Assessment, an application to the RAP, and an on-site customer evaluation for weatherization and energy efficiency measure installation, including insulation and lighting, is provided. Customers may have refrigerators and/or furnaces replaced if the need is found.
- ***Rate Assistance Program (RAP).*** This program provides a 25% discount for electric and gas charges for qualified customers. Applicants can qualify based on medical or financial need.
- ***Project PLEDGE.*** This program provides a one-time contribution of up to \$750 applied to the utilities bill of qualifying residential customers. Eligibility criteria includes recent emergency events for employment and health. Administered by the Department of Utilities, this program is funded by voluntary customer contributions.

Largest Customers

The ten largest customers of Palo Alto's electric utility system, based upon energy usage for the fiscal year ended June 30, 2018 accounted for approximately 35.2% of total kWh sales and approximately

31.0% of total electric revenues. The largest account consumed 8.1% of Palo Alto's total kWh sales and contributed 6.9% of total revenues and the smallest of the ten largest accounts accounted for 1.9% of total kWh sales and 1.6% of revenues.

Customers, Energy Sales, Revenues and Demand

The average number of customers, kWh sales, revenues derived from sales by classification of service and peak demand during the five fiscal years 2013-14 through 2017-18, are listed below.

**CITY OF PALO ALTO
DEPARTMENT OF UTILITIES
CUSTOMERS, SALES, REVENUES⁽¹⁾ AND DEMAND⁽²⁾
Fiscal Year Ended June 30,**

	2014	2015⁽³⁾	2016	2017	2018
Number of Customers:					
Residential	26,439	25,226	25,372	25,642	25,502
Commercial	2,556	3,682	3,715	3,753	3,788
Industrial	120	106	91	85	79
Other	224	122	126	136	144
Total	29,339	29,136	29,304	29,616	29,513
Kilowatt-Hour Sales (in thousands):					
Residential	182,228	145,447	150,112	148,986	150,064
Commercial	470,229	558,601	589,091	580,832	588,218
Industrial	213,768	202,839	168,141	157,502	141,387
Other	84,559	29,936	29,812	30,368	29,780
Total	950,784	936,823	937,157	917,687	909,449
Revenues from Sale of Energy:					
Residential	\$ 18,744	\$ 17,404	\$ 18,191	\$ 20,269	\$ 22,764
Commercial	65,244	66,457	68,593	73,471	82,299
Industrial	23,175	21,800	17,762	17,164	17,901
Other	3,225	3,234	3,127	3,780	4,264
Total	\$110,388	\$108,895	\$108,033	\$114,684	\$127,228
Peak Demand (MW)	168	172	178	171	182

(1) Revenues are exclusive of wholesale sales.

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

(3) In 2015, the "Other" category was redefined as City of Palo Alto facilities only. Multi-family facilities were reclassified to "Commercial."

Source: City of Palo Alto.

Service Area

Population. The service area of Palo Alto's electric system is coterminous with Palo Alto's city boundaries. Shown below is certain population data for Palo Alto, the County of Santa Clara and the State of California.

**CITY OF PALO ALTO, COUNTY OF SANTA CLARA,
STATE OF CALIFORNIA POPULATION
(1970-2010 as of April 1; 2011-2018 as of January 1)**

Year	City of Palo Alto	County of Santa Clara	State of California
1970	55,835	1,065,313	19,971,069
1980	55,200	1,295,071	23,668,562
1990	57,400	1,497,577	29,760,021
2000	58,917	1,682,585	33,871,653
2010	64,403	1,781,642	37,253,956
2011	65,123	1,803,329	37,529,913
2012	66,203	1,828,843	37,874,977
2013	67,192	1,857,211	38,234,391
2014	67,633	1,880,197	38,568,628
2015	68,312	1,905,156	38,912,464
2016	69,184	1,922,619	39,256,000
2017	69,446	1,937,473	39,524,000
2018	69,721	1,956,598	39,810,000

Sources: 1970-2010, as of April 1, based on historical U.S. Census population data compiled by the California State Department of Finance. 2011-2018, as of January 1, State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State – January 1, 2011-2018. Sacramento, California, May 2018.

Employment. The main businesses in Palo Alto are manufacturing and industrial, but Palo Alto is also home to significant health care and education providers. There are numerous manufacturing plants producing electronic components, communications equipment, computer systems and similar products, and general items such as pharmaceutical and aerospace systems.

The ten largest employers in Palo Alto as of June 30, 2018 are shown in the following table.

**CITY OF PALO ALTO
LARGEST EMPLOYERS**

Employer	Business	Number of Employees
Stanford Health Care	Health Care Delivery	5,500
Lucille Packard Children's Hospital	Health Care Delivery	5,400
Stanford University ⁽¹⁾	Education	4,300
Veteran's Affairs Palo Alto Health Care System	Health Care Delivery	3,900
VMware Inc.	Software	3,500
SAP	Software	3,500
Space Systems/Loral	Satellite System Design & Manufacturing	2,800
Hewlett Packard Company	Computer Hardware and Software	2,500
Palo Alto Medical Foundation	Health Care Delivery	2,200
Varian Medical Systems	Medical Devices and Software	1,400

⁽¹⁾ Stanford University number of employees was provided by the Stanford Office of Planning and includes only employees located in Palo Alto.

Source: City of Palo Alto.

The San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area, as defined by the State Employment Development Department, includes all cities within San Benito and Santa Clara Counties. According to the California Employment Development Department, the County of Santa Clara's unemployment rate was 3.2% for the year 2017.

The following table sets forth certain information regarding employment in the City of Palo Alto for the fiscal year 2013-14 through 2017-18.

**CITY OF PALO ALTO
UNEMPLOYMENT RATES 2013 TO 2018**

Fiscal Year	Unemployment Rate
2013-14	2.8%
2014-15	2.7
2015-16	2.9
2016-17	2.4
2017-18	2.5

Source: State Department of Employment Development as reflected in City of Palo Alto Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018.

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

**CITY OF PALO ALTO
TOTAL ASSESSED VALUATIONS
(Fiscal Years 2013-14 through 2017-18)**

2013-14	2014-15	2015-16	2016-17	2017-18
\$25,536,059	\$27,198,127	\$29,415,754	\$31,954,381	\$34,434,739

Source: County of Santa Clara's Assessor's Office.

Transportation. Palo Alto is served by freeways, interstate and state highways, bus service and trucking lines. Passenger rail transportation is provided by the Amtrak on a north/south commuter track. Air transportation is available at San Francisco International Airport, located approximately 25 miles to the north, and the San Jose International Airport which is approximately 15 miles from downtown Palo Alto.

Educational Facilities. Public education is provided in Palo Alto from kindergarten through high school. Palo Alto is also the location of Stanford University.

Forecast of Capital Expenditures

Palo Alto's five-year capital plan for electric distribution facilities contemplates capital expenditures in the following years and amounts:

**CITY OF PALO ALTO
DEPARTMENT OF UTILITIES
ESTIMATED CAPITAL EXPENDITURES
(Dollar Amounts in Thousands)**

Fiscal Year Ended June 30,				
2019	2020	2021	2022	2023
\$21,400	\$12,480	\$14,094	\$17,294	\$13,709

Source: City of Palo Alto.

The capital expenditures are for infrastructure replacement and new customer connections; Palo Alto anticipates funding the majority of such costs from current year revenues. Since the 1960's Palo Alto has followed a policy of funding its capital improvements primarily from revenues rather than debt financing.

Palo Alto does not currently plan to make further investment in new large-scale generation. Most of Palo Alto's anticipated energy deficits are expected to be met with renewable power purchase agreements, long-term and short-term market purchases, and customer site distributed generation. Palo Alto is in the initial phases of studying a transmission upgrade project.

Indebtedness; Joint Powers Agency Obligations

In October 2007, Palo Alto issued \$1.5 million of 2007 Electric Utility Clean Renewable Energy Tax Credit Bonds ("CREBs") to finance Palo Alto's photovoltaic solar panel project. The bonds do not bear interest and are scheduled to be fully paid by December 2021. In lieu of receiving the periodic interest payments, bondholders are allowed annual federal income tax credits in an amount equal to a credit rate for such CREBs multiplied by the outstanding principal amount of the CREBs owned by the bondholders. As of January 1, 2019, the remaining outstanding principal balance of the CREBs was \$0.4 million.

Palo Alto issued its Utility Revenue Bonds, 1995 Series A (the "1995 Utility Bonds") in February 1995 to finance certain extensions and improvements to Palo Alto's Storm Drainage and Surface Water System. The 1995 Utility Bonds are special obligations of Palo Alto secured by a lien on net revenues of Palo Alto's entire "Enterprise," which consists of the City of Palo Alto water system, gas system, storm and surface water drainage system, sanitary sewer system, and electric system, except refuse service fund, fiber optics fund, and airport fund. The annual principal and interest debt service payments are solely paid by Palo Alto's storm and surface water drainage system. As of January 31, 2019, the outstanding principal amount of the 1995 Utility Bonds was \$1.3 million.

As previously discussed, Palo Alto participates in two joint powers agencies, including NCPA and TANC. Obligations of Palo Alto under its agreements with respect to NCPA and TANC constitute operating expenses of the Palo Alto electric system payable prior to any of the payments required to be made on Palo Alto's utilities' revenue bonds or other obligations. Agreements with the joint powers agencies in which Palo Alto participates are on a "take-or-pay" basis, which requires payments to be made whether or not projects are completed or operable, and whether output from such projects is suspended, interrupted or terminated. These agreements contain "step-up" provisions obligating Palo Alto to pay a share of the obligations of a defaulting participant. Palo Alto'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 PALO ALTO
DEPARTMENT OF UTILITIES
OUTSTANDING DEBT OF JOINT POWERS AGENCIES
(Dollar Amounts in Millions)
(As of January 31, 2019)**

	Outstanding Debt⁽¹⁾	Palo Alto Participation⁽²⁾	Palo Alto Share of Outstanding Debt⁽¹⁾
NCPA			
Geothermal Project	\$ 24.5	0.00% ⁽³⁾	\$ 1.5 ⁽³⁾
Hydroelectric Project	292.9	22.92 ⁽⁴⁾	68.8 ⁽⁴⁾
TANC			
COTP	200.3	0.00 ⁽⁵⁾	8.0 ⁽⁵⁾
TOTAL	\$517.7		\$78.3

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

(2) 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.

(3) Participation share of 6.16% was permanently assigned to TID in October 1984. Palo Alto remains contractually liable for its share. See “– Power Supply Resources – Joint Powers Agency Resources – *NCPA*” above.

(4) Palo Alto's actual payments represent approximately 23.5% of outstanding debt service as a result of credit to non-participating members with respect to portion of debt obligation.

(5) Participation share of 4.00% was assigned to SMUD, TID and MID in August 2008. Palo Alto remains contractually obligated for its share. See “– Power Supply Resources – Joint Powers Agency Resources – *TANC California-Oregon Transmission Project*” above.

Source: City of Palo Alto.

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 for the purposes of substantially fixing the related interest cost. There is no guarantee that the floating rate payable to the respective joint powers agency pursuant to each of the related interest rate swap agreements 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. 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 Palo Alto). 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 Palo Alto).

Employees

Labor Relations. As of January 1, 2019, 107 full-time equivalent (“FTE”) staff were assigned to the electric system of the Palo Alto Department of Utilities. All full-time employees, excluding the Utility Director, are represented by the Utilities Management and Professional Association of Palo Alto (“UMPAPA”) and Service Employees’ International Union (“SEIU”) Local 521. Matters pertaining to wages, benefits and working conditions are governed by a memorandum of understanding between the City of Palo Alto and SEIU. In December 2018, the City Council approved the first memorandum of understanding with UMPAPA that expires on June 30, 2019. The memorandum of understanding with SEIU expired on December 31, 2018. Palo Alto is in the process of negotiating a new contract with SEIU. Palo Alto’s wage and fringe benefits are generally comparable to those offered by other local public agencies.

Pension Plans. Retirement benefits to City of Palo Alto employees, including those assigned to electric system, are provided through the Palo Alto’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.

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

Pension costs are funded by bi-weekly contributions to CalPERS by Palo Alto and contributions from employees. Active Miscellaneous Plan members hired prior to July 17, 2010 are required to contribute 8.00% of their annual covered salary, those member hired on or after July 17, 2010 are required to contribute 7% 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 Palo Alto on the employee’s behalf in accordance with applicable labor agreements. The required member contributions are currently paid by the employees. Palo Alto’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. Palo Alto 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 contribution requirements of the plan members are established by State statute and the employer contribution rates are established, and may be amended, by CalPERS.

In April 2017, Palo Alto established an Internal Revenue Code Section 115 irrevocable trust with the Public Agency Retirement Services (“PARS”). The Palo Alto City Council approved an initial deposit of \$2.1 million in general fund proceeds into the general fund subaccount of Palo Alto’s PARS Trust Account. The PARS Trust Account allows more control and flexibility in investment allocations compared to Palo Alto’s portfolio which is restricted by State regulations to fixed income instructions. As of June 30, 2018, Palo Alto reported the account balance of \$5.5 million as restricted cash in general benefits, an internal service fund.

The table below sets forth the electric system’s allocated share of Palo Alto’s required contributions to the Miscellaneous Plan for the past four fiscal years and the amount budgeted for its

allocated share of the Palo Alto's estimated required contributions to such plans for the current fiscal year and fiscal year 2019-20.

City of Palo Alto Miscellaneous Plan (dollars in thousands)			
Fiscal Year Ended June 30	Electric System Allocated Share	Total City Required Contribution Amount	Contributions as a % of Covered Payroll
2015		\$18,610 ⁽¹⁾	25.65%
2016		18,840	25.56
2017		20,638	26.59
2018		23,225	28.24
2019 ⁽²⁾		26,805	32.56
2020 ⁽²⁾		30,443	35.63

⁽¹⁾ Palo Alto's actual contribution in fiscal year 2014-15 was \$18,611,000.

⁽²⁾ Based on CalPERS Annual Valuation Report as of June 30, 2017

Source: City of Palo Alto.

Palo Alto'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 Palo Alto's required contributions to CalPERS in future years. Accordingly, Palo Alto cannot provide any assurances that Palo Alto'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 Palo Alto's most recent audited financial statements which are available on Palo Alto's website at <http://www.cityofpaloalto.org>.

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 will be 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 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 of 30% to 40% by fiscal year 2024-25 for miscellaneous plans. As a result, required contributions of employers, including Palo Alto, 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, Palo Alto 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, Palo Alto 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, 2017, as reported in Palo Alto's audited financial statements for the fiscal year ended June 30, 2018. The electric system's allocable share of Palo Alto's net pension liability was not separately determined.

City of Palo Alto Miscellaneous Plan
(dollars in thousands)

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	\$187,108	71.80%	281.90%
2015	206,192	69.85	295.25
2016	244,237	65.79	331.29
2017	267,805	65.70	345.08

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

Source: City of Palo Alto.

As of the June 30, 2017 measurement date, the total pension liability for the Miscellaneous Plan for the City of Palo Alto was \$780,729,000 and the plan fiduciary net position was \$512,924,000, resulting in a city-wide Miscellaneous Plan net pension liability of \$267,805,000. In the June 30, 2016 actuarial valuation utilized for measuring the pension liability as of the June 30, 2017 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; (b) projected salary increases that vary based on age and type of service; and (c) an inflation rate of 2.75% per year.

Retiree Health Benefits. Palo Alto participates in the California Public Employees Medical and Health Care Act to provide certain health care benefits for retired employees, including employees of the electric system (the “OPEB Plan”). In fiscal year 2007-08, Palo Alto elected to participate in an irrevocable trust (the “Trust Fund”) to provide a funding mechanism for its OPEB liability. The Trust Fund, California Employers’ Retirees Benefit Trust, is administered by CalPERS and managed by a separately appointed board, which is not under control of the City Council. Palo Alto’s policy is to prefund these OPEB benefits by accumulating assets in the Trust Fund pursuant to City Council Resolution. The OPEB Plan annual contributions to the Trust Fund are based on actuarial valuations. Under the OPEB Plan, employees who retire directly from the City of Palo Alto are eligible for benefits if they retire on or after age 50 with 5 years of service and are receiving a monthly pension from CalPERS.

For Fiscal Years prior to fiscal year 2017-18, Palo Alto’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 the Palo Alto’s annual OPEB cost and the approximate portion of such amount funded by the electric system, the percentage of annual OPEB cost contributed and Palo Alto’s Net OPEB obligation for the three fiscal years 2014-15 through 2016-17.

City of Palo Alto OPEB Plan
(dollars in thousands)

Fiscal Year Ended June 30	Annual OPEB Cost	Amount Funded by Electric System	% of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2015	\$14,773		102%	\$(22,871)
2016	15,292		92	(21,662)
2017	16,890		87	(19,419)

Source: City of Palo Alto.

Effective for fiscal year 2017-18, Palo Alto 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 Palo Alto's annual contributions to the OPEB Plan trust for the fiscal years ended June 30, 2017 and 2018, including the relation of such contributions to the actuarially determined contribution amount for such fiscal year. The amount budgeted for the electric system's share of OPEB Plan contributions for fiscal year 2018-19 is \$_____.

City of Palo Alto OPEB Plan
(dollars in thousands)

Fiscal Year Ended June 30	Contribution Funded by Electric System	Total City Contribution	Actuarially Determined Contribution Amount	Contribution Deficiency (Excess) to Actuarially Determined Contribution
2017		\$14,739	\$16,365	\$1,626
2018		21,349	16,938	(4,411)

Source: City of Palo Alto.

Pursuant to GASB No. 75, for the fiscal year ended June 30, 2018, Palo Alto reported a net OPEB liability of approximately \$153,509,000 (reflecting a total OPEB liability of \$244,759,000 and a plan fiduciary net position of \$91,250,000 for the OPEB Plan). The net OPEB liability as a percentage of covered-employee payroll was 129.24%. The OPEB Plan Net Position as a percentage of Palo Alto's total OPEB liability was 37.28%. The net OPEB liability was measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2017, based on actuarial methods and assumptions. The actuarial assumptions used include: (a) a 6.75% discount rate; (b) a 2.75% inflation rate; (c) payroll growth of 3.00%; (d) a 6.75% investment rate of return; and (e) post-retirement benefit cost increases of 6.50% for 2019, decreasing to 4.00% for 2076 and later for medical plan premiums, and 7.50% for 2019, decreasing to 4.00% for 2076 and later for pre-medicare premiums.

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

Litigation

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining Palo Alto in the execution or delivery of, or in any way contesting or affecting the validity of any proceedings of Palo Alto taken with respect to, the Third Phase Agreement.

There is no litigation pending, or to the knowledge of Palo Alto, threatened, questioning the existence of Palo Alto, or the title of the officers of Palo Alto to their respective offices. As of the date of this Official Statement, there is no litigation pending, or to the knowledge of Palo Alto, threatened, questioning or affecting in any material respect the financial condition of Palo Alto's electric utility system.

As described below, litigation has been filed challenging the Palo Alto utilities' transfers to the General Fund:

Green v. City of Palo Alto. Through annual equity transfers, Palo Alto transfers a portion of the earnings of its gas and electric utilities to its General Fund each year, pursuant to a voter-approved charter provision authorizing it to do so. In October 2016, plaintiff Miriam Green ("Green") filed a class action lawsuit against Palo Alto challenging Palo Alto's equity transfers and electric rates, under Proposition 26. In May 2017, the court approved the parties' stipulation (a formal agreement between counsel) certifying the class of plaintiffs in exchange for the plaintiffs' agreement to (i) stay the case pending a decision in *Citizens for Fair REU Rates v. City of Redding*, California Supreme Court Case No. S224779, and (ii) dismiss plaintiff's three claims challenging the cost-justification of Palo Alto's electric rates. The City of Redding case concerned many of the same issues as those raised in plaintiff's suits against Palo Alto. In October 2018, Green filed a second class action lawsuit against Palo Alto, making the same allegations with respect to the electric and gas rates that the City Council adopted in June 2018. In the fiscal year ended June 30, 2018, these transfers amounted to \$19.6 million (\$12.9 million electric and \$6.7 million gas) and in the fiscal year ended June 30, 2017, the transfers amounted to \$18.7 million (\$12 million electric and \$6.7 million gas). In this respect, Palo Alto is similar to all municipal power utilities (and the four municipal gas utilities in California), which make annual general fund transfers on various theories.

The California Supreme Court granted review of the *City of Redding* matter, and on August 27, 2018, the California Supreme Court rendered its decision, reversing the judgement of the Court of Appeal. In *City of Redding*, the California Supreme Court determined that the City of Redding's transfer from the city-owned electric utility to the city's general fund, which was calculated as a "payment in lieu of taxes," itself is not the type of exaction that is subject to Article XIIC of the California Constitution. The court reasoned that it is only the city's electric utility rates, not the payments made by the city-owned utility, that are imposed on customers for electric service. The California Supreme Court concluded that because the total rate revenue of the electric utility was insufficient to cover the electric utility's uncontested operating expenses (other than the payments in lieu of taxes) in the years at issue, the challenged rate did not exceed the reasonable costs of providing electric service, and therefore did not constitute a tax. Palo Alto is evaluating its cases in light of the Supreme Court's August 27, 2018 decision in *City of Redding*. No matter the outcome, the Green litigation is not expected to have a material financial impact on the Palo Alto's Electric Fund.

Lawsuits and other claims filed against Palo Alto as it relates to its Department of Utilities' electric system and operations arise in the ordinary course and scope of Palo Alto's municipal utility business and are largely covered by Palo Alto's self-insurance program. In the opinion of Palo Alto's

management and attorneys, these lawsuits and other claims will not have a material adverse effect upon Palo Alto's electric system and operations.

Palo Alto's Operations Since Industry Restructuring

Electric System Policies. In March 1997, the City Council of Palo Alto approved three electric utility policies relating to customer choice, stranded cost recovery and marketing beyond Palo Alto borders. Palo Alto undertook a number of actions in order to implement those policies. Direct access (discussed below) was offered to large commercial and industrial customers; however none of them exercised the option. Given the lack of interest in the community for direct access in combination with the instability of energy markets in 2001 and CPUC actions relating to direct access, direct access was suspended by the City Council effective August 1, 2001. There are no plans to re-implement direct access at this time.

AB 1890, adopted in 1996, provided for the deregulation of California's electric industry effective January 1, 1998. A key element of deregulation was the provision for "direct access", which would allow electric customers to choose their electric commodity supplier. Palo Alto, along with other California utilities, was faced with the prospect of losing customers and load to direct access and having made significant investments in generation assets purchased or built to serve these customers. In response to such risk, PG&E and certain other investor- and municipally-owned utilities established stranded cost surcharges to collect funds from ratepayers to cover the amount that these uneconomic assets were projected to cost above their market value in the future (*i.e.*, "stranded cost").

Electric Special Project Reserve (formerly the Calaveras Reserve). In 1983, the City Council established the Calaveras Reserve in the Electric Fund to help defray a portion of the annual debt service costs associated with the NCPA Calaveras Hydroelectric Project, which was put in service at that time. As originally established, the Calaveras Reserve policy did not provide for a target balance and depletion of the reserve was anticipated by 2002.

In 1996, the City Council changed the purpose of the Calaveras Reserve and authorized collections from electric ratepayers to cover stranded cost. In addition, the City Council approved a new policy linking the reserve balance to an amount sufficient to cover other potential stranded costs. The assets identified as stranded at that time included the Seattle City Light Exchange contract (terminated in May 2018), the Calaveras Hydroelectric Project and the COTP.

In 1997, the City Council revised the reserve target level to cover above-market, or "stranded," costs to \$93 million by December 31, 2001 to be collected from a stranded cost surcharge imposed on electric rates. When the Calaveras Reserve balance reached \$71 million in 1999, stranded costs were deemed fully collected. At that time, Council authorized the cessation of the collection of the stranded cost surcharge and established the Calaveras Reserve Target and Guidelines with a schedule to drawdown the funds and manage electric rates through transfers from the Calaveras Reserve to the Electric Supply Rate Stabilization Reserve (E-SRSR) through the end of fiscal year 2032-33, when the Calaveras Reserve would be exhausted.

In 2001, the California electric industry faced an energy crisis triggering wholesale power price spikes and rolling blackouts throughout the State. The crisis was blamed on poor deregulation market design and market manipulation by energy suppliers. As a result, direct access was suspended in California for the investor-owned utilities (although it was subsequently phased in for non-residential end-use customers of the investor-owned utilities pursuant to Senate Bill 695, adopted in 2009) and subsequently, Palo Alto suspended its direct access program. Further, as a result of changing market conditions and the assignment of certain electric assets, the estimate of the City's stranded cost is lower

now than when stranded cost collections stopped in 1999. Since then, electric market prices have increased significantly, reducing the stranded cost associated with the Calaveras Hydroelectric Project.

On June 15, 2009, the City Council adopted new guidelines to manage the Calaveras Reserve which required an annual calculation of short-term stranded costs during the annual budget process for the upcoming budget year(s) and set the minimum transfer from the Calaveras Reserve to the Electric Supply Operating Budget equal to this amount. The revised guidelines also called for an annual calculation of long-term stranded cost and identification of any excess funds in the Calaveras Reserve available to fund projects to the benefit of electric ratepayers.

On November 1, 2011, the City Council renamed the Calaveras Reserve as the Electric Special Project Reserve (“ESP”) and approved a new policy direction and guidelines for use of funds. On May 18, 2015, the City Council updated the guidelines to extend the deadlines to commit funds and close the ESP Reserve, as follows:

- The purpose of the ESP Reserve is to fund projects that benefit electric ratepayers;
- ESP Reserve funds are to be used for projects of significant impact;
- Projects proposed for funding must demonstrate a need and/or value to electric ratepayers. The projects must have verifiable value and not be speculative, or risky in nature;
- Projects proposed for funding must be substantial in size, requiring funding of at least \$1 million;
- Set a goal to commit funds by end of fiscal year 2016-17; and
- Any uncommitted funds remaining at the end of fiscal year 2021-22 will be transferred to the Electric Supply Operation Reserve and the ESP Reserve will be closed.

As of December 2018, the ESP Reserve funds have not been fully committed; however, staff is evaluating suitable large projects such as advanced metering infrastructure which could increase utility resiliency. The approximate balance of the ESP Reserve as of June 30 for the five fiscal years 2013-14 through 2017-18 is set forth below:

	2013-14	2014-15	2015-16	2016-17	2017-18
Balance	\$51,838,000	\$51,838,000	\$51,838,000	\$51,838,000	\$41,665,000

Source: City of Palo Alto Audited Financial Statements for fiscal years 2013-14 through 2017-18.

Rate Stabilization Reserve. In June 1998, the City Council approved staff’s recommendation to unbundle the Electric and Gas Rate Stabilization Reserves (“RSR”). The RSR was originally created to cover a number of unforeseen contingencies, including the need to supplement rates which cover distribution expenses, and commodity supply costs. The City Council has approved a set of guidelines for the RSR based on a forecast of contingencies to be covered. In December 2003 and again in January 2007, the City Council updated the reserve guidelines taking into account, among other aspects, the increased cost volatility due to the electric portfolio cost exposure to hydroelectric production uncertainties that arose in 2005 with the then-new Western Base Resource Contract. In June 2014, the City Council approved updated Reserves Management Practices, and existing reserves were separated for more specific purposes. The RSR is now are used to manage the trajectory of future rate increases, with the Operations Reserve being used to manage normal variations in the costs of providing electric service and as a reserve for contingencies. As of June 30, 2018, the balance of RSR was \$9.0 million.

Operations Reserve. In June 2014, the City Council approved updated Reserves Management Practices. New Electric Supply Fund and Electric Distribution Fund Operations Reserves were created, and are used to manage normal variations in the costs of providing electric service and as a reserve for contingencies. The City Council approved a set of guidelines for the minimum and maximum level of reserves to be held, as well as policies should reserves fall outside of those ranges. As of June 30, 2018, the balance of the Supply Operations and Distribution Operations Reserves were \$9.54 and \$10.4 million, respectively. The Supply Operations Reserve amount is below the City Council guidelines for the minimum level of reserves to be held, but the City Council approved transfers in fiscal year 2018 to raise the balance of such reserves above the guidelines for the minimum level.

Hydro Stabilization Reserve. In accordance with the City's updated Reserves Management Practices approved in June 2014, supply cost savings and surplus energy sales revenue associated with higher than average generation from hydroelectric resources may be added to the Electric Supply Fund's Hydro Stabilization Reserve by action of the City Council and held to offset higher commodity supply costs during years of lower than average generation. Withdrawal of funds from the Hydro Stabilization Reserve requires action by the City Council. As of June 30, 2018, the balance of the Hydro Stabilization Reserve was \$11.4 million.

Public Benefits Reserve. In June 1998, the City Council of Palo Alto approved the Public Benefits Reserve to be created for the purpose of establishing a separate reserve from the Electric Fund. The revenue collected for the Public Benefit programs that are not spent are deposited into this reserve for future use. The balance of the Public Benefits Reserve at June 30, 2018 was \$681,000.

Unbundled Electric Rates. In June 1997, Palo Alto became the first electric utility in California to unbundle its electric rates on customers' bills. Palo Alto's unbundled electric rates were initially comprised of the following four components: (i) a power supply charge, (ii) a distribution charge, (iii) a transition cost recovery charge and (iv) a public benefits charge. On July 1, 1999, the transition cost recovery charge was discontinued. The distribution charge and public benefits charge are non-bypassable charges and therefore are paid to Palo Alto by the customer, regardless of energy supplier.

Significant Accounting Policies

Palo Alto's most recent Annual Financial Report for the fiscal year ended June 30, 2018 has been audited by Macias Gini & O'Connell LLP, Walnut Creek, California, in accordance with generally accepted auditing standards, and contains opinions that the financial statements present fairly, in all material respects, the respective financial position of the various funds maintained by Palo Alto. The reports include certain notes to the financial statements which are not described below. Such notes constitute an integral part of the audited financial statements. Copies of these reports are available on request from the Administrative Services Department, City of Palo Alto, 250 Hamilton Avenue, Palo Alto, California 94301 and are available on-line at <https://www.cityofpaloalto.org/gov/depts/asd/reporting.asp>. 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 Palo Alto 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.

Condensed Operating Results and Selected Balance Sheet Information

The following table sets forth summaries of income and selected balance sheet information of Palo Alto's electric and fiber optic funds for the five fiscal years 2013-14 through 2017-18. The information for the fiscal years ended June 30, 2014 through June 30, 2018 was prepared by Palo Alto on the basis of its audited financial statements for such years.

**CITY OF PALO ALTO
DEPARTMENT OF UTILITIES
ELECTRIC AND FIBER OPTICS FUNDS
CONDENSED OPERATING RESULTS AND SELECTED
BALANCE SHEET INFORMATION⁽¹⁾
(Dollar Amounts in Thousands)**

	Fiscal Year ended June 30,				
	2014	2015	2016	2017	2018
Summary of Income:					
Operating Revenues	\$121,916	\$120,842	\$120,743	\$137,543	\$ 158,671
Operating Expenses ⁽²⁾	<u>(103,817)</u>	<u>(113,534)</u>	<u>(111,314)</u>	<u>(119,568)</u>	<u>(139,587)</u>
Operating Income	18,099	7,308	9,429	17,975	19,084
Other Income ⁽³⁾	(5,802)	(6,676)	(5,763)	(9,224)	(8,437)
Loss on Disposal of Fixed Assets	(271)	(312)	(74)	(116)	(26)
Transfers in	1,089	51	259	2,679	3,465
Transfers out ⁽⁴⁾	<u>(11,460)</u>	<u>(11,580)</u>	<u>(12,110)</u>	<u>(12,543)</u>	<u>(13,448)</u>
Net Income	\$1,655	\$(11,206)	\$(8,259)	\$(1,229)	\$ 638
Selected Balance Sheet Information:					
Net Property Plant and Equipment	\$176,408	\$180,546	\$187,091	\$190,930	\$202,063
Unrestricted	<u>140,465</u>	<u>96,515</u>	<u>81,711</u>	<u>76,643</u>	<u>85,369</u>
Total Net Assets	\$316,873	\$277,061	\$268,802	\$267,573	\$287,432

⁽¹⁾ Includes electric and fiber optics funds.

⁽²⁾ Includes purchased power costs and payments to NCPA and TANC. Also includes depreciation in the amount (in thousands) of \$7,504 in fiscal year 2014, \$7,383 in fiscal year 2015, \$7,607 in fiscal year 2016, \$7,733 in fiscal year 2017 and \$8,432 in fiscal year 2018.

⁽³⁾ The negative "Other Income" consists of debt service Palo Alto paid on NCPA bonds and investment earnings due to recording of market value gains.

⁽⁴⁾ Composed primarily of transfers to Palo Alto general fund for costs incurred for the benefit of the Palo Alto utility system, transfers to fund retiree medical benefits and transfers to the capital projects fund.

Source: City of Palo Alto.

CITY OF ROSEVILLE

Introduction

The City of Roseville (“Roseville”) 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 137,213 at January 1, 2018, 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 hydroelectric project, which consists of a system of dams, reservoirs and 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, 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 No. 1 (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”) 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 Third Phase 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, 2018, the Electric System served an estimated 60,133 customers.

Customer Base. In Fiscal Years 2013-14 through 2017-18, the Electric System's customer base increased by over 1.5% per year. Anticipated residential growth includes over 24,000 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; 2011-2018 as of January 1)**

	City of Roseville	County of Placer	State of California
1970	18,221	77,632	19,971,069
1980	24,347	117,247	23,668,562
1990	45,189	175,290	29,760,021
2000	79,921	248,399	33,871,653
2010	118,788	348,432	37,253,956
2011	121,757	353,263	37,529,913
2012	123,785	358,371	37,874,977
2013	125,970	362,305	38,234,391
2014	128,048	367,108	38,568,628
2015	129,299	370,387	38,912,464
2016	132,167	375,618	39,256,000
2017	134,650	383,173	39,524,000
2018	137,213	389,532	39,810,000

Source: 1970-2010, as of April 1, based on historical U.S. Census population data compiled by the California State Department of Finance. 2011-2018, as of January 1, State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State – January 1, 2011-2018. Sacramento, California, May 2018.

The largest employers in Roseville as of June 30, 2018 are set forth in the table on the following page:

[Remainder of page intentionally left blank.]

**CITY OF ROSEVILLE
LARGEST EMPLOYERS
(As of June 30, 2018)**

Employer	Business	Number of Employees
Kaiser Permanente	Health Care	3,148
Sutter Roseville Medical Center	Health Care	2,202
City of Roseville	Government	1,896
Roseville Joint Union High School District	Education	1,626
Roseville City School District	Education	1,133
PRIDE Industries	Employment Service	1,062
Adventist Health	Health Care	940
Wal-Mart	Retail	625
Union Pacific Railroad	Railroad	569
Consolidated Communications	Cable Television	475

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⁾**

	Fiscal Year Ended June 30,				
	2014	2015	2016	2017	2018
Number of Customers: ⁽²⁾					
Residential	49,013	49,851	50,784	51,638	52,789
Commercial	6,615	6,673	6,700	6,759	6,812
Total	55,628	56,524	57,484	58,397	59,601
MWh Deliveries (Average):					
Residential	434,594	428,824	439,495	439,598	454,795
Commercial	748,218	748,913	750,482	737,843	728,497
Total MWh sales	1,182,812	1,177,737	1,189,977	1,177,441	1,183,292
Revenues (\$ in 000s):					
Residential	\$ 66,728	\$ 67,660	\$ 68,853	\$ 68,543	\$ 70,803
Commercial	92,347	96,028	95,078	93,011	91,495
Total Revenues from Sale of Energy	\$159,075	\$163,688	\$163,930	\$161,554	\$162,298
Peak Demand (MW)	340	340	331	355	354

⁽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, 2018, the ten largest customers of Roseville’s Electric System by usage accounted for an estimated 23% of total kWh sales and 17% 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 0.6% 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 No. 1 (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 Central Valley Project net generation and entitlements to the output of several NCPA projects.

The table on the following page provides an estimated summary of Roseville's sources of power supply for Fiscal Year 2017-18.

CITY OF ROSEVILLE ELECTRIC SYSTEM SOURCES OF POWER SUPPLY Fiscal Year 2017-18

Source	Type	Capacity Available (MW) ⁽¹⁾	Actual Energy (GWh) ⁽²⁾	% of Total
Generation:				
Roseville Energy Park ⁽³⁾	Natural Gas	80	24	2%
Roseville Power Plant 2	Natural Gas	24	1	
Purchased Power:				
Western ⁽⁴⁾	Hydro	69	141	12
NCPA				
Geothermal Project	Geothermal	8	62	5
Hydroelectric Project	Hydro	29	59	5
Steam Injected Gas Turbine Generator Project ⁽⁵⁾	Natural Gas	18	4	
Market Purchases:				
Renewable Purchases	Various	32	316	26
Non-Renewable Purchases	Various	105	619	51
TOTAL *		365*	1,225*	100%*
Peak Demand (MW)		354		
Capacity Reserve Percent ⁽⁶⁾		3%		

(1) Capacity in MW and available for system peak (August 28, 2017).

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

(3) The 155 MW Roseville Energy Park was limited to an output capacity of 80 MW due to a forced outage of the steam turbine generator.

(4) Includes reserve capacity.

(5) Referred to as the NCPA Capital Facilities Project in the front part of this Official Statement.

(6) 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 (339 MW) due to near-record system peak.

* 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. In March 2017, REP’s steam turbine generator was damaged, and REP ran through the summer 2017 in an 80 MW dual combustion turbine configuration. The steam turbine generator was replaced ahead of schedule in May 2018 and the facility is currently at 100% availability factor.

Roseville Power Plant 2

The Roseville Power Plant 2 (“RPP2”) 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 No. 1 in which Roseville was a participant. On September 1, 2010, Roseville took ownership of the two units which provide peaking capacity and reserves for Roseville. In July 2016, CT2 went into outage for generator repairs, derating RPP2 to 24 MW. The CT2 generator was disassembled for a major overhaul. It was reassembled, and a new protection system was installed and commissioned on November 1, 2018. A new protection system was also installed and commissioned for the CT1 generator on December 11, 2018.

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 Central Valley Project (“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.

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 12.00% entitlement share in the NCPA Hydroelectric Project, a 36.50% entitlement share in the Combustion Turbine Project Number Two (referred to as the NCPA Capital Facilities Project) and a 7.88% entitlement share in the NCPA Geothermal Project. For a description of such resources, see “THE HYDROELECTRIC 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

Roseville has a rigorous risk management program to mitigate business and financial risks through prudent oversight, policies, and sufficient controls. Roseville established a Risk Oversight Committee (“ROC”), to provide oversight of risk management policy compliance and procedures. The ROC 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 meets quarterly to review energy trading activities and to ensure their adherence to the risk management policies.

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.” 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 approximately 40% of Roseville’s expected 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.

Regional Transmission Facilities

Western Area Power Administration 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 \$3.5 million per year.

Balancing Authority of Northern California. BANC is a joint powers authority consisting of the Sacramento Municipal Utility District (“SMUD”), the Modesto Irrigation District, Roseville, 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 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.

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 SANTA CLARA – 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 765 miles of underground lines, 57 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 \$4.0 million in Fiscal Year 2018-19).

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 (as recently amended from every three 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 January 1, 2019, 151 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 Roseville.

The bulk of the non-management City personnel working at the Electric System are represented by the International Brotherhood of Electrical Workers (“IBEW”). The IBEW contract expired December 31, 2018. Until a successor contract is executed, the terms of the expired contract will continue to govern. Bargaining is ongoing and there have been no strikes or other work stoppages at Roseville, 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 four 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, 2019 is \$5,435,071.

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

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 will be 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 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 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, 2017, 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

⁽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, 2016 actuarial valuation utilized for measuring the pension liability as of the June 30, 2017 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, 2018, there were 726 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 for 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 Year ended June 30, 2018, 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, 2019 is \$1,903,117.

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

Source: City of Roseville.

As of June 30, 2018, the total OPEB liability was \$226,908,000 and the OPEB Plan fiduciary net position was \$84,119,640, resulting in a net OPEB liability of \$142,788,360. Plan fiduciary net position as a percentage of the total OPEB liability was 37.07%. The net OPEB liability as a percentage of covered payroll was 126.1%. In the June 30, 2017 actuarial valuation, 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 2018-19, Roseville’s premium was \$813,836 with an additional \$1,625 charge to reflect the fees to access certain online risk management systems. Total premium cost to Roseville was \$815,461. 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 \$25,000 per claim. For Fiscal Year 2018-19, Boiler and Machinery damage is covered up to \$21,250,000 with a self-insured retention of \$5,000. For Fiscal Year 2018-19, the annual premium cost for both was \$370,651.

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, 2018 through October 13, 2019, Roseville’s premium was \$501,992. 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 2018-19, Roseville’s premium cost was \$797,173 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. 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 \$99.9 million over the five Fiscal Years 2018-

19 through 2022-23, of which \$22.7 million is included in the Fiscal Year 2018-19 budget. Funds for the additional \$77.2 million will be requested when necessary.

**CITY OF ROSEVILLE
ELECTRIC SYSTEM
CAPITAL IMPROVEMENT SUMMARY**

Fiscal Year Ending June 30	Capital Improvement Projects
2018-19	\$22,700,000
2019-20	20,100,000
2020-21	20,500,000
2021-22	18,300,000
2022-23	18,300,000
Total:	\$99,900,000

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 below average precipitation levels from July 2017 through June 2018 there is a \$0.00129/kWh 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.

**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 \$62 million as of January 1, 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 January 31, 2019, Roseville had outstanding approximately \$207,725,000 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.

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. Certain of 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 January 31, 2019)**

	Outstanding Debt⁽²⁾	Roseville Participation⁽³⁾	Roseville Share of Outstanding Debt⁽²⁾
NCPA			
Geothermal Project	\$ 24.5	7.88%	\$ 1.9
Hydroelectric Project	292.9	12.00 ⁽⁴⁾	28.9
Capital Facilities Project	29.6	36.50	10.8
TANC			
Bonds	200.3	2.32	4.6
TOTAL *	\$547.3		\$46.2

(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 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 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 Third Phase 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 2013-14 through 2017-18 on a historical basis. 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 are accounted for in Roseville's audited financial statements (for Fiscal Years 2013-14 through 2017-18) but the presentation in the audited financial statements may not necessarily correlate to the line item designations in the table.

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**CITY OF ROSEVILLE
ELECTRIC FUND
STATEMENT OF REVENUES AND EXPENSES
Fiscal Years 2013-14 through 2017-18
(Dollars in Thousands)**

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Revenues					
Charges for Services	\$159,677	\$164,822	\$163,762	\$161,329	\$160,193
Other	2,325	3,508	2,959	4,678	6,904
Total Revenues	<u>\$162,002</u>	<u>\$168,330</u>	<u>\$166,721</u>	<u>\$166,007</u>	<u>\$167,098</u>
Operating Expenses					
Power Supply ⁽¹⁾	\$ 91,793	\$ 90,285	\$ 84,068	\$ 81,204	\$ 77,090
Non-Power Costs ⁽²⁾	19,434	20,933	27,345	36,771	37,470
Indirect Costs and Transfers ⁽³⁾	7,718	8,869	6,975	8,297	3,146
Total Operating Expenses	<u>\$118,944</u>	<u>\$120,087</u>	<u>\$118,387</u>	<u>\$126,272</u>	<u>\$117,706</u>
Net Revenue	\$ 43,058	\$ 48,243	\$ 48,334	\$ 39,735	\$ 49,391
Debt Service	\$ 15,415	\$ 16,176	\$ 16,185	\$ 15,950	\$ 16,672
Adjusted Net Revenue					
Net Revenue	\$ 43,058	\$ 48,243	\$ 48,334	\$ 39,735	\$ 49,391
Interest Revenue					
(excluding unrealized gain/loss)	603	795	1,212	1,887	2,497
Adjusted Net Revenue	<u>\$ 43,661</u>	<u>\$ 49,038</u>	<u>\$ 49,546</u>	<u>\$ 41,623</u>	<u>\$ 51,889</u>
Debt Service Coverage Ratio	2.83	3.03	3.06	2.61	3.11
Rate Stabilization Fund Balance ⁽⁴⁾	\$47,209	\$50,768	\$58,381	\$58,943	\$58,811
Transfers from/(to) Rate Stabilization Fund	(5,387)	(3,400)	(7,000)	--	--
Debt Service Coverage ratio, including Rate Stabilization Fund ⁽⁵⁾	5.53	5.96	6.24	6.31	6.62

⁽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.

CITY OF SANTA CLARA

Introduction

The City of Santa Clara (“Santa Clara”) is a charter city located in the State of California (the “State”). Pursuant to its charter, Santa Clara has the power to furnish electric utility service within its service area. In connection therewith, Santa Clara has the powers of eminent domain, to contract, to construct works, to fix rates and charges for commodities or services it provides and to incur indebtedness.

Santa Clara provides electric utility service through its electric utility department. Santa Clara offers its electricity and energy services through the trademarked name of “Silicon Valley Power.” In addition, Santa Clara provides other city services to its inhabitants, including police and fire protection, and water and sewer service.

The legal responsibilities and powers of Santa Clara, including the establishment of rates and charges for electric service, are exercised by the seven-member Santa Clara City Council. The Santa Clara City Council is made up of the Mayor, elected at large, and six council members. The members of the Santa Clara City Council have historically been elected city-wide for staggered four year terms under the provisions of the City Charter. However on July 23, 2018, the Santa Clara County Superior Court issued a statement of decision in the case, *LaDonna Yumori Kaku et al. v. City of Santa Clara*, ordering the City to implement by-district elections for its six council members. Following the court decision, the two Council seats that were up for election in the November 6, 2018 election were elected by district election. The City has appealed the trial court decision. *{under review by legal for any update}*

The Santa Clara electric utility department is under the direction of the Chief Electric Utility Officer who, together with certain other senior managers of the electric utility department, is appointed by and reports to the Santa Clara City Manager.

To provide electric service within its service area, Santa Clara owns and operates an electric system which includes generation, transmission and distribution facilities. Santa Clara also purchases power and transmission services from other providers and participates in other utility type arrangements.

Since 1896, Santa Clara has provided all electric service within an area coterminous with the City of Santa Clara’s boundaries. As of January 1, 2018, Santa Clara had an estimated population of 129,604. For the Fiscal Year ended June 30, 2018, Santa Clara served an average of 55,198 customers per month, had total sales of 3,578 GWh and a peak demand of 586.6 MW. In the Fiscal Year ended June 30, 2018, approximately 93% of Santa Clara’s energy sales were made to commercial and industrial customers.

Only revenues of the Santa Clara electric utility department will be available to pay amounts owed by Santa Clara under the Third Phase Agreement.

The Santa Clara electric utility department’s main office is located at Santa Clara City Hall, 1500 Warburton Avenue, Santa Clara, California 95050, (408) 615-6600. A copy of the most recent audited financial statements of the Santa Clara Electric Utility Enterprise Fund (the “Annual Report”) may be obtained from Manuel Pineda, Interim Chief Electric Utility Officer, at the above address and telephone number, and is also available on Santa Clara’s website at www.siliconvalleypower.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, is not incorporated by reference herein and should not be relied upon in making an investment decision with respect to the 2019 Bonds.

Power Supply Resources

The following table sets forth information concerning Santa Clara's power supply resources and the energy supplied by each during the Fiscal Year ended June 30, 2018.

CITY OF SANTA CLARA ELECTRIC UTILITY DEPARTMENT POWER SUPPLY RESOURCES (For the Fiscal Year Ended June 30, 2018)

Source	Capacity Available (MW)	Recorded Energy (GWh)	Percent of Total Energy
City-Owned Generating Facilities ⁽¹⁾			
Cogeneration	7.0	43.49	1.2%
Stony Creek Hydro System	11.6	9.81	0.3
Gianera Generating Station	49.5	5.87	0.2
Grizzly Project	17.7	29.78	0.8
Donald Von Raesfeld Power Plant	147.8	768.52	20.6
Jenny Strand Solar Park	0.1	0.20	0.0
Purchased Power: ⁽²⁾			
Western Area Power Administration (Western) ⁽³⁾	136.0	277.17	7.4
Manzana Wind	50.0	136.16	3.6
G2 (Landfill)	1.6	12.59	0.3
Ameresco (Landfill)	0.8	2.81	0.1
Ameresco FWD (Landfill)	4.2	30.85	0.8
Ameresco VASCO (Landfill)	4.3	32.77	0.9
TriDam-Beardsley	11.5	68.76	1.8
TriDam-Donnells	72.0	225.13	6.0
TriDam-Tulloch	25.9	139.24	3.7
TriDam-Sandbar	16.2	98.23	2.6
Rosamond (Recurrent Solar)	20.0	59.36	1.6
Graphics Packaging	27.7	57.24	1.5
Friant 1	25.0	110.32	3.0
Quinten Luallen (Friant 2)	7.3	50.46	1.3
Santa Clara Tioga Canopy	0.4	0.46	0.0
Joint Power Agencies ⁽²⁾			
NCPA			
Geothermal Project	55.7	347.04	9.3
Combustion Turbine Project	31.0	6.34	0.2
Hydroelectric Project	93.6	177.97	4.8
Lodi Energy Center Project	77.9	276.41	7.4
Seattle City Light ⁽⁴⁾	32.6	(21.1)	(0.6)
M-S-R PPA			
San Juan ⁽⁵⁾	51.0	196.89 ⁽⁵⁾	5.3
Big Horn I Wind Energy	105.0	269.76	7.2
Big Horn II Wind Energy	17.0	42.78	1.1
Market Purchases	--	278.40	7.5
Total ⁽⁶⁾	1,100.4	3,733.4	100.0%

⁽¹⁾ Rated or name-plate capacities.

⁽²⁾ Capacity available represents entitlements, firm allocations and contract amounts.

⁽³⁾ Santa Clara purchased varying amounts of capacity from the Western Area Power Administration during the year.

⁽⁴⁾ Santa Clara received 32.6 MW under this contract during the months of June through October and was obligated to provide 25 MW to Seattle City Light from December through mid-April each year. The SCL-NCPA agreement terminated effective May 31, 2018. For Fiscal Year 2017-18, Santa Clara returned 21 GWh hours more than received from Seattle City Light.

⁽⁵⁾ M-S-R PPA ceased to have an ownership interest in the San Juan Unit No. 4 effective December 31, 2017. See "– Joint Powers Agency Resources – M-S-R PPA Purchased Power – San Juan" below.

⁽⁶⁾ Columns may not add to totals due to rounding.

Source: City of Santa Clara.

Generating Facilities

Cogeneration. Santa Clara owns and operates a cogeneration plant which began operation in 1981. The cogeneration plant provides steam for sale to a paperboard plant within Santa Clara and delivers power to Santa Clara's electric distribution system. Santa Clara upgraded this plant to obtain a new name-plate rating of 7.0 MW, effective July 1995. Fuel for the cogeneration plant (natural gas) is generally acquired under term contracts at prices fixed for the contract term. For the Fiscal Year ended June 30, 2018, the cogeneration plant generated 43.49 GWh of energy.

Stony Creek Hydroelectric System. Santa Clara owns and operates three hydroelectric plants consisting of (i) a 4.9 MW hydroelectric generating plant located at the United States Bureau of Reclamation Stony Gorge Dam near Willows, California, which was completed in 1985, (ii) a 6.2 MW hydroelectric generating plant located at the United States Army Corps of Engineers' Black Butte Dam near Orland, California, which was completed in late 1988, and (iii) a 0.53 MW hydroelectric generating plant located at the Orland Unit Water Users' Association High Line Canal/South Side Canal drop near the Black Butte dam, which was completed in late 1988. For the Fiscal Year ended June 30, 2018, the Stony Creek hydroelectric plants generated 9.81 GWh of energy.

Gianera Generating Station. Santa Clara owns and operates a nominal 49.5 MW dual fuel (natural gas and fuel-oil) combustion turbine generating plant consisting of two 25 MW units, which were completed in 1986 and 1987, respectively. This generation station is used to help meet Santa Clara's peak load and resource adequacy requirements. For the Fiscal Year ended June 30, 2018, the Gianera Generating Station generated 5.87 GWh of energy.

PG&E Grizzly Project. Pursuant to a 1990 settlement agreement with Pacific Gas and Electric Company ("PG&E"), Santa Clara agreed to finance and own 100% of a 20 MW hydroelectric facility (the "Grizzly Project") located on Grizzly Creek above the North Fork of the Feather River in Plumas County, California. The Grizzly Project operates in combination with the hydroelectric facilities of PG&E's Bucks Creek project. Pursuant to the settlement agreement, Santa Clara became a joint licensee in PG&E's Bucks Creek project. PG&E and Santa Clara are currently engaged in the process for re-licensing the project pursuant to FERC's integrated relicensing project. These proceedings are not currently expected to be impacted by PG&E's recent bankruptcy filing. See, however, "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – PG&E Bankruptcy" in the front part of this Official Statement. The construction of the Grizzly Project was financed (and refinanced) through the issuance by Santa Clara of electric system revenue bonds. Pursuant to the settlement agreement, PG&E constructed and operates the Grizzly Project, which was placed into operation in November 1993.

Until the date Santa Clara's ownership of the Grizzly Project is terminated (as described below), Santa Clara will own and receive all energy generated by the Grizzly Project, less transmission losses, as described in the settlement agreement, which reflects a contract capacity amount of 17.66 MW.

The Grizzly Project facilities include a tunnel intake structure, surge tank, steel penstock, powerhouse, turbine, transmission line (nominally rated at 115 kV) for interconnection with PG&E's transmission system, and certain additional switchyard equipment and related facilities. Annual energy generation of the Grizzly Project is estimated at 43.4 GWh in an average water year and 26.1 GWh in dry years. For the Fiscal Year ended June 30, 2018, the Grizzly Project generated 29.78 GWh of energy.

Pursuant to the settlement agreement, Santa Clara's interest in the Grizzly Project may revert to PG&E under certain limited circumstances. In the event of such reversion, Santa Clara will be reimbursed by PG&E for the fair market value of the project or be reimbursed for costs advanced by Santa Clara as provided in the settlement agreement. The earliest possible reverter date under the settlement agreement is November 18, 2027.

Donald Von Raesfeld Power Plant. Santa Clara constructed and placed into commercial operation on March 22, 2005, a 122 MW nominal/147.8 MW peak, natural gas-fired, combined cycle power plant known as the “Donald Von Raesfeld Power Plant” (initially designated by the Santa Clara City Council as the Pico Power Plant). The Donald Von Raesfeld Power Plant is located in an industrial area of Santa Clara, on the site of Santa Clara’s Kifer Receiving Station. The Donald Von Raesfeld Power Plant includes its own switchyard, and connects to an existing 115 kV transmission line that currently crosses the plant site. Natural gas for the Donald Von Raesfeld Power Plant is delivered through an approximately two mile gas pipeline from the local transmission main of PG&E. For the Fiscal Year ended June 30, 2018, the Donald Von Raesfeld Power Plant generated 768.52 GWh of energy. The Donald Von Raesfeld Power Plant took both combustion turbine units down in April for a two week planned outage; however during the outage, it was discovered that Unit 1 needed a rotor replacement. Unit 2 went back in to production after the planned outage and Unit 1 remained on outage until the rotor was replaced in mid-August. Santa Clara has long-term agreements with EDF Trading North America and M-S-R Energy Authority (“M-S-R EA”) in place for a significant portion of the plant’s fuel requirements, and actively manages the quantity and price risks associated with fuel supply quantities not under long-term agreement. See “– Fuel Supply” below. Fully baseloaded, the Donald Von Raesfeld Power Plant could generate approximately 1,000 GWh of energy per year. However, Santa Clara substitutes market purchases when it is economical to do so.

Jenny Strand Solar Park. Santa Clara originally entered into an agreement with MiaSole, a California corporation, on December 6, 2011 for the purpose of having MiaSole donate one thousand (1,000) solar modules to Santa Clara at no cost to Santa Clara. On February 1, 2015, the original party “MiaSole” transferred ownership to MiaSole Hi-Tech Corp. MiaSole Hi-Tech Corp provided 1,121 solar modules to Santa Clara, at no cost to Santa Clara, to further Santa Clara’s ability to provide renewable power. For the Fiscal Year ended June 30, 2018, Santa Clara received 0.20 GWh of energy from the solar modules.

Joint Powers Agency Resources

NCPA Geothermal Project. Santa Clara has purchased from NCPA, pursuant to power sales contracts, 54.65% and 34.13% entitlement shares, respectively, in the capacity of NCPA’s Geothermal Project Plant 1 and Plant 2, and is obligated to pay 44.39% of the debt service and operating costs associated with such plants and steam field. The Geothermal Project power sales contracts are “take-or-pay” power sales contracts which require payments to be made whether or not the project is operable. Santa Clara’s payments to NCPA under such power sales contracts, including debt service on NCPA’s Geothermal Project revenue bonds, constitute an operating expense of Santa Clara’s electric system. Each participant in NCPA’s Geothermal Project is responsible under its power sales contracts for paying its capacity share of all of NCPA’s costs of the Geothermal Project, including debt service on the NCPA Geothermal Project revenue bonds, and subject to a “step-up” obligation of up to 25% upon the unremedied default of another NCPA Geothermal Project participant. Santa Clara is currently taking delivery of its share of the capacity and associated energy from the Geothermal Project. Santa Clara’s share of the current California Independent System Operator Corporation (“CAISO”) maximum rated capacity of the project is 71.7 MW. For the Fiscal Year ended June 30, 2018, Santa Clara received 347.04 GWh of electric energy from the Geothermal Project. Current expectations are that the output from the plant will decrease gradually over time. These anticipated decreases are not material to Santa Clara’s supply and can be replaced by additional short-term purchases, additional generation or reduced wholesale sales. For a further description of such resource, see “OTHER NCPA PROJECTS – Geothermal Project” in the front part of this Official Statement.

NCPA Combustion Turbine Project No. 1. Santa Clara has purchased a 25% entitlement share in NCPA’s Combustion Turbine Project pursuant to a power sales contract with NCPA, which was amended to reflect that Santa Clara’s 25% share comes specifically from the two Alameda plants and the one Lodi plant. Santa Clara uses this entitlement for resource adequacy purposes and to meet peak load requirements.

Santa Clara delivers this entitlement to its electric system in accordance with CAISO tariffs. For the Fiscal Year ended June 30, 2018, Santa Clara received 6.34 GWh of electric energy from the Combustion Turbine Project. For a further description of such resource, see “OTHER NCPA PROJECTS – Combustion Turbine Project Number One” in the front part of this Official Statement.

NCPA Hydroelectric Project. Pursuant to a power sales contract (the “Third Phase Agreement” as referred to in the front part of this Official Statement), Santa Clara has purchased from NCPA a 37.02% entitlement share in NCPA’s Hydroelectric Project (including a 1.16% entitlement share laid off to Santa Clara from the cities of Biggs and Gridley). The Hydroelectric Project power sales contract is a “take-or-pay” power sales contract which requires payments to be made whether or not the project is operable. Santa Clara’s payment to NCPA under such power sales contract, including debt service on NCPA’s Hydroelectric Project revenue bonds, constitute an operating expense of Santa Clara’s electric system. Each participant in NCPA’s Hydroelectric Project is responsible under its 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 NCPA Hydroelectric Project revenue bonds as well as a “step-up” of up to 25% in the event of the unremedied default of another project participant. Santa Clara is using its Hydroelectric Project entitlement to serve peak load and to provide capacity to support non-firm purchases of energy at market prices. Santa Clara receives this entitlement to its system by using transmission service available under its Metered Subsystem Agreement (“MSS Agreement”) with the CAISO. For the Fiscal Year ended June 30, 2018, Santa Clara received 177.97 GWh of electric energy from the NCPA Hydroelectric Project. For a further description of such resource, see “THE HYDROELECTRIC PROJECT” in the front part of this Official Statement.

NCPA Lodi Energy Center. Pursuant to a power sales agreement (the “LEC Power Sales Agreement”), Santa Clara has purchased from NCPA a 25.75% generation entitlement share of the capacity and energy of the Lodi Energy Center on an unconditional take-or-pay basis, and is obligated to pay 25.75% of NCPA’s Lodi Energy Center operating and maintenance expenses and 46.16% of the debt service for the Lodi Energy Center Revenue Bonds, Issue One. Santa Clara’s obligations to make payments to NCPA under the LEC Power Sales Agreement are not dependent upon the operation of the Lodi Energy Center and are not subject to reduction. Upon an unremedied default by one Indenture Group A Participant (being all of the LEC Project Participants (as defined in the front part of this Official Statement) other than Modesto Irrigation District (“MID”) and the California Department of Water Resources (“CDWR”)) in making a payment required under the LEC Power Sales Agreement, the nondefaulting Indenture Group A Participants are required (except as lay-offs are made pursuant to the LEC Power Sales Agreement) to increase pro-rata their participation percentage by the amount of the defaulting Indenture Group A Participant’s entitlement share, provided that no such increase can result in a greater than 35% increase in the participation percentage of the nondefaulting Indenture Group A Participants. Santa Clara receives this entitlement to its system by using transmission service available under its MSS Agreement with the CAISO. For the Fiscal Year ended June 30, 2018, Santa Clara received 276.41 GWh of electric energy from the Lodi Energy Center. For a further description of such resource, see “OTHER NCPA PROJECTS – Lodi Energy Center Project” in the front part of this Official Statement.

NCPA–Seattle City Light (“SCL”) Exchange Agreement. NCPA, on behalf of Santa Clara and certain other NCPA members entered into a seasonal exchange agreement (the “SCL-NCPA Exchange Agreement”) with Seattle City Light (“SCL”), deliveries under which commenced on June 1, 1995. In 2008, Santa Clara took over a share of the SCL-NCPA Exchange Agreement from certain other NCPA members. As a result, pursuant to the SCL-NCPA Exchange Agreement, Santa Clara received 32.6 MW from SCL during the months of June through October each year, and was obligated to provide 25 MW to SCL from December through mid-April each year. The SCL-NCPA exchange agreement terminated effective May 31, 2018. For a further description of such resource, see “OTHER NCPA PROJECTS – Power Purchase and Natural Gas Contracts – Seattle City Light Exchange Agreement” in the front part of this Official Statement.

M-S-R PPA Purchased Power–San Juan. Santa Clara, along with MID and the City of Redding (“Redding”), is a member of a California joint powers agency known as the M-S-R Public Power Agency (“M-S-R PPA”). On December 31, 1983, M-S-R PPA purchased a 28.8% (approximately 146 MW) ownership interest in Unit No. 4 of the San Juan Generating Station (the “M-S-R PPA San Juan Unit No. 4 Interest”). San Juan Unit No. 4 is a coal-fired steam electric generating unit with a net generating capability of 507 MW (as of December 31, 2017), located in San Juan County, New Mexico, which was constructed and is operated by Public Service Company of New Mexico (“PNM”). San Juan Unit No. 4 is one of four generating units that together make up the San Juan Generation Station. M-S-R PPA financed the acquisition of its M-S-R PPA San Juan Unit No. 4 Interest, and certain costs of related transmission arrangements, through the issuance of San Juan Project revenue bonds, of which \$98.9 million principal amount was outstanding as of January 31, 2019. M-S-R PPA began dispatching power from the San Juan Ownership Interest in May 1995. M-S-R PPA divested its M-S-R PPA San Juan Unit No. 4 Interest on December 31, 2017, although it retains certain liabilities for a share of the costs of plant decommissioning and mine reclamation, all as described below.

Santa Clara purchased from M-S-R PPA, on a take-or-pay basis, a 35% entitlement share (approximately 51.1 MW of capacity and associated energy) in the M-S-R PPA San Juan Unit No. 4 Interest pursuant to a power sales agreement (the “M-S-R PPA Agreement”), among M-S-R PPA and its members.

The M-S-R PPA San Juan Unit No. 4 Interest was initially purchased to provide baseload power to the M-S-R PPA members and to act as a hedge against the rising costs of wholesale power purchases. Santa Clara utilized its entitlement share of capacity and associated energy from the M-S-R PPA San Juan Unit No. 4 Interest from May 1995 through December 2017 either in its own system or for lay-offs or other transactions with third parties. For the Fiscal Year ended June 30, 2018, Santa Clara received 196.89 GWh of electric energy from the M-S-R PPA San Juan Unit No. 4 Interest.

Regulatory changes and conditions in the last decade impacted the costs and operations of the San Juan Generating Station. In addition to the implementation of California’s cap-and trade program, California legislation was enacted to restrict new investments in baseload fossil fuel electric resources, such as the San Juan Unit 4. See “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – State Legislation and Regulatory Proceedings – *GHG Emissions Performance Standard and Financial Commitment Limits*” in the front part of this Official Statement. Further, regulatory proceedings and other related litigation concerning the application of federal Clean Air Act requirements at the San Juan Generating station were ongoing for a number of years. Following the release of a State Implementation Plan (“SIP”) by the State of New Mexico and a Federal Implementation Plan (“FIP”) by the United States Environmental Protection Agency (the “EPA”) to address visibility impacts of the project, during 2012 and early 2013, PNM, as the operating agent for the San Juan Generating station, engaged in discussions with the New Mexico Environment Department (“NMED”) and the EPA regarding an alternative plan to the FIP and SIP. Following approval by a majority of the other San Juan Generating Station owners (the “San Juan Participants”), on February 15, 2013, PNM, the NMED and the EPA agreed to pursue a plan that would result in the retirement of the San Juan Generating Station Units 2 and 3 by the end of 2017 and the installation of selective non-catalytic reduction technology on Units 1 and 4 by the later of January 31, 2016 or 15 months after EPA approval of a revised SIP, which installation was completed in January 2016.

In connection with the implementation of the revised plan and the planned retirement of the San Juan Generation Station Unit Nos. 2 and 3, certain San Juan Participants, including M-S-R PPA, expressed a desire to exit their ownership in the plant. On June 20, 2014, representatives of the nine San Juan Participants reached an initial non-binding agreement in principle on the ownership restructuring of the San Juan Generation Station. At its July 22, 2015 meeting, the M-S-R PPA Commission approved a number of agreements (the “San Juan Restructuring Agreements”) to provide for the interests of M-S-R PPA and certain other San Juan Participants (the “exiting participants”) in the San Juan Generation Station to be transferred to the remaining San Juan Participants effective December 31, 2017. In addition to the

ownership divestiture, the San Juan Restructuring Agreements provide for, among other things, the allocation of ongoing responsibility for decommissioning costs, mine reclamation costs and any environmental remediation obligations among the exiting participants and the remaining San Juan Participants, and the establishment and funding of mine reclamation and plant decommissioning trust funds. The San Juan Restructuring Agreements were subsequently executed by all nine San Juan Generation Station owners and PNM Resources Development Company (a non-utility affiliate of PNM) and, following receipt of regulatory approvals, became effective on January 31, 2016. Various other implementing agreements and amendments to existing San Juan project agreements to effect the restructuring have also been executed. Closing of the ownership restructuring of the San Juan Generation Station and the divestiture of M-S-R PPA's interests in San Juan Unit No. 4 was completed on schedule on December 31, 2017.

As noted above, M-S-R PPA and the other exiting participants retain certain liabilities for a share of the costs of San Juan Generation Station decommissioning and pre-exit date mine reclamation costs. Pursuant to the San Juan Restructuring Agreements, M-S-R PPA was required to deposit approximately \$17.7 million in the mine reclamation trust funds as of December 31, 2017 to fund its currently expected share of ongoing and final reclamation costs, which deposit was made. In addition, under the restructuring agreements, M-S-R PPA will be required to deposit approximately \$2.3 million in the decommission trust fund by December 31, 2022 to fund its currently expected share of the initial work for known asset removal and remediation activities in connection with decommissioning of the San Juan Generation Station. Funds currently on deposit at M-S-R PPA are expected to be sufficient to provide for such deposit. However, M-S-R PPA's actual total proportionate share of San Juan Generation Station decommissioning and mine reclamation costs cannot yet be determined and will depend on a number of factors, including, among other things, the date the San Juan Generation Station is ultimately retired from service. Additional deposits to the trust funds may be required in the future if trust earnings are below expectations or if determined necessary by future decommissioning and reclamation costs study updates or applicable requirements (including, for example, if greenfield or brownfield restoration is determined to be required after final cessation of plant operations, which would significantly increase costs of remediation and restoration). As part of the settlement among the San Juan Participants to achieve approval of the Restructuring Agreements, all parties retained or assumed proportionate liability for any such costs whenever occurring in the future. Until the actual total overall costs of plant decommissioning and mine reclamation are finally determined, no assurance can be given that additional contributions will not be required from the M-S-R PPA members, including Santa Clara, to fund such amounts due. Santa Clara will be responsible for its proportionate share of any future M-S-R PPA liabilities for San Juan Generation Station decommissioning and reclamation in accordance with its 35% entitlement share of the M-S-R PPA San Juan Unit No. 4 Interest under the M-S-R PPA Agreement.

Pursuant to the M-S-R PPA Agreement, Santa Clara is unconditionally obligated thereunder to pay its entitlement share of all of M-S-R PPA's costs associated with the M-S-R PPA San Juan Unit No. 4 Interest, including debt service on M-S-R PPA's San Juan Project revenue bonds which were issued to finance the acquisition of the M-S-R PPA San Juan Unit No. 4 Interest and any remaining liabilities for decommissioning and mine reclamation of the plant associated with the M-S-R PPA San Juan Unit No. 4 Interest. Santa Clara's payments to M-S-R PPA under the M-S-R PPA Agreement constitute an operating expense of Santa Clara's electric system. Santa Clara's obligations to make payments under the M-S-R PPA Agreement are not dependent upon the operation of the San Juan Unit No. 4 and are not subject to reduction. Pursuant to the M-S-R PPA Agreement, upon failure of any M-S-R PPA member to make any payment thereunder which failure constitutes a default under the M-S-R PPA Agreement, the participation percentage of each non-defaulting member automatically shall be increased for the remaining term of the M-S-R PPA Agreement in proportion to its participation percentage; provided, however, that the sum of such increase for any non-defaulting member shall not exceed 25% of its original participation percentage.

Santa Clara plans to replace the energy provided by the M-S-R PPA San Juan Unit No. 4 Interest with energy from the Lodi Energy Center, and a number of power purchase agreements that Santa Clara

has entered into over the last several years, including, Friant Power Facility 1 and Friant Power Facility 2, the Manzana Wind Power Project, and multiple power purchase agreements. Future projects include the Central 40, LLC solar PV project with 40 MW of capacity, and the Altamont Wind Re-power project with 49.5 MW of capacity, both of which have an effective commercial operation date in 2021.

M-S-R PPA Purchased Power – Big Horn Project. In 2005, M-S-R PPA entered into a series of power purchase agreements with Avangrid Renewables LLC (formerly Iberdrola Renewables, Inc.) (“Avangrid”), certain of which agreements have been assigned to Avangrid’s subsidiary, Big Horn I, LLC, for the purchase of energy from the Big Horn I wind energy project (the “Big Horn I Project”) located near the town of Bickleton, in Klickitat County, Washington. The 199.5 MW project consists of 133 1.5 MW GE wind turbines. Santa Clara receives 52.5% of the power purchased by M-S-R PPA from the Big Horn I Project. Santa Clara’s share equates to approximately a 105 MW share of the output at a cost comparable to combined cycle gas-fuel generation. Power deliveries commenced on October 1, 2006 and will continue through September 30, 2026. Through an amendment of the original agreements M-S-R PPA has an obligation to continue to take the same output through September 30, 2031, or if the Big Horn Project is repowered M-S-R PPA will have a right of first offer to negotiate a long-term power purchase for such repowered project. The project interconnects with the high voltage transmission grid through an 11-mile transmission line at Bonneville Power Administration’s (“BPA”) Spring Creek Substation. Through the shaping and firming agreement between M-S-R and Avangrid, Avangrid receives Big Horn energy, as generated, and delivers such energy to M-S-R at the California-Oregon border pursuant to firm pre-established delivery schedules. Santa Clara uses a portion of its transfer capability of the COTP to provide for transmission of the output from the Big Horn I Project from the California-Oregon border. For the Fiscal Year ended June 30, 2018, Santa Clara received 269.76 GWh of energy from the Big Horn I Project.

The Big Horn Project is operated within the BPA balancing authority area. On October 1, 2009, BPA began imposing a wind integration charge for the purpose of recovering its costs to provide within-hour generation balancing services for wind generators. The wind integration charge is currently embodied in BPA’s variable energy resource balancing service and the currently applicable wind integration charge is set at \$1.22/kW-month. M-S-R PPA has entered into a series of amendments of the power purchase agreements with Avangrid whereby M-S-R PPA has agreed to pay, subject to certain caps and limitations, the first \$1.20/kW-month of any wind integration charge imposed by BPA, Avangrid has agreed to pay the next \$1.20/kW-month, and M-S-R PPA and Avangrid will equally split any wind integration charge exceeding \$2.40 per/kW-month. Through a collaborative effort between Avangrid and M-S-R PPA, the Big Horn I Project has obtained California Renewable Portfolio Standard (“RPS”) certification as an “Eligible” renewable resource by the California Energy Commission (the “CEC”). The Big Horn I Project has been registered with the Western Renewable Energy Generation Information System by Avangrid with BPA acting as the Qualified Reporting Entity. The RECs are transferred from Avangrid, the originator, to M-S-R PPA and finally to the members of M-S-R PPA, for either retirement or wholesale sales by such members.

M-S-R PPA subsequently negotiated a 25-year agreement with Avangrid for the purchase of the output from a 50 MW expansion of the Big Horn I Project, the Big Horn II Project. Santa Clara began receiving deliveries from the Big Horn II Project in November 2010. M-S-R PPA will pay the required wind integration charge and pay the cost of necessary transmission to BPA to deliver the output from the facility to a northern California market trading hub. Santa Clara receives 35% of the output from this project, or approximately 17.0 MW of project capacity. For the Fiscal Year ended June 30, 2018, Santa Clara received 42.78 GWh of energy from the Big Horn II Project.

In light of the divestiture of an active ownership interest in San Juan Unit No. 4 as described above, the majority of M-S-R PPA activities after April 2018 will be related to renewables (including the Big Horn Wind energy project described above). Coordinating, regulatory, and compliance services costs will be shared as follows: MID – 40%; Santa Clara – 40%; and Redding – 20%. Renewable administrative services,

electric product, delivery and environmental attribute rights benefits and costs will be shared in accordance with contracted participation ratios.

See also “Indebtedness – Joint Powers Agency Obligations” below for information regarding Santa Clara’s obligations in connection with bonds issued by the joint powers agencies in which it participates.

Purchased Power

Western Purchased Power. On December 14, 2000, Santa Clara signed a 20-year agreement with Western Area Power Administration (“Western”) for the continued purchase of low-cost hydroelectricity from the Central Valley Project (“CVP”), replacing a prior agreement which expired December 31, 2004. The CVP, for which Western serves as marketing agency, is a series of federal hydroelectric facilities in Northern California operated by the United States Bureau of Reclamation. Service under the successor agreement began on January 1, 2005 and continues through December 31, 2024, with Santa Clara receiving a 9.06592% “slice of the system” allocation from Western. Effective April 1, 2015, Western reallocated shares and Santa Clara’s base resource allocation increased to 9.60341%, which shall remain in effect until either superseded by another Exhibit A revision or termination of the agreement. The power marketed by Western to Santa Clara is provided on a take-or-pay basis where Western’s annual costs are allocated to preference customers based on their CVP participation percentage. Western then allocates the annual take-or-pay charges to the preference customers based on a monthly percentage that is designed to reflect the anticipated seasonal energy deliveries. Santa Clara is obligated to its preference customer share of the costs associated with operating the CVP facilities. Under the successor agreement, Santa Clara’s energy allocation dropped from pre-2005 levels of approximately 1,257 GWh to about 359 GWh per year delivered to Santa Clara based upon the hydrology of the CVP. For the Fiscal Year ended June 30, 2018, Santa Clara received 277.17 GWh of energy from Western. Santa Clara’s Donald Von Raesfeld power project, which commenced operation on March 22, 2005, was designed, in part, to offset the expected decrease in energy to be received from Western under the successor agreement beginning in 2005. See “– Generating Facilities – *Donald Von Raesfeld Power Plant*” above.

Manzana Wind. On February 14, 2012, Santa Clara entered into a 20-year power purchase agreement for 50 MW of the output from Avangrid’s Manzana Wind Power Project in Kern County, California, which began power deliveries in December 2012. For the Fiscal Year ended June 30, 2018, Santa Clara received approximately 136.16 GWh of energy from the Manzana Wind Power Project.

G-2 Energy LLC – Wheatland Landfill. Santa Clara entered into a power purchase agreement for, and began taking delivery of energy in January 2009 from, a 1.6 MW landfill gas facility, G2, near Wheatland, California. For the Fiscal Year ended June 30, 2018, Santa Clara received 12.59 GWh of energy from the G2 project.

Ameresco. On February 12, 2008, Santa Clara entered into a 20-year purchase power agreement with Ameresco for landfill gas generated electricity from the closed municipal landfill located in the city limits of Santa Clara, which includes three microturbines, and is estimated to generate approximately 4,700 MWh per year during the first ten years of the contract and approximately 3,100 MWh per year during the final ten years of the contract. For the Fiscal Year ended June 30, 2018, Santa Clara received approximately 2.81 GWh of energy from the Ameresco landfill project. On May 25, 2010, Santa Clara entered into a second 20-year power purchase agreement with Ameresco for landfill gas generated electricity for 4.6 MW (and potentially up to 9.2 MW) from the Forward landfill in Manteca, California. This project became operational in February 2014. On August 17, 2010, Santa Clara entered into a third 20-year power purchase agreement with Ameresco for landfill gas generated electricity for up to 5 MW from the Vasco Road landfill near Livermore, California. The Vasco Road landfill project became operational in February 2014. For the Fiscal Year ended June 30, 2018, Santa Clara received 30.85 GWh and 32.77 GWh for the Ameresco Forward landfill and Ameresco Vasco Road landfill projects, respectively.

Tri-Dam. In October 2013, Santa Clara entered into a power purchase agreement with the Tri-Dam Project and the Tri-Dam Power Authority to purchase the output from four hydroelectric power plants located on the Middle Fork of the Stanislaus River in Tuolumne County: 72.0 MW Donnell's Powerhouse, 25.9 MW Tulloch Powerhouse, 11.5 MW Beardsley Powerhouse, and 16.2 MW Sandbar Powerhouse. Power deliveries from Donnell's, Tulloch, and Beardsley commenced on January 1, 2014. Power deliveries from Sandbar commenced on January 1, 2017. The agreement is scheduled to terminate on December 31, 2023. For the Fiscal Year ended June 30, 2018, Santa Clara received 68.76 GWh from Beardsley, 225.13 GWh from Donnell's, 139.24 GWh from Tulloch, and 98.23 GWh from Sandbar under this agreement.

Recurrent. On July 14, 2011, Santa Clara entered into a 25-year power purchase agreement for the entire output from the RE Rosamond One LLC project, a 20.0 net MW solar photovoltaic-powered project in Kern County, California, which became operational in December 2013. For the Fiscal Year ended June 30, 2018, Santa Clara received 59.36 GWh of energy from Recurrent.

Graphics Packaging. Graphics Packaging is a manufacturer of recycled paper products that also operated a cogeneration facility within the city limits of Santa Clara. This manufacturing facility and the cogeneration plant was permanently closed in December of 2017, and the power purchase agreement was terminated. For the Fiscal Year ended June 30, 2018, Santa Clara received 57.24 GWh of energy from the Graphics Packaging cogeneration facility.

Friant Power Authority, Facility 1. Santa Clara has executed a power purchase agreement to purchase up to 68,000 MWh per year of electricity over the term of the agreement, from January 1, 2016 to August 31, 2032. Facility 1 consists of three existing run-of-river hydroelectric generating plants: the River Outlet (2 MW), the Friant-Kern (15 MW), and the Madera (8 MW). For the Fiscal Year ended June 30, 2018, Santa Clara received 110.32 GWh of energy from the Friant Power Authority, Facility 1.

Friant Power Authority, Facility 2. Santa Clara has executed a power purchase agreement to purchase the Net Electrical Output from Facility 2, a run-of-the river hydroelectric generating plant, Quinten Luallen Power Plant (7 MW), from July 10, 2012 to December 31, 2032. For the Fiscal Year ended June 30, 2018, Santa Clara received 50.14 GWh of energy from the Friant Power Authority, Facility 2.

Santa Clara Tioga Canopy. On February 2, 2012, Santa Clara entered into a 20-year Power Purchase Agreement with Tioga Solar Santa Clara, LLC. The project is located on Santa Clara's multi-level parking structure on Tasman Drive in the City of Santa Clara. The nameplate capacity of the project is 389.76 kW. For the Fiscal Year ended June 30, 2018, Santa Clara received 0.46 GWh of energy from the solar canopy.

Future Power Supply Resources

Santa Clara has entered into a 20-year power purchase and sale agreement with Samsung, contracted as Central 40, LLC, to develop, own and operate a 40 MW solar PV project located in Stanislaus County. The project is scheduled to be commercially operating as of December 31, 2020. Additionally, Santa Clara commenced a re-power project with S-Power in 2016 at its existing Altamont Wind Project site. S-Power will own and operate 19 MW capacity of wind generation. Two additional power purchase agreements were entered with S-Power under the Rooney Ranch, LLC, including Sand Hill A (13 MW) and Sand Hill B (17.5 MW). In total, the re-power project will be upgraded to meet a 49.5 MW capacity and is scheduled to be commercially operating by December 31, 2020 under a 25-year agreement. Santa Clara has approved the execution of a 20-year power purchase agreement with Viento Loco Wind, LLC for the addition of 200 MW of wind generation from a wind project in New Mexico. The project is expected to be commercially online in the year 2022. This project will add to and further diversify the power portfolio of Santa Clara's resources mix.

Due to Santa Clara’s projected retail demand growth driven primarily from the industrial sector and secondarily from the commercial sector, and to replace existing renewable energy contracts that will expire in the future, Santa Clara is actively exploring new renewable energy projects for procurement. Santa Clara is scoping renewable energy projects in the near term to also make use of the investment tax credit and production tax credit eligibility. Santa Clara is beginning to explore options for the procurement of energy storage and is undergoing economic analysis to understand how to cost-effectively invest in energy storage.

Fuel Supply

Natural gas is the primary fuel and the primary variable operating cost of Santa Clara’s cogeneration plants, Gianera Generating Station and Donald Von Raesfeld Power Plant. See “– Power Supply Resources – Generating Facilities” above. These plants can require delivery of up to 49,000 million British Thermal Units (“MMBtu”) of natural gas per day, with current average daily requirements of 24,400 MMBtu per day. Santa Clara has developed a comprehensive natural gas program to both manage supply and price volatility. This includes the procurement of a supply of natural gas at a discount from the monthly index price pursuant to a gas prepayment arrangement (described below) and several long-term fixed price contracts for 15,000 MMBtu per day from 2016 to 2019 and 10,000 MMBtu per day in 2020. In addition, Santa Clara currently has in place short-term fixed price contracts for the supply of an additional 10,000 MMBtu per day through October 2019. Excluding the M-S-R EA Gas Supply Agreement (described below) which is not a fixed rate contract, approximately 75% of gas needed for Santa Clara-owned generation is hedged for Fiscal Year 2018-19, and 91% of gas needed for Santa Clara-owned generation is hedged in Fiscal Year 2019-20 (based in each case on the projected gas-fired production for Santa Clara-owned generation facilities during such period).

M-S-R Energy Authority–Gas Prepay. The M-S-R PPA members have formed a joint power agency known as M-S-R EA. In 2009, Santa Clara participated in the M-S-R EA Gas Prepay Project. The M-S-R EA Gas Prepay Project provides, through a Gas Supply Agreement between M-S-R EA and Santa Clara, for a secure and long-term supply of natural gas of 7,500 MMBtu daily (or 2,730,500 MMBtu annually) through December 31, 2012, and 12,500 MMBtu daily (or 4,562,500 MMBtu annually) thereafter until September 30, 2039. The Gas Supply Agreement provides this supply at a discounted price below the monthly market index price (the PG&E Citygate index) over the 30 year term. M-S-R EA entered into a prepaid gas purchase agreement with Citigroup Energy, Inc. (“CEI”) to provide this gas supply, and issued \$500.2 million of its Gas Project Revenue Bonds to finance the prepayment for Santa Clara, all of which were outstanding as of January 31, 2019. Under the terms of the Gas Supply Agreement, M-S-R EA will bill Santa Clara for actual quantities of natural gas delivered each month on a “take-and-pay” basis. Moreover, any default by CEI or the other participants in M-S-R EA’s Gas Prepay Project, MID and Redding, is non-recourse to Santa Clara.

Transmission Resources

TANC California–Oregon Transmission Project. Santa Clara, 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 Redding, Western, two California water districts and 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 \$200.3 million principal amount of revenue bonds was outstanding as of January 31, 2019. See “– Indebtedness.”

In April 2008, TANC purchased the COTP transmission assets (approximately 121 MW) of Vernon Light & Power of the city of Vernon, California (“Vernon”), one of the original owners of the COTP. Santa Clara participated in the acquisition of an increased share of transfer capability of the COTP in connection with the acquisition from Vernon by TANC. TANC utilized a combination of cash and the issuance of commercial paper (which was subsequently refunded with taxable fixed-rate bonds) to fund the acquisition of Vernon’s COTP transmission assets (the “Vernon acquisition debt”). Santa Clara, as well as the other acquiring TANC members, began scheduling the acquired COTP transmission transfer capability on April 8, 2008.

Pursuant to Project Agreement No. 3 for the COTP (the “TANC Agreement”), TANC has agreed to provide to Santa Clara 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, Santa Clara’s participation percentage was 20.4745% of TANC’s share of COTP transfer capability (approximately 278 MW net of third party layoffs of TANC). Effective July 1, 2014, Santa Clara laid-off 147 MWs of this entitlement to MID, Turlock Irrigation District and Sacramento Municipal Utility District (“SMUD”) under a 25-year agreement. During the term of this agreement, the parties taking on the entitlement will assume responsibility for all associated debt service, operations and maintenance costs and all administrative and general costs. As a result of the layoff agreement, Santa Clara is currently responsible for paying approximately 10.01% of the operating and maintenance expenses of the COTP and approximately 9.81% of TANC’s COTP debt service. Santa Clara remains contractually obligated for its full participation share. Santa Clara’s payments to TANC under the TANC Agreement, including debt service on TANC’s revenue bonds, constitute an operating expense of Santa Clara’s electric system.

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”).

In December 2005, the COTP became part of the 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.

Santa Clara is using a portion of its share of the project transfer capability of the COTP to provide transmission of energy generated from the Big Horn Projects (described under “– Power Supply Resources – Purchased Power”).

TANC Tesla–Midway Transmission Service. The southern physical terminus of the COTP is near PG&E’s Tesla Substation near Tracy, California. The COTP is connected to Western’s Tracy and Olinda Substations. PG&E provides TANC and certain of the TANC members with 300 MW of firm, bi-directional transmission service on its transmission system from its Midway Substation near Buttonwillow, California (the “Tesla-Midway Service”) to those members under a long-term agreement known as the South of Tesla Principles. Santa Clara’s share of Tesla–Midway Transmission Service is 81 MW. Santa Clara utilizes its share of the TANC Tesla–Midway Transmission Service to provide access to power supplies located in the southwest.

Geysers Transmission Project. Santa Clara has a 55 MW transmission share in PG&E’s 230 kV Castle Rock to Lakeville Transmission Line, which provides a link from the NCPA Geothermal Project to PG&E’s bulk transmission system. Through a long-term contract with the CDWR, sufficient additional transmission capability on the same line is available for the balance of Santa Clara’s share of the capacity and energy produced by the NCPA Geothermal Project. Santa Clara obtains additional transmission services to Santa Clara for its share of the output of NCPA Geothermal Project from arrangements with PG&E and the CAISO.

Interconnections and Distribution Facilities

Santa Clara’s service area is surrounded by a portion of PG&E’s service area and the two systems are interconnected at two City-owned 115 kV receiving stations – Northern Receiving Station (“NRS”) and Kifer Receiving Station (“KRS”), each located within the city limits. In addition, Santa Clara has a 230 kV interconnection with PG&E at PG&E’s Los Esteros Substation (“LES”) in the city of San Jose. Power received at LES is transmitted by Santa Clara approximately six miles to NRS. Santa Clara owns facilities for the distribution of electric power within its city limits (approximately 19.3 square miles), which includes approximately 27 miles of 60 kV power lines, approximately 500 miles of 12 kV distribution lines (approximately 64% of which are underground), and 27 stations. Santa Clara’s electric system experiences approximately 0.5 to 1.5 hours of outage time per customer per year. This compares favorably with other utilities in California with reliability factors ranging from 1.0 to 2.5 hours outage per customer per year.

Santa Clara owns a limited number of remote transmission assets, including, but not limited to, wires, poles, and other needed equipment to safely maintain and deliver power generated from generation assets located outside the City limits. Pursuant to the requirements of California Senate Bill 1028, the Santa Clara City Council made a wildfire risk determination at its October 9, 2018 City Council meeting and directed the electric utility to create a wildfire mitigation plan. The plan is to consolidate, formalize and enhance as required established preventive maintenance procedures and practices and be completed by January 1, 2020. Current practices include periodic inspection and maintenance, vegetation management and re-energization procedures in the event of a line trip. The plan will incorporate the new mitigation plan requirements that were signed into law on September 21, 2018, by California Senate Bill 901. 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.

Historically, PG&E provided interconnection, partial power and other support services to Santa Clara under an interconnection agreement. Beginning March 31, 1998, the operation of the transmission facilities owned by California’s investor-owned utilities, including PG&E, was undertaken by the CAISO. In July 2002, FERC approved a series of agreements between Santa Clara, PG&E, the CAISO and NCPA (which acts as scheduling coordinator for Santa Clara), including Santa Clara’s MSS Agreement with the CAISO, to replace Santa Clara’s interconnection agreement with PG&E and to allow Santa Clara to operate within the CAISO control area.

To the extent Santa Clara requires transmission/ancillary/power services beyond those contained in other remaining existing contracts or from Santa Clara's own generating resources, Santa Clara will procure such transmission/ancillary/power services from the CAISO or via the CAISO's markets.

Santa Clara is unable to predict how future industry changes, especially those concerning resource adequacy requirements, renewable fuels, greenhouse gas limitations and new transmission facilities to serve potential renewable energy projects, will affect future costs for the purchase of services under its interconnection, scheduling and CAISO agreements.

Renewable Energy and Energy Efficiency

A significant portion of the energy received by Santa Clara's electric customers is generated from renewable energy resources. Santa Clara's power mix in calendar year 2018 consisted of 44% eligible renewable resources. When large hydroelectric resources are included, Santa Clara's power mix consisted of 60% renewable and large hydroelectric power. On December 6, 2011, the Santa Clara City Council adopted revisions to Santa Clara's Environmental Stewardship and Renewable Portfolio Standard Policy Statement, and adopted a new RPS Enforcement Program, to conform to the standards and timetable set forth in California Senate Bill X1-2, signed by the Governor on April 12, 2011. Santa Clara satisfied the RPS target for Compliance Period 1 (from 2011 through 2013), with an average of approximately 20% of Santa Clara's energy portfolio supplied from renewable resources over such period, which has been verified and approved by the State of California. Santa Clara has also satisfied the RPS target for Compliance Period 2 (from 2014 through 2016), meeting the compliance requirement of 20% of retail sales in 2014 and 2015, and 25% of retail sales in 2016. In the first year of Compliance Period 3 (from 2017 through 2020), Santa Clara satisfied the RPS target, meeting the requirement of 29% of retail sales. Santa Clara expects to fulfill the RPS requirement under Compliance Period 3, procuring eligible renewable energy resources (not including "large hydro") amounting to 33% of total retail sales by 2020. California Senate Bill 350 will require that the amount of electricity generated each year from eligible renewable energy resources be increased to at least 50% of total retail sales by December 31, 2030. In addition, Santa Clara is prepared to meet the accelerated eligible renewable energy compliance requirement of 60% of retail sales by December 31, 2030 in accordance with California Senate Bill 100. 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.

Santa Clara's energy efficiency programs are separated into residential and business programs, with the majority of funding toward its largest customer segment - the business sector. Total Public Benefits Charge funds are about \$11 million per year. Residential programs include rate assistance for low-income customers, energy efficiency rebates (ceiling fans, clothes dryers, heat pumps, water heaters, attic insulation, and variable speed pool pumps), energy audits, and programs for schools and libraries. Business programs include energy audits, installation management for small companies, rebates for a wide variety of equipment (lighting, air conditioning systems, chillers, motors, new construction, food service equipment and customized installations, etc.), and design and construction assistance.

Wholesale Energy

For a number of years, Santa Clara has used its energy and transmission resources together with its power scheduling capabilities to buy and sell energy in the western North American market. As deregulation unfolded, a greater need to manage resources on a day-to-day basis evolved, resulting in a more comprehensive approach to trading operations at Santa Clara. The principal reason for wholesale trading is to optimize the value of the utility's assets and cost-effectively serve its retail load. For the Fiscal Years ended June 30, 2017 and 2018, net trading revenues (wholesale power and fuel sales revenues less wholesale power and fuel purchase costs) were approximately \$1.0 million, and \$(0.4) million, respectively. The results in the Fiscal Year ended June 30, 2018 are primarily related to additional market purchases

required by a longer than expected Donald Von Raesfeld Power Plant outage and termination of the Graphic Packaging and San Juan contracts, which resulted in 70 MW of resources being replaced at higher market prices. In addition, Santa Clara enters into additional long-term gas supply contracts to hedge its market exposure. Primarily owing to the unavailability of the Donald Von Raesfeld Power Plant during the outage, natural gas was sold to the market at below the long-term contract price. See also “– Fuel Supply.”

Risk Management

On December 5, 2006, the Santa Clara City Council approved an amended Risk Management Policy to provide policy guidance with respect to its wholesale power activities. Pursuant to the Policy, Santa Clara has established a Risk Oversight Committee (composed of the City Manager, the Director of Finance, the Chief Electric Utility Officer and the Santa Clara City Attorney) and a Risk Management Committee, to oversee all proposed power purchase agreements, whether for retail or wholesale purposes. Pursuant to the Policy, Santa Clara has also established regulations approved by the Risk Oversight Committee to govern the various functions of its trading operations. The Policy and Regulations are intended to: (a) provide a common risk management infrastructure to facilitate management control and reporting; (b) create a procedure to evaluate the creditworthiness of the counterparties, and to monitor and manage the aggregate credit exposure; (c) establish a corporate culture exemplifying best practices in risk management; (d) create a mechanism to identify market-related opportunities within Santa Clara’s overall exposure balance or “book” and opportunities to internalize related transactions; and (e) develop an effective, streamlined ability to timely commit to transactions. The Regulations establish guidelines for, among other things, acceptable counterparty creditworthiness standards and requirements for limits on credit exposure to any individual counterparty. Most of the purchase and sale transactions entered into by the power trading operation are for 92 days or less.

Rates and Charges

The Santa Clara City Council is authorized by the City Code of the City of Santa Clara to set charges, pay for and supply all electric energy and power to be furnished to customers according to such schedules, tariffs, rules and regulations as adopted by the City Council. The authority of Santa Clara to impose and collect rates and charges for electric power and energy is not presently subject to the regulatory jurisdiction of the California Public Utilities Commission (“CPUC”) or any other regulatory authority.

The following table summarizes a history of Santa Clara’s electric rate increases over the last five years.

CITY OF SANTA CLARA ELECTRIC UTILITY DEPARTMENT HISTORY OF ELECTRIC RATE CHANGES

Date	Percent Change
January 1, 2019	2.00%
January 1, 2018	0.00
January 1, 2017	3.00
January 1, 2016	2.00
January 1, 2015	5.00

Source: City of Santa Clara.

Santa Clara has a monthly billing system set up for all its electric accounts, including its largest customers under contract. Charges for electric service are typically included in a customer’s Municipal Utilities Regular Bill with other utility charges for the same time period. Bills are due and payable upon

receipt of billing and generally become delinquent if not paid within 21 days thereafter. Late charges begin to accrue the day following the past due date. Electric service may be discontinued for nonpayment of any undisputed bill, following issuance by Santa Clara to the customer of a Shut-Off Notice Bill (typically the next bill sent to the customer following the past due bill) and a 48-Hour Notice of Service Discontinuance. Service will be restored only upon payment, in cash or certified funds, of all amounts then due and payable, including required deposits, utility service charges, and other related charges as permitted in the schedule of fees established and adopted by resolution of the Santa Clara City Council.

Major Customers

The ten largest customers of Santa Clara's electric utility department, in terms of kWh sales for the Fiscal Year ended June 30, 2018, which are listed below, accounted for 53.0% of total kWh sales and 46.9% of revenues. The largest customer accounted for 7.7% of total kWh sales and 7.0% of total revenues, while the smallest customer of the largest ten customers accounted for 2.6% of total kWh sales and 2.4% of total revenues. Santa Clara is heavily dependent upon its industrial customers, which comprise approximately 90.4% of its load and 88.8% of its revenues (in the Fiscal Year ended June 30, 2018). For reference, Santa Clara's industrial category includes all customers using more than 8,000 kWh per month. For many years, Santa Clara has been home to a number of the world's best known "high tech" firms involved in the design and production of computers and software. In the past few years, some of these firms have shifted production away from Santa Clara; however, this shift has been more than offset by the development of numerous data centers established to serve the data needs of corporate offices and of internet-related businesses.

To help retain its industrial customers, and thus assure the stability of Santa Clara's electric sales and revenue, Santa Clara has entered into multi-year electric service agreements with 14 of its larger customers, accounting for 64.9% of total kWh sales from industrial customers. All electric service agreements have a standard three-year term, with expirations ranging in 2019 through 2020. Santa Clara has developed flexible, standardized rate tariffs to replace these individually negotiated electric service agreements to facilitate transparency and efficiency. The new rate tariffs were approved by the Santa Clara City Council on November 27, 2018. The new rate tariffs are effective on January 1, 2019 and will take effect for customers as their existing electric service agreements expire. It is expected that the new standardized rate tariffs will result in similar rate impacts for customers who meet specific criteria.

CITY OF SANTA CLARA ELECTRIC UTILITY DEPARTMENT MAJOR CUSTOMERS

Customer	Business
Air Products	Industrial Gas and Chemicals
Coresite LLC	Data Centers
Cyxtera Data Centers Inc.	Data Centers
Digital Realty Trust	Data Centers
Intel Corp	Semiconductors
Microsoft Corporation	Data Centers
Oracle America Inc.	Database Software Products
Owens Corning Sales LLC	Manufacturing
Vantage Corp	Data Centers
Xeres Ventures LLC	Data Centers

Source: City of Santa Clara.

Customers, Energy Sales, Revenues and Demand

The average number of customers, kWh sales and revenues derived from sales, by classification of service, and peak demand during the past five Fiscal Years, are listed below.

CITY OF SANTA CLARA ELECTRIC UTILITY DEPARTMENT CUSTOMERS, SALES, REVENUES AND DEMAND (Fiscal Year Ended June 30)

	2014	2015	2016	2017	2018
Average Monthly Number of Customers:					
Residential	44,629	44,979	45,323	46,305	46,807
Commercial	6,191	6,253	6,277	6,231	6,156
Industrial	1,758	1,700	1,675	1,652	1,666
Other	561	563	566	549	569
Total.....	53,139	53,495	53,841	54,737	55,198
Kilowatt-hour Sales (000):					
Residential	233,847	224,647	232,581	228,505	229,957
Commercial	91,833	92,852	94,470	95,050	92,869
Industrial	2,651,757	2,754,035	3,000,038	3,133,903	3,236,317
Other	20,561	20,332	18,540	18,042	18,922
Total.....	2,997,998	3,091,866	3,345,629	3,475,500	3,578,065
Charges from Sale of Energy (000) ⁽¹⁾ :					
Residential	\$ 25,078	\$ 25,359	\$ 27,336	\$ 27,635	\$ 28,333
Commercial	13,771	14,609	15,407	15,868	15,678
Industrial	274,402	297,825	331,979	352,973	370,696
Other	2,435	2,520	2,449	2,448	2,565
Total ⁽²⁾	\$315,686	\$340,313	\$377,171	\$398,924	\$417,272
Peak Demand (MW).....	482.4	491.1	526.4	568.1	586.6

⁽¹⁾ Differs from Operating Revenues in Financial Operating Results and Balance Sheet information due to: (i) timing differences in accruals and billings; and (ii) exclusion of non-consumption based revenues.

⁽²⁾ Includes public benefits charge and grid management charge revenues.

Source: City of Santa Clara

Service Area

Population. The service area of the Santa Clara electric utility is coterminous with Santa Clara's boundaries. Santa Clara is located at the southern end of the San Francisco Bay. Encompassing a total area of approximately 19 square miles within northern Santa Clara County, Santa Clara is situated in the heart of "Silicon Valley." Shown below is certain population data for Santa Clara, the County of Santa Clara and the State of California.

POPULATION

	City of Santa Clara	County of Santa Clara	State of California
1970.....	86,118	1,065,313	19,971,069
1980.....	87,700	1,295,071	23,667,764
1990.....	93,613	1,497,577	29,760,021
2000.....	102,361	1,682,585	33,871,653
2010.....	116,468	1,781,642	37,253,956
2011.....	118,573	1,803,329	37,529,913
2012.....	119,950	1,828,843	37,874,977
2013.....	121,685	1,857,211	38,234,391
2014.....	122,504	1,880,197	38,568,628
2015.....	123,155	1,905,156	38,912,464
2016.....	123,640	1,922,619	39,256,000
2017.....	125,528	1,937,473	39,524,000
2018.....	129,604	1,956,598	39,810,000

Source: 1970-2010, as of April 1, based on historical U.S. Census population data compiled by the California State Department of Finance. 2011-2018, as of January 1, State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State – January 1, 2011-2018. Sacramento, California, May 2018.

Employment. The main businesses in Santa Clara are manufacturing and industrial. There are numerous companies that manufacture electronic components, communications equipment, computer systems, electronic games and similar products, and general items such as fiberglass, paper and chemicals. As shown in the following table, these firms are among the largest employers in Santa Clara as of June 30, 2018.

CITY OF SANTA CLARA TEN LARGEST EMPLOYERS

Employer	Business	Number of Employees
Applied Materials, Inc.	Nano Technology Mfg Services	8,500
Intel Corporation	Semiconductor Devices (Mfg.)	7,801
Advanced Micro Devices Inc.	Semiconductor Devices (Mfg.)	3,000
California's Great America	Amusement Park	2,500
Avaya Inc.	Software	2,000
Santa Clara University	Higher Education	2,000
City of Santa Clara	Local Government	1,904
Macy's	Retail	1,200
Catalyst Semiconductor Inc.	Semiconductor Devices (Mfg.)	1,100
Sra Osso Inc.	Information & Referral Services	1,001

Source: City of Santa Clara Comprehensive Annual Financial Report for Fiscal Year 2018.

Due to the nature of local industry, with its heavy emphasis on electronics, aerospace and research, Santa Clara has attracted many professional people and industrial workers possessing skills well above the average.

The San Jose Labor Market, as defined by the State Employment Development Department, includes all cities within Santa Clara County. According to the California Employment Development Department, the County of Santa Clara's unemployment rate was 3.2% for the year 2017. The following table sets forth certain information regarding employment in the County of Santa Clara from 2013 through 2017.

**COUNTY OF SANTA CLARA
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2013 TO 2017⁽¹⁾**

	2013	2014	2015	2016	2017
Civilian Labor Force	971,900	992,200	1,009,800	1,024,000	1,042,000
Employment	909,000	941,100	967,700	985,100	1,008,600
Unemployment	62,800	51,100	42,100	38,900	33,400
Unemployment Rate	6.5%	5.2%	4.2%	3.8%	3.2%

⁽¹⁾ Reflects March 2017 benchmark. Annual averages; not seasonally adjusted.

Source: State Department of Employment Development.

Transportation. Santa Clara is served by the Bayshore Freeway (U.S. Highway 101), which runs southeast from San Francisco to Los Angeles and is the major freeway connecting San Francisco and San Jose; Interstate 880, which runs north/south connecting San Jose and Oakland and becomes State Highway 17 (south of Interstate 280) and continues into Santa Cruz with access to Monterey; and Interstate 280, which runs north/south to San Francisco and State Highway 82. These freeways link Santa Clara to all parts of northern California.

Air transportation is available at both the San Francisco International Airport, approximately 40 miles to the north, and the San Jose International Airport, two miles from downtown Santa Clara. Rail service is provided by Union Pacific Railroad, on a north/south track linking San Jose and San Francisco, and CalTrain commuter service to Gilroy and San Francisco. The Guadalupe Corridor Light Rail has 20 completed miles of track from the Santa Clara Convention Center to the San Jose Convention Center, stretching to South San Jose, Mountain View and Milpitas.

The Santa Clara Valley Transportation Authority operates several lines within the City of Santa Clara with connections to major cities in the San Francisco Bay area. Interstate bus service is available via Greyhound Bus and Peerless. Most major trucking firms serve Santa Clara in addition to numerous local carriers.

Educational Facilities. The Santa Clara Unified School District provides public schooling from kindergarten through high school in most of the City of Santa Clara. Small geographical areas in the southern city limits are served by the Campbell Union Elementary School District and the Cupertino Union Elementary School District.

Santa Clara is also the home of the oldest institution of higher education in the West, Santa Clara University. Santa Clara residents are also in close proximity to San Jose State University, Stanford University and Mission College, as well as other units of the Community College System.

Capital Requirements

Santa Clara expects net capital requirements for the current and next four Fiscal Years (2018-19 through 2022-23) to total approximately \$206.4 million. Such improvements include distribution system improvements and replacements, including several new distribution substations and significant upgrades to its internal bulk distribution loops and distribution feeders. These distribution facilities are needed to meet increased capacity requirements of new and existing customers and are expected to be financed through a combination of load development fees, direct customer contributions, funds from Santa Clara's available cash reserves (described under "– Cash Reserves") and electric revenues. Santa Clara does not currently expect to issue new debt to finance its capital requirements.

Indebtedness

Santa Clara Electric Revenue Bonds. As of January 31, 2019, Santa Clara had outstanding senior lien electric revenue bonds ("Senior Electric Revenue Bonds") in the aggregate principal amount of \$151.245 million, payable from net revenues of the electric system. Such outstanding Senior Electric Revenue Bonds are comprised of \$54.830 million aggregate principal amount of Electric Revenue Refunding Bonds, Series 2011 A, \$47.615 million aggregate principal amount of Electric Revenue Refunding Bonds, Series 2013 A and \$48.800 million aggregate principal amount of Electric Revenue Refunding Bonds, Series 2018 A.

In addition to the outstanding Senior Electric Revenue Bonds, Santa Clara has entered into a loan agreement, dated as of June 16, 2014 (the "Loan Agreement"), with Banc of America Preferred Funding Corporation ("BofA") providing for a direct loan (the "Loan") from BofA to Santa Clara in an aggregate amount of approximately \$31.6 million, including \$1.1 million of capitalized interest. Santa Clara's obligation to make repayment of the Loan to BofA is evidenced by a subordinate electric revenue bond of Santa Clara (the "Subordinate Electric Revenue Bond"), payable from net revenues of the electric system on a basis junior and subordinate to the payment of Santa Clara's outstanding Senior Electric Revenue Bonds. Principal of the Loan is payable in annual installments, commencing on July 1, 2016 and ending on July 1, 2024. As of January 31, 2019, the remaining balance on the Loan Agreement is \$22.998 million. The occurrence of an event of default by Santa Clara under the Loan Agreement may result in an increase in the interest rate payable by Santa Clara with respect to the Subordinate Electric Revenue Bond and the Loan evidenced thereby and/or an acceleration in the payment of the principal amount of such Subordinate Electric Revenue Bond and the Loan evidenced thereby in accordance with the terms of the Loan Agreement.

For the Fiscal Year ending June 30, 2018, Santa Clara's annual debt service on the outstanding Senior Electric Revenue Bonds and the Subordinate Electric Revenue Bond totaled approximately \$18.1 million. Assuming no future debt issuances, the annual debt service on such outstanding Senior Electric Revenue Bonds and Subordinate Electric Revenue Bond is expected to increase to a high of \$19.856 million in Fiscal Year 2023-24, declining to a low of approximately \$12.745 million in Fiscal Year 2028-29.

Joint Powers Agency Obligations. As previously discussed, Santa Clara participates in several joint powers agencies, including TANC, NCPA, M-S-R PPA and M-S-R EA, which have issued indebtedness to finance the costs of certain projects on behalf of their respective project participants. Obligations of Santa Clara under its agreements with respect to TANC, NCPA and M-S-R PPA constitute operating expenses of Santa Clara's electric system payable prior to any of the payments required to be made on Santa Clara's Electric Revenue Bonds described above. Agreements with TANC, NCPA and M-S-R PPA 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 Santa Clara to pay a share of the obligations of a defaulting participant. As described herein, Santa Clara also participates in M-S-R EA and

has certain payment obligation in connection therewith which constitute operating expenses of Santa Clara's electric system. However, Santa Clara's payment obligation to M-S-R EA is with respect to actual quantity of natural gas delivered each month on a take-and-pay (rather than take-or-pay) basis. Responsibility for bond repayment is non-recourse to Santa Clara. See "– Fuel Supply—*M-S-R Energy Authority—Gas Prepay*" above.

Santa Clara's participation and share of debt service obligation (without giving effect to any "step-up" provisions) for the TANC, NCPA and M-S-R PPA projects in which it participates are shown in the following table.

**CITY OF SANTA CLARA
ELECTRIC UTILITY DEPARTMENT
OUTSTANDING DEBT OF JOINT POWERS AGENCIES
(as of January 31, 2019)
(Dollar Amounts in Millions)**

	Outstanding Debt⁽¹⁾	Santa Clara Participation⁽²⁾	Santa Clara Share of Outstanding Debt⁽¹⁾
M-S-R PPA			
San Juan Unit No. 4	\$ 98.9	35.00%	\$ 34.6
NCPA			
Geothermal Project	24.5	44.39	10.8
Calaveras Hydroelectric Project	292.9 ⁽³⁾	37.02 ⁽⁴⁾	111.0
Lodi Energy Center, Issue One	227.4	46.16	105.0
TANC			
Bonds	200.3	10.00 ⁽⁵⁾	19.4
TOTAL⁽⁶⁾	\$844.0		\$280.8

⁽¹⁾ Principal only. Does not include obligation for payment of interest on such debt. Excludes M-S-R EA as described above.

⁽²⁾ Participation based on actual debt service obligation. Participation obligation is subject to increase (in an amount up to a specified accumulated maximum above the original participation) upon default of another Participant.

⁽³⁾ Includes approximately \$85.2 million of hedged variable rate bonds.

⁽⁴⁾ Includes 1.16% additional share purchased from other NCPA participants. In addition, Santa Clara's actual payments represent approximately 37.90% of outstanding debt service as a result of credit to non-participating members with respect to a portion of the debt obligation.

⁽⁵⁾ Excludes 10.4705% of Santa Clara's original 20.4745% participation share for which, as described herein, Santa Clara has entered into an agreement to layoff to other TANC Member-Participants for a term of 25 years. Santa Clara remains contractually obligated for its full participation share. Santa Clara's actual debt service obligation differs slightly from this percentage due to varying shares of certain series of TANC bonds relating to each TANC member-participant's taxable portion and each TANC member-participant's participation or non-participation in acquisition of assets from Vernon.

⁽⁶⁾ Columns may not add to totals due to independent rounding.

Source: City of Santa Clara Electric Utility Department.

For the Fiscal Year ended June 30, 2018, Santa Clara's payment obligations under its agreements with the joint powers agencies aggregated approximately \$36.7 million. Santa Clara's obligations to the joint powers agencies is expected to range between \$7.1 million and \$36.8 million through Fiscal Year 2039-40. This projection assumes that layoff agreements affecting expected obligations to be paid by Santa Clara remain effective for their full term and are performed by the parties thereto, that there are no future debt issuances, and that swap counterparties on interest rate hedges continue to perform (all of Santa Clara's variable rate joint powers agency debt obligations are hedged). Santa Clara manages the total amount of variable rate debt exposure for its electric utility (including both direct and joint powers agency debt), and, by policy, has targeted up to approximately 25% as the appropriate variable rate exposure. 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 variable rate debt 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 the joint power agency variable rate debt obligations, the joint powers agency has entered into interest rate swap agreements (in an aggregate outstanding notional amount of approximately \$85.2 million) for the purposes of substantially fixing the interest cost with respect thereto. There is no guarantee that the floating rate payable to such joint powers agency pursuant to such interest rate swap agreements 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 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 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 Santa Clara). 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 termination 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 Santa Clara).

Transfers to the General Fund

The Santa Clara City Charter provides that up to 5% of gross revenues (not including revenues from wholesale transactions) from the electric utility is paid to the Santa Clara General Fund each year as a contribution in lieu of taxes. Pursuant to the Charter, such amounts are to be made from the Electric Utility Enterprise Fund after the payment of debt service on Santa Clara's Electric Revenue Bonds.

The following table sets out the transfers from the electric utility to the Santa Clara General Fund for the last five Fiscal Years.

**CITY OF SANTA CLARA
ELECTRIC UTILITY DEPARTMENT
TRANSFERS TO THE GENERAL FUND
(Dollar Amounts in Thousands)**

Fiscal Year	Transfer Amount
2013-14	\$16,591
2014-15	17,493
2015-16	19,057
2016-17	21,117
2017-18	21,986

Source: City of Santa Clara.

Employees

General. As of January 1, 2019, Santa Clara had approximately 192 budgeted employees for its electric utility department. All of these Electric Utility department employees are represented either by the International Brotherhood of Electrical Workers ("IBEW") or one of the other City employees' associations, in matters pertaining to wages, benefits and working conditions. The labor agreements with IBEW and with the Engineers of the City of Santa Clara expired in December 2018, and new agreements are currently under negotiation. Until the successor agreements are executed, the terms of the expired agreements will continue to govern. The current labor agreements with the City of Santa Clara Employees

Association (the primary bargaining units for employees of the electric utility department) and the miscellaneous unclassified management employees will expire in December 2019. There have been no strikes or other union work stoppages at Santa Clara, including its electric utility department.

Pension Plans. Santa Clara’s permanent employees, including those in the electric utility department, are covered by the California Public Employees Retirement System (“CalPERS”), an agent multiple-employer defined benefit plan administered by CalPERS, which 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.

Santa Clara’s defined benefit pension plans, the Miscellaneous Plan and Safety Plan, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries for all Santa Clara employees. All permanent (full-time and part-time) and eligible “as-needed” hourly Santa Clara employees are required to participate in CalPERS. No employees assigned to the electric utility department participate in the Safety Plan.

The cost of the Miscellaneous Plan is funded through bi-weekly contributions from employees and from employer contributions by Santa Clara. The member employees’ contribution rates are set by State statute and only change with significant contract amendments. The member contribution can be paid by the employee or by Santa Clara on the employee’s behalf in accordance with applicable labor agreements. In accordance with applicable state law, the contribution rate for all public employers is determined annually by the actuary and is 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. Santa Clara is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration. The employer contribution rates are established, and may be amended, by CalPERS.

The electric utility department is allocated its portion of Santa Clara’s required contributions for the Miscellaneous Plan. This allocation is based on eligible employee wages.

The table below sets forth the electric utility department’s allocated share of Santa Clara’s required contributions to the Miscellaneous Plan for the four Fiscal Years 2014-15 through 2017-18 and the amount budgeted for its allocated share of Santa Clara’s estimated required contributions to such plans for Fiscal Year 2018-19.

Fiscal Year Ended June 30	Miscellaneous Plan		
	Electric Utility Department Allocated Share	Total City Required Contribution Amount	Contributions as a % of Covered Payroll
2015	\$5,335,643	\$15,257,771	26.68%
2016	6,484,674	18,543,534	29.94
2017	7,558,410	21,613,984	30.32
2018	8,832,102	25,256,224	33.45
2019 ⁽¹⁾	9,633,675	33,779,638	N/A

⁽¹⁾ Fiscal Year 2018-19 figures are budgeted numbers.

Source: City of Santa Clara.

Santa Clara'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, and these assumptions and contribution requirement are subject to changes implemented by CalPERS Board of Administration. On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.50% to 7.00% using a three year phase-in beginning with the June 30, 2016 actual valuations, and beginning with Fiscal Year 2017-18 CalPERS changed the employer contributions toward the plan's unfunded liability as dollar amounts instead of prior method of a contribution rate. The CalPERS Board of Administration may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase Santa Clara's required contributions to CalPERS in future years. Accordingly, Santa Clara cannot provide any assurances that Santa Clara's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

Effective for Fiscal Year 2014-15, Santa Clara 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, Santa Clara 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 electric utility department's proportionate share of the Net Pension Liability of Santa Clara's Miscellaneous Plan for the measurement periods ended June 30, 2014 through June 30, 2017 (as reported in Santa Clara's audited financial statements as of the succeeding fiscal year). The electric utility department's proportion of the Net Pension Liability was based on a projection of the electric utility department's long-term share of contributions to the Miscellaneous Plan relative to the projected contributions of all funds of Santa Clara.

City of Santa Clara Electric Utility Department Proportionate Share of the Net Pension Liability – Miscellaneous Plan				
Measurement Date⁽¹⁾ (June 30)	Proportionate Share of the Net Pension Liability⁽²⁾	Electric Utility 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	34.97%	\$69,068,338	67.42%	345.33%
2015	34.97	74,516,387	65.57	371.64
2016	34.97	84,615,916	62.18	394.81
2017	34.97	92,735,319	62.02	411.60

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

⁽²⁾ Reflects the electric utility department's share of City's Miscellaneous Plan Net Pension Liability of \$197,507,400, \$213,086,611, \$241,967,166 and \$265,185,350 as of June 30, 2014, June 30, 2015, June 30, 2016 and June 30, 2017 measurement date, respectively.

Source: City of Santa Clara.

As of the June 30, 2017 measurement date, the city-wide Total Pension Liability for the Miscellaneous Plan was \$698,221,756 and the Plan Fiduciary Net Position was \$433,036,406, resulting in a city-wide Miscellaneous Plan Net Pension Liability of \$265,185,350. In the June 30, 2016 actuarial valuation utilized for measuring the pension liability as of the June 30, 2017 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% investment rate of return (net of pension plan investment and administrative expense); (b) projected salary increases that vary based on age and type of service; (c) an inflation component of 2.75% per year; (d) payroll growth of 3.0%; and (e) a discount rate of 7.15%.

Public Agencies Post-Employment Benefits Trust Program. In Fiscal Year 2016-17, the Santa Clara City Council approved a resolution creating the Public Agencies Post-Employment Benefits Trust Program (the “Program”) to allow Santa Clara to pre-fund its pension obligation. The Program was established within the meaning of Section 115 of the Internal Revenue Code, as amended, and the Regulations issued thereunder, and is a tax-exempt trust under the relevant statutory provisions of the State. The Program provides Santa Clara with an alternative to depositing additional funds with CalPERS and provides for greater Santa Clara control over assets and portfolio management, while allowing Santa Clara to set aside additional funds towards future CalPERS costs. The Program is administered by Public Agency Retirement Services (“PARS”). As of June 30, 2018, the market value of Santa Clara’s contributions to the Program was \$15,612,916, including the electric utility department’s portion of \$3,488,543.

Retiree Health Benefits. Santa Clara’s single-employer defined benefit Other Post Employment Benefit (“OPEB”) Plan Trust Fund, which was established by the Santa Clara City Council in Fiscal Year 2007-08 in accordance with GAAP, provides reimbursements to retirees for qualified healthcare expenses. Employees, including those assigned to the electric utility department, who have retired from Santa Clara with at least ten years of service and meet certain criterion based upon retirement date, household income in the most recent calendar year and age are entitled to reimbursements for qualified expenses. Annual maximum reimbursement amounts differ depending on when an employee retired from Santa Clara service. In Fiscal Year 2007-08, Santa Clara established an irrevocable exclusive agent multiple-employer defined benefit trust which is administered by Public Agency Retirement Services (PARS). The trust is used to accumulate and invest assets necessary to reimburse retirees.

The OPEB Plan trust annual contributions are based on actuarial valuations. The contribution requirements are established and may be amended by the Santa Clara City Council.

For Fiscal Years prior to Fiscal Year 2017-18, Santa Clara’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 actuarial assumptions used include a 5.25% discount rate.

The table below sets forth certain information regarding Santa Clara’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 Santa Clara’s Net OPEB obligation for the three Fiscal Years 2014-15 through 2016-17.

City of Santa Clara OPEB Plan				
Fiscal Year Ended June 30	Annual OPEB Cost	Amount Funded by Electric Utility Enterprise Fund	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$2,769,000	\$458,640	100%	--
2016	2,887,000	499,992	100	--
2017	2,981,000	545,871	100	--

Source: City of Santa Clara.

Effective for Fiscal Year 2017-18, Santa Clara 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 Santa Clara's annual contributions to the OPEB Plan trust for the Fiscal Year ended June 30, 2018, including the relation of such contributions to the actuarially determined contribution amount for such fiscal year. The amount budgeted for the electric utility department's share of OPEB Plan contributions for Fiscal Year 2018-19 is \$907,215.

City of Santa Clara OPEB Plan (For the Fiscal Year ended June 30, 2018)		
Contribution Funded by Electric Utility Enterprise Fund	Actuarially Determined Contribution Amount by Electric Utility Enterprise Fund	Electric Utility Contribution Deficiency (Excess) to Actuarially Determined Contribution
\$2,203,000 ⁽¹⁾	\$1,911,000	\$(292,000)
Total City Contribution	Total City Actuarially Determined Contribution Amount	Total City Contribution Deficiency (Excess) to Actuarially Determined Contribution
\$6,300,000	\$5,466,000	\$(834,000)

⁽¹⁾ For the fiscal year ending June 30, 2018, SVP cash contribution was \$1,882,000 in payment to the trust and the estimated implied subsidy was \$321,000, resulting in total payment of \$2,203,000.

Source: City of Santa Clara.

Pursuant to GASB No. 75, for the Fiscal Year ended June 30, 2018, Santa Clara reported a net OPEB liability of \$16,285,879 for the Electric Utility Enterprise Fund's proportionate share (34.97%) of the City of Santa Clara's net OPEB liability of \$46,571,000 (reflecting a total OPEB liability of \$65,516,000 and a fiduciary net position of \$18,945,000 for the OPEB Plan). The OPEB Plan Net Position as a percentage of Santa Clara's total OPEB liability was 28.902%. The net OPEB liability as a percentage of covered-employee payroll was 34.4%. 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, 2016 actuarial valuation, rolled forward to June 30, 2018 using standard actuarial methods, based on actuarial methods and assumptions. In the June 30, 2016 actuarial valuation, the actuarial assumptions used in determining the total OPEB liability include (a) a 5.25% discount rate and investment rate of return; (b) aggregate projected salary increases of 3.0% annually; (c) an inflation component of 3.0% per year; and (d) a healthcare cost trend of 6.5% for 2018, scaling down to 5.0% for year 2021 for non-medicare participants, and 6.7% for 2018, scaling down to 5.0% for year 2021 for medicare participants.

Additional information regarding the City of Santa Clara's retirement plans and other post-employment benefits can be found in the City of Santa Clara comprehensive annual financial report for the Fiscal Year ended June 30, 2018, which may be obtained at <http://santaclaraca.gov>.

Cash Reserves

Santa Clara maintains cash reserves for a number of reasons, including operating cash requirements, construction cash requirements, dealing with the cost impacts of dry hydroelectric conditions, gas and electric market volatility, and allowing Santa Clara the flexibility to increase rates on a scheduled basis. Santa Clara established a Cost Reduction Fund to manage the cost impacts of dry year hydroelectric

conditions and gas and electric market volatility, as well as the scheduling of rate increases. As of December 31, 2010, the balance of the Cost Reduction Fund was transferred to the Rate Stabilization Fund (as a subaccount therein) described below.

Santa Clara has maintained a Rate Stabilization Fund (the “Rate Stabilization Fund”). Amounts in the Rate Stabilization Fund are available to pay costs of the electric utility subject to certain terms and conditions. As of June 30, 2018, approximately \$120.7 million was on deposit in the Rate Stabilization Fund, including approximately \$95.7 million on deposit in the Cost Reduction Account therein. In addition, as of June 30, 2018, Santa Clara had unrestricted operating cash reserves of approximately \$94.1 million and \$98.8 million of cash reserves designated for construction purposes and approximately \$5.1 million for Donald Von Raesfeld Power Plant fuel reserves (not including \$3.5 million of cash reserves designated for pension liability and subsequently deposited at Public Agency Retirement Services). Thus, as of June 30, 2018, Santa Clara’s electric system had restricted and unrestricted cash reserves totaling approximately \$318.7 million.

Collectively, these reserves are designed to help insulate Santa Clara from market volatility. In addition, the indenture under which Santa Clara’s Senior Electric Revenue Bonds were issued permits the use of certain unrestricted cash balances and reserves to satisfy Santa Clara’s rate covenants with its bond holders. During the past five fiscal years, Santa Clara has made transfers related to operating expenses from the Rate Stabilization Fund for each of Fiscal Years 2013-14 and 2014-15 in the amounts set forth below. For Fiscal Years 2015-16 and 2016-17, Santa Clara made deposits into the Rate Stabilization Fund in the amounts of \$2.7 million and \$34.0 million, respectively, as set forth below. No Rate Stabilization Fund transfers or deposits were made for Fiscal Year 2017-18.

Fiscal Year	Transfer from Rate Stabilization Fund to Adjusted Net Revenues	Deposit to Rate Stabilization Fund
2013-14	\$10,000,000	--
2014-15	8,000,000	--
2015-16	--	\$ 2,700,000
2016-17	--	34,000,000
2017-18	--	--

Santa Clara has determined that it is appropriate to use a portion of its unrestricted cash balances and reserves to stabilize or subsidize its electric rates in the near term and to increase rates when appropriate. Santa Clara maintains a minimum target balance of \$120 million for the Rate Stabilization Fund. In order to maintain this minimum target balance, Santa Clara adopted a 7% electric rate increase effective in January 2010, a 7% electric rate increase effective in January 2011, a 5% electric rate increase effective in January 2014, a 5% electric rate increase effective in January 2015, and a 2% electric rate increase effective in January 2016. As of June 30, 2017, the Rate Stabilization Fund balance was restored to meet its minimum target balance level. See “– Condensed Operating Results and Selected Balance Sheet Information” and “– Rates and Charges” herein.

Insurance

The insurable property and facilities of the electric utility are covered under Santa Clara’s general insurance policies. Santa Clara maintains property damage coverage through the Alliant Property Insurance Program (“APIP”), which has a plan limit of \$1 billion. Santa Clara maintains boiler and machinery property coverage for its power plants through APIP of \$100 million per occurrence, with a \$2,500 deductible per occurrence, with certain exceptions. Santa Clara does not carry earthquake insurance on the property and facilities of the electric utility except for a dedicated earthquake coverage of up to \$20 million for the Grizzly Power Plant. Santa Clara maintains a dedicated flood limit shared by the power plants with

limits of \$27.5 million and \$7.5 million for locations in Flood Zones A & V. Santa Clara is self-insured for up to \$3 million for general liability claims. Inclusive of the self-insurance, Santa Clara has \$25 million in liability coverage with CSAC Excess Insurance Authority. In addition, Santa Clara is also self-insured up to \$500,000 per claim for workers' compensation claims with excess coverage up to the State of California statutory limit with employer's liability coverage of \$5 million per claim (inclusive of Santa Clara's retention) through CSAC Excess Insurance Authority. All self-insurance programs are administered jointly by Santa Clara personnel and outside contractors.

Litigation

General. There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining Santa Clara in the execution or delivery of, or in any way contesting or affecting the validity of any proceedings of Santa Clara taken with respect to Third Phase Agreement. At any given time, Santa Clara is party to or affected by various claims, disputes and litigation, including proceedings before FERC and other matters, that arise in the course of the electric system's activities and operations.

Present lawsuits and other claims against Santa Clara's electric utility are incidental to the ordinary course of operations of the electric utility and are covered by Santa Clara's liability coverage, including its self-insurance program. In the opinion of Santa Clara's management and, with respect to such litigation, the Santa Clara City Attorney, such claims and litigation will not have a materially adverse effect upon Santa Clara's ability to make payments under Third Phase Agreement.

Other Matters. In addition, from time-to-time, there are ongoing proceedings that involve projects in which Santa Clara has an interest and which comprise a portion of the current resource portfolio of Santa Clara's electric system. Although Santa Clara is generally not a party to such litigation, the outcome of such proceedings may impact the costs and operations of the affected project. Santa Clara is not aware of any such presently ongoing proceedings that, if determined adversely, would be expected to materially adversely affect the financial position or operations of its electric utility.

Condensed Operating Results and Selected Balance Sheet Information

The following table sets forth net income and selected balance sheet information of Santa Clara's electric utility for the five Fiscal Years ended June 30, 2018. The information for the Fiscal Years ended June 30, 2014 through June 30, 2018 was prepared by Santa Clara on the basis of its audited financial statements for such years.

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CITY OF SANTA CLARA
ELECTRIC UTILITY DEPARTMENT
SUMMARY OF FINANCIAL OPERATING RESULTS⁽¹⁾
(\$ in 000s)

	2014	2015	2016	2017	2018
Summary of Income					
Operating Revenues ⁽²⁾	\$309,169	\$332,938	\$371,801	\$390,409	\$403,698
Operating Expenses:					
Salaries, Wages and Benefits	23,654	26,712	26,461	32,016	38,633
Materials, Supplies and Services ⁽³⁾	276,335	283,861	301,991	299,531	328,517
Depreciation	19,727	20,163	19,956	19,820	20,143
Total Operating Expenses	\$319,716	\$330,736	\$348,408	\$351,367	\$387,293
Operating Income (Loss)	(10,547)	2,202	23,393	39,042	16,405
Other Income ⁽⁴⁾	24,629	21,535	21,883	23,083	26,999
Interest Expense	(8,605)	(9,094)	(8,819)	(8,697)	(8,103)
Wholesale Resources Sales	28,622	27,301	17,279	36,162	34,994
Wholesale Resources Purchases	(28,871)	(32,635)	(21,682)	(35,197)	(35,413)
Other Expenses	(5,556)	(4,766)	(7,183)	(6,808)	(5,809)
Gain (Loss) on Retirement of Fixed Assets	--	62	(10)	4,830	--
Renewable Energy Credit	5,449	2,129	3,879	6,237	3,499
Equity (Loss) in Joint Power Agencies ⁽⁵⁾	4,215	(4,719)	737	4,345	7,828
Net Income Before Operating Transfers and Extraordinary Items	\$ 9,336	\$ 2,015	\$ 29,477	\$ 62,997	\$ 40,400
Selected Balance Sheet Information (as of June 30)					
Rate Stabilization Fund ⁽⁶⁾	\$ 92,259	\$ 84,259	\$ 86,959	\$120,959	\$120,709
Cash Designated for Construction	89,922	79,988	65,593	74,613	98,821
Cash Designated for Pension Liability	--	--	--	3,500	--
Operating Cash	73,154	74,446	73,865	83,325	99,237
Total Pooled & Cash Investments	\$255,335	\$238,693	\$226,417	\$282,397	\$318,767

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

(2) See “– Rates and Charges” above. Excludes public benefit charge revenues.

(3) Includes purchased power payments and payments to joint power agencies. Also includes payment of a portion of gross revenues to Santa Clara’s General Fund as contribution in lieu of taxes which payment is subordinate to the payment of other operating expenses and debt service. Per the Santa Clara City Charter, up to 5% of gross revenues (not including revenues from wholesale transactions) from the electric utility is paid to Santa Clara’s General Fund each year.

(4) Primarily represents interest income, public benefit charge revenues, grants, rents, and other non-recurring miscellaneous income. Unrealized gains were included in Fiscal Year 2013-14 (\$1.914 million), 2014-15 (\$0.421 million), and 2015-16 (\$0.907 million). Unrealized losses were included in Fiscal Years 2016-17 (\$2.723 million) and 2017-18 (\$2.635 million).

(5) Net loss in Fiscal Year 2014-15 reflects equity share loss of \$4.067 million in NCPA and \$0.652 million in TANC.

(6) Includes Cost Reduction Account. As of December 31, 2010, the Cost Reduction Fund was transferred to the Rate Stabilization Fund (as a subaccount therein).

Source: City of Santa Clara.

Rate Covenant Compliance Under Electric Revenue Bond Indenture

The electric revenue bond indenture pursuant to which Santa Clara's Senior Electric Revenue Bonds are issued requires Santa Clara to produce electric utility revenues in each year such that Adjusted Net Revenues (as defined in the electric revenue bond indenture) will be sufficient to pay debt service on all Senior Electric Revenue Bonds and parity debt for such Fiscal Year. The electric revenue bond indenture permits amounts in the Rate Stabilization Fund to be used to satisfy the rate covenant. Santa Clara has elected to use such unrestricted funds for such purpose as described in "– Cash Reserves" above.

Santa Clara has satisfied its rate covenant in each year as shown below. In addition to operating expenses and debt service, the electric utility has other obligations which it is required to satisfy. Such obligations include payments in lieu of taxes as well as capital expenditures not otherwise financed with bond proceeds, which obligations are, in accordance with the Santa Clara City Charter, payable subordinate to the payment of debt service on the Electric Revenue Bonds and parity debt. Capital expenditures not financed with bond proceeds are funded from a variety of sources, including reserves, developer contributions and electric system revenues. See "– Cash Reserves." The debt service coverage ratios shown below differ from those previously reported for Fiscal Years 2013-14 through 2016-17 to reflect a correction made to adjusted operating expenses to eliminate the double-counting of certain non-capitalized previously budgeted expenditures.

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CITY OF SANTA CLARA
RATE COVENANT COMPLIANCE UNDER
ELECTRIC REVENUE BOND INDENTURE⁽¹⁾
(\$ in 000s)

	Fiscal Year Ending June 30,				
	2014	2015	2016	2017	2018
Debt Service Coverage:					
Adjusted Revenues ⁽²⁾	\$306,183	\$332,178	\$359,084	\$353,328	\$383,662
Adjusted Operating Expenses ⁽³⁾	287,661	296,390	312,786	315,340	346,825
Adjusted Net Revenue Available for Debt Service	\$ 18,522	\$ 35,788	\$ 46,298	\$ 37,988	\$ 36,837
Debt Service on Senior Electric Revenue Bonds ⁽⁴⁾	\$ 12,183	\$ 14,934	\$ 15,334	\$ 15,612	\$ 14,204
Debt Service on Subordinate Electric Revenue Bond	--	--	2,515	798	4,108
Total Debt Service ⁽⁵⁾	\$ 12,183	\$ 14,934	\$ 17,850	\$ 16,410	\$ 18,312
Adjusted Revenues in Excess of Debt Service Requirements	\$ 6,339	\$ 20,855	\$ 28,448	\$ 21,578	\$ 18,524
Debt Service Coverage Ratio - Senior Electric Revenue Bonds	1.52	2.40	3.02	2.43	2.59
Debt Service Coverage Ratio – Senior and Subordinate Bonds	1.52	2.40	2.59	2.31	2.01

⁽¹⁾ Numbers may not add due to rounding. The debt service coverage ratios shown above differ from those previously reported for Fiscal Years 2013-14 through 2016-17 to reflect a correction made to Adjusted Operating Expenses to eliminate the double-counting of certain non-capitalized previously budgeted expenditures.

⁽²⁾ Adjusted Revenue includes operating revenues and non-operating revenues, other income (excluding unrealized gains or losses and developer contributions), net wholesale transactions and renewable energy credits, and excludes any gain on retirement of fixed assets or equity in joint powers agency projects accounted for on the equity method of accounting. Fiscal Year 2012-13 adjusted revenue was recalculated in 2014 to include renewable energy credit. Also includes Rate Stabilization Fund transfers related to operating expenses. In Fiscal Years 2012-13, 2013-14 and 2014-15, transfers from the Rate Stabilization Fund were included in Adjusted Revenues, in the amounts of \$7.43 million, \$10.0 million and \$8.0 million, respectively. In Fiscal Years 2015-16 and 2016-17, deposits were made into the Rate Stabilization Fund in the amounts of \$2.7 million and \$34.0 million, respectively. See “– Rates and Charges” and “– Cash Reserves.”

⁽³⁾ Adjusted Operating Expenses include operating expenses (including joint powers agency obligation payments) and other expenses, less depreciation and amortization expense and contribution-in-lieu to the General Fund. Adjusted Operating Expenses do not include any loss on retirement of fixed assets or any loss on joint powers agency projects accounted for on an equity method of accounting basis.

⁽⁴⁾ Includes net swap payments and letter of credit fees relating to variable rate electric revenue bonds (which variable rate electric revenue bonds were redeemed in December 2018).

⁽⁵⁾ Excludes joint powers agency obligations, the costs of which are a component of adjusted operating expenses. See footnote (3).

Source: City of Santa Clara.

APPENDIX B

NCPA AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

The combined financial statements of Northern California Power Agency and Associated Power Corporations as of and for the years ended June 30, 2018 and 2017 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.

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 Bonds. The 2019 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 each Series of the 2019 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019 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 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 Bonds, except in the event that use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2019 Bond documents. For example, Beneficial Owners of 2019 Bonds may wish to ascertain that the nominee holding the 2019 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 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 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 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 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 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 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 Bond certificates will be printed and delivered to DTC.

APPENDIX D

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

“Act” means 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 and shall also include the provisions of any other law applicable to NCPA by virtue of being a public entity pursuant to said Chapter 5 of Division 7 of Title 1 including, without limitation, Article 10 and Articles 11 of Chapter 3 of Division 2 of Title 5 of said Government Code, as each thereof may be amended and supplemented.

“Additional Bonds” means all Bonds, whether issued in one or more Series, authenticated and delivered on original issuance pursuant to Section 203 of the Original Indenture and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds.

“Adjustable Rate Bond” means, as of any date of determination, any Bond not bearing interest from such date to the maturity thereof at a specified, fixed rate; provided, however, that each Adjustable Rate Bond shall also be an Option Bond with a Purchase Date on the Business Day next succeeding the termination of each Adjustment Period for such Bond.

“Adjusted Aggregate Debt Service” means, as of any date of calculation and with respect to any period, the sum of the amounts of Adjusted Debt Service during such period for all Series of Bonds, other than Lender Bonds; provided, however, that in computing such Adjusted Aggregate Debt Service, each Series of Adjustable Rate Bonds shall be deemed to bear the Assumed Interest Rate applicable thereto.

“Adjusted Debt Service” means, with respect to any Series of Bonds, as of any date of calculation and with respect to any period, the Debt Service for such Series of Bonds for such period which would result if the Principal Installment for such Series due on the final maturity date of such Series were adjusted over the period specified pursuant to the next sentence so that the Bonds of such Series would have Substantially Equal Debt Service for each Fiscal Year of such period and that such Principal Installment would be fully paid at the end of such period, assuming timely payment of all principal or Redemption Price, if any, of and interest on the Bonds of such Series in accordance with such adjustments and computing the interest component of Debt Service on the basis of the true interest cost actually incurred on such Series of Bonds (determined by the true, actuarial method of calculation which consists of calculating true interest cost from the actual delivery date of such Series of Bonds as opposed to calculating it from the date of such Series of Bonds). Such adjustment shall be made over a period which shall begin with the final maturity date of such Series and end on such date or a date which shall be specified in the Supplemental Indenture authorizing such Series of Bonds, which date shall be not later than the earlier to occur of (i) 40 years after the date of such Bonds or (ii) the termination date of the Third Phase Agreement. For purposes of computing such true interest cost for any Series of Bonds containing Adjustable Rate Bonds each such Adjustable Rate Bond shall be deemed to bear the Assumed Interest Rate applicable thereto.

“Agreement of Attornment” means the Agreement of Attornment, dated March 22, 1985, by and among NCPA, the Calaveras County Water District and Sierra Constructors, as the same may be amended and supplemented from time to time in accordance with its terms and terms of the Indenture.

“Beneficial Owner” means, with respect to the 2018 Bonds, any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any of the 2018 Bonds.

“Business Day” means, with respect to the 2018 Bonds, any day of the year on which banks in New York, New York are not required or authorized to remain closed and on which the Trustee, the Paying Agent and the New York Stock Exchange are open.

“Capital Improvements” shall mean all renewals or replacements of or repairs, additions, improvements, modifications or betterments chargeable to the capital account of the Project, which are (i) consistent with Prudent Utility Practice and determined necessary by the Commission to keep the Project in good operating condition or to prevent a loss of revenue therefrom, (ii) required by any governmental agency having jurisdiction over the Project, or (iii) required by the Indenture; provided, however, that Capital Improvements shall not include any additional generating units in addition to the number of generating units presently included in the Project.

“Debt Service Reserve Requirement” means, as of any date of calculation, and with respect to the Debt Service Reserve Account (which does not secure the 2018 Bonds), an amount equal to the greatest amount of Adjusted Aggregate Debt Service for the Participating Bonds for the then current or any future Fiscal Year and, with respect to a Series Debt Service Reserve Account, the amount, if any, specified as such with respect to such Series Debt Service Reserve Account pursuant to the Indenture.

“Favorable Opinion of Bond Counsel” means an opinion of Bond Counsel acceptable to the Insurer to the effect that the action proposed to be taken is authorized or permitted by the Indenture and will not result in the inclusion of interest on any Bonds in gross income for federal income tax purposes.

“Future Bonds” means all Bonds issued when the Eleventh Supplemental Indenture of Trust became effective, i.e., July 1, 1998.

“Initial Facilities” means those facilities included in or required by the FERC License and all associated facilities, rights, land and interest in land, properties, studies, reports, equipment, transmission facilities and improvements appurtenant thereto and necessary or convenient therewith including without limitation any payments to other parties such as contributions in and of construction in connection with the transmission of the output of the facilities included in the definition of the “Project” under the Power Purchase Contract.

“Interest Payment Date” means, with respect to each Series of Bonds, the dates during each year on which interest on such Series of Bonds is scheduled to be paid as specified in, or determined in accordance with, the Indenture or Supplemental Indenture authorizing such Series of Bonds.

“Investment Securities” means and includes any of the following securities, if and to the extent the same are at the time legal for investment of NCPA’s funds:

- (i) Direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, 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 and including a receipt, certificate or any other evidence of an ownership interest in the aforementioned obligations, or in specified portions thereof (which may consist of specified portions of interest thereon) and also including advance refunded tax-exempt bonds secured by the aforementioned obligations;

- (ii) Bonds, debentures, notes, participation certificates or other evidences of indebtedness issued, or the principal of and interest on which are unconditionally guaranteed, by the Bank for Cooperatives, the Federal Intermediate Credit Bank, the Federal Home Loan Bank System, the Export-Import Bank of the United States, the Government National Mortgage Association, the Federal National Mortgage Association, the United States Postal Service or any other agency or instrumentality of or corporation wholly owned by the United States of America;

- (iii) New Housing Authority Bonds or Project Notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions to be paid by the United States of America or any agency thereof;

(iv) Direct and general obligations, to the payment of which the full faith and credit of the issuer is pledged, of any State of the United States or any political subdivision thereof which at the time of investment is rated by any nationally recognized bond rating agency and assigned by such agency a rating which denotes a security with investment characteristics at least equal to the investment characteristics of a security presently rated by Moody's Investors Service, Inc. or Standard & Poor's Corporation as "A" or better;

(v) Bank time deposits evidenced by certificates of deposit, and banker's acceptances, issued by any bank, trust company or national banking association insured by the Federal Deposit Insurance Corporation; provided either that the aggregate of such bank time deposits and bankers' acceptances issued by any bank, trust company or banking association does not exceed at any one time ten per centum (10%) of the aggregate of the capital stock, surplus and undivided profits of such bank, trust company or banking association and that such capital stock, surplus and undivided profits shall not be less than Twenty-Five Million Dollars (\$25,000,000), or that such deposits are fully and continuously secured by a valid and perfected security interest in obligations described in paragraph (i), (ii) or (iii) of this definition; and

(vi) Repurchase agreements with any bank, trust company or national banking association insured by the Federal Deposit Insurance Corporation, or with any government bond dealer recognized as a primary dealer by the Federal Reserve Bank of New York, which agreements are fully and continuously secured by a valid and perfected security interest in obligations described in paragraph (i), (ii) or (iii) of this definition.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by NCPA by notice in writing to the Trustee and acceptable to the Insurer.

"NCPA Operating Expenses" means (i) costs incurred by NCPA pursuant to the Third Phase Agreement, (ii) any other current expenses or obligations required to be paid by NCPA under the provisions of the Project Agreements or by law, all to the extent properly allocable to the Project, or required to be incurred under or in connection with the performance of the Third Phase Agreement, (iii) the fees and expenses of the Fiduciaries, (iv) fees incurred pursuant to any lending or credit facility or agreement, including, without limitation, the Reimbursement Agreements, and (v) all other costs (including overhead) properly allocable to the Project. NCPA Operating Expenses shall not include any costs or expenses for new construction or any allowance for depreciation of the Project.

"NCPA Revenues" means (i) all revenues, income, rents and receipts derived or to be derived by NCPA from or attributable to the Project or the Power Purchase Contract or to the payment of the costs of the Project received or to be received by NCPA under the Third Phase Agreement or the Power Purchase Contract or under any other contract for the sale by NCPA of the Project or any part thereof or any contractual arrangement with respect to the use of the Project or any portion thereof or the services or capacity thereof, (ii) the proceeds of any insurance, including the proceeds of any self-insurance fund, covering business interruption loss relating to the Project, (iii) any receipts under the Construction Contract or the Agreement of Attornment, other than insurance proceeds required to be deposited in the Construction Fund in accordance with the provisions of the Indenture, and (iv) interest received or to be received on any moneys or securities (other than in the Construction Fund) held pursuant to the Indenture and required to be paid into the Revenue Fund.

"Participating Bonds" means all Bonds Outstanding prior to the Eleventh Supplemental Indenture of Trust becoming effective (July 1, 1998) and all Future Bonds other than Future Bonds which are specified in the Supplemental Indenture authorizing such Future Bonds not to be Participating Bonds in accordance with the provisions of the Indenture.

"Power Purchase Contract" means the Revised Power Purchase Contract, dated as of March 1, 1985, by and between NCPA and CCWD as the same may be amended and supplemented from time to time in accordance with its terms and the terms of the Indenture.

“Project” means the Initial Facilities and all Capital Improvements.

“Project Agreements” means, prior to the respective termination dates thereof, the Indenture, the Third Phase Agreement, the Power Purchase Contract, the Construction Contract, the Agreement of Attornment and any other contract designated a Project Agreement by the Commission of NCPA.

“Prudent Utility Practice” means 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 thereto) known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with good business practices, reliability, safety and expedition, taking into account the fact that Prudent Utility Practice is not intended to be limited to the optimum practice, methods 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 the lowest 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 shall apply not only to functional parts of the Project, but also to appropriate structures, landscaping, paving, signs, lighting, other facilities and public relations programs reasonably designed to promote public enjoyment, understanding and acceptance of the Project.

“Securities Depository” means, with respect to a Series of the 2018 Bonds, the securities depository designated in the Supplemental Indenture with respect to such Series and its successors and assigns or if (a) the then incumbent Securities Depository resigns from its functions as depository for such Series of the 2018 Bonds, or (b) NCPA discontinues use of the then incumbent Securities Depository for such Series of the 2018 Bonds pursuant to such Supplemental Indenture, any other securities depository which agrees to follow the procedures required to be followed by a securities depository for such Series of the 2018 Bonds.

“Series Debt Service Reserve Account” means each Account within the Debt Service Fund established with respect to a Series of Future Bonds which are not Participating Bonds, including the 2018 Bonds, pursuant to the Indenture.

“Sinking Fund Installment” means with respect to a Series of the 2018 Bonds, the amount required by the Supplemental Indenture with respect to such Series to be paid by NCPA on any single date for the retirement of 2018 Bonds of such Series.

“Substantially Equal Adjusted Aggregate Debt Service” means, with respect to any period of similar Fiscal Years for all Outstanding Bonds, other than Lender Bonds, that the greatest Adjusted Aggregate Debt Service for any Fiscal Year in such period is not in excess of one hundred and twenty-five percent of the Adjusted Aggregate Debt Service for any preceding Fiscal Year in such period.

“Substantially Equal Debt Service” means, with respect to any period of Fiscal Years for any Series of Bonds, other than Lender Bonds, that the greatest Debt Service for such Bonds for any Fiscal Year in such period is not in excess of one hundred and twenty-five percent of the smallest Debt Service for such Bonds for any Fiscal Year in such period.

“Supplemental Indenture” means any indenture supplemental to or amendatory of the Indenture, entered into by NCPA and the Trustee in accordance with the Indenture.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by NCPA by notice in writing to the Trustee and acceptable to the Insurer.

“Trust Estate” means (A) subject only 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 proceeds of the sale of the Bonds,

other than Lender Bonds, (ii) the NCPA Revenues and (iii) all amounts on deposit in the Funds established by the Indenture, including the investments, if any, thereof, to the extent held by the Trustee; (B) all right, title and interest of NCPA in, to and under the Third Phase Agreement; (C) all right, title and interest of NCPA in, to and under the Power Purchase Contract; and (D) all right, title and interest of NCPA in, to and under the Construction Contract and the Agreement of Attornment.

“2018 Bonds” means collectively, the 2018 Series A Bonds and the 2018 Series B Bonds.

“2018 Series A Bonds” means the Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A.

“2018 Series B Bonds” means the Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B.

Pledge Effected by the Indenture

NCPA has pledged and assigned the Trust Estate to the Trustee for the benefit of the Bondholders.

Nature of Obligation

The Indenture provides that the principal, Redemption Price, if any, and Purchase Price thereof, and interest on the Bonds shall be payable solely from the NCPA Revenues and other funds pledged by NCPA under the Indenture and shall not constitute a charge against the general credit of NCPA. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any member of NCPA or any Project Participant is pledged to the payment of the principal, Redemption Price, if any, and Purchase Price of, or interest on the Bonds. NCPA has no taxing power. The Bonds do not constitute a debt, liability or obligation of the State of California or any public agency (other than NCPA) or any member of NCPA or any Project Participant. Neither the members of the Commission of NCPA nor any officer or employee of NCPA shall be individually liable for the Bonds or in respect of any undertakings by NCPA under the Indenture.

Application of NCPA Revenues

NCPA Revenues are pledged by the Indenture to payment of the principal, Redemption Price, if any, and Purchase Price of, and interest on the Bonds, subject to the provisions of the Indenture permitting application for other purposes. The Indenture establishes the following Funds and Accounts for the application of Bond proceeds and NCPA Revenues:

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FUNDS	HELD BY
Revenue Fund	NCPA
Operating Reserve Fund.....	Trustee
Operating Fund	NCPA
Debt Service Fund*	Trustee
Debt Service Account	
Debt Service Reserve Account	
Subordinated Indebtedness Fund	Trustee
Note Fund	Trustee
Reserve and Contingency Fund	NCPA
Renewal and Replacement Account	
Reserve Account	
General Reserve Fund.....	NCPA
Rate Stabilization Account	
General Account	

All NCPA 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:

(1) To the Operating Reserve Fund, the amount, if any, required so that the balance in said Fund shall equal \$100,000 or such greater or lesser amount as shall be recommended by the Consulting Engineer to be on deposit in said Fund.

(2) To the Operating Fund, a sum which, together with any amount in the Operating Fund not set aside as a general reserve for NCPA Operating Expenses or as a reserve for working capital, is equal to the total moneys appropriated for NCPA Operating Expenses in the Annual Budget for the then current month. In addition, if the Supplemental Indenture authorizing a Series of Bonds so provides, amounts from the proceeds of such Bonds may be deposited in the Operating Fund and set aside as a reserve for working capital. Amounts in the Operating Fund shall be paid out from time to time by NCPA for reasonable and necessary NCPA Operating Expenses. The Indenture provides for the application of excess amounts in the Operating Fund to make up any deficiencies in certain other funds established under the Indenture with any balance to be deposited in the General Account of the General Reserve Fund.

(3) To the Debt Service Fund (i) for credit to the General Debt Service Subaccount, the amount, if any, required so that the balance in said subaccount, plus the amounts on deposit in all the other subaccounts in the Debt Service Account to the extent available to pay Accrued Aggregate Debt Service, as of the last day of the then current month, shall equal the Accrued Aggregate Debt Service as of the last day of the then current month; (ii) for credit to the Debt Service Reserve Account, the amount, if any, required for such Account to equal the Debt Service Reserve Requirement for the Debt Service Reserve Account as of the last day of the then current month; and (iii) for credit to each Series Debt Service Reserve Account established for Future Bonds, the amount, if any, required for each such Account to equal the applicable Debt Service Reserve Requirement for such Series Debt Service Reserve Account as of the last day of the then current month; provided that the transfers to the Debt Service Reserve Account and each Series Debt Service Reserve Account shall be made to the Debt Service Reserve Account and each Series Debt Service Reserve Account without preference or priority between such transfers made in accordance with clauses (ii) and (iii) of this subsection (a), and in the event of any insufficiency of such moneys ratably based on the amount required to be deposited in each such Account, without any discrimination or preference. The Trustee will apply amounts in the General Debt Service Subaccount in the Debt Service Account to the payment of principal of and interest on the Bonds. In addition, the Trustee may, and if directed by NCPA

* If provided in a Supplemental Indenture authorizing a Series of Future Bonds which are not Participating Bonds, the Debt Service Fund shall include a Series Debt Service Reserve Account for each such Series of Future Bonds as to which a debt service reserve is to be established.

must, apply certain amounts in the Debt Service Account to the purchase or redemption of Bonds to satisfy sinking fund requirements prior to the due date of any Sinking Fund Installment. The Trustee must pay out of the Debt Service Account the amount required for the redemption of Bonds called for redemption pursuant to sinking fund requirements on any redemption date.

Amounts in the Debt Service Reserve Account are to be applied on the last business day of each month to make up any deficiency in the Debt Service Account with respect to Participating Bonds. Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account with respect to Participating Bonds, is sufficient to pay in full all Outstanding Participating Bonds in accordance with their terms, the funds on deposit in the Debt Service Reserve Account will be transferred to the Debt Service Account. So long as the amount in the Debt Service Fund available for such purpose is sufficient to pay all then Outstanding Participating Bonds in full (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made in the Debt Service Reserve Account. Whenever moneys on deposit in the Debt Service Reserve Account exceed the Debt Service Reserve Requirement with respect to such Account, the excess will be deposited in the Revenue Fund.

In the event of the refunding of Participating Bonds, the Trustee shall, upon the direction of NCPA with the advice of Bond Counsel, withdraw from the Debt Service Reserve Account any and all of the amounts on deposit therein and hold such amounts for the payment of the principal or Redemption Price, if applicable, and interest on such Participating Bonds; provided that such withdrawal shall not be made unless (a) immediately thereafter the Participating Bonds being refunded shall be deemed to have been paid pursuant to the Indenture, and (b) the amount remaining in the Debt Service Reserve Account after such withdrawal shall not be less than the Debt Service Reserve Requirement for the Debt Service Reserve Account.

Amounts in each Series Debt Service Reserve Account are to be applied on the last business day of each month to make up any deficiency in the Debt Service Account with respect to the Future Bonds secured by such Series Debt Service Reserve Account. Whenever the amount in a Series Debt Service Reserve Account, together with the amount in the Debt Service Account with respect to the Future Bonds secured by such Series Debt Service Reserve Account, is sufficient to pay in full all Future Bonds secured by such Series Debt Service Reserve Account then Outstanding in accordance with their terms, the funds on deposit in such Series Debt Service Reserve Account will be transferred to the Debt Service Account and applied to the payment or redemption of the Series of Future Bonds secured by such Series Debt Service Reserve Account. So long as the amount in the Debt Service Fund with respect to a Series of Future Bonds secured by a Series Debt Service Reserve Account is sufficient to pay all such Future Bonds then Outstanding in full (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made in such Series Debt Service Reserve Account. Whenever moneys on deposit in a Series Debt Service Reserve Account exceed the Debt Service Reserve Requirement with respect to such Account, the excess will be deposited in the Revenue Fund.

In the event of the refunding of Future Bonds secured by a Series Debt Service Reserve Account, the Trustee shall, upon the direction of NCPA with the advice of Bond Counsel, withdraw from the Series Debt Service Reserve Account securing such Future Bonds any and all of the amounts on deposit therein and hold such amounts for the payment of the principal or Redemption Price, if applicable, and interest on such Future Bonds; provided that such withdrawal shall not be made unless immediately thereafter the Future Bonds being refunded shall be deemed to have been paid pursuant to the Indenture.

(4) To the Subordinated Indebtedness Fund, the amount, if any, required so that the balance in said Fund shall equal all principal and interest on outstanding Subordinated Indebtedness accrued and unpaid and to accrue to the end of the then current calendar month. The Trustee will apply amounts in the Subordinated Indebtedness Fund to the payment of interest and reserves on Subordinated Indebtedness in accordance with the provisions of the resolution, agreement or contract relating to the issuance of such Subordinated Indebtedness. However, if at any time the amounts in the Debt Service Fund are less than the amounts required by the Indenture, and there is not on deposit in the General Reserve Fund or in the Reserve and Contingency Fund or in the Note Fund available moneys sufficient to cure such deficiency, the

Trustee will transfer from the Subordinated Indebtedness Fund the amount necessary to make up such deficiency.

(5) To the Note Fund, the amount, if any, required so that the balance in said Fund shall equal all interest on outstanding Notes accrued and unpaid and to accrue to the end of the then current calendar month. The Trustee will apply amounts in the Note Fund to the payment of interest on Notes in accordance with the provisions of the resolution, agreement or contract relating to the issuance of such Notes. However, if at any time the amounts in the Debt Service Fund are less than the amounts required by the Indenture, and there is not on deposit in the General Reserve Fund or in the Reserve and Contingency Fund available moneys sufficient to cure such deficiency, the Trustee will transfer from the Note Fund the amount necessary to make up such deficiency.

(6) To the Reserve and Contingency Fund, for credit to (a) the Renewal and Replacement Account, the amount, if any, provided for deposit therein during the then current month in the current Annual Budget; and (b) the Reserve Account, the amount, if any, required so that the balance in said Account shall equal \$3,000,000 or such greater or lesser amount as shall be recommended by the Consulting Engineer to be on deposit in said Account.

Amounts in the Renewal and Replacement Account will be applied to the cost of Capital Improvements. To the extent not provided for in the then current Annual Budget or by reserves in the Operating Fund or from the proceeds of Bonds, amounts in the Reserve Account will be applied to the costs of Capital Improvements to the extent amounts in the Renewal and Replacement Account are not sufficient therefor, and to the payment of extraordinary operating and maintenance costs of the Project and contingencies.

If at any time the amounts in the Debt Service Fund are less than the amounts required by the Indenture, and there are not on deposit in the General Reserve Fund available moneys sufficient to cure such deficiency, then the Trustee will transfer from the Reserve Account and the Renewal and Replacement Account, in that order, the amount necessary to make up such deficiency.

Amounts in the Renewal and Replacement Account or the Reserve Account not required to meet any deficiencies in the Debt Service Fund or for any of the purposes for which such Accounts were established shall be transferred to the Operating Fund to the extent, if any, deemed necessary by NCPA, to make up any deficiencies therein. Any remaining excess shall be deposited into the General Account of the General Reserve Fund.

(7) To the Rate Stabilization Account of the General Reserve Fund, the amount, if any, provided for deposit therein during the then current month in the Annual Budget and, to the General Account of the General Reserve Fund, the balance, if any, in the Revenue Fund. NCPA must transfer from the General Reserve Fund: (a) to the Debt Service Fund amounts necessary to make up any deficiencies in required payments to the Debt Service Fund; and (b) to the Renewal and Replacement Account and the Reserve Account in the Reserve and Contingency Fund the amount necessary to make up any deficiencies in payments to said Accounts.

Amounts in the General Reserve Fund not required to meet any of the deficiencies described above will, upon determination of NCPA, be applied to or set aside for any one or more of the following: (a) transfer to the Revenue Fund; (b) the purchase or redemption of any Bonds, and expenses and reserves in connection therewith; (c) NCPA Operating Expenses or reserves therefor; (d) payments into any separate account or accounts established in the Construction Fund; (e) Capital Improvements or reserves therefor; (f) payment of principal of and interest on Subordinated Indebtedness or purchase or redemption of Subordinated Indebtedness; (g) payment of principal of and interest on Notes; and (h) any other lawful purpose of NCPA related to the Project. Bonds purchased or redeemed with amounts in the General Reserve Fund may be credited to Sinking Fund Installments thereafter to become due (other than the next due).

Deposits from the Revenue Fund into the Debt Service Fund, the Subordinated Indebtedness Fund, the Note Fund, the Reserve and Contingency Fund and the General Reserve Fund are to be made as soon as practicable in each month after the deposit of NCPA Revenues into the Revenue Fund, the Operating Reserve Fund and the Operating Fund have been made for such month, but not later than the last business day of such month.

Certain Requirements of and Conditions to Issuance of Bonds

Bonds shall be authenticated by the Trustee pursuant to the Indenture upon compliance with certain requirements and conditions, including the following:

(a) The Trustee shall have received an Opinion of Bond Counsel to the effect that the Bonds of the Series being issued have been duly and validly authorized, issued and are valid and binding obligations of NCPA and as to certain other matters concerning the Indenture.

(b) The Trustee shall have received the amount, if any, necessary for deposit: (A) in the Debt Service Reserve Account so that the amount in such Account shall equal the Debt Service Reserve Requirement with respect to such Account calculated immediately after the authentication and delivery of each Series of Participating Bonds and (B) in the Series Debt Service Reserve Account, if any, established with respect to each Series of Future Bonds, so that the amount in such Account shall equal the Debt Service Reserve Requirement, if any, with respect to such Account calculated immediately after the authentication and delivery of such Series of Future Bonds;

(c) Except in the case of Lender Bonds and Refunding Bonds, NCPA shall have certified that it is not in default in the performance of its agreements under the Indenture. In the case of Refunding Bonds such certificate may state that upon the application of the proceeds of the Refunding Bonds, NCPA will not be in default in the performance of its agreements under the Indenture.

The Indenture also provides that Principal Installments will be established at the time of issuance for each Series of Bonds so as to comply with the following:

(a) Principal Installments shall commence not later than the later of (A) the first day of the eighth Fiscal Year following the end of the Fiscal Year of authentication and delivery of such Series of Bonds or (B) the first day of the fifth Fiscal Year following the end of the Fiscal Year in which NCPA estimates that the Project will reach its Date of Firm Operation, and shall terminate not later than the date on which the Third Phase Agreement terminates.

(b) Such Principal Installments shall result in either (A) Substantially Equal Debt Service for the Bonds of such Series for the Fiscal Year immediately preceding the due date of the first such Principal Installment to occur subsequent to the Date of Firm Operation of the Project and for each Fiscal Year thereafter to and including the final maturity date of such Series or (B) Substantially Equal Adjusted Aggregate Debt Service for all Outstanding Bonds, including such Series being issued, for the first Fiscal Year in which Principal Installments become due on all Series of Bonds then Outstanding, including such Series being issued, beginning however no earlier than the Fiscal Year immediately preceding the due date of the first Principal Installment to occur subsequent to the Date of Firm Operation of the Project, and for each Fiscal Year thereafter to and including the Fiscal Year immediately preceding the latest maturity of any Series of Bonds Outstanding immediately prior to the issuance of such Series being issued or the Fiscal Year immediately preceding the latest maturity of such Series being issued, whichever is earlier (using in the case of any Series of Bonds sold by competitive bidding a net effective interest rate for the Bonds of such Series as estimated by NCPA); provided that, if the first Principal Installment of any Series of Bonds shall be less than 12 months after the date of issuance thereof, it shall be assumed, for purposes of this calculation, that interest accrued on such Series for the entire 12-month period preceding the first Principal Installment at the same rate as interest accrued for the actual portion of such period during which such Series of Bond was Outstanding.

Additional Bonds

NCPA may issue one or more series of Additional Bonds for the purpose of paying all or a portion of the Cost of Acquisition and Construction of the Project including paying the principal of and interest on any Subordinated Indebtedness or Notes issued for the purpose of paying all or a portion of the Cost of Acquisition and Construction of the Project upon compliance with the conditions to issuance described above.

Refunding Bonds

One or more Series of Refunding Bonds may be issued to refund any Outstanding Bonds of one or more Series or one or more maturities within a Series. Refunding Bonds shall be authenticated and delivered by the Trustee pursuant to the Indenture upon compliance with certain requirements and conditions, including the receipt by the Trustee of either (i) moneys sufficient to pay the applicable Redemption Price of the refunded Bonds to be redeemed plus the amount required to pay principal of refunded Bonds not to be redeemed together with accrued interest on such Bonds to the redemption date or maturity date, as the case may be, or (ii) Investment Securities in such amounts and having such terms as required by the Indenture to pay the principal or Redemption Price, if applicable, and interest due on and before the redemption date or maturity date, as the case may be.

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 such Series Debt Service Reserve Account and establishes the Debt Service Reserve Requirement for such Account; provided, however, that each Series of Future Bonds shall constitute Participating Bonds unless at or prior to the issuance of such Series of Future Bonds the Trustee shall have received written confirmation from each rating agency then rating the Outstanding Bonds that the issuance of such Series of Future Bonds as other than Participating Bonds, in and of itself, will not result in the withdrawal or reduction in the rating of any Bonds, other than such Series of Future Bonds, to be Outstanding upon the issuance of such Series of Future Bonds.

Notice of Redemption

The Trustee shall give notice of the redemption of any Bonds to be redeemed, which notice shall specify the redemption date and the place or places where amounts due upon redemption will be payable, and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable.

With respect to the redemption of any Bonds, the Trustee will mail a copy of such notice, not less than thirty (30) days before the redemption date, to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books.

Receipt of such notice shall not be a condition precedent to such redemption of the Bonds and failure to receive any such notice shall not affect the validity of the proceedings for the redemption of Bonds. Upon the request of NCPA, the Trustee shall also give notice of redemption to certain securities depositories and bond services as specified in the Indenture.

Interchangeability and Transfer

Bonds, other than Lender Bonds, upon surrender thereof at the principal corporate trust office of the Bond Registrar with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the Holder or his

duly authorized attorney, may be exchanged for an equal aggregate principal amount of Bonds of the same maturity and of other authorized denominations.

Except for Option Bonds deemed tendered but not actually tendered, Bonds shall be transferable only upon the books of NCPA, which shall be kept for such purposes at the principal corporate trust office of the Bond Registrar, by the Holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Register duly executed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond, other than a Lender Bond, NCPA shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, NCPA shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of the Indenture. For every such exchange or transfer of Bonds, NCPA or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

Investment of Certain Funds and Accounts

The Indenture provides that certain Funds and Accounts held thereunder may, and in the case of the Debt Service Account and the Debt Service Reserve Account in the Debt Service Fund, the Subordinated Indebtedness Fund, and the Note Fund, subject to the terms of agreements relating to the issuance of the Subordinated Indebtedness and Notes, must, be invested to the fullest extent practicable in Investment Securities; provided that certain of such Funds and Accounts can only be invested in certain types of Investment Securities. The Indenture provides that such investments will mature no later than such times as necessary to provide moneys when reasonably expected to be needed for payments from such Funds and Accounts and provides specific limitations on the terms of investments for moneys in certain Funds and Accounts.

Prior to the completion of the Initial Facilities, interest and investment earnings (net of which (a) represents a return of accrued interest paid in connection with the purchase of any investment or (b) 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 such Funds and Accounts will be paid into the Construction Fund and after such date all such interest shall be paid into the Revenue Fund; except that to the extent provided in the Supplemental Indenture authorizing a Series of Additional Bonds to pay the Cost of Acquisition and Construction of Capital Improvements, all such interest earned on any moneys or investments in the account established in the Construction Fund for such Capital Improvements shall be retained in said account.

The Trustee may deposit moneys in all Funds and Accounts held by it under the Indenture in banks or trust companies organized under the laws of any state of the United States or national banking associations ("Depositaries"). All moneys held under the Indenture by the Trustee or any Depositary must be (1) either (a) continuously and fully insured by the Federal Deposit Insurance Corporation, or (b) continuously and fully secured by lodging with the Trustee or any Federal Reserve Bank, as custodian, as collateral security, such securities as are described in clauses (i) through (iv), inclusive, of the definition of "Investment Security" having a market value (exclusive of accrued interest) not less than the amount of such moneys, or (2) held in such other manner as may then be required by applicable Federal or State of California laws and regulations and applicable state laws and regulations of the state in which the Trustee or such Depositary is located, regarding security for the deposit of trust funds; provided, however, that it shall not be necessary for the Trustee, the Depositaries or any Paying Agent to give security for the deposit of any moneys held in trust by it and set aside for the payment of principal or Redemption Price or Purchase Price of, or interest on, any Bonds or to give security for any moneys which are represented by obligations or certificates of deposit purchased as an investment of such moneys.

In computing the amount in any Fund created under the Indenture, obligations purchased as an investment of moneys therein shall be valued at the amortized costs of such obligations or the market value thereof, whichever is lower, exclusive of accrued interest except that obligations purchased as an investment of moneys in the Debt Service Reserve Account are to be valued at the amortized cost thereof.

Covenants

Encumbrances: Disposition of Properties

NCPA will not issue bonds, notes, debentures or other evidences of indebtedness, other than the Bonds, payable out of or secured by a pledge or assignment of the NCPA Revenues or other moneys, securities or funds held or set aside by NCPA, or the Fiduciaries under the Indenture, nor will it create, or cause to be created, any lien or charge thereon; provided, however, that nothing contained in the Indenture shall prevent NCPA from issuing, if and to the extent permitted by law, (1) evidences of indebtedness (a) payable out of moneys in the Construction Fund as part of the Cost of Acquisition and Construction of the Project or (b) payable out of, or secured by a pledge and assignment of, NCPA Revenues to be derived on and after the discharge of the pledge of NCPA Revenues provided in the Indenture or (2) Subordinated Indebtedness or Notes issued in accordance with the provisions of the Indenture.

NCPA may, however, 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 for the purposes of the Indenture 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 NCPA Revenues or any Fund or Account held under the Indenture and neither the cost of such facilities nor any expenditure in connection therewith or with the financing thereof shall be payable from the NCPA Revenues or from any such Fund or Account.

NCPA will not sell, lease, mortgage or otherwise dispose of the Project or consent to the sale, lease, mortgage or other disposal of the Project other than in accordance with the Third Phase Agreement.

Rate Covenant

NCPA covenants in the Indenture that so long as any Bonds are Outstanding it will have good right and lawful power to establish charges and cause to be collected amounts with respect to the use of the Project, subject to the terms of the Third Phase Agreement. NCPA covenants in the Indenture that it will at all times establish charges and cause to be collected amounts with respect to the use of the Project, as shall be required to provide NCPA Revenues at least sufficient in each Fiscal Year, together with other available funds, for the payment of all the following:

- (a) NCPA Operating Expenses during such Fiscal Year;
- (b) An amount equal to the Aggregate Debt Service for such Fiscal Year;
- (c) 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 Fund;
- (d) The amount, if any, to be paid during such Fiscal Year into the Subordinated Indebtedness Fund;
- (e) The amount, if any, to be paid during such Fiscal Year into the Note Fund;
- (f) The amount to be paid during such Fiscal Year into the Reserve and Contingency Fund for credit to the Renewal and Replacement Account and the Reserve Account therein; and
- (g) All other charges or liens whatsoever payable out of NCPA Revenues during such Fiscal Year.

In estimating Aggregate Debt Service on any Adjustable Rate Bonds for purposes of the preceding paragraph, NCPA shall be entitled to assume that such Adjustable Rate Bonds will bear such interest rate or rates as

NCPA shall determine; provided, however, that the interest rate or rates assumed shall not be less than the interest rate borne by such Adjustable Rate Bonds at the time of determination of Aggregate Debt Service.

NCPA will not furnish or supply or cause to be furnished or supplied any use or service of the Project free of charge to any person, firm or corporation, public or private, and NCPA will, consistent with the Project Agreements and upon the direction of the Trustee, enforce the payment of any and all accounts owing to NCPA by reason of the Project by discontinuing such use or service, or by filing suit therefor, as soon as practicable 30 days after any such accounts are due, or by both such discontinuance and by filing suit.

Covenants with Respect to Third Phase Agreement and Project Agreements

NCPA covenants that it will receive and deposit in the Revenue Fund all amounts payable to it under the Third Phase Agreement or otherwise payable to it pursuant to any contract for use of the Project or any part thereof. NCPA will enforce the provisions of the Third Phase Agreement and duly perform its covenants and agreements thereunder, and will not agree to or permit any rescission of or amendment to, or otherwise take any action under or in connection with, the Third Phase Agreement which would reduce the payments required thereunder or which would in any manner materially impair or materially adversely affect the rights or security of Bondholders under the Indenture; provided, however, NCPA is specifically authorized to make certain amendments relating to billing procedures and the sale price of surplus power and energy under the Third Phase Agreement and is also not prohibited from making any other amendments to the Third Phase Agreement.

Subject to the terms of the Indenture, NCPA will enforce or cause to be enforced the provisions of the Project Agreements to which it is a party and duly perform its covenants and agreements thereunder. NCPA will not consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with the Project Agreements which will in any manner materially impair or materially adversely affect the rights of NCPA thereunder or the rights or security of the Bondholders under the Indenture.

Annual Budget

NCPA will file with the Trustee an Annual Budget prepared in accordance with the Third Phase Agreement for each Fiscal Year commencing with the first Power Supply Year. The Annual Budget will set forth the estimated NCPA Revenues and NCPA Operating Expenses of the Project by month for such Fiscal Year and shall include monthly appropriations for the estimated amount to be deposited in each month of such Fiscal Year in the Revenue Fund, including provision for any general reserve for NCPA Operating Expenses and the amount to be deposited in the Renewal and Replacement Account, the Reserve Account in the Reserve and Contingency Fund, the Rate Stabilization Account in the General Reserve Fund and the requirements, if any, for the amounts estimated to be expended from each Fund and Account. NCPA shall review quarterly its estimates set forth in the Annual Budget and in the event such estimates do not substantially correspond with the actual NCPA Revenues, NCPA Operating Expenses or other requirements, NCPA shall adopt an amended Annual Budget for the remainder of such Fiscal Year. NCPA is also required to adopt such an amended Annual Budget if there are at any time during the year extraordinary receipts or payments of unusual costs. NCPA may also at any time in accordance with the provisions of the Third Phase Agreement, adopt an amended Annual Budget for the remainder of the then current Fiscal Year.

Insurance

NCPA will at all times after commencement of construction of the Project, insure the Project or cause the Project to be insured against such causes customarily insured against and in such amounts as are usually obtained. NCPA will also use its best efforts to maintain or cause to be maintained any additional or other insurance which NCPA deems necessary or advisable to protect its interests and those of the Bondholders. If any useful portion of the Project is damaged or destroyed, NCPA shall, as expeditiously as possible, continuously and diligently enforce its right to cause to be prosecuted the reconstruction or replacement thereof. The proceeds of any insurance, including the proceeds of any self-insurance fund, paid on account of damage or destruction (other than any business interruption loss insurance) shall be held by the Trustee and applied, to the extent necessary, to pay the costs of reconstruction or replacement. The proceeds of any business interruption loss insurance shall be paid into the Revenue Fund unless otherwise required by the Third Phase Agreement.

Accounts and Reports

NCPA will keep or cause to be kept proper and separate books of records and accounts relating to the Project and each Fund and Account established by the Indenture and relating to the costs and charges under the Third Phase Agreement. Such books, together with the Third Phase Agreement and all other books and papers of NCPA relating to the Project, will at all times be subject to the inspection of the Trustee and the Holders of an aggregate of not less than 5% in principal amount of Bonds then Outstanding.

NCPA will file annually with the Trustee an annual report for each Fiscal Year, accompanied by an Accountant's Certificate, relating to the Project, including a statement of assets and liabilities as of the end of such Fiscal Year, a statement of NCPA Revenues and NCPA Operating Expenses and a statement as to the existence of any default under the provisions of the Indenture.

NCPA will notify the Trustee forthwith of any Event of Default or default in the performance by NCPA of a provision of the Indenture. NCPA will file annually with the Trustee a certificate of an Authorized NCPA Representative stating whether, to the best of the signer's knowledge and belief, NCPA has complied with its covenants and obligations in the Indenture and whether there is then existing an Event of Default or other event which would become an Event of Default upon the lapse of time or the giving of notice, or both, and if any such default or Event of Default so exists, specifying the same and the nature and the status thereof.

The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of the Indenture will be available for inspection of Bondholders at the office of the Trustee and will be mailed to each Bondholder who files a written request therefor with the Trustee. The Trustee may charge each Bondholder requesting such reports, statements or other documents a reasonable fee to cover reproduction, handling and postage.

Extension of Payment of Bonds

NCPA covenants in the Indenture that it will not extend or assent to the extension of the maturity of any of the Bonds, other than Lender Bonds, or claims for interest. If the maturity of any of the Bonds, other than Lender Bonds, or claims for interest is extended, such Bonds or claims for interest shall not be entitled, in the case of any default under the Indenture, to the benefit of the Indenture or any payment out of NCPA Revenues, Funds or the moneys held by the Trustee or by any Paying Agent or any Depositary, except moneys held in trust for payment of (i) the principal of all Bonds Outstanding the maturity of which has not been extended, (ii) the portion of accrued interest on the Bonds which is not represented by such extended claims for interest and (iii) the accrued interest on the Lender Bonds. Nothing herein shall be deemed to limit the right of NCPA to issue Option Bonds or Refunding Bonds and neither such issuance nor the exercise by the Holder of any Option Bond of any of the rights appertaining to such Option Bond shall be deemed to constitute an extension of maturity of Bonds.

Amendments and Supplemental Indentures

Any of the provisions of the Indenture may be amended by NCPA, with the written consent of the Banks, by a Supplemental Indenture upon the consent of the Holders of at least sixty percent in principal amount in each case of (1) all Bonds then Outstanding and (2) if less than all of the several Series of Outstanding Bonds are affected, the Bonds of each affected Series; excluding, in each case, from such consent, and from the Outstanding Bonds, the Bonds of any specified Series and maturity if such amendment by its terms will not take effect so long as any of such Bonds remain Outstanding. Any such amendment may not permit a change in the terms of any Sinking Fund Installment or the terms of redemption or maturity of the principal of or interest on any Outstanding Bond or make any reduction in principal, Redemption Price, Purchase Price or interest rate without the consent of each affected Holder, or reduce the percentages of consents required for a further amendment.

NCPA may enter into, with the written consent of the Banks (without the consent of any Holders of the Bonds or the Trustee), a Supplemental Indenture to close the Indenture against, or impose additional limitations upon, the issuance of Bonds or other evidences of indebtedness; to authorize Bonds of a Series; to add to the restrictions to be observed by NCPA contained in the Indenture; to add to the covenants of NCPA contained in the

Indenture; to confirm any lien or pledge under the Indenture; to authorize the establishment of a fund or funds for self-insurance; to authorize Subordinated Indebtedness or Notes; and to modify any of the provisions of the Indenture in any other respect if (i) no Bonds will be Outstanding at such time or (ii) such modification shall be, and be expressed to be, effective only after all Bonds then Outstanding cease to be Outstanding and all Bonds authenticated and delivered after the adoption of such Supplemental Indenture specifically refer to such Supplemental Indenture in the text of such Bonds. NCPA may enter into, with the written consent of the Banks, a Supplemental Indenture which shall be effective upon the consent of the Trustee (without the consent of any Holders of the Bonds) to cure any ambiguity, supply any omission or correct any defect or inconsistent provision in the Indenture; or to clarify matters or questions arising under the Indenture and not contrary to or inconsistent with the Indenture.

Trustee; Payment Agents

The Trustee may at any time resign on 60 days' notice to NCPA and the Banks. Such resignation will take effect on the date specified in such notice, or, if a successor Trustee has been appointed, such resignation will take effect immediately upon the appointment of such successor. The Trustee may at any time be removed by the Holders of a majority in principal amount of the Bonds then Outstanding. Successor Trustees may be appointed by the Banks and the Holders of a majority in principal amount of Bonds then Outstanding, and failing such an appointment NCPA shall appoint a successor to hold office until the Banks and the Bondholders act. The Trustee and each successor Trustee, if any, must be a bank, trust company, or national banking association doing business and having its principal office in New York, New York or Chicago, Illinois or Los Angeles, California or San Francisco, California and having capital stock and surplus aggregating at least \$50,000,000, if there be such an entity willing and able to accept the appointment. The Indenture requires the appointment by NCPA of one or more Paying Agents (which may include the Trustee).

Pursuant to the Indenture, the Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform only such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and 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 their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Subject to the above, neither the Trustee nor any Paying Agent shall be liable in connection with the performance of its duties under the Indenture except for its own negligence, misconduct or default.

NCPA will cause to be paid to the Trustee and any Paying Agent or Depositary reasonable compensation for all services rendered under the Indenture and all reasonable expenses, charges, counsel fees and other disbursements, incurred in the performance of its duties under the Indenture. Each Trustee, Paying Agent or Depositary has a lien on any and all funds held by it under the Indenture securing its rights to compensation except that the proceeds of Drawings under the Letters of Credit or any funds taken into account in calculating the amount drawn under a Letter of Credit are not available for such purpose. NCPA also agrees to indemnify and save each Trustee, Paying Agent or Depositary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties under the Indenture and which are not due to its negligence, misconduct or default.

Defeasance

The pledge of the Trust Estate under the Indenture and all covenants, agreements and other obligations of NCPA to the Bondholders under the Indenture will cease, terminate and become void and be discharged and satisfied whenever all Bonds have been paid in full. Bonds or interest installments will be deemed to have been paid for the purpose of the defeasance referred to above in this paragraph if on the maturity or redemption date thereof Eligible Moneys have been set aside and held in trust by the Paying Agents for such payment. Bonds, other than Lender Bonds, will be deemed to have been so paid prior to the maturity or redemption date thereof whenever the following conditions are met: (1) there have been deposited with the Trustee either Eligible Moneys in an amount which will be sufficient, or Investment Securities purchased with Eligible Moneys the principal of and the interest on which when due, will provide moneys which, together with the Eligible Moneys deposited, will be sufficient, to pay when due principal or Redemption Price, if applicable, and interest due and to become due on such Bonds, (2) in the case of Bonds to be redeemed prior to maturity, NCPA has given to the Trustee irrevocable instructions to mail

the notice of redemption therefor, and (3) NCPA has given to the Trustee irrevocable instructions to (i) mail, as soon as practicable, notice to the Holders of such Bonds that the above deposit has been made with the Trustee and that such Bonds are deemed to be paid and stating the maturity or redemption date upon which moneys are to be available to pay principal or Redemption Price, if applicable, on such Bonds and (ii) publish a similar notice.

For purposes of determining whether Adjustable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Investment Securities and moneys, if any, in accordance with the preceding paragraph, the interest to come due on such Adjustable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Assumed Interest Rate; provided, however, that if on any date, as a result of such Adjustable Rate Bonds having borne interest at less than the Assumed Interest Rate for any period, the total amount of moneys and Investment Securities on deposit with the Trustee for the payment of interest on such Adjustable Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Adjustable Rate Bonds in order to satisfy the preceding paragraph, the Trustee shall, if requested by NCPA, pay the amount of such excess to NCPA free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under the Indenture.

Option Bonds shall be deemed to have been paid in accordance with the first paragraph of this heading only if there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal or Redemption Price, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to the first paragraph of this heading, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph. If any portion of the moneys deposited with the Trustee for the payment of the principal of and Redemption Price, if any, and interest on Option Bonds is not required for such purpose the Trustee shall, if requested by NCPA, pay the amount of such excess to NCPA free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under the Indenture.

Events of Default and Remedies

Events of Default specified in the Indenture include (i) failure to pay principal or Redemption Price of any Bond when due; (ii) failure to pay any interest installment on any Bond or the unsatisfied balance of any Sinking Fund Installment thereon when due; (iii) failure to pay the Purchase Price of any Option Bond at the time required by the Indenture and such default shall continue for 10 days; (iv) as specified under any Reimbursement Agreement (none of which is in effect); (v) if there is default by NCPA for 120 days after written notice thereof from the Trustee or the Holders of not less than 10% in principal amount of the Bonds then Outstanding in the observance or performance of any other covenants, agreements or conditions contained in the Indenture or in the Bonds; (vi) NCPA shall apply for or consent to the appointment of a receiver or admit in writing its inability to pay its debts generally as they become due; and (vii) a proceeding shall be instituted in any court of competent jurisdiction under any law relating to bankruptcy, insolvency, reorganization or relief of debtors and the same shall result in an entry of an order for relief or continue undismissed or pending unstayed for a period of 60 days. Upon the happening of any such Event of Default described in clause (i), (ii), (iii), (v), (vi) or (vii) above, the Trustee or the Holders of not less than 25% in principal amount of the Bonds then Outstanding may declare the principal of and accrued interest on all Bonds then Outstanding due and payable (subject to a rescission of such declaration upon the curing of such default before the Bonds have matured).

Upon the occurrence of any Event of Default which has not been remedied, NCPA will, if demanded by the Trustee, (1) account, as a trustee of an express trust, for all NCPA Revenues and other moneys, securities and funds pledged or held under the Indenture and (2) cause to be paid over to the Trustee (a) forthwith, all moneys, securities and funds then held by NCPA in any Fund under the Indenture and (b) as received, all NCPA Revenues. The Trustee will apply all moneys, securities, funds and NCPA Revenues received during the continuance of any Event of Default in the following order: (1) to payment of the reasonable and proper charges, expenses and liabilities of the Trustee, the Depositories and Paying Agents, (2) to the payment of NCPA Operating Expenses, and (3) to the payment of interest on and principal or Redemption Price of the Bonds without preference or priority of interest over principal or Redemption Price or of principal or Redemption Price over interest, unless the principal of all Bonds has not been declared due and payable, in which case first to the payment of interest on and second to the payment of

principal or Redemption Price of those Bonds which have become due and payable in order of their due dates, and in the amount available for such payment thereof, ratably, according to the amounts of interest or principal or Redemption Price, respectively, due on such date. In addition, the Trustee will have the right to apply in an appropriate proceeding for appointment of a receiver of the Project.

If an Event of Default has occurred and has not been remedied, the Trustee may, and on request of the Holders of not less than 25% in principal amount of Bonds Outstanding must, proceed to protect and enforce its rights and the rights of the Bondholders under the Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant in the Indenture or in aid of the execution of any power granted in the Indenture or any remedy granted under the Act, or for an accounting against 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 deems most effectual to enforce any of its rights or to perform any of its duties under the Indenture. The Trustee may, and upon the request of the Holders of a majority in principal amount of the Bonds then Outstanding and upon being furnished with reasonable security and indemnity must, institute and prosecute proper actions to prevent any impairment of the security under the Indenture or to preserve or protect the interests of the Trustee and of the Bondholders.

Upon the occurrence of an Event of Default, NCPA shall give notice to each Project Participant that such Project Participant shall make the payments due by it under the Third Phase Agreement directly to the Trustee.

Except as otherwise provided in the last sentence of this paragraph and except for the rights specifically conferred on the Banks and the Banks' Agent pursuant to the Indenture, no Bondholder will have any right to institute any suit, action or proceeding 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 (1) such Bondholder previously has given the Trustee written notice of an Event of Default, (2) the Holders of at least 25% in principal amount of the Bonds then Outstanding have filed a written request with the Trustee and have afforded the Trustee a reasonable opportunity to exercise its powers and institute such suit, action or proceeding, (3) there has been offered to the Trustee adequate security and indemnity against its costs, expenses and liabilities to be incurred and (4) the Trustee has refused to comply with such request within 60 days after receipt by it of such notice, request and offer of indemnity. The Indenture provides that nothing therein or in the Bonds affects or impairs NCPA's obligation to pay the Bonds and interest thereon due or the right of any Bondholder to enforce such payment of his Bonds.

The Banks' Agent or the Holders of not less than a majority in principal amount of Bonds then 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, subject to the Trustee's right to decline to follow such direction upon advice of counsel as to the unlawfulness thereof or upon its good faith determination that such action would involve the Trustee in personal liability or would be unjustly prejudicial to Bondholders not parties to such direction.

Notice of Default

The Trustee shall promptly mail written notice of the occurrence of any Event of Default to each Holder of Bonds at his address, if any, appearing on the registry books of NCPA.

Unclaimed Moneys

Any moneys held by the Trustee, a Paying Agent or Depositary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six years after the date when such Bonds have become due and payable, either at maturity or by call for redemption (unless such moneys were not held at the time of such maturity or call for redemption, and then which remain unclaimed for six years after the date of deposit of such moneys with the Trustee, Paying Agent or Depositary), shall, at the written request of NCPA and after meeting certain publication requirements, be repaid to NCPA, and such Trustee, Paying Agent or Depositary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to NCPA for the payment of such Bonds.

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 April __, 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 \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the “2019 Bonds”). The 2019 Bonds were issued pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, 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 Bondholders and Beneficial Owners of the 2019 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 2019 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 2019 Bonds (including without limitation persons holding 2019 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 2019 Bonds required to comply with the Rule in connection with the offering of the 2019 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 2019 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, 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 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 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:

- Fiscal Year;
- (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 2019 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 2019 Bonds or other material events affecting the tax status of the 2019 Bonds;
- (7) modifications to rights of the Holders of the 2019 Bonds, if material;

- (8) optional, unscheduled or contingent 2019 Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the 2019 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 2019 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 2019 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 Hydroelectric 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 Hydroelectric Project, any of which affect Holders of the 2019 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 Hydroelectric Project, any of which reflect financial difficulties.

For these purposes, 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.

(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 Bondholders of affected 2019 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 2019 Bonds and with respect to any 2019 Bonds upon the maturity, defeasance, prior redemption or payment in full of such 2019 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 Bondholders of at least 25% aggregate principal amount of Outstanding 2019 Bonds and the furnishing by such Bondholders of indemnity satisfactory to the Trustee against its costs and expenses, including, without limitation, fees and expenses of its attorneys, shall), or any Bondholder or Beneficial Owner of the 2019 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 Bondholder 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 Bondholders and Beneficial Owners of the 2019 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 2019 Bonds. The Dissemination Agent shall have no obligation to disclose information about the 2019 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 Bondholder 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 Bondholders and Beneficial Owners from time to time of the 2019 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:

U. S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Northern California Power Agency (“NCPA”)

Name of Bond Issue: \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the “2019 Bonds”)

Date of Issuance: April __, 2019

NOTICE IS HEREBY GIVEN that NCPA has not provided an Annual Report with respect to the 2019 Bonds as required by Section 3 of the Continuing Disclosure Agreement with respect to the 2019 Bonds, dated April __, 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 April __, 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 \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the “2019 Bonds”). The 2019 Bonds were issued pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, the “Indenture”), by and between NCPA and U.S. Bank National Association, as the Trustee. The Project Participant 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 the Project Participant and the Dissemination Agent for the benefit of the Bondholders and Beneficial Owners of the 2019 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 2019 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 2019 Bonds (including without limitation persons holding 2019 Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean any of the City Manager or the Director of Finance 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 2019 Bonds required to comply with the Rule in connection with the offering of the 2019 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 2019 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 4. 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 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 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 2019 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 payable from revenues of the Project Participant's electric system, any of which reflect financial difficulties.

For these purposes, 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.

(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 6. 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 2019 Bonds and with respect to any 2019 Bonds upon the maturity, defeasance, prior redemption or payment in full of such 2019 Bonds.

SECTION 7. 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 8. 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 9. 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 10. 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 Bondholders of at least 25% aggregate principal amount of Outstanding 2019 Bonds and the furnishing by such Bondholders of indemnity satisfactory to the Trustee against its costs and expenses, including, without limitation, fees and expenses of its attorneys, shall), or any Bondholder or Beneficial Owner of the 2019 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 Bondholder 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 Bondholders and Beneficial Owners of the 2019 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 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 2019 Bonds. The Dissemination Agent shall have no obligation to disclose information about the 2019 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 Bondholder or any other party.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Project Participant, the Trustee, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the 2019 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 the Project Participant: [Significant Share 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 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.

[SIGNIFICANT SHARE PROJECT PARTICIPANT]

By: _____
Name: _____
Title: _____

U. S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Northern California Power Agency ("NCPA")

Name of Bond Issue: \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the "2019 Bonds")

Name of Obligated Party: [Significant Share Project Participant] (the "Project Participant")

Date of Issuance: April ___, 2019

NOTICE IS HEREBY GIVEN that the Project Participant has not provided an Annual Report with respect to the 2019 Bonds as required by Section 3 of the Continuing Disclosure Agreement with respect to the 2019 Bonds, dated April ___, 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: 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 Bonds, Norton Rose Fulbright US LLP, Los Angeles, California, proposes to render its final approving opinion with respect to the 2019 Bonds in substantially the following form:

[Closing Date]

Commission
Northern California Power Agency
Roseville, California

Re: Northern California Power Agency
Hydroelectric Project Number One Revenue Bonds

\$ _____
2019 Refunding Series A

\$ _____
2019 Taxable Refunding Series B

Ladies and Gentlemen:

We have acted as bond counsel to the Northern California Power Agency (the “Agency”) in connection with the issuance of \$ _____ aggregate principal amount of its Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A (the “2019 Series A Bonds”) and \$ _____ aggregate principal amount of its Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Series B (the “2019 Series B Bonds” and, together with the 2019 Series A Bonds, the “2019 Bonds”). The 2019 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 March 1, 1985, by and between the Agency and U.S. Bank National Association, as successor trustee (the “Trustee”), as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, providing for the issuance of the 2019 Series A Bonds, and the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019, providing for the issuance of the 2019 Series B Bonds (collectively, the “Indenture”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

The 2019 Bonds are being issued to provide the funds necessary to refund the Agency’s outstanding Hydroelectric Project Number One Revenue Bonds, 2010 Series A and related purposes.

In our capacity as bond counsel, we have reviewed the Bond Law, the Indenture, the Hydroelectric Project 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 Hydroelectric Project 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 Hydroelectric Project Member Agreement. In addition, we call attention to the fact that the rights and obligations under the 2019 Bonds, the Indenture and the Hydroelectric Project 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 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 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 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 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 Bonds. The 2019 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 Hydroelectric Project 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 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 Bonds.

Respectfully submitted,

PROPOSED FORM OF OPINION OF SPECIAL TAX COUNSEL

Upon the delivery of the 2019 Bonds, Nixon Peabody LLP, Special Tax Counsel to NCPA, proposes to render its tax opinion with respect to the 2019 Bonds in substantially the following form:

[To come]

APPENDIX G

DEBT SERVICE REQUIREMENTS ON THE HYDROELECTRIC PROJECT BONDS

The following table shows the combined annual debt service required for the Hydroelectric Project Bonds to be Outstanding upon delivery of the 2019 Bonds. Principal amounts set forth in the table below include sinking fund redemptions.

Year Ended (July 1)	Outstanding Hydroelectric Project Bonds Debt Service ⁽¹⁾	2019 Bonds				Aggregate Annual Debt Service
		2019 Series A Bonds		2019 Series B Bonds		
		Principal	Interest	Principal	Interest	
2019	\$ 23,374,734					
2020	23,421,946					
2021	23,280,364					
2022	23,273,746					
2023	22,836,117					
2024	37,069,073					
2025	21,025,297					
2026	21,030,291					
2027	21,041,880					
2028	21,053,181					
2029	21,067,622					
2030	21,115,969					
2031	21,151,811					
2032	25,129,267					
Total	\$325,871,301					

⁽¹⁾ Excludes the 2010 Series A Bonds which are being refunded with the proceeds of the 2019 Bonds. Interest rate on the 2008 Series A Bonds is assumed to be the swap rate. Interest rate on the outstanding unhedged variable rate Hydroelectric Project Bonds is assumed to bear interest at 4.00% per annum.

TWENTY-SIXTH SUPPLEMENTAL
INDENTURE OF TRUST

between

NORTHERN CALIFORNIA POWER AGENCY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

relating to
Hydroelectric Project Number One Revenue Bonds,
2019 Refunding Series A

Dated as of April 1, 2019

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TWENTY-SIXTH SUPPLEMENTAL INDENTURE OF TRUST

THIS TWENTY-SIXTH SUPPLEMENTAL INDENTURE OF TRUST made and entered into as of April 1, 2019, by and between Northern California Power Agency, a joint exercise of powers agency established pursuant to the laws of the State of California (“NCPA”), and U.S. Bank National Association, a national banking association, incorporated under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out, with its principal corporate trust office located at 100 Wall Street, New York, New York, as successor trustee (the “Trustee”);

W I T N E S S E T H :

WHEREAS, NCPA has heretofore entered into with the Trustee an Indenture of Trust, dated as of March 1, 1985 (as the provisions thereof have been amended, the “Original Indenture”), as supplemented and amended by the following, each by and between NCPA and the Trustee: the First Supplemental Indenture of Trust, dated as of December 1, 1985, the Second Supplemental Indenture of Trust, dated as of July 1, 1986, the Fourth Supplemental Indenture of Trust, dated as of August 1, 1986, the Fifth Supplemental Indenture of Trust, dated as of December 1, 1986, the Sixth Supplemental Indenture of Trust, dated as of September 15, 1987, the Seventh Supplemental Indenture of Trust, dated as of July 1, 1991, the Eighth Supplemental Indenture of Trust, dated as of June 1, 1992, the Ninth Supplemental Indenture of Trust, dated as of June 1, 1993, the Tenth Supplemental Indenture of Trust, dated as of July 1, 1998, the Eleventh Supplemental Indenture of Trust, dated as of July 1, 1998, the Twelfth Supplemental Indenture of Trust, dated as of April 1, 2002, the Thirteenth Supplemental Indenture of Trust, dated as of April 1, 2002, the Fourteenth Supplemental Indenture of Trust, dated as of April 1, 2003, the Fifteenth Supplemental Indenture of Trust, dated as of April 1, 2003, the Sixteenth Supplemental Indenture of Trust, dated as of April 1, 2008, the Seventeenth Supplemental Indenture of Trust, dated as of April 1, 2008, the Eighteenth Supplemental Indenture of Trust, dated as of July 1, 2008, the Nineteenth Supplemental Indenture of Trust dated as of July 1, 2008, the Twentieth Supplemental Indenture of Trust, dated as of February 1, 2010, the Twenty-First Supplemental Indenture of Trust, dated as of February 1, 2010, the Twenty-Second Supplemental Indenture of Trust, dated as of February 1, 2012, the Twenty-Third Supplemental Indenture of Trust, dated as of February 1, 2012, the Twenty-Fourth Supplemental Indenture of Trust, dated as of April 1, 2018, and the Twenty-Fifth Supplemental Indenture of Trust, dated as of April 1, 2018; and

WHEREAS, NCPA has heretofore issued the Refunded 2010 Series A Bonds (capitalized terms used herein and not otherwise defined shall have the meanings given such terms in Section 103 hereof) pursuant to the Original Indenture as amended and supplemented by the Twentieth Supplemental Indenture; and

WHEREAS, the Original Indenture authorizes NCPA and the Trustee to enter into a Supplemental Indenture to provide for the issuance of Refunding Bonds such as the 2019 Series A Bonds; and

WHEREAS, NCPA desires to issue, on the terms set forth herein, its 2019 Series A Bonds in order to provide a portion of the moneys to refund the Refunded 2010

Series A Bonds and to pay certain costs in connection with the issuance of the 2019 Series A Bonds; and

WHEREAS, all acts and things have been done and performed which are necessary to make this Twenty-Sixth Supplemental Indenture a valid and binding agreement for the security of the 2019 Series A Bonds authenticated and delivered hereunder;

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS TWENTY-SIXTH SUPPLEMENTAL INDENTURE OF TRUST WITNESSETH:

That, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created and originally created by the Original Indenture, the mutual covenants herein contained and the purchase and acceptance of the 2019 Series A Bonds issued hereunder by the Holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of, Redemption Price, if any, and interest on the Bonds according to their tenor and effect, and the performance and observance by NCPA of all the covenants and conditions herein and therein contained on its part to be performed, it is agreed by and between NCPA and the Trustee as follows:

ARTICLE I

AUTHORITY AND DEFINITIONS

101. Supplemental Indenture of Trust. This Twenty-Sixth Supplemental Indenture of Trust is supplemental to the Original Indenture as heretofore amended and supplemented.

102. Authority for the Twenty-Sixth Supplemental Indenture of Trust. This Twenty-Sixth Supplemental Indenture is executed and delivered (i) pursuant to the provisions of Article 4 of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California and (ii) in accordance with Article II and Article XI of the Original Indenture.

103. Definitions; Rules of Construction.

(a) Except as provided by this Twenty-Sixth Supplemental Indenture, all terms which are defined in Section 101 of the Original Indenture, Section 103 of the First Supplemental Indenture, Section 103 of the Second Supplemental Indenture, Section 103 of the Fourth Supplemental Indenture, Section 103 of the Fifth Supplemental Indenture, Section 103 of the Sixth Supplemental Indenture, Section 103 of the Seventh Supplemental Indenture, Section 103 of the Eighth Supplemental Indenture, Section 103 of the Ninth Supplemental Indenture, Section 103 of the Tenth Supplemental Indenture, Section 103 of the Eleventh Supplemental Indenture, Section 103 of the Twelfth Supplemental Indenture, Section 103 of the Thirteenth Supplemental Indenture, Section 103 of the Fourteenth Supplemental Indenture, Section 103 of the Fifteenth Supplemental Indenture, Section 103 of the Sixteenth Supplemental Indenture, Section 103 of the Seventeenth Supplemental Indenture, Section 103 of the Eighteenth Supplemental Indenture, Section 103 of the Nineteenth Supplemental Indenture, Section 103 of the Twentieth Supplemental Indenture, Section 103 of the Twenty-First Supplemental Indenture, Section 103 of the Twenty-Second Supplemental Indenture, Section 103 of the Twenty-Third Supplemental Indenture, Section 103 of the Twenty-Fourth Supplemental Indenture or

Section 103 of the Twenty-Fifth Supplemental Indenture shall have the same meanings, respectively, in this Twenty-Sixth Supplemental Indenture as such terms are given in said Section 101 of the Original Indenture, Section 103 of the First Supplemental Indenture, Section 103 of the Second Supplemental Indenture, Section 103 of the Fourth Supplemental Indenture, Section 103 of the Fifth Supplemental Indenture, Section 103 of the Sixth Supplemental Indenture, Section 103 of the Seventh Supplemental Indenture, Section 103 of the Eighth Supplemental Indenture, Section 103 of the Ninth Supplemental Indenture, Section 103 of the Tenth Supplemental Indenture, Section 103 of the Eleventh Supplemental Indenture, Section 103 of the Twelfth Supplemental Indenture, Section 103 of the Thirteenth Supplemental Indenture, Section 103 of the Fourteenth Supplemental Indenture, Section 103 of the Fifteenth Supplemental Indenture, Section 103 of the Sixteenth Supplemental Indenture, Section 103 of the Seventeenth Supplemental Indenture, Section 103 of the Eighteenth Supplemental Indenture, Section 103 of the Nineteenth Supplemental Indenture, Section 103 of the Twentieth Supplemental Indenture, Section 103 of the Twenty-First Supplemental Indenture, Section 103 of the Twenty-Second Supplemental Indenture, Section 103 of the Twenty-Third Supplemental Indenture, Section 103 of the Twenty-Fourth Supplemental Indenture, and Section 103 of the Twenty-Fifth Supplemental Indenture, respectively.

(b) The following terms shall, for all purposes hereof, have the following meanings set forth below:

Authorized Denomination means with respect to the 2019 Series A Bonds, \$5,000 and any integral multiple thereof.

Dated Date means, with respect to the 2019 Series A Bonds, [April __, 2019].

Refunded 2010 Series A Bonds means the Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A authorized by the Twentieth Supplemental Indenture which are Outstanding on the Dated Date.

Securities Depository or **Depository** means, with respect to the 2019 Series A Bonds, the securities depository designated in Section 205 hereof and its successors and assigns or if (a) the then Securities Depository resigns from its functions as depository for the 2019 Series A Bonds, or (b) NCPA discontinues use of the Securities Depository pursuant to Section 205(d) hereof, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the 2019 Series A Bonds.

Twentieth Supplemental Indenture means the Twentieth Supplemental Indenture of Trust, dated as of February 1, 2010, amending and supplementing the Original Indenture as theretofore amended and supplemented.

Twenty-Sixth Supplemental Indenture means this Twenty-Sixth Supplemental Indenture of Trust, amending and supplementing the Original Indenture as heretofore amended and supplemented.

2010 Series A Escrow Agreement means the Escrow Deposit Agreement, dated as of April 1, 2019, by and between NCPA and the Trustee relating to the Refunded 2010 Series A Bonds.

2010 Series A Escrow Fund means the fund established in Section 2(a) of the 2010 Series A Escrow Agreement.

2019 Series A Bonds means the Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A authorized by Article II of this Twenty-Sixth Supplemental Indenture.

2019 Series A Costs of Issuance Fund means the Fund so designated established pursuant to Section 209 of this Twenty-Sixth Supplemental Indenture.

2019 Series A Rebate Fund means the Fund so designated established pursuant to Section 302 of this Twenty-Sixth Supplemental Indenture.

2019 Series A Rebate Instructions means those calculations and written directions required to be delivered to the Trustee by NCPA pursuant to Section 301 of this Twenty-Sixth Supplemental Indenture.

2019 Series A Rebate Requirement means the Rebate Requirement as defined in the 2019 Series A Tax Certificate.

2019 Series A Tax Certificate means that certain Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Code executed by NCPA on the date the 2019 Series A Bonds are issued and relating to the 2019 Series A Bonds.

(c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. Defined terms shall include any variant of the terms set forth in this Article I.

The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this Twenty-Sixth Supplemental Indenture, refer to this Twenty-Sixth Supplemental Indenture.

ARTICLE II

THE 2019 SERIES A BONDS

201. Principal Amount, Designation and Series. Pursuant to the provisions of the Indenture as supplemented by this Twenty-Sixth Supplemental Indenture and the provisions of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$_____. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A.” Each of the 2019 Series A Bonds shall be in fully registered form in an Authorized Denomination. The 2019 Series A Bonds shall be numbered one upward in consecutive numerical order preceded by the letter “R”. The 2019 Series A Bonds shall be in substantially the form attached hereto as Exhibit

A with such variations and omissions as are necessary to reflect the particular terms of each 2019 Series A Bond.

202. Purpose. The 2019 Series A Bonds are issued for the purpose of providing a portion of the moneys to refund the Refunded 2010 Series A Bonds and to pay the cost of issuance of the 2019 Series A Bonds and other costs related to the refunding of the Refunded 2010 Series A Bonds.

203. Terms of the 2019 Series A Bonds. (a) The 2019 Series A Bonds shall be dated the Dated Date, and shall bear interest from the Dated Date at the respective rates, and shall mature on July 1 in the years and in the principal amounts, shown below:

Maturity July 1	Aggregate Principal Amount	Interest Rate
	\$	%

(b) Interest on each 2019 Series A Bond shall be payable at the respective per annum rates set forth in Section 203(a) hereof, on each January 1 and July 1, commencing July 1, 2019, until payment of the principal of such 2019 Series A Bonds, computed using a year of 360 days comprised of twelve 30-day months.

204. Redemption Prices And Terms.

(a) The 2019 Series A Bonds are not subject to optional redemption prior to their stated maturities.

(b) 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: (i) insurance or condemnation proceeds and (ii) from any source of available funds if all or substantially all of the Initial Facilities are 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 being redeemed plus unpaid accrued interest to the redemption date, without premium; provided that the option of NCPA to call the 2019 Series A Bonds for redemption from insurance or condemnation proceeds shall expire 90 days following the receipt of such insurance or condemnation proceeds.

205. Global Form; Securities Depository.

(a) Except as otherwise provided in this Section, the 2019 Series A Bonds shall be in the form of a global bond for the aggregate principal amount of the 2019 Series A Bonds of each maturity, and shall be registered in the name of Cede & Co., as the nominee of DTC. Upon such registration, except as provided in subsection (c) of this Section, the 2019 Series A Bonds, may be transferred, in whole but not in part, only to a successor Securities Depository or a nominee of a successor Securities Depository selected by NCPA or to a nominee of such successor Securities Depository or its nominee.

(b) NCPA, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation with respect to:

(i) the accuracy of the records of the Securities Depository, or the Securities Depository nominee with respect to any beneficial ownership interest in the 2019 Series A Bonds;

(ii) the delivery to any beneficial owner of the 2019 Series A Bonds or any other person, other than a Holder as shown in the registration books, of any notice with respect to the 2019 Series A Bonds, including any notice of redemption;

(iii) the payment to any beneficial owner of the 2019 Series A Bonds or any other person, other than a Holder as shown in the registration books, of any amount with respect to the principal of, premium, if any, or interest on, the 2019 Series A Bonds;

(iv) any consent given by the Securities Depository as registered owner of the 2019 Series A Bonds; or

(v) subject to Section 504 of the Original Indenture, the selection by the Securities Depository of any beneficial owners to receive payment if 2019 Series A Bonds are redeemed in part.

Upon registration of the 2019 Series A Bonds in the name of a Securities Depository pursuant to subsection (a) of this Section, so long as the certificates for the 2019 Series A Bonds are not issued pursuant to subsection (c) of this Section, NCPA, the Trustee, the Bond Registrar and the Paying Agent may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of the 2019 Series A Bonds for all purposes whatsoever, including without limitation:

(i) the payment of principal, Redemption Price and interest on the 2019 Series A Bonds;

(ii) giving notices with respect to the 2019 Series A Bonds; and

(iii) registering transfers with respect to the 2019 Series A Bonds.

(c) If at any time the incumbent Securities Depository notifies NCPA that it is unwilling or unable to continue as Securities Depository with respect to the 2019 Series A Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under

the Securities Exchange Act or other applicable statute or regulation or NCPA determines to discontinue the use of the book-entry system of the incumbent Securities Depository for the 2019 Series A Bonds, and a successor Securities Depository is not appointed by NCPA within 90 days after NCPA receives notice or becomes aware of such condition, or discontinues the use of the book-entry system for the incumbent Securities Depository, as the case may be, subsection (a) of this Section shall no longer be applicable and NCPA shall execute and the Trustee shall authenticate and deliver certificates representing the 2019 Series A Bonds, as provided in the Representation Letter.

(d) Notwithstanding any other provision of this Twenty-Sixth Supplemental Indenture to the contrary, so long as any 2019 Series A Bond is registered in the name of DTC, or its nominee, all payments with respect to principal, Redemption Price and interest on such 2019 Series A Bonds, and all notices with respect to such 2019 Series A Bonds, shall be made and given, respectively, as provided in the Representation Letter.

(e) While DTC is serving as Securities Depository for the 2019 Series A Bonds, in connection with any notice or other communication to be provided to the Holders of the 2019 Series A Bonds, pursuant to this Twenty-Sixth Supplemental Indenture, by NCPA or the Trustee with respect to any consent or other action to be taken by the Holders of the 2019 Series A Bonds, NCPA or the Trustee, as the case may be, shall establish a record date for determining DTC participants eligible to consent or take such other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

206. Place of Payment and Paying Agent. Except as otherwise provided in the Representation Letter, the principal and Redemption Price of the 2019 Series A Bonds shall be payable upon surrender thereof at the principal corporate trust office of U.S. Bank National Association, in New York, New York, as shall be designated from time to time and such banking institution is hereby appointed as Paying Agent for the 2019 Series A Bonds. By execution of this Twenty-Sixth Supplemental Indenture, U.S. Bank National Association accepts the office of Paying Agent for the 2019 Series A Bonds and agrees to perform all duties in connection herewith as provided in the Indenture. The principal and Redemption Price of all 2019 Series A Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Indenture.

207. Application of Proceeds of 2019 Series A Bonds. In accordance with Section 204 of the Original Indenture, the proceeds of the sale of the 2019 Series A Bonds of \$_____ (representing the \$_____ principal amount of the 2019 Series A Bonds, [plus/less] original issue [premium/discount] of \$_____, and less underwriter's discount of \$_____), shall be applied simultaneously with the delivery of the 2019 Series A Bonds, as follows:

(a) There shall be deposited, in immediately available funds, in the 2010 Series A Escrow Fund the sum of \$_____; and

(b) There shall be deposited in the 2019 Series A Costs of Issuance Fund the \$_____ balance of such proceeds.

208. No 2019 Series A Debt Service Reserve Account. Pursuant to Section 202(1)(d) of the Original Indenture, the 2019 Series A Bonds are not Participating Bonds and are not secured by amounts in the Debt Service Reserve Account. No Series Debt Service Reserve Account will be established in the Debt Service Fund with respect to the 2019 Series A Bonds.

209. Establishment and Application of 2019 Series A Costs of Issuance Fund. The Trustee shall establish and maintain in trust a separate fund designated as the “2019 Series A Costs of Issuance Fund.” Moneys deposited in said fund shall be used to pay costs of issuance with respect to the 2019 Series A Bonds and the expenses and obligations payable by NCPA in connection with the 2019 Series A Bonds and the refunding of the Refunded 2010 Series A Bonds upon receipt by the Trustee of a requisition of an NCPA Authorized Representative stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. At the end of one year from the date of initial delivery of the 2019 Series A Bonds, or upon earlier receipt of a statement of an NCPA Authorized Representative that amounts in said fund are no longer required for the payment of such costs, expenses and obligations, said fund shall be terminated and any amounts then remaining in said fund shall be transferred to the Debt Service Fund.

ARTICLE III

CERTAIN TAX MATTERS

301. Tax Covenants.

(a) 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 from gross income of the interest on the 2019 Series A Bonds under Section 103 of the Code. NCPA shall not directly or indirectly use or permit the use of any proceeds of the 2019 Series A Bonds in such a manner as would adversely affect the exclusion of interest on any 2019 Series A 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 2019 Series A Bonds, or of any facilities financed thereby, or other funds of NCPA, or take or omit to take any action, that would cause any 2019 Series A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code. To that end, NCPA shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the 2019 Series A Bonds. In the event that at any time NCPA is of the opinion that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Indenture, NCPA shall so instruct the Trustee in writing, and the Trustee shall take such action as may be directed in such instructions.

(b) NCPA specifically covenants that:

(i) NCPA shall pay or cause to be paid the 2019 Series A Rebate Requirement as provided in the 2019 Series A Tax Certificate.

(ii) NCPA shall determine the amount of and cause to be deposited in the 2019 Series A Rebate Fund the 2019 Series A Rebate Requirement as provided in the 2019 Series A Tax Certificate (which is incorporated herein by reference). Subject to the provisions of this Section, moneys held in the 2019 Series A Rebate Fund are hereby pledged to secure payments to the United States of America and NCPA and the Owners of the 2019 Series A Bonds shall have no rights in or claim to such moneys. The Trustee shall invest all amounts held in the 2019 Series A Rebate Fund as directed in writing by an Authorized NCPA Representative.

Upon receipt of the 2019 Series A Rebate Instructions required to be delivered to the Trustee, the Trustee shall remit part or all of the balance held in the 2019 Series A Rebate Fund, together with any completed forms to be filed therewith prepared by NCPA and delivered with such 2019 Series A Rebate Instructions, to the United States of America to the extent so directed, including rebate due in connection with any Series of Bonds. In addition, if the 2019 Series A Rebate Instructions so direct, the Trustee shall deposit moneys into or transfer moneys out of the 2019 Series A Rebate Fund from or into such Accounts or Funds as the 2019 Series A Rebate Instructions direct.

The Trustee shall conclusively be deemed to have complied with the provisions of this Section if it follows the directions of NCPA set forth in the 2019 Series A Rebate Instructions and shall not be required to take any actions thereunder in the absence of 2019 Series A Rebate Instructions from an Authorized NCPA Representative.

(c) For purposes of this Section, capitalized terms not defined in Section 103 shall have the meanings ascribed to such terms in the 2019 Series A Tax Certificate.

302. Rebate Fund. If and to the extent necessary or desirable for purposes of complying with tax covenants contained in the Indenture, there shall be established a fund designated the “2019 Series A Rebate Fund” to be held by the Trustee. Amounts on deposit in the 2019 Series A Fund shall be applied as provided in Section 301 of this Twenty-Sixth Supplemental Indenture.

ARTICLE IV

MISCELLANEOUS

401. Indenture to Remain in Effect. Save and except as heretofore amended and supplemented and as amended and supplemented by this Twenty-Sixth Supplemental Indenture, the Indenture shall remain in full force and effect.

402. Counterparts. This Twenty-Sixth Supplemental Indenture may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, Northern California Power Agency has caused these presents to be signed in its name and on its behalf by its General Manager and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by one of its authorized officers, all as of the first day of April, 2019.

**NORTHERN CALIFORNIA POWER
AGENCY**

By: _____

Name: Randy S. Howard

Title: General Manger

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

By: _____

Authorized Officer

EXHIBIT A

FORM OF 2019 SERIES A BONDS

[bracketed language applies only to bonds to be registered in the name of Cede & Co.]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE NORTHERN CALIFORNIA POWER AGENCY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

NORTHERN CALIFORNIA POWER AGENCY

HYDROELECTRIC PROJECT NUMBER ONE REVENUE BOND, 2019 REFUNDING SERIES A

No. R-_____ \$_____

<u>Interest Rate</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>CUSIP No.</u>
_____%	_____, 2019	July 1, 20__	664845____

REGISTERED HOLDER: -----CEDE & CO. (TAX I.D. # 013-2555119)-----

PRINCIPAL AMOUNT: _____ **MILLION** _____ **THOUSAND DOLLARS**

NORTHERN CALIFORNIA POWER AGENCY (herein called “NCPA”), a joint exercise of powers agency established pursuant to the laws of the State of California, acknowledges itself indebted to, and for value received hereby promises to pay to, the registered owner specified above, or registered assigns, on the Maturity Date stated hereon, unless sooner paid as provided in the Indenture mentioned below, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the principal corporate trust office of the Trustee mentioned below, the principal amount specified above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount, by check of the Trustee hereafter mentioned mailed to such owner at his address as shown on the bond register, or as otherwise provided in the Indenture referred to below, at the interest rate per annum (calculated on the basis of a 360-day year of twelve thirty-day months) stated hereon, payable on the first days of January and July in each year, commencing July 1, 2019 (each an “Interest Payment Date”), until the payment of such principal sum. Such interest shall be payable from the most recent Interest

Payment Date next preceding the date of authentication hereof to which interest has been paid, unless the date of authentication hereof is a January 1 or July 1 to which interest has been paid, in which case from the date of authentication hereof, or unless the date of authentication hereof is on or prior to June 15, 2019, in which case from the Dated Date, or unless the date of authentication hereof is between a Record Date and the next Interest Payment Date, in which case from such Interest Payment Date. The interest so payable on any Interest Payment Date will be paid to the person in whose name this bond is registered at the close of business on the fifteenth day of the calendar month immediately preceding such Interest Payment Date at his address as shown on the bond register.

This bond is one of a duly authorized issue of bonds of NCPA designated as "Hydroelectric Project Number One Revenue Bonds" (the "Bonds") and of a series of Bonds designated as "Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A" (the "2019 Series A Bonds"). The 2019 Series A Bonds are issued pursuant to Article 4 of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, as amended and supplemented. The 2019 Series A Bonds have been issued in the aggregate principal amount of \$_____. The 2019 Series A Bonds are issued under, and, together with all other Bonds issued and outstanding thereunder, are equally and ratably secured by the Trust Estate and entitled to the protection given by, the Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, which Indenture was duly executed and delivered by NCPA to U.S. Bank National Association, New York, New York, the successor Trustee (the term "Trustee" where used herein refers collectively to said Trustee or its successors in said Trust) (said Indenture, as amended and supplemented and as the same may be amended and supplemented, is herein called the "Indenture").

Copies of the Indenture are on file at the office of NCPA and at the principal corporate trust office of the Trustee and reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of NCPA, the Trustee and the holders of the Bonds and the terms upon which the Bonds are or may be issued and secured under the Indenture, the rights and remedies of the holders of the Bonds, the limitations on such rights and remedies and the terms and conditions upon which Bonds are issued and may be issued thereunder. Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Indenture.

This bond is a special, limited obligation of NCPA and the principal of, Redemption Price, if any, and interest on this bond and the principal of, Redemption Price, if any, and interest on the other Bonds, are payable solely from the funds specified in the Indenture and shall not constitute a charge against the general credit of NCPA. The Bonds, including this bond, are not secured by a legal or equitable pledge of, or lien or charge upon, any property of NCPA or any of its income or receipts except the Trust Estate pledged pursuant to the Indenture which is subject to the provisions of the Indenture permitting the application of the Trust Estate for the purposes and on the terms and conditions set forth therein. Neither the State of California nor any public agency (other than NCPA from the specified sources of payment) nor any member of NCPA nor any Project Participant is obligated to pay the principal of and interest on this bond. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any member of NCPA or any Project Participant is pledged to the payment of the principal of or

interest on this bond. NCPA has no taxing power. The payment of the principal of or interest on this bond does not constitute a debt, liability or obligation of the State of California or any public agency (other than the special obligation of NCPA) or any member of NCPA or any Project Participant. Neither the members of the Commission of NCPA nor any officer or employee of NCPA shall be individually liable on the principal of or interest on this bond or in respect of any undertakings by NCPA under the Indenture.

The 2019 Series A Bonds were issued for the purpose of providing a portion of the funds necessary to refund Bonds issued under the Indenture and related purposes.

As provided in the Indenture, Bonds of NCPA may be issued thereunder from time to time pursuant to Supplemental Indentures in one or more Series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided. The aggregate principal amount of Bonds which may be issued under the Indenture is not limited except as provided in the Indenture, and all Bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and assignment and covenants made therein, except as otherwise expressly provided or permitted in the Indenture. Simultaneously with the issuance of the 2019 Series A Bonds, NCPA is issuing \$_____ aggregate principal amount of its Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (the “2019 Taxable Refunding Series B Bonds”). At the time of issuance of the 2019 Series B Bonds, there was Outstanding under the Indenture \$_____ aggregate principal amount of Bonds in addition to the 2019 Series A Bonds and the 2019 Series B Bonds, but excluding [\$52,845,000] aggregate principal amount of NCPA’s Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A, which are being refunded by the 2019 Series A Bonds and the 2019 Taxable Refunding Series B Bonds.

The 2019 Series A Bonds are issuable in the form of fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Under the circumstances prescribed in the Indenture, the 2019 Series A Bonds shall be available only through a Securities Depository.

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

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: (i) insurance or condemnation proceeds and (ii) from any source of money if all or substantially all of the Initial Facilities are 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 being redeemed, plus unpaid accrued interest to the redemption date, without premium; provided that the option of NCPA to call the 2019 Series A Bonds for redemption from insurance or condemnation proceeds shall expire 90 days following the receipt of such insurance or condemnation proceeds.

If less than all of the 2019 Series A Bonds of a maturity are to be redeemed, the particular 2019 Series A Bonds to be redeemed shall be selected as provided in the Indenture.

The 2019 Series A Bonds are payable upon redemption at the principal corporate trust office of the Trustee, as Paying Agent. Notice of redemption, setting forth the place of payment and the redemption date, shall be mailed, postage prepaid, not less than 30 days before the Redemption Date to the registered holders of any 2019 Series A Bonds to be redeemed in whole or in part; provided, however, that receipt of such mailing shall not be a condition precedent to such redemption and failure to receive any such notice or any defect therein shall not affect the validity of the proceedings for the redemption of the 2019 Series A Bonds. If notice of redemption shall have been given as aforesaid, the 2019 Series A Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the Redemption Date, moneys for the redemption of all the 2019 Series A Bonds or portions thereof to be redeemed, together with unpaid interest thereon to the Redemption Date, shall be available for such payment on said date, then from and after the Redemption Date interest on such 2019 Series A Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

This bond is transferable, as provided in the Indenture, only upon the books of NCPA kept for that purpose at the principal corporate trust office of the Trustee, as bond registrar, by the registered owner hereof, or by his duly authorized attorney, upon surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar duly executed by the registered owner or his duly authorized attorney, and upon payment of the charges prescribed in the Indenture a new registered 2019 Series A Bonds or Bonds, without coupons, and for the same aggregate principal amount and maturity, shall be issued to the transferee in exchange therefor as provided in the Indenture. NCPA, the Trustee and any Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by NCPA with, in certain cases, the written consent of the holders of at least sixty percent in principal amount of the Bonds then Outstanding under the Indenture; and, in case less than all of the Series of Bonds would be affected thereby, with such consent of the owners of at least sixty percent in principal amount of the Bonds of each separate Series so affected then Outstanding; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds. No such modification or amendment shall permit a change in the terms of any Sinking Fund Installment or the terms of redemption or maturity of the principal of any Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of any Paying Agent without its written assent thereto.

The Indenture may also be amended or supplemented without the necessity of the consent of the Holders of the Bonds for any one or more of the purposes specified in the Indenture.

The registered owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then Outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the 2019 Series A Bonds, together with all other indebtedness of NCPA, comply in all respects with the applicable laws of the State of California.

This bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, NORTHERN CALIFORNIA POWER AGENCY has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its General Manager and the seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, as of the Dated Date specified above.

**NORTHERN CALIFORNIA POWER
AGENCY**

[SEAL]

ATTEST: _____
ASSISTANT SECRETARY

BY: _____
CHAIRMAN

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the within mentioned Indenture.

Date of Authentication

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

BY: _____
AUTHORIZED OFFICER

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Name, Address and Tax Identification or
Social Security Number of Assignee)

the within Bond of the Northern California Power Agency and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Notice: The Signature of this assignment and transfer must correspond with the name as written upon the face of this bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed by

Notice: [Signature must be guaranteed by a by an eligible guarantor institution.]

TWENTY-SEVENTH SUPPLEMENTAL
INDENTURE OF TRUST

between

NORTHERN CALIFORNIA POWER AGENCY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

relating to
Hydroelectric Project Number One Revenue Bonds,
2019 Taxable Refunding Series B

Dated as of April 1, 2019

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TWENTY-SEVENTH SUPPLEMENTAL INDENTURE OF TRUST

THIS TWENTY-SEVENTH SUPPLEMENTAL INDENTURE OF TRUST made and entered into as of April 1, 2019, by and between Northern California Power Agency, a joint exercise of powers agency established pursuant to the laws of the State of California (“NCPA”), and U.S. Bank National Association, a national banking association, incorporated under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out, with its principal corporate trust office located at 100 Wall Street, New York, New York, as successor trustee (the “Trustee”);

W I T N E S S E T H :

WHEREAS, NCPA has heretofore entered into with the Trustee an Indenture of Trust, dated as of March 1, 1985 (as the provisions thereof have been amended, the “Original Indenture”), as supplemented and amended by the following, each by and between NCPA and the Trustee: the First Supplemental Indenture of Trust, dated as of December 1, 1985, the Second Supplemental Indenture of Trust, dated as of July 1, 1986, the Fourth Supplemental Indenture of Trust, dated as of August 1, 1986, the Fifth Supplemental Indenture of Trust, dated as of December 1, 1986, the Sixth Supplemental Indenture of Trust, dated as of September 15, 1987, the Seventh Supplemental Indenture of Trust, dated as of July 1, 1991, the Eighth Supplemental Indenture of Trust, dated as of June 1, 1992, the Ninth Supplemental Indenture of Trust, dated as of June 1, 1993, the Tenth Supplemental Indenture of Trust, dated as of July 1, 1998, the Eleventh Supplemental Indenture of Trust, dated as of July 1, 1998, the Twelfth Supplemental Indenture of Trust, dated as of April 1, 2002, the Thirteenth Supplemental Indenture of Trust, dated as of April 1, 2002, the Fourteenth Supplemental Indenture of Trust, dated as of April 1, 2003, the Fifteenth Supplemental Indenture of Trust, dated as of April 1, 2003, the Sixteenth Supplemental Indenture of Trust, dated as of April 1, 2008, the Seventeenth Supplemental Indenture of Trust, dated as of April 1, 2008, the Eighteenth Supplemental Indenture of Trust, dated as of July 1, 2008, the Nineteenth Supplemental Indenture of Trust dated as of July 1, 2008, the Twentieth Supplemental Indenture of Trust, dated as of February 1, 2010, the Twenty-First Supplemental Indenture of Trust, dated as of February 1, 2010, the Twenty-Second Supplemental Indenture of Trust, dated as of February 1, 2012, the Twenty-Third Supplemental Indenture of Trust, dated as of February 1, 2012, the Twenty Fourth Supplemental Indenture of Trust, dated as of April 1, 2018, the Twenty-Fifth Supplemental Indenture of Trust, dated as of April 1, 2018, and the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019; and

WHEREAS, NCPA has heretofore issued the Refunded 2010 Series A Bonds (capitalized terms used herein and not otherwise defined shall have the meanings given such terms in Section 103 hereof) pursuant to the Original Indenture as amended and supplemented by the Twentieth Supplemental Indenture; and

WHEREAS, the Original Indenture authorizes NCPA and the Trustee to enter into a Supplemental Indenture to provide for the issuance of Refunding Bonds such as the 2019 Series B Bonds; and

WHEREAS, NCPA desires to issue, on the terms set forth herein, its 2019 Series B Bonds in order to provide a portion of the moneys to refund the Refunded 2010 Series A Bonds and to pay certain costs in connection with the issuance of the 2019 Series A Bonds and the 2019 Series B Bonds; and

WHEREAS, all acts and things have been done and performed which are necessary to make this Twenty-Seventh Supplemental Indenture a valid and binding agreement for the security of the 2019 Series B Bonds authenticated and delivered hereunder;

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS TWENTY-SEVENTH SUPPLEMENTAL INDENTURE OF TRUST WITNESSETH:

That, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created and originally created by the Original Indenture, the mutual covenants herein contained and the purchase and acceptance of the 2019 Series B Bonds issued hereunder by the Holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of, Redemption Price, if any, and interest on the Bonds according to their tenor and effect, and the performance and observance by NCPA of all the covenants and conditions herein and therein contained on its part to be performed, it is agreed by and between NCPA and the Trustee as follows:

ARTICLE I

AUTHORITY AND DEFINITIONS

101. Supplemental Indenture of Trust. This Twenty-Seventh Supplemental Indenture of Trust is supplemental to the Original Indenture as heretofore amended and supplemented.

102. Authority for the Twenty-Seventh Supplemental Indenture of Trust. This Twenty-Seventh Supplemental Indenture is executed and delivered (i) pursuant to the provisions of Article 4 of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California and (ii) in accordance with Article II and Article XI of the Original Indenture.

103. Definitions; Rules of Construction.

(a) Except as provided by this Twenty-Seventh Supplemental Indenture, all terms which are defined in Section 101 of the Original Indenture, Section 103 of the First Supplemental Indenture, Section 103 of the Second Supplemental Indenture, Section 103 of the Fourth Supplemental Indenture, Section 103 of the Fifth Supplemental Indenture, Section 103 of the Sixth Supplemental Indenture, Section 103 of the Seventh Supplemental Indenture, Section 103 of the Eighth Supplemental Indenture, Section 103 of the Ninth Supplemental Indenture, Section 103 of the Tenth Supplemental Indenture, Section 103 of the Eleventh Supplemental Indenture, Section 103 of the Twelfth Supplemental Indenture, Section 103 of the Thirteenth Supplemental Indenture, Section 103 of the Fourteenth Supplemental Indenture, Section 103 of the Fifteenth Supplemental Indenture, Section 103 of the Sixteenth Supplemental Indenture, Section 103 of the Seventeenth Supplemental Indenture, Section 103 of the Eighteenth

Supplemental Indenture, Section 103 of the Nineteenth Supplemental Indenture, Section 103 of the Twentieth Supplemental Indenture, Section 103 of the Twenty-First Supplemental Indenture, Section 103 of the Twenty-Second Supplemental Indenture, Section 103 of the Twenty-Third Supplemental Indenture, Section 103 of the Twenty-Fourth Supplemental Indenture, Section 103 of the Twenty-Fifth Supplemental Indenture or Section 103 of the Twenty-Sixth Supplemental Indenture, shall have the same meanings, respectively, in this Twenty-Seventh Supplemental Indenture as such terms are given in said Section 101 of the Original Indenture, Section 103 of the First Supplemental Indenture, Section 103 of the Second Supplemental Indenture, Section 103 of the Fourth Supplemental Indenture, Section 103 of the Fifth Supplemental Indenture, Section 103 of the Sixth Supplemental Indenture, Section 103 of the Seventh Supplemental Indenture, Section 103 of the Eighth Supplemental Indenture, Section 103 of the Ninth Supplemental Indenture, Section 103 of the Tenth Supplemental Indenture, Section 103 of the Eleventh Supplemental Indenture, Section 103 of the Twelfth Supplemental Indenture, Section 103 of the Thirteenth Supplemental Indenture, Section 103 of the Fourteenth Supplemental Indenture, Section 103 of the Fifteenth Supplemental Indenture, Section 103 of the Sixteenth Supplemental Indenture, Section 103 of the Seventeenth Supplemental Indenture, Section 103 of the Eighteenth Supplemental Indenture, Section 103 of the Nineteenth Supplemental Indenture, Section 103 of the Twentieth Supplemental Indenture, Section 103 of the Twenty-First Supplemental Indenture, Section 103 of the Twenty-Second Supplemental Indenture, Section 103 of the Twenty-Third Supplemental Indenture, Section 103 of the Twenty-Fourth Supplemental Indenture, Section 103 of the Twenty-Fifth Supplemental Indenture, and Section 103 of the Twenty-Sixth Supplemental Indenture, respectively.

(b) The following terms shall, for all purposes hereof, have the following meanings set forth below:

Authorized Denomination means with respect to the 2019 Series B Bonds, \$5,000 and any integral multiple thereof.

Dated Date means, with respect to the 2019 Series B Bonds, [April __, 2019].

Refunded 2010 Series A Bonds means the Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A authorized by the Twentieth Supplemental Indenture which are Outstanding on the Dated Date.

Securities Depository or **Depository** means, with respect to the 2019 Series B Bonds, the securities depository designated in Section 205 hereof and its successors and assigns or if (a) the then Securities Depository resigns from its functions as depository for the 2019 Series B Bonds, or (b) NCPA discontinues use of the Securities Depository pursuant to Section 205(d) hereof, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the 2019 Series B Bonds.

Twentieth Supplemental Indenture means the Twentieth Supplemental Indenture of Trust, dated as of February 1, 2010, amending and supplementing the Original Indenture as theretofore amended and supplemented.

Twenty-Sixth Supplemental Indenture means the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, amending and supplementing the Original Indenture as heretofore amended and supplemented.

Twenty-Seventh Supplemental Indenture means this Twenty-Seventh Supplemental Indenture of Trust, amending and supplementing the Original Indenture as heretofore amended and supplemented.

2010 Series A Escrow Agreement means the Escrow Deposit Agreement, dated as of April 1, 2019, by and between NCPA and the Trustee relating to the Refunded 2010 Series A Bonds.

2010 Series A Escrow Fund means the fund established in Section 2(a) of the 2010 Series A Escrow Agreement.

2019 Series A Bonds means the Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A issued pursuant to the Twenty-Sixth Supplemental Indenture.

2019 Series B Bonds means the Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B authorized by Article II of this Twenty-Seventh Supplemental Indenture.

2019 Series B Costs of Issuance Fund means the Fund so designated established pursuant to Section 209 of this Twenty-Seventh Supplemental Indenture.

(c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. Defined terms shall include any variant of the terms set forth in this Article I.

The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this Twenty-Seventh Supplemental Indenture, refer to this Twenty-Seventh Supplemental Indenture.

ARTICLE II

THE 2019 SERIES B BONDS

201. Principal Amount, Designation and Series. Pursuant to the provisions of the Indenture as supplemented by this Twenty-Seventh Supplemental Indenture and the provisions of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$_____. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B.” Each of the 2019 Series B Bonds shall be in fully registered form in an Authorized

Denomination. The 2019 Series B Bonds shall be numbered one upward in consecutive numerical order preceded by the letter “R”. The 2019 Series B Bonds shall be in substantially the form attached hereto as Exhibit A with such variations and omissions as are necessary to reflect the particular terms of each 2019 Series B Bond.

202. Purpose. The 2019 Series B Bonds are issued for the purpose of providing a portion of the moneys to refund the Refunded 2010 Series A Bonds and to pay the cost of issuance of the 2019 Series A Bonds and the 2019 Series B Bonds and other costs related to the refunding of the Refunded 2010 Series A Bonds.

203. Terms of the 2019 Series B Bonds. (a) The 2019 Series B Bonds shall be dated the Dated Date, and shall bear interest from the Dated Date at the respective rates, and shall mature on July 1 in the years and in the principal amounts, shown below:

Maturity July 1	Aggregate Principal Amount	Interest Rate
	\$	%

(b) Interest on each 2019 Series B Bond shall be payable at the respective per annum rates set forth in Section 203(a) hereof, on each January 1 and July 1, commencing July 1, 2019, until payment of the principal of such 2019 Series B Bonds, computed using a year of 360 days comprised of twelve 30-day months.

204. Redemption Prices And Terms.

(a) The 2019 Series B Bonds are subject to redemption prior to their stated maturit[y][ies], at the option of NCPA, in whole or in part, in such amounts as may be specified by NCPA, on any date, from any source of available funds, at a redemption price equal to 100% of the principal amount of such 2019 Series B Bonds plus the Make Whole Premium (as defined below), if any, plus unpaid accrued interest, if any, thereon to the redemption date.

The “Make-Whole Premium” with respect to any 2019 Series B Bond to be redeemed will be equal to the positive difference, if any, between:

(i) the sum of the present values, calculated as of the date fixed for redemption of: (a) each interest payment that, but for such redemption, would have been payable on the 2019 Series B Bonds or portion thereof being redeemed on each regularly scheduled interest payment date occurring after the dated fixed for redemption through the maturity date of the 2019 Series B Bonds (excluding any accrued interest for the period prior to the redemption date); provided, that if the date fixed for redemption is not a regularly scheduled interest payment date with respect to such 2019 Series B Bonds, the amount of the next regularly scheduled interest payment will be reduced by the amount of the interest accrued on such 2019 Series B Bond to the date fixed for redemption, plus

(b) the principal amount that, but for such redemption, would have been payable at the final maturity of the 2019 Series B Bonds or portion thereof being redeemed; minus

(ii) the principal amount of the 2019 Series B Bonds or portion thereof being redeemed.

The present values of interest and principal payments referred to in paragraph (i) above will be determined by discounting the amount of each interest or principal payment from the date that each such payment would have been payable, but for the redemption to the date fixed for redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate equal to the “comparable treasury yield” (as defined below) plus ____ basis points.

The Make-Whole Premium will be calculated by an independent investment banking institution or independent financial advisor of national standing appointed by NCPA.

For purposes of determining the Make-Whole Premium, “comparable treasury yield” means a rate of interest per annum equal to the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated “H.15(519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the 2019 Series B Bonds (“the H.15 statistical release”). The comparable treasury yield will be determined as of the third business day immediately preceding the applicable redemption date. If the H.15 statistical release sets forth a weekly average yield for United States Treasury Securities having a constant maturity that is the same as the remaining term calculated as set forth above, then the comparable treasury yield will be equal to such weekly average yield. In all other cases, the comparable treasury yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury Securities (in each case as set forth in the H.15 statistical release) that have a constant maturity (i) closest to and greater than the remaining term to maturity of the 2019 Series B Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2019 Series B Bonds being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward.

If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15 statistical release, then the comparable treasury yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

“Comparable Treasury Issue” means the United States Treasury security selected by the independent investment banking institution or independent financial advisor of national standing appointed by NCPA as having a maturity comparable to the remaining term to maturity of the 2019 Series B Bond being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities

of comparable maturity to the remaining term to maturity of the 2019 Series B Bond being redeemed.

“Comparable Treasury Price” means, with respect to any date on which a 2019 Series B Bond or portion thereof is being redeemed, either (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (b) if the independent investment banking institution or independent financial advisor of national standing appointed by NCPA is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the independent investment banking institution or independent financial advisor of national standing appointed by NCPA, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the independent investment banking institution or independent financial advisor of national standing appointed by NCPA, at 5:00 p.m. New York City time on the third business day preceding the date fixed for redemption.

“Reference Treasury Dealer” means a primary United States Government securities dealer in the United States appointed by NCPA (which may be an underwriter) and reasonably acceptable to the independent investment banking institution or independent financial advisor of national standing appointed by NCPA.

(b) The 2019 Series B 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: (i) insurance or condemnation proceeds and (ii) from any source of available funds if all or substantially all of the Initial Facilities are 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 B Bonds being redeemed plus unpaid accrued interest to the redemption date, without premium; provided that the option of NCPA to call the 2019 Series B Bonds for redemption from insurance or condemnation proceeds shall expire 90 days following the receipt of such insurance or condemnation proceeds.

205. Global Form; Securities Depository.

(a) Except as otherwise provided in this Section, the 2019 Series B Bonds shall be in the form of a global bond for the aggregate principal amount of the 2019 Series B Bonds of each maturity, and shall be registered in the name of Cede & Co., as the nominee of DTC. Upon such registration, except as provided in subsection (c) of this Section, the 2019 Series B Bonds, may be transferred, in whole but not in part, only to a successor Securities Depository or a nominee of a successor Securities Depository selected by NCPA or to a nominee of such successor Securities Depository or its nominee.

(b) NCPA, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation with respect to:

(i) the accuracy of the records of the Securities Depository, or the Securities Depository nominee with respect to any beneficial ownership interest in the 2019 Series B Bonds;

(ii) the delivery to any beneficial owner of the 2019 Series B Bonds or any other person, other than a Holder as shown in the registration books, of any notice with respect to the 2019 Series B Bonds, including any notice of redemption;

(iii) the payment to any beneficial owner of the 2019 Series B Bonds or any other person, other than a Holder as shown in the registration books, of any amount with respect to the principal of, premium, if any, or interest on, the 2019 Series B Bonds;

(iv) any consent given by the Securities Depository as registered owner of the 2019 Series B Bonds; or

(v) subject to Section 504 of the Original Indenture, the selection by the Securities Depository of any beneficial owners to receive payment if 2019 Series B Bonds are redeemed in part.

Upon registration of the 2019 Series B Bonds in the name of a Securities Depository pursuant to subsection (a) of this Section, so long as the certificates for the 2019 Series B Bonds are not issued pursuant to subsection (c) of this Section, NCPA, the Trustee, the Bond Registrar and the Paying Agent may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of the 2019 Series B Bonds for all purposes whatsoever, including without limitation:

(i) the payment of principal, Redemption Price and interest on the 2019 Series B Bonds;

(ii) giving notices with respect to the 2019 Series B Bonds; and

(iii) registering transfers with respect to the 2019 Series B Bonds.

(c) If at any time the incumbent Securities Depository notifies NCPA that it is unwilling or unable to continue as Securities Depository with respect to the 2019 Series B Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation or NCPA determines to discontinue the use of the book-entry system of the incumbent Securities Depository for the 2019 Series B Bonds, and a successor Securities Depository is not appointed by NCPA within 90 days after NCPA receives notice or becomes aware of such condition, or discontinues the use of the book-entry system for the incumbent Securities Depository, as the case may be, subsection (a) of this Section shall no longer be applicable and NCPA shall execute and the Trustee shall authenticate and deliver certificates representing the 2019 Series B Bonds, as provided in the Representation Letter.

(d) Notwithstanding any other provision of this Twenty-Seventh Supplemental Indenture to the contrary, so long as any 2019 Series B Bond is registered in the name of DTC, or its nominee, all payments with respect to principal, Redemption Price and

interest on such 2019 Series B Bonds, and all notices with respect to such 2019 Series B Bonds, shall be made and given, respectively, as provided in the Representation Letter.

(e) While DTC is serving as Securities Depository for the 2019 Series B Bonds, in connection with any notice or other communication to be provided to the Holders of the 2019 Series B Bonds, pursuant to this Twenty-Seventh Supplemental Indenture, by NCPA or the Trustee with respect to any consent or other action to be taken by the Holders of the 2019 Series B Bonds, NCPA or the Trustee, as the case may be, shall establish a record date for determining DTC participants eligible to consent or take such other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

206. Place of Payment and Paying Agent. Except as otherwise provided in the Representation Letter, the principal and Redemption Price of the 2019 Series B Bonds shall be payable upon surrender thereof at the principal corporate trust office of U.S. Bank National Association, in New York, New York, as shall be designated from time to time and such banking institution is hereby appointed as Paying Agent for the 2019 Series B Bonds. By execution of this Twenty-Seventh Supplemental Indenture, U.S. Bank National Association accepts the office of Paying Agent for the 2019 Series B Bonds and agrees to perform all duties in connection herewith as provided in the Indenture. The principal and Redemption Price of all 2019 Series B Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Indenture.

207. Application of Proceeds of 2019 Series B Bonds. In accordance with Section 204 of the Original Indenture, the proceeds of the sale of the 2019 Series B Bonds of \$_____ (representing the \$_____ principal amount of the 2019 Series B Bonds less underwriter's discount of \$_____), shall be applied simultaneously with the delivery of the 2019 Series B Bonds, as follows:

(a) There shall be deposited, in immediately available funds, in the 2010 Series A Escrow Fund the sum of \$_____; and

(b) There shall be deposited in the 2019 Series B Costs of Issuance Fund the \$_____ balance of such proceeds.

208. No 2019 Series B Debt Service Reserve Account. Pursuant to Section 202(1)(d) of the Original Indenture, the 2019 Series B Bonds are not Participating Bonds and are not secured by amounts in the Debt Service Reserve Account. No Series Debt Service Reserve Account will be established in the Debt Service Fund with respect to the 2019 Series B Bonds.

209. Establishment and Application of 2019 Series B Costs of Issuance Fund. The Trustee shall establish and maintain in trust a separate fund designated as the "2019 Series B Costs of Issuance Fund." Moneys deposited in said fund shall be used to pay costs of issuance with respect to the 2019 Series A Bonds and the 2019 Series B Bonds and the expenses and obligations payable by NCPA in connection with the 2019 Series A Bonds and the 2019 Series B Bonds and the refunding of the Refunded 2010 Series A Bonds upon receipt by the Trustee of a requisition of an NCPA Authorized Representative stating the person to whom payment is to be

made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. At the end of one year from the date of initial delivery of the 2019 Series B Bonds, or upon earlier receipt of a statement of an NCPA Authorized Representative that amounts in said fund are no longer required for the payment of such costs, expenses and obligations, said fund shall be terminated and any amounts then remaining in said fund shall be transferred to the Debt Service Fund.

ARTICLE III

MISCELLANEOUS

301. Indenture to Remain in Effect. Save and except as heretofore amended and supplemented and as amended and supplemented by this Twenty-Seventh Supplemental Indenture, the Indenture shall remain in full force and effect.

302. Counterparts. This Twenty-Seventh Supplemental Indenture may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Northern California Power Agency has caused these presents to be signed in its name and on its behalf by its General Manager and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by one of its authorized officers, all as of the first day of April, 2019.

**NORTHERN CALIFORNIA POWER
AGENCY**

By: _____

Name: Randy S. Howard

Title: General Manger

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

By: _____

Authorized Officer

EXHIBIT A

FORM OF 2019 SERIES B BONDS

[bracketed language applies only to bonds to be registered in the name of Cede & Co.]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE NORTHERN CALIFORNIA POWER AGENCY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

NORTHERN CALIFORNIA POWER AGENCY

**HYDROELECTRIC PROJECT NUMBER ONE REVENUE BOND,
2019 TAXABLE REFUNDING SERIES B**

No. R-_____ \$_____

Interest Rate	Dated Date	Maturity Date	CUSIP No.
_____%	_____, 2019	July 1, 20__	664845____

REGISTERED HOLDER: -----CEDE & CO. (TAX I.D. # 013-2555119)-----

PRINCIPAL AMOUNT: _____ MILLION _____ THOUSAND DOLLARS

NORTHERN CALIFORNIA POWER AGENCY (herein called “NCPA”), a joint exercise of powers agency established pursuant to the laws of the State of California, acknowledges itself indebted to, and for value received hereby promises to pay to, the registered owner specified above, or registered assigns, on the Maturity Date stated hereon, unless sooner paid as provided in the Indenture mentioned below, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the principal corporate trust office of the Trustee mentioned below, the principal amount specified above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount, by check of the Trustee hereafter mentioned mailed to such owner at his address as shown on the bond register, or as otherwise provided in the Indenture referred to below, at the interest rate per annum (calculated on the basis of a 360-day year of twelve thirty-day months) stated hereon, payable on the first days of January and July in each year, commencing July 1, 2019 (each an “Interest Payment Date”), until the payment of such principal sum. Such interest shall be payable from the most recent Interest

Payment Date next preceding the date of authentication hereof to which interest has been paid, unless the date of authentication hereof is a January 1 or July 1 to which interest has been paid, in which case from the date of authentication hereof, or unless the date of authentication hereof is on or prior to June 15, 2019, in which case from the Dated Date, or unless the date of authentication hereof is between a Record Date and the next Interest Payment Date, in which case from such Interest Payment Date. The interest so payable on any Interest Payment Date will be paid to the person in whose name this bond is registered at the close of business on the fifteenth day of the calendar month immediately preceding such Interest Payment Date at his address as shown on the bond register.

This bond is one of a duly authorized issue of bonds of NCPA designated as "Hydroelectric Project Number One Revenue Bonds" (the "Bonds") and of a series of Bonds designated as "Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B" (the "2019 Series B Bonds"). The 2019 Series B Bonds are issued pursuant to Article 4 of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, as amended and supplemented. The 2019 Series B Bonds have been issued in the aggregate principal amount of \$_____. The 2019 Series B Bonds are issued under, and, together with all other Bonds issued and outstanding thereunder, are equally and ratably secured by the Trust Estate and entitled to the protection given by, the Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, which Indenture was duly executed and delivered by NCPA to U.S. Bank National Association, New York, New York, the successor Trustee (the term "Trustee" where used herein refers collectively to said Trustee or its successors in said Trust) (said Indenture, as amended and supplemented and as the same may be amended and supplemented, is herein called the "Indenture").

Copies of the Indenture are on file at the office of NCPA and at the principal corporate trust office of the Trustee and reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of NCPA, the Trustee and the holders of the Bonds and the terms upon which the Bonds are or may be issued and secured under the Indenture, the rights and remedies of the holders of the Bonds, the limitations on such rights and remedies and the terms and conditions upon which Bonds are issued and may be issued thereunder. Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Indenture.

This bond is a special, limited obligation of NCPA and the principal of, Redemption Price, if any, and interest on this bond and the principal of, Redemption Price, if any, and interest on the other Bonds, are payable solely from the funds specified in the Indenture and shall not constitute a charge against the general credit of NCPA. The Bonds, including this bond, are not secured by a legal or equitable pledge of, or lien or charge upon, any property of NCPA or any of its income or receipts except the Trust Estate pledged pursuant to the Indenture which is subject to the provisions of the Indenture permitting the application of the Trust Estate for the purposes and on the terms and conditions set forth therein. Neither the State of California nor any public agency (other than NCPA from the specified sources of payment) nor any member of NCPA nor any Project Participant is obligated to pay the principal of and interest on this bond. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any member of NCPA or any Project Participant is pledged to the payment of the principal of or

interest on this bond. NCPA has no taxing power. The payment of the principal of or interest on this bond does not constitute a debt, liability or obligation of the State of California or any public agency (other than the special obligation of NCPA) or any member of NCPA or any Project Participant. Neither the members of the Commission of NCPA nor any officer or employee of NCPA shall be individually liable on the principal of or interest on this bond or in respect of any undertakings by NCPA under the Indenture.

The 2019 Series B Bonds were issued for the purpose of providing a portion of the funds necessary to refund Bonds issued under the Indenture and related purposes.

As provided in the Indenture, Bonds of NCPA may be issued thereunder from time to time pursuant to Supplemental Indentures in one or more Series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided. The aggregate principal amount of Bonds which may be issued under the Indenture is not limited except as provided in the Indenture, and all Bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and assignment and covenants made therein, except as otherwise expressly provided or permitted in the Indenture. Simultaneously with the issuance of the 2019 Series B Bonds, NCPA is issuing \$_____ aggregate principal amount of its Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A (the “2019 Refunding Series A Bonds”). At the time of issuance of the 2019 Series B Bonds, there was Outstanding under the Indenture \$_____ aggregate principal amount of Bonds in addition to the 2019 Series A Bonds and the 2019 Series B Bonds, but excluding [\$52,845,000] aggregate principal amount of NCPA’s Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A, which are being refunded by the 2019 Refunding Series A Bonds and the 2019 Series B Bonds.

The 2019 Series B Bonds are issuable in the form of fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Under the circumstances prescribed in the Indenture, the 2019 Series B Bonds shall be available only through a Securities Depository.

The 2019 Series B Bonds are subject to redemption prior to their stated maturit[y][ies], at the option of NCPA, in whole or in part, in such amounts as may be specified by NCPA, on any date, from any source of available funds, at a redemption price equal to 100% of the principal amount of such 2019 Series B Bonds plus the Make-Whole Premium (as defined in the Indenture), if any, plus unpaid accrued interest, if any, thereon to the redemption date.

The 2019 Series B Bonds are also 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: (i) insurance or condemnation proceeds and (ii) from any source of money if all or substantially all of the Initial Facilities are 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 B Bonds being redeemed, plus unpaid accrued interest to the redemption date, without premium; provided that the option of NCPA to call the 2019 Series B Bonds for redemption from insurance or condemnation proceeds shall expire 90 days following the receipt of such insurance or condemnation proceeds.

If less than all of the 2019 Series B Bonds of a maturity are to be redeemed, the particular 2019 Series B Bonds to be redeemed shall be selected as provided in the Indenture.

The 2019 Series B Bonds are payable upon redemption at the principal corporate trust office of the Trustee, as Paying Agent. Notice of redemption, setting forth the place of payment and the redemption date, shall be mailed, postage prepaid, not less than 30 days before the Redemption Date to the registered holders of any 2019 Series B Bonds to be redeemed in whole or in part; provided, however, that receipt of such mailing shall not be a condition precedent to such redemption and failure to receive any such notice or any defect therein shall not affect the validity of the proceedings for the redemption of the 2019 Series B Bonds. If notice of redemption shall have been given as aforesaid, the 2019 Series B Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the Redemption Date, moneys for the redemption of all the 2019 Series B Bonds or portions thereof to be redeemed, together with unpaid interest thereon to the Redemption Date, shall be available for such payment on said date, then from and after the Redemption Date interest on such 2019 Series B Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

This bond is transferable, as provided in the Indenture, only upon the books of NCPA kept for that purpose at the principal corporate trust office of the Trustee, as bond registrar, by the registered owner hereof, or by his duly authorized attorney, upon surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar duly executed by the registered owner or his duly authorized attorney, and upon payment of the charges prescribed in the Indenture a new registered 2019 Series B Bonds or Bonds, without coupons, and for the same aggregate principal amount and maturity, shall be issued to the transferee in exchange therefor as provided in the Indenture. NCPA, the Trustee and any Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by NCPA with, in certain cases, the written consent of the holders of at least sixty percent in principal amount of the Bonds then Outstanding under the Indenture; and, in case less than all of the Series of Bonds would be affected thereby, with such consent of the owners of at least sixty percent in principal amount of the Bonds of each separate Series so affected then Outstanding; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds. No such modification or amendment shall permit a change in the terms of any Sinking Fund Installment or the terms of redemption or maturity of the principal of any Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of any Paying Agent without its written assent thereto.

The Indenture may also be amended or supplemented without the necessity of the consent of the Holders of the Bonds for any one or more of the purposes specified in the Indenture.

The registered owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then Outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the 2019 Series B Bonds, together with all other indebtedness of NCPA, comply in all respects with the applicable laws of the State of California.

This bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, NORTHERN CALIFORNIA POWER AGENCY has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its General Manager and the seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, as of the Dated Date specified above.

**NORTHERN CALIFORNIA POWER
AGENCY**

[SEAL]

ATTEST: _____
ASSISTANT SECRETARY

BY: _____
CHAIRMAN

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the within mentioned Indenture.

Date of Authentication

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

BY: _____
AUTHORIZED OFFICER

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Name, Address and Tax Identification or
Social Security Number of Assignee)

the within Bond of the Northern California Power Agency and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Notice: The Signature of this assignment and transfer must correspond with the name as written upon the face of this bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed by

Notice: [Signature must be guaranteed by a by an eligible guarantor institution.]

ESCROW DEPOSIT AGREEMENT

Between

NORTHERN CALIFORNIA POWER AGENCY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated as of April 1, 2019

Relating to

**Hydroelectric Project Number One Revenue Bonds,
2010 Refunding Series A**

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ESCROW DEPOSIT AGREEMENT

Relating to

Northern California Power Agency
Hydroelectric Project Number One Revenue Bonds,
2010 Refunding Series A

THIS ESCROW DEPOSIT AGREEMENT, dated as of April 1, 2019, by and between Northern California Power Agency (“NCPA”) and U.S. Bank National Association, New York, New York, as successor trustee (the “Trustee”) under the Indenture of Trust, dated as of March 1, 1985 (the “Original Indenture”), as amended and supplemented, by and between NCPA and the Trustee,

WITNESSETH:

WHEREAS, NCPA has previously authorized and issued its Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A (the “2010 Series A Bonds”) under the Original Indenture as amended and supplemented, including the supplements thereto made by the Twentieth Supplemental Indenture of Trust, dated as of February 1, 2010, by and between NCPA and the Trustee; and

WHEREAS, the 2010 Series A Bonds are currently outstanding in the aggregate principal amount of \$52,845,000 and mature on July 1 in each of the years 2019 through 2023, inclusive; and

WHEREAS, the outstanding 2010 Series A Bonds maturing on and after July 1, 2020 are subject to redemption at the option of NCPA in whole or in part on any date on and after July 1, 2019, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed (the “Redemption Price”), plus unpaid accrued thereon to the date fixed for redemption; and

WHEREAS, NCPA has determined to refund all of the outstanding 2010 Series A Bonds (such 2010 Series A Bonds to be refunded as more fully described in Schedule 1 hereto and hereinafter referred to as the “Refunded Bonds”) and to exercise its option to redeem on July 1, 2019 (the “Redemption Date”) the Refunded Bonds maturing on and after July 1, 2020; and

WHEREAS, NCPA has determined to provide the Trustee with the funds which, together with the interest thereon as provided herein, will provide amounts necessary to pay the maturing principal or Redemption Price (as applicable) of, and interest accrued and unpaid on, the Refunded Bonds on the Redemption Date (such amounts the “Escrow Requirements” as shown on Schedule 2 hereto); and

WHEREAS, for the purpose of paying and refunding the Refunded Bonds, NCPA has issued the following: pursuant to (i) the Original Indenture as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019 (the “Twenty-Sixth

Supplemental Indenture”), by and between NCPA and the Trustee, \$_____ aggregate principal amount of its Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A (the “2019 Series A Bonds”); and (ii) the Original Indenture, as supplemented by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (the “Twenty-Seventh Supplemental Indenture”), by and between NCPA and the Trustee, \$_____ aggregate principal amount of its Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (the “201 Series B Bonds” and, together with the 2019 Series A Bonds, the “2019 Bonds”); and

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, NCPA and the Trustee agree as follows:

SECTION 1. Definitions. Unless otherwise defined herein (including in the recitals above), capitalized terms shall have the meanings herein given such terms in the Original Indenture, as amended and supplemented by the Supplemental Indentures (as defined in the Original Indenture) thereto.

In addition, the following terms shall, unless the context otherwise requires, have the meanings set forth below.

“**Defeasance Securities**” shall mean the noncallable, direct obligations of the United States of America described in Schedule 3 hereto.

“**Escrow Fund**” shall mean the fund established pursuant to Section 2(a) of this Agreement.

SECTION 2. The Escrow Fund.

(a) There is hereby established with the Trustee a fund designated the “Hydroelectric Project Number One Revenue Bonds, 2010 Series A Refunding Escrow Fund” (the “Escrow Fund”) to be held in irrevocable trust by the Trustee for the benefit of the Holders of the Refunded Bonds separate and apart from all other funds of NCPA and the Trustee, subject, nonetheless, to the application thereof as provided in this Agreement.

Subject to the provisions of this Agreement, amounts in the Escrow Fund shall be applied solely to the payment of the Escrow Requirements as specified in Section 4 hereof. All Defeasance Securities purchased with moneys in the Escrow Fund shall be held for the credit of the Escrow Fund and all payments, including without limitation, all principal and interest payments with respect to such Defeasance Securities, shall be deposited upon receipt by the Trustee into the Escrow Fund.

(b) NCPA acknowledges that it has no right, title or interest in or to any of the moneys or Defeasance Securities held in the Escrow Fund. Under no circumstances shall any money or Defeasance Securities held in the Escrow Fund be paid over or delivered to, or upon the order of, NCPA.

(c) There has been deposited with the Trustee for deposit in the Escrow Fund the sum of \$_____ consisting of the following: (i) \$_____, representing a portion of the

proceeds of the 2019 Series A Bonds; (ii) \$_____, representing a portion of the proceeds of the 2019 Series B Bonds; and (iii) \$_____ representing amounts transferred from the Debt Service Account pursuant to subsection (d) below.

(d) The Trustee is hereby directed to transfer \$_____ representing amounts accumulated in the Debt Service Account with respect to the Refunded Bonds to the Escrow Fund.

(e) The Trustee acknowledges receipt of the moneys described in Section 2(c) and agrees to deposit such moneys in the Escrow Fund and apply such moneys as provided in this Agreement.

SECTION 3. Use and Investment of Moneys.

(a) The Trustee is hereby directed to apply, on April __, 2019, \$_____ of the moneys deposited in the Escrow Fund pursuant to Section 2(c) to the purchase of the Defeasance Securities at the purchase price set forth in Schedule 3 hereto. Except as provided in this subsection (a), the moneys on deposit in the Escrow Fund or otherwise held by the Trustee under this Agreement shall be held uninvested by the Trustee.

(b) NCPA represents, and the Accountant's Certificate delivered by _____ to the Trustee at the time of execution and delivery of this Agreement verifies, that the moneys to be received from the maturing principal of and interest on the Defeasance Securities shall be sufficient, together with the other funds held in the Escrow Fund, to pay the Escrow Requirements when due.

(c) The moneys held in the Escrow Fund, including receipts of payments of the principal of and interest on the Defeasance Securities, shall not be withdrawn or used for any purpose other than, and shall be held in trust for, the payment to the Holders of the Refunded Bonds of the Escrow Requirements when due as required by Section 4.

(d) The Trustee shall not be held liable for investment losses resulting from compliance with the provisions of this Agreement.

SECTION 4. Payment of Escrow Requirements. From the maturing principal of any Defeasance Securities held in the Escrow Fund and the investment income and other earnings thereon and any uninvested money then held in the Escrow Fund, U.S. Bank National Association, as Trustee and Paying Agent for the Refunded Bonds, shall pay the maturing principal or Redemption Price of the Refunded Bonds on the Redemption Date and unpaid accrued interest thereon.

SECTION 5. Notice of Redemption and Notice of Defeasance.

(a) NCPA irrevocably directs the Trustee to give the notice of redemption of the Refunded Bonds maturing on and after July 1, 2020 to be redeemed on the Redemption Date not less than twenty-five (25) days prior to the Redemption Date (i) to the Holders of such Refunded Bonds by the time and in the manner required by the Indenture and (ii) to post such notice to the Electronic Municipal Market Access System (referred to as "EMMA") of the

Municipal Securities Rulemaking Board (“MSRB”), at www.emma.msrb.org, linked to all CUSIP Numbers of the Refunded Bonds. Such notice shall be in substantially the form attached hereto as Exhibit A.

(b) NCPA irrevocably directs the Trustee to give the notice of defeasance of the Refunded Bonds within five (5) business days of the date hereof (i) to the Holders of the Refunded Bonds and otherwise in the manner required by the Indenture and (ii) to post such notice to EMMA linked to all CUSIP Numbers of the Refunded Bonds. Such notice shall be in substantially the form attached hereto as Exhibit B.

SECTION 6. Termination of Obligations. As provided in subsection 2 of Section 1301 of the Original Indenture, upon the deposit of the amounts specified in Section 2(c) and the purchase of Defeasance Securities pursuant to Section 3(a), the Holders of the Refunded Bonds shall cease to be entitled to any lien, benefit or security under the Indenture with respect to the Refunded Bonds, and all covenants, agreements and obligations of NCPA with respect to the Refunded Bonds under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied and the Refunded Bonds shall no longer be Outstanding within the meaning of the Indenture.

Notwithstanding the provisions for payment of the Refunded Bonds as provided in, and with the effect stated in, subsection 2 of Section 1301 of the Original Indenture, the provisions of the Indenture relating to record dates, medium of payment, registration, transfer, exchange and replacement shall continue to apply to the Refunded Bonds.

SECTION 7. Performance of Duties. The Trustee agrees to perform the duties set forth herein.

SECTION 8. Trustee’s Authority to Make Investments. The Trustee shall have no power or duty to invest any funds held under this Agreement except as provided in Section 3 hereof. The Trustee shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Agreement.

SECTION 9. Indemnity. NCPA hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Trustee and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Trustee at any time (whether or not also indemnified against the same by NCPA or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Trustee in accordance with the provisions of this Agreement; provided, however, that NCPA shall not be required to indemnify the Trustee against the Trustee’s own negligence or willful misconduct or the negligence or willful

misconduct of the Trustee's respective successors, assigns, agents and employees or the material breach by the Trustee of the terms of this Agreement. In no event shall NCPA or the Trustee be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

SECTION 10. Responsibilities of Trustee. The Trustee and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested moneys held hereunder to accomplish the redemption of the Refunded Bonds, or any payment, transfer or other application of moneys or securities by the Trustee in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Trustee made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of NCPA, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the redemption of the Refunded Bonds pursuant to the Indenture or to the validity of this Agreement as to NCPA and, except as otherwise provided herein, the Trustee shall incur no liability in respect thereof. The Trustee shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Trustee shall be determined by the express provisions of this Agreement. The Trustee may consult with counsel, who may or may not be counsel to NCPA, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring an Accountant's Certificate or an Opinion of Bond Counsel) may be deemed to be conclusively established by a certificate signed by an Authorized NCPA Representative. Whenever the Trustee shall deem it necessary or desirable that a matter specifically requiring an Accountant's Certificate or an Opinion of Bond Counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such an Accountant's Certificate or such Opinion of Bond Counsel.

SECTION 11. Compensation. The Trustee's acts hereunder shall constitute services rendered under the Indenture for purposes of Section 1005 of the Original Indenture; provided, however, that under no circumstances shall the Trustee be entitled to any lien whatsoever on any moneys or Defeasance Securities in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Trustee under this Agreement, the Indenture or otherwise.

SECTION 12. Amendments. This Agreement is irrevocable and no provision hereof may be amended except as specifically set forth herein. NCPA and the Trustee may, without the consent of, or notice to, the Holders of the Bonds, amend this Agreement or

enter into such agreements supplemental to this Agreement as shall not adversely affect the interests of the Holders of the Refunded Bonds. The Trustee shall be entitled to rely conclusively upon an Opinion of Bond Counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the Holders of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 13. **Term.** This Agreement shall commence upon its execution and delivery and shall terminate on the date the principal of and interest on the Refunded Bonds has been paid to the respective Holders of the Refunded Bonds as required by Section 4 hereof. After such payment, any moneys remaining in the Escrow Fund shall be transferred by the Trustee to the General Debt Service Subaccount in the Debt Service Account in the Debt Service Fund.

SECTION 14. **Severability.** If any one or more of the covenants or agreements provided in this Agreement on the part of NCPA or the Trustee to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 15. **Representations.** NCPA represents and warrants that the statements contained in the preambles to this Agreement are true and correct.

SECTION 16. **Counterparts.** This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 17. **Governing Law.** This Agreement shall be construed under the laws of the State of California.

SECTION 18. **Assignment.** This Agreement shall not be assigned by the Trustee or any successor thereto without the prior written consent of NCPA.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

**NORTHERN CALIFORNIA POWER
AGENCY**

By: _____
General Manager

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

By: _____
Authorized Signatory

SCHEDULE 1

DESCRIPTION OF THE REFUNDED BONDS

Maturity Date (July 1)	Outstanding Principal Amount to be Refunded	Interest Rate	CUSIP
2019	\$ 8,710,000	5.00%	664845CY8
2020	9,150,000	5.00	664845CZ5
2021	9,610,000	5.00	664845DA9
2022	10,145,000	5.00	664845DB7
2023	<u>15,230,000</u>	5.00	664845DC5
Total	\$52,845,000		

SCHEDULE 2
ESCROW REQUIREMENTS

<u>Date</u>	<u>Interest</u>	<u>Maturing Principal</u>	<u>Called Principal</u>	<u>Call Premium</u>	<u>Total Requirements</u>
07/01/19	\$	\$8,710,000.00	\$44,135,000.00	--	\$

SCHEDULE 3
DEFEASANCE SECURITIES

TYPE	MATURITY DATE	PAR AMOUNT	COUPON	COST
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EXHIBIT A
FORM OF NOTICE OF REDEMPTION TO BE GIVEN

NOTICE OF REDEMPTION

NORTHERN CALIFORNIA POWER AGENCY HYDROELECTRIC PROJECT NUMBER ONE REVENUE BONDS, 2010 REFUNDING SERIES A

Maturity Date (July 1)	Outstanding Principal Amount to be Redeemed	Interest Rate	CUSIP*
2020	\$ 9,150,000	5.00%	664845CZ5
2021	9,610,000	5.00	664845DA9
2022	10,145,000	5.00	664845DB7
2023	15,230,000	5.00	664845DC5

TO: The Owners of the above-captioned bonds (the “Bonds”)

U.S. Bank National Association acts as the trustee (the “Trustee”) with respect to the above-referenced Bonds issued on April 5, 2010 pursuant to the Indenture of Trust, dated as of March 1, 1985, as amended and supplemented (the “Indenture”), by and between the Northern California Power Agency (“NCPA”) and the Trustee.

On behalf of NCPA, you are hereby notified that:

1. NCPA has exercised its option to redeem the Bonds identified above on July 1, 2019 (the “Redemption Date”);

2. on the Redemption Date, there shall become due and payable upon each Bond the Redemption Price thereof, which is 100% of the principal amount of the Bond, together with unpaid accrued interest on such principal amount to the Redemption Date, and that from and after the Redemption Date interest on the Bonds shall cease to accrue and be payable;

3. payment of the Redemption Price of the Refunded Bonds called for redemption will be paid only upon presentation and surrender of such bonds at the address listed below (if delivery is by mail, registered mail with return receipt requested is recommended):

Delivery Instructions:
U.S. Bank National Association
Global Corporate Trust Services
111 Fillmore Avenue E
St. Paul, MN 55107
1-800-934-6802

Important Notice

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the “Act”), unless the Trustee has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

** The CUSIP numbers listed above are provided for the convenience of the holders. NCPA or the Trustee are not responsible for the accuracy of such numbers.*

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated: _____, 2019

EXHIBIT B
FORM OF NOTICE OF DEFEASANCE TO BE GIVEN

NOTICE OF DEFEASANCE

NORTHERN CALIFORNIA POWER AGENCY HYDROELECTRIC PROJECT NUMBER ONE REVENUE BONDS, 2010 REFUNDING SERIES A

Maturity Date (July 1)	Principal Amount	Interest Rate	CUSIP*
2019	\$ 8,710,000	5.00%	664845CY8
2020	9,150,000	5.00	664845CZ5
2021	9,610,000	5.00	664845DA9
2022	10,145,000	5.00	664845DB7
2023	15,230,000	5.00	664845DC5

TO: The Owners of the above-captioned bonds (the “Bonds”)

U.S. Bank National Association acts as the trustee (the “Trustee”) with respect to the above-referenced Bonds issued on April 5, 2010 pursuant to the Indenture of Trust, dated as of March 1, 1985, as amended and supplemented (the “Indenture”), by and between the Northern California Power Agency (“NCPA”) and the Trustee.

NOTICE IS HEREBY GIVEN on behalf of NCPA that there has been deposited in escrow with the Trustee, cash and noncallable, direct obligations of the United States of America (“Defeasance Securities”), paying interest and principal in an amount which, together with the amounts held as cash, shall be sufficient to pay, on July 1, 2019, the maturing principal or redemption price (*i.e.*, 100% of the principal amount) of the Bonds identified in the table above, plus unpaid accrued interest thereon. NCPA has instructed the Trustee to call the Bonds maturing on and after July 1, 2020 for redemption on July 1, 2019.

The Bonds have been defeased pursuant to an Escrow Deposit Agreement, dated as of April 1, 2019 (the “Escrow Agreement”), between NCPA and the Trustee. In accordance with the Indenture, upon the deposit by NCPA of the amounts as provided in the Escrow Agreement and the purchase of the Defeasance Securities pursuant thereto, the Holders of the Bonds shall have ceased to be entitled to any lien, benefit or security under the Indenture with respect to such Bonds, and all covenants, agreements and obligations of NCPA with respect to the Bonds under the Indenture shall have ceased, terminated and become void and been discharged and satisfied. All payments of the interest on, and the principal or redemption price of, the Bonds shall be paid only from moneys on deposit with the Trustee and available under the Escrow Agreement as aforesaid, and the Bonds shall no longer be Outstanding within the meaning of the Indenture.

Capitalized terms used herein not otherwise defined shall have the meaning given such terms in the Indenture.

** The CUSIP numbers listed above are provided for the convenience of the holders. NCPA or the Trustee are not responsible for the accuracy of such numbers.*

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated: _____, 2019

**NORTHERN CALIFORNIA POWER AGENCY
Hydroelectric Project Number One Revenue Bonds**

**[\$[A Principal]
2019 Refunding Series A**

**[\$[B Principal]
2019 Taxable Refunding Series B**

[Sale Date], 2019

CONTRACT OF PURCHASE

Northern California Power Agency
651 Commerce Drive
Roseville, California 95678

Ladies and Gentlemen:

RBC Capital Markets, LLC, as Underwriter (the “Underwriter”), hereby offers to enter into this Contract of Purchase (this “Purchase Contract”) with you, the Northern California Power Agency (“NCPA”). This offer is made subject to acceptance by NCPA prior to 11:00 P.M., New York time, on the date hereof, and upon such acceptance this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon NCPA and the Underwriter.

NCPA acknowledges and agrees that (i) the purchase and sale of the Bonds (as hereinafter defined) pursuant to this Purchase Contract is an arm’s-length commercial transaction between NCPA and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent or fiduciary of NCPA, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of NCPA with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter or any affiliate of the Underwriter has provided other services or is currently providing other services to NCPA on other matters) and the Underwriter has no obligation to NCPA with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract and (iv) NCPA has consulted its own legal, financial and other advisors to the extent it has deemed appropriate in connection with the offering and sale of the Bonds.

1. Purchase, Sale and Delivery of the Bonds.

(a) Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase and NCPA hereby agrees to sell to the Underwriter

all (but not less than all) of NCPA's \$[A Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A (the "2019 Series A Bonds") and \$[B Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (the "2019 Series B Bonds" and together with the 2019 Series A Bonds, the "Bonds"). The Bonds shall be dated the date of delivery thereof and shall mature on the dates and in the amounts set forth on Schedule I attached hereto. Interest on the Bonds shall be payable semiannually on January 1 and July 1 of each year, commencing on [July 1, 2019]. The aggregate purchase price of the Bonds shall be \$_____ (representing the sum of (i) the purchase price of the 2019 Series A Bonds of \$_____ (being the \$[A Principal].00 aggregate principal amount of the 2019 Series A Bonds, plus an original issue premium of \$_____, less Underwriter's discount of \$_____), and (ii) the purchase price of the 2019 Series B Bonds of \$_____ (being the \$[B Principal].00 aggregate principal amount of the 2019 Series B Bonds, less Underwriter's discount of \$_____)).

(b) The Bonds are to be issued and secured under and pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, the "Indenture"), by and between NCPA and U.S. Bank National Association, as successor trustee (the "Trustee"), substantially in the form previously submitted to the Underwriter, with only such changes therein as shall be mutually agreed upon. Capitalized terms used herein and not defined shall have the meanings assigned to them in the Official Statement mentioned below.

The Bonds are being issued by NCPA for the purpose of providing funds, together with other available moneys, to refund NCPA's outstanding Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A (the "Refunded Bonds") and to pay the costs of issuance of the Bonds. Pursuant to an Escrow Agreement, dated as of April 1, 2019 (the "Escrow Agreement"), by and between NCPA and U.S. Bank National Association, as escrow agent (the "Escrow Agent"), a portion of the proceeds of the Bonds, together with certain other available moneys, will be deposited into an escrow fund and will either be held as cash or will be used to purchase defeasance securities that will bear interest at such rates and will be scheduled to mature at such times and in such amounts, so that sufficient moneys will be available to pay the redemption price (100.0% of the principal amount) of the Refunded Bonds and accrued interest thereon to the redemption date, July 1, 2019.

NCPA and the Significant Share Project Participants have each agreed, pursuant to a Continuing Disclosure Agreement (each, a "Continuing Disclosure Agreement"), to be dated the Closing Date (as defined below), 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 such Project Participants' respective electric systems, and to provide to the MSRB notices of certain events relating to the Bonds. A description of this undertaking is set forth in the Preliminary Official Statement and the Official Statement (both terms as defined below).

(c) At 8:00 A.M., California time, on [Closing Date], 2019, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by NCPA and the

Underwriter (such time and date being herein referred to as the “Closing Date”), NCPA will deliver to the Underwriter at the offices of Norton Rose Fulbright US LLP, Los Angeles, California (“Bond Counsel”), the closing documents hereinafter mentioned. The Bonds, registered to Cede & Co. and in definitive form, will be made available to the Underwriter one business day prior to the Closing Date (hereinafter defined) at the offices of Bond Counsel, or at such other place as may be designated by the Underwriter and shall be subsequently delivered on the Closing Date through the facilities of DTC by the Fast Automated Securities Transfer (F.A.S.T) system. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any of the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Contract. Upon release of the Bonds, the Underwriter will pay the purchase price of each Series of the Bonds as set forth in subsection (a) of this Section 1, in immediately available funds to the order of NCPA. The releases and payments referenced in this subsection (c) are herein called the “Closing.”

2. Public Offering; Establishment of Issue Price.

(a) The Underwriter agrees to reoffer the Bonds in a bona fide public offering at the initial offering prices or yields set forth in Schedule I attached hereto. After the initial offering, the Underwriter reserves the right to change such public offering prices as the Underwriter shall deem necessary in marketing the Bonds.

(b) The Underwriter agrees to assist NCPA in establishing the issue price of the 2019 Series A Bonds and shall execute and deliver to NCPA at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, NCPA and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the 2019 Series A Bonds.

(c) The Underwriter confirms that it has offered the 2019 Series A Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule I attached hereto[, except as otherwise set forth therein. Except for the Hold-the-Price Maturities (defined below),] NCPA will treat the first price at which 10% of each maturity of the 2019 Series A Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). Schedule 1 to Exhibit A sets forth the maturities of the 2019 Series A Bonds with respect to which the 10% test has been satisfied as of the execution of the Purchase Contract (“10% Test Maturities”). [As set forth in Schedule 1 to Exhibit A, all of the maturities of the 2019 Series A Bonds are 10% Test Maturities.]

(d) [Schedule 1 to Exhibit A also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the 2019 Series A Bonds for which the 10% test has not been satisfied (the “Hold-the-Price Maturities”) and for which NCPA and the Underwriter agree that (i) it will retain the unsold 2019 Series A Bonds of any Hold-the-Price Maturities and not allocate any such 2019 Series

A Bonds to any other Underwriter and (ii) the restrictions set forth in the next sentence shall apply, which will allow NCPA to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the 2019 Series A Bonds, the Underwriter will neither offer nor sell unsold 2019 Series A Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the 2019 Series A Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise NCPA when it has sold 10% of that maturity of the 2019 Series A Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.]

(e) [The Underwriter confirms that any selling group agreement and any retail distribution agreement (to which the Underwriter is a party) relating to the initial sale of the 2019 Series A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. NCPA acknowledges that, in making the representations set forth in this Section 2, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the 2019 Series A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the 2019 Series A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. NCPA further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the 2019 Series A Bonds.]

(f) The Underwriter acknowledges that sales of any 2019 Series A Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this Section 2:

- (1) “maturity” means 2019 Series A Bonds with the same credit and payment terms; 2019 Series A Bonds with different maturity dates, or 2019 Series A Bonds with

the same maturity date but different stated interest rates, are treated as separate maturities,

(2) “public” means any person other than an underwriter or a related party,

(3) “underwriter” means (A) any person that agrees pursuant to a written contract with NCPA (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2019 Series A Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2019 Series A Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of 2019 Series A Bonds to the public),

(4) a purchaser of any of 2019 Series A Bonds is a “related party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(5) “sale date” means the date of execution of this Purchase Contract by all parties.

3. Use and Preparation of the Official Statement. NCPA has heretofore delivered to the Underwriter a Preliminary Official Statement dated [POS Date], 2019 relating to the Bonds (as supplemented or amended with the consent of the Underwriter, the “Preliminary Official Statement”), that NCPA has deemed final as of its date in accordance with paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”). NCPA shall deliver or cause to be delivered to the Underwriter, within seven (7) business days from the date hereof, copies of an official statement relating to the Bonds executed on behalf of and approved for distribution by NCPA in the form of the Preliminary Official Statement, as revised to conform to the terms of this Purchase Contract and to reflect the reoffering terms of the Bonds and with such other changes as shall have been approved by NCPA and consented to by the Underwriter (the “Official Statement”). NCPA shall deliver the Official Statement in “designated electronic format” (as defined in MSRB Rule G-32) and in such quantities as the Underwriter may request in order to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the MSRB. NCPA hereby approves the distribution of the Preliminary Official Statement and the Official Statement and authorizes the use of copies of the Official Statement (including any amendment or supplement thereto) and the documents referred to therein in connection with the offering and sale of the Bonds by the Underwriter. The Underwriter hereby agrees to deliver a copy of the Official Statement to the MSRB in accordance with the applicable rules of the MSRB.

4. Representations of NCPA. NCPA represents to the Underwriter that, as of the date hereof and as of the Closing Date:

(a) NCPA has full legal right, power and authority to cause the Bonds to be authenticated and delivered, to execute and deliver this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party and the Third Phase Agreement, and to perform its obligations contained herein and therein in accordance with the Act and other applicable laws; and, by official action of NCPA prior to or concurrently with the acceptance hereof, NCPA has duly authorized and approved the issuance and delivery of the Bonds and the performance of its obligations contained herein and therein, the execution and delivery of this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party and the Third Phase Agreement and the performance of its obligations contained herein and therein and the consummation by it of all other transactions contemplated by this Purchase Contract, the Official Statement, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party and the Third Phase Agreement to have been performed or consummated at or prior to the Closing Date, all in accordance with the Act and other applicable laws, and NCPA is and will be in compliance with the provisions thereof in all material respects;

(b) NCPA is duly existing as a public entity organized under the laws of the State of California (the "State"), and under the laws of the State has full legal right, power and authority to refinance all or part of the acquisition, construction and improvement of the Project;

(c) Between the date hereof and the Closing Date, except as contemplated by the Preliminary Official Statement and the Official Statement, NCPA will not have incurred any material liabilities, direct or contingent, or entered into any material transaction in either case other than in the ordinary course of business, and there shall not have been any material adverse change in the financial condition or prospects of NCPA or the Project;

(d) The performance by NCPA of its obligations contained in the Bonds and the execution and delivery of this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party and the Third Phase Agreement and the performance of its obligations contained herein and therein do not and will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution or agreement to which NCPA is subject or by which it is bound; NCPA is not, in any material respect, in breach of or in default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which it is a party or is otherwise subject and, no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute a default or an event of default under any such instrument;

(e) Except as disclosed in the Preliminary Official Statement and the Official Statement, no litigation is, or at the Closing Date will be, pending or, to the knowledge of NCPA, threatened in any court (i) in any way questioning the corporate existence of NCPA or the titles of the officers of NCPA to their respective offices; (ii) seeking to restrain or enjoin the issuance

or delivery of any of the Bonds, or the collection of revenues pledged or to be pledged to pay the principal of, premium, if any, and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds, this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which NCPA is a party or the Third Phase Agreement or the collection of said revenues, or the pledge thereof, or contesting the powers of NCPA or any authority for the issuance and delivery of the Bonds or the performance of its obligations contained therein or the execution and delivery of this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party or the Third Phase Agreement or the performance of its obligations contained herein or therein, (iii) which would be likely to result in any material adverse change in the business, properties, assets or financial condition of NCPA relating to the Bonds or to have a material adverse effect on the ability of NCPA to meet its obligations under the Bonds, this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party or the Third Phase Agreement; or (iv) asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that if the Underwriter accepts at the Closing any change in the certificate referred to in Section 5(e)(3) hereof, the representations contained in this Section 4(e) shall be deemed modified to a like extent;

(f) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, NCPA of its obligations in connection with this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party or the Third Phase Agreement or the issuance, offering and sale of the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds;

(g) All material studies undertaken by or on behalf of NCPA with respect to the Project have been disclosed and/or made available to the Underwriter;

(h) The Joint Powers Agreement and the Third Phase Agreement are and shall be in full force and effect, and neither NCPA nor any of the Project Participants, respectively, is or shall be in default thereunder;

(i) The Bonds, the Indenture, the Third Phase Agreement, the Escrow Agreement, the Continuing Disclosure Agreements and the other documents described in the Preliminary Official Statement and the Official Statement conform in all material respects to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement; and the Bonds, when delivered as provided herein, will be validly issued and outstanding obligations of NCPA entitled to the benefits of the Indenture and the Third Phase Agreement;

(j) NCPA will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriter as the

Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for the distribution of the Bonds; provided that NCPA shall not be obligated to take any action that would subject it to the general service of process in any state or jurisdiction where it is not now so subject;

(k) As of its date and at the time of NCPA's acceptance hereof, the Preliminary Official Statement is true, complete, correct and final in all material respects, except for the omission of certain information permitted to be omitted in accordance with Rule 15c2-12, and, except for the omission of certain information permitted to be omitted in accordance with Rule 15c2-12, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(l) The Official Statement is and at all times subsequent hereto up to and including the Closing Date will be (unless an event occurs of the nature described in paragraph (m) hereof), true and correct in all material respects; and the Official Statement does not and will not (unless an event occurs of the nature described in paragraph (m) hereof) omit any statement or information necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that no representation is made as to any information included in the Official Statement relating to The Depository Trust Company ("DTC") or its book-entry only system;

(m) If between the date hereof and the date which is 25 days after the end of the underwriting period (as determined in accordance with paragraph (o) hereof), an event occurs which might or would cause the information contained in the Official Statement, as previously supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the information therein, in the light of the circumstances under which it was presented, not misleading, NCPA will notify the Underwriter, and, if in the opinion of NCPA or the Underwriter, or counsel to the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, NCPA will forthwith prepare and furnish to the Underwriter (at the expense of NCPA) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading. For the purposes of this subsection, between the date hereof and the date which is 25 days after the end of the underwriting period, NCPA will furnish such information with respect to itself as the Underwriter may from time to time reasonably request;

(n) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (m) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at

all times subsequent thereto up to and including the date which is 25 days after the end of the underwriting period (as determined in accordance with paragraph (o) hereof), the Official Statement as so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading;

(o) The term “end of the underwriting period” referred to in paragraphs (m) and (n) hereof shall mean the later of such time as (i) NCPA delivers the Bonds to the Underwriter or (ii) the Underwriter does not retain an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the end of the underwriting period shall be deemed to be the Closing Date;

(p) After the Closing, NCPA will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter shall reasonably object in writing or which shall be disapproved by counsel to the Underwriter;

(q) The financial statements of NCPA contained as Appendix B to the Official Statement do and will fairly present the financial position and results of operations of NCPA as of the dates and for the periods therein set forth in accordance with generally accepted accounting principles applied consistently; and

(r) Except as disclosed in the Preliminary Official Statement and the Official Statement, NCPA has not, in the last five years, failed in any material respect to comply with any previous continuing disclosure undertaking entered into by it under Rule 15c2-12 and as of the date hereof, NCPA is in compliance with all of its continuing disclosure obligations under Rule 15c-12.

5. Conditions to the Obligations of the Underwriter. The Underwriter have entered into this Purchase Contract in reliance upon the representations herein and the performance by NCPA of NCPA’s obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter’s obligations under this Purchase Contract are and shall be subject to the following further conditions:

(a) The representations of NCPA contained herein shall be true and correct in all material respects at the date hereof and on the Closing Date.

(b) As of the Closing Date, a material adverse change in or affecting NCPA, the Project Participants, the Bonds or the security and sources of payment therefor, the status of operation of the Hydroelectric Project or the required permits, licenses or approvals relating to the Hydroelectric Project, as each of the foregoing matters were described in the Official Statement, shall not have occurred requiring an amendment or supplement to the Official Statement pursuant to Section 4(m) hereof to disclose;

(c) At the time of the Closing, this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreements and the Third Phase Agreement shall have been duly authorized, executed and delivered by the respective parties thereto, and the Official Statement shall have been duly authorized, executed and delivered by NCPA, all in substantially the forms heretofore submitted to the Underwriter, with only such changes as shall have been agreed to by the Underwriter, and such Purchase Contract, Indenture, Escrow Agreement, Continuing Disclosure Agreements and Third Phase Agreement shall be in full force and effect and shall not have been amended, modified or supplemented and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter; NCPA shall perform or have performed its obligations required under or specified in this Purchase Contract, the Official Statement, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party and the Third Phase Agreement to be performed at or prior to the Closing; and there shall be in full force and effect such resolution or resolutions of the Commission of NCPA as, in the opinion of Bond Counsel, shall be necessary or appropriate in connection with the transactions contemplated hereby;

(d) The Underwriter may terminate this Purchase Contract by notification to NCPA if at any time after the date hereof and prior to the Closing Date any of the following shall occur:

(i) legislation shall be enacted by the State of California, the Congress of the United States or introduced and pending in or adopted by either House thereof or a decision by a Court of the State of California or the United States or the Tax Court of the United States shall be rendered or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made with respect to federal or state taxation upon revenues or other income of the general character expected to be derived by NCPA or upon interest received on securities of the general character of the 2019 Series A Bonds in the hands of the holders thereof which, in the judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices or yields, of the Bonds; or

(ii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Bonds is in violation or would be in violation of any provisions of the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended or the Trust Indenture Act of 1939, as amended; or

(iii) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent

jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(iv) there shall have occurred any new outbreak or escalation of war or similar hostilities or declaration by the United States of a national emergency or war or any other national or international calamity or crisis (including in the financial markets), which, in the judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices or yields, of the Bonds; or

(v) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (A) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Bonds or similar obligations; or (B) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers, which, in the judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices or yields, of the Bonds; or

(vi) a general banking moratorium shall have been declared by Federal, New York or California authorities having jurisdiction and shall be in force or a major financial crisis or a material disruption in commercial banking or securities settlement or clearance services shall have occurred, which, in the judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices or yields, of the Bonds; or

(vii) any event shall occur, or information shall become known which makes untrue or incorrect in any material respect, as of the time of such event or information becoming known, any statement or information contained in the

Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event: (A) NCPA refuses to permit the Official Statement to be supplemented to supply such statement or information or (B) the effect of the Official Statement as so supplemented is, in the judgment of the Underwriter, to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices or yields, of the Bonds; or

(viii) there shall have occurred or any notice shall have been given of any downgrading, suspension, withdrawal, or negative change in credit watch status to any rating of the Bonds or other Hydroelectric Project debt securities of NCPA.

(e) At or prior to the Closing Date, the Underwriter shall receive the following documents:

(1) the opinions of Norton Rose Fulbright US LLP, Bond Counsel to NCPA, and Nixon Peabody LLP, Special Tax Counsel to NCPA, each dated the Closing Date, substantially in the forms attached as Appendix F to the Official Statement, together with a reliance letter thereon addressed to the Underwriter;

(2) a certificate or certificates, dated the Closing Date, of NCPA executed by its General Manager, its Assistant General Manager/CFO, Finance and Administrative Services, or other appropriate official, to the effect that (A) on the date of the Official Statement and on the Closing Date (unless an event shall have occurred of the nature described in Section 4(m)) and an amendment or supplement as been made to the Official Statement, in which case, including any amendment or supplement to the Official Statement as of such date) (i) the descriptions and statements of or pertaining to NCPA and the Project contained in the Official Statement were and are true and correct in all material respects; (ii) insofar as NCPA and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (iii) insofar as the descriptions and statements, including financial data, of or pertaining to other bodies and their activities contained in the Official Statement are concerned, such descriptions, statements and data have been obtained from sources which NCPA believes to be reliable and NCPA has no reason to believe that they are untrue in any material respect (provided that no representation is made as to DTC and its book-entry only system); (B) during the five-day period immediately preceding the Closing Date such official spoke by telephone with the Mayor or other appropriate official of the Significant Share Project Participants and asked each such individual questions relating to the representations to be made by such Significant Share Project Participant in the certificate to be delivered by such Significant Share Project Participant on the Closing Date and the information relating to such Significant Share Project Participant included in

the Preliminary Official Statement and the Official Statement (including any amendment or supplement to the Official Statement as of such date), and in the course of such conversations no facts came to the attention of such official that would lead such official to believe that either the ability of any Significant Share Project Participant to comply with its obligations under the Third Phase Agreement has been materially and adversely affected or that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (C) the representations of NCPA in this Purchase Contract were true and correct as of the date made and are true and correct on and as of the Closing Date as if made on and as of the Closing Date, and NCPA has complied with and performed all of its covenants and agreements in this Purchase Contract to be complied with and performed at or prior to the Closing Date;

(3) a certificate dated the Closing Date, by the Chairman of the Commission or other appropriate official of NCPA and Jane E. Luckhardt, Esq., General Counsel to NCPA, to the effect that other than as described in the Preliminary Official Statement and the Official Statement (including any amendment or supplement to the Official Statement as of such date), no litigation is pending (with NCPA having received service of process) or, to their knowledge, threatened in any court (i) in any way questioning the corporate existence of NCPA or the titles of the officers of NCPA to their respective offices; (ii) seeking to restrain or enjoin the delivery of the Bonds, or the collection of revenues pledged or to be pledged to pay the principal of, premium, if any, and interest on the Bonds; (iii) in any way contesting or affecting the validity of the Bonds, the Indenture, the Escrow Agreement, the Third Phase Agreement, the Continuing Disclosure Agreements or this Purchase Contract; (iv) in any way contesting or affecting the collection of said revenues or the pledge thereof, or contesting the powers of NCPA or any authority for the issuance and delivery of the Bonds and the performance by NCPA of its obligations contained therein or the execution and delivery of the Indenture, the Escrow Agreement, the Third Phase Agreement, the Continuing Disclosure Agreement to which it is a party or this Purchase Contract and the performance of its obligations contained therein or herein; (v) which would be likely to result in any material adverse change in the business, properties, assets or the financial condition of NCPA relating to the Project or which would be likely to have a material adverse effect on the ability of NCPA to meet its obligations under the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party or the Third Phase Agreement; or (vi) asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, which certificate shall be in form and substance acceptable to the Underwriter (but in lieu of such certificate, the Underwriter may in its discretion accept an opinion of Bond Counsel or Counsel to NCPA, acceptable to the Underwriter in form and substance, that in their opinion the issues raised in any such pending or threatened litigation are without substance or that the contentions of any plaintiffs therein are without merit);

(4) opinions of Norton Rose Fulbright US LLP; Nixon Peabody LLP ; Jane E. Luckhardt, Esq., and Spiegel & McDiarmid LLP, dated the Closing Date, substantially in the respective forms attached hereto as Exhibits B-1, B-2, C and D, respectively, with such changes as counsel to the Underwriter may approve;

(5) a defeasance opinion of Bond Counsel relating to the defeasance of the Refunded Bonds, dated the Closing Date and addressed to the Trustee;

(6) certificates of the Project Participants, dated the Closing Date, substantially in the form attached hereto as Exhibit E, and of the Significant Share Project Participants, dated the Closing Date, substantially in the form attached hereto as Exhibit F (the Underwriter may, in its discretion, accept a legal opinion to the effect that the issues raised in any pending or threatened litigation mentioned therein are without substance or that the contentions of the plaintiffs therein are without merit);

(7) an opinion of counsel to each Project Participant substantially in the form attached hereto as Exhibit G;

(8) copies of the documents referred to in Section 5(c) in substantially the form previously submitted to the Underwriter with only changes, amendments, modifications or supplements as agreed to by the Underwriter;

(9) certified copies of all proceedings relating to the authorization and issuance of the Bonds certified by the General Manager or other appropriate official of NCPA;

(10) a certified copy of the general resolution of the Trustee, Escrow Agent and Dissemination Agent authorizing the execution and delivery of the Indenture, the Escrow Agreement and the Continuing Disclosure Agreements, together with a certificate to the effect that (i) the Trustee, Escrow Agent and Dissemination Agent is a national association existing under the laws of the United States of America; (ii) the Trustee, Escrow Agent and Dissemination Agent has full corporate trust powers and authority to serve as Trustee under the Indenture, as Escrow Agent under the Escrow Agreement and as Dissemination Agent under the Continuing Disclosure Agreements, respectively; and (iii) the Trustee's, Escrow Agent's and Dissemination Agent's actions in executing and delivering the Indenture, the Escrow Agreement and the Continuing Disclosure Agreements, respectively, is in full compliance with and does not conflict with any applicable law or governmental regulation currently in effect and does not conflict with or violate any contract to which the Trustee, Escrow Agent or Dissemination Agent is a party or any administrative or judicial decision by which the Trustee, Escrow Agent or Dissemination Agent is bound;

(11) An opinion, dated the Closing Date and addressed to NCPA, the Underwriter, the Escrow Agent and the Trustee, of counsel to the Trustee and Escrow Agent, in such form as Bond Counsel and counsel to the Underwriter shall approve;

(12) A copy of the audited financial statements of NCPA included as Appendix B to the Preliminary Official Statement and the Official Statement, together with a letter from Baker Tilly Virchow Krause, LLP (the “Independent Auditors”), in form acceptable to the Underwriter, consenting to the references to such firm and the inclusion of such financial statements of NCPA in the Preliminary Official Statement and the Official Statement, or confirmation from NCPA in a form satisfactory to the Underwriter that no such consent shall be required under the terms of NCPA’s contract for services of the Independent Auditors;

(13) Tax certifications by NCPA in form and substance acceptable to Special Tax Counsel;

(14) Evidence that a federal tax information form 8038-G has been prepared for filing with respect to the Bonds;

(15) A copy of the Notice of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code;

(16) A copy of the verification report prepared by Grant Thornton LLP, as verification agent, in connection with the Refunded Bonds;

(17) evidence satisfactory to the Underwriter that the Bonds shall have been rated at least “___” and “___” by Moody’s Investors Service and Fitch Ratings, respectively; and neither of such ratings shall have been suspended, revoked or downgraded;

(18) A copy of any Blue Sky Memorandum with respect to the Bonds, prepared by Underwriter’s Counsel;

(19) an opinion of Orrick, Herrington & Sutcliffe LLP, Underwriter’s Counsel, dated the Closing Date, in the form and substance satisfactory to the Underwriter;

(20) an opinion of Nixon Peabody LLP, Special Tax Counsel to NCPA, dated the Closing Date and addressed to the Underwriter to the effect that the statements contained in the Official Statement under the caption “TAX MATTERS” and in the form of such firm’s opinion included in “APPENDIX F – PROPOSED FORMS OF BOND COUNSEL OPINION AND SPECIAL TAX COUNSEL OPINION,” insofar as the statements contained under such captions purport to summarize certain provisions of its Special Tax Counsel Opinion, present an accurate summary of such provisions for the purpose of use in the Official Statement; and

(21) such additional certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date of NCPA’s representations and warranties contained in this Purchase Contract and the due performance or satisfaction by NCPA at or prior to such time of all

agreements then to be performed and all conditions then to be satisfied by NCPA pursuant to this Purchase Contract.

The opinions and certificates and other material referred to above shall be in form and substance satisfactory to the Underwriter and to Underwriter's Counsel.

If NCPA shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Contract, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract and all obligations of the Underwriter hereunder may be terminated by the Underwriter at or at any time prior to the Closing by written notice delivered by the Underwriter to NCPA, and neither the Underwriter nor NCPA shall have any further obligations hereunder, except that the respective obligations of NCPA and the Underwriter set forth in Sections 6 and 8 hereof shall continue in full force and effect. In the event that the Underwriter fails (other than for a reason permitted under this Purchase Contract) to purchase, accept delivery of and pay for the Bonds on the Closing Date as herein provided, the amount of one percent (1%) of the principal amount of the Bonds will be accepted as and shall constitute full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriter, and shall constitute full release and discharge of all claims and rights hereunder of NCPA against the Underwriter with respect to such failure. The Underwriter and NCPA understand that in such event the actual damages of NCPA may be greater or may be less than such amount. Accordingly, the Underwriter hereby waives any right to claim that the actual damages of NCPA are less than such sum, and the acceptance of this offer by NCPA shall constitute a waiver of any right NCPA may have to additional damages from the Underwriter. Except as set forth in Sections 6 and 8 hereof, no party hereto shall have any further rights against any other party hereunder with respect to such failure.

6. Expenses. NCPA shall pay or cause to be paid (or shall reimburse the Underwriters in the expense portion of the Underwriter's Discount for their payment of) the expenses incident to the performance of its obligations hereunder including but not limited to (a) the cost of the preparation and printing or other reproduction (for distribution on or prior to the date hereof) of the Indenture and the other documents mentioned herein; (b) the fees and disbursements of Norton Rose Fulbright US LLP, Nixon Peabody LLP, Spiegel & McDiarmid LLP, PFM Financial Advisors LLC, the Trustee, the Escrow Agent, the Dissemination Agent, the verification agent and any other experts or consultants retained by NCPA; (c) the costs and fees of the credit rating agencies; (d) the cost of preparing and delivering the definitive Bonds; (e) the cost of immediately available funds for the Closing; and (f) the cost of preparation and printing or other reproduction of this Purchase Contract and any Blue Sky Memorandum, and of the preparation of the Preliminary Official Statement and the Official Statement and any supplement thereto, including a reasonable number of certified or conformed copies thereof; (g) the cost of printing such copies of the Preliminary Official Statement and the Official Statement and any supplement thereto as the Underwriter may request for use in connection with the public offering of the Bonds; (h) all other expenses incurred by them in connection with their public offering and distribution of the Bonds, including the fee and disbursements of Orrick, Herrington & Sutcliffe LLP, counsel to the Underwriter, and the fees of Digital Assurance Certification, L.L.C. for a continuing disclosure compliance review; (i) the fees of the California

Debt and Investment Advisory Commission; and (j) any expenses incurred on behalf of NCPA's employees, including but not limited to, closing costs, meals, transportation and lodging of those employees. NCPA acknowledges that the fees payable to the California Debt and Investment Advisory Commission in connection with the Bonds are the legal obligation of the Underwriter and not NCPA and NCPA consents to reimburse the Underwriter for such fees. NCPA acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

7. Notices. Any notice or other communication to be given to NCPA under this Purchase Contract may be given by delivering the same in writing to the Commission, Northern California Power Agency, 651 Commerce Drive, Roseville, California 95678, Attention: General Manager; and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to: RBC Capital Markets, LLC, 777 South Figueroa St., Suite 850 | Los Angeles, CA 90017, Attention: Greg Dawley, Managing Director.

[Remainder of page intentionally left blank.]

8. Parties in Interest; Survival of Representations and Agreements. This Purchase Contract, when accepted by NCPA in writing as heretofore specified, shall constitute the entire agreement between NCPA and the Underwriter with respect to the purchase of the Bonds and is made solely for the benefit of NCPA and the Underwriter (including any successor in business of the Underwriter). No other person shall acquire or have any right hereunder or by virtue hereof. All the representations and agreements in this Purchase Contract shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf the Underwriter, (b) delivery of and payment for the Bonds hereunder, and (c) any termination of this Purchase Contract.

Very truly yours,

RBC CAPITAL MARKETS, LLC

By: _____
Managing Director

Accepted at [_____] [a.m./p.m.] [time zone] on [Sale Date], 2019

NORTHERN CALIFORNIA POWER AGENCY

By: _____
Assistant General Manager/CFO,
Finance and Administrative Services

SCHEDULE I

**NORTHERN CALIFORNIA POWER AGENCY
Hydroelectric Project Number One Revenue Bonds**

**[\$A Principal]
2019 Refunding Series A**

<u>Maturity Date (July 1)*</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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[* All of the maturities are 10% Test Maturities.]

**[\$B Principal]
2019 Taxable Refunding Series B**

<u>Maturity Date (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
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[FORM OF ISSUE PRICE CERTIFICATE]

\$[A Principal]
NORTHERN CALIFORNIA POWER AGENCY
Hydroelectric Project Number One Revenue Bonds,
2019 Refunding Series A

ISSUE PRICE CERTIFICATE

The undersigned, RBC Capital Markets, LLC, as Underwriter (as defined below) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the Northern California Power Agency (the “Issuer”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule 1 hereto.

2. ***[Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) The Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule 1 hereto (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule 2.

(b) As set forth in the Contract of Purchase dated [Sale Date], 2019, between the Underwriter and the Issuer, the Underwriter agreed in writing on or prior to the Sale Date that, (i) the Underwriter would retain the unsold Bonds of any Hold-the-Offering-Price Maturity and not allocate any such Bonds to any other Underwriter, (ii) for each Maturity of the Hold-the-Offering-Price Maturities, the Underwriter would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (iii) any selling group agreement will contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement will contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, the Underwriter has not offered or sold any unsold Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

2. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule 1 hereto as the “General Rule Maturities.” [As set forth in Schedule 1 all of the Maturities of the Bonds are General Rule Maturities.]

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule 1 hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriter sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [Sale Date], 2019.

(g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the undersigned’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Nixon Peabody LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

IN WITNESS WHEREOF, the undersigned has executed this certificate on this __ day of April, 2019.

RBC CAPITAL MARKETS, LLC

By: _____
Name: _____
Title: _____

SCHEDULE 1 TO EXHIBIT A
SALE PRICES OF THE GENERAL RULE MATURITIES
AND INITIAL OFFERING PRICES OF THE
HOLD-THE-OFFERING-PRICE MATURITIES (IF ANY)
(To be Attached)

SCHEDULE 2 TO EXHIBIT A
PRICING WIRE OR EQUIVALENT COMMUNICATION
(To be Attached)

[Letterhead of Norton Rose Fulbright US LLP]

[Closing Date]

RBC Capital Markets, LLC
Los Angeles, California

Re: Northern California Power Agency
Hydroelectric Project Number One Revenue Bonds

\$ _____	\$ _____
2019 Refunding Series A	2019 Taxable Refunding Series B

Ladies and Gentlemen:

This letter is addressed to you, as the Underwriter, pursuant to Section 5(e)(4) of the Contract of Purchase, dated [Sale Date], 2019 (the “Contract of Purchase”), between the Northern California Power Agency (the “Agency”) and RBC Capital Markets, LLC, as underwriter (the “Underwriter”), providing for the purchase of the Agency’s \$[A Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$[B Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, the “Indenture”), between the Agency and U.S. Bank National Association, as successor trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture or, if not defined in the Indenture, the Contract of Purchase.

We have delivered our final legal opinion (the “Bond Opinion”) as bond counsel to the Agency concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Agency. You may rely on such opinion as though the same were addressed to you.

In connection with our role as bond counsel to the Agency, we have reviewed the Indenture, the Official Statement of the Agency dated [Sale Date], 2019 with respect to the Bonds (the “Official Statement”), the Contract of Purchase, certificates of the Agency, the Trustee and others, opinions of counsels to the Agency, the Trustee and others, and such other

documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth in the numbered paragraphs below.

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. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented or certified in the documents, and of the legal conclusions contained in the opinions referred to in the third paragraph hereof.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Contract of Purchase has been duly authorized, executed and delivered by the Agency and (assuming due authorization, execution and delivery by and validity against the Underwriter) is a valid and binding agreement of the Agency. We call attention to the fact that the rights and obligations under the Contract of Purchase and the enforceability thereof are subject to and may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles, to the possible unavailability of specific performance or injunctive relief, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver (including, without limitation, waiver of jury trial or consent to nonjury trial) provisions contained in the Contract of Purchase.

3. The statements contained in the Official Statement under the captions "INTRODUCTION," "PLAN OF REFUNDING," "THE 2019 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE 2019 BONDS," "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," "APPENDIX E – PROPOSED FORMS OF CONTINUING DISCLOSURE AGREEMENTS" and in the form of our opinion included in "APPENDIX F – PROPOSED FORMS OF BOND COUNSEL OPINION AND SPECIAL TAX COUNSEL OPINION," (excluding any statements under each such caption relating to The Depository Trust Company, Cede & Co. and the book-entry system, and any statements relating to the treatment of the Bonds or the interest, discount or premium, if any thereon or therefrom for tax purposes under the laws of any jurisdiction, as to all of which we express no view) , insofar as the statements contained under such captions purport to summarize certain provisions of the Act, the Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreements, the Third Phase Agreement and our Bond Opinion, present an accurate summary of such provisions for the purpose of use in the Official Statement.

The opinions and conclusions expressed herein are limited to matters under and governed by the laws of the State of California and the federal securities law of the United States, and we

assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction.

This letter is delivered to you as the Underwriter of the Bonds and is solely for your benefit as such Underwriter and is not to be used, circulated, quoted or otherwise referred to for any other purpose, including but not limited to the purchase or sale of the Bonds, nor is it to be referred to in whole or in part in the Official Statement or any other document, except that it may be included in, and reference may be made to it in any list of, the closing documents pertaining to the delivery of the Bonds. The provision of this letter to you shall not create any attorney-client relationship between our firm and you. This letter may not be relied upon by any other person, firm, corporation or other entity without our prior written consent, and we disclaim any obligation to update this letter.

Respectfully submitted,

[Letterhead of Norton Rose Fulbright US LLP]

[Closing Date]

RBC Capital Markets, LLC
Los Angeles, California

Re: NORTHERN CALIFORNIA POWER AGENCY
Hydroelectric Project Number One Revenue Bonds

[\$[A Principal]
2019 Refunding Series A

[\$[B Principal]
2019 Taxable Refunding Series B

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the Northern California Power Agency (the “Agency”) in connection with the issuance by the Agency of its \$[A Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$[B Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, the “Indenture”), between the Agency and U.S. Bank National Association, as successor trustee.

The Bonds are being sold and delivered by the Agency on the date hereof to you, RBC Capital Markets, LLC, as underwriter (the “Underwriter”), pursuant to that certain Contract of Purchase, dated [Sale Date], 2019 (the “Contract of Purchase”), between the Agency and the Underwriter.

We have reviewed the Preliminary Official Statement of the Agency dated [POS Date], 2019 with respect to the Bonds (the “Preliminary Official Statement”) and the Official Statement of the Agency dated [Sale Date], 2019 with respect to the Bonds (the “Official Statement”), certificates of the Agency, the Trustee, the Project Participants and others, the opinion of Special Tax Counsel, opinions of counsels to the Agency, the Project Participants and others, and such other records, opinions and documents, and we have made such investigations of law and fact, as we have deemed appropriate as a basis for the conclusions hereinafter expressed. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Preliminary Official Statement and the Official Statement.

In our capacity as Disclosure Counsel, we have rendered certain legal advice and assistance to the Agency in connection with the preparation of the Preliminary Official Statement and the Official Statement. Rendering such legal advice and assistance involved, among other things, discussions and inquiries concerning various legal matters, review of certain records,

documents and proceedings, and participation in meetings and telephonic conferences with, among others, representatives of the Agency, the Significant Share Project Participants, their respective counsel, Special Tax Counsel, PFM Financial Advisors LLC, as municipal advisor to the Agency, the Underwriter, Orrick, Herrington & Sutcliffe LLP, as counsel to the Underwriters, and others, at which meetings and during which telephonic conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. On the basis of the information made available to us in the course of the foregoing (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement), as of the date hereof no facts have come to the attention of the personnel in our firm directly involved in rendering legal advice and assistance in connection with the preparation of the Preliminary Official Statement and the Official Statement that causes us to believe that (a) the Preliminary Official Statement as of the date of the Contract of Purchase contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the discussions contained in the Preliminary Official Statement of permits, licenses and approvals required for the construction and operation of any projects of the Agency or the Significant Share Project Participants, and the status thereof, the description of any litigation, statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction, any information relating to DTC, Cede & Co., the book-entry system, forecasts, projections, estimates, assumptions and expressions of opinions and the financial and statistical data included therein, and Appendices B through G thereto, as to all of which we express no view, and except for such information as is permitted to be excluded from the Preliminary Official Statement pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, including but not limited to information as to pricing, yields, interest rates, maturities, amortization, redemption provisions, debt service requirements, underwriter's discount, ratings and CUSIP numbers), or (b) the Official Statement as of its date or as of the date hereof contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the discussions contained in the Official Statement of permits, licenses and approvals required for the construction and operation of any projects of the Agency or the Significant Share Project Participants, and the status thereof, the description of any litigation, statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction, any information relating to DTC, Cede & Co., the book-entry system, forecasts, projections, estimates, assumptions and expressions of opinions and the financial and statistical data included therein, and Appendices B through G thereto, as to all of which we express no view).

During the period from the date of the Official Statement to the date of this opinion, except for our review of the certificates and opinions regarding the Preliminary Official Statement and the Official Statement delivered on the date hereof, we have not undertaken any procedures or taken any actions which were intended or likely to elicit information concerning the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement.

The conclusions expressed herein are limited to matters under and governed by the federal securities law of the United States, and we assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction.

We are furnishing you this letter at the request of the Agency and solely for the information of, and assistance to, you in conducting and documenting your investigation of the affairs of the Agency in connection with the offering of the Bonds and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, including but not limited to the purchase or sale of the Bonds, nor is it to be referred to in whole or in part in the Official Statement or any other document, except that it may be included in, and reference may be made to it in any list of, the closing documents pertaining to the delivery of the Bonds. The provision of this opinion to you shall not create any attorney-client relationship between our firm and you. This opinion may not be relied upon by any other person, firm, corporation or other entity without our prior written consent.

Respectfully submitted,

EXHIBIT C

[Form of Opinion of General Counsel to NCPA]

[Closing Date]

RBC Capital Markets, LLC,
Los Angeles, California

Re: NORTHERN CALIFORNIA POWER AGENCY
Hydroelectric Project Number One Revenue Bonds

\$(A Principal)
2019 Refunding Series A

\$(B Principal)
2019 Taxable Refunding Series B

Ladies and Gentlemen:

I am general counsel for Northern California Power Agency (“NCPA”). This opinion is being provided in accordance with your request pursuant to the Contract of Purchase, dated [Sale Date], 2019 (the “Contract of Purchase”), between NCPA and RBC Capital Markets, LLC, as underwriter (the “Underwriter”), providing for the purchase of NCPA’s \$(A Principal) Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$(B Principal) Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the “Bonds”). Terms used herein which are defined in said Contract of Purchase shall have the meanings specified therein or, if not defined therein, in the official statement dated [Sale Date], 2019, relating to the Bonds (the “Official Statement”).

NCPA is a joint powers agency and a public entity, created under the laws of the State of California and more specifically the Joint Exercise of Power Act (California Government Code §§ 6500 et seq.). Certain of the members of NCPA, to wit, the cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Roseville, Santa Clara and Ukiah and associate member, the Plumas-Sierra Rural Electric Cooperative, herein called the “Project Participants,” have entered into an agreement with NCPA dated as of September 1, 1982, entitled “Agreement for Construction, Operation and Financing of the North Fork Stanislaus River Hydroelectric Development Project,” which, as amended to the date hereof, is referred to as the “Third Phase Agreement.”

Opinion

It is my opinion that:

1. NCPA has full power, authority and legal right to execute, deliver and perform the Contract of Purchase, the Third Phase Agreement, the Escrow Agreement, the Continuing

Disclosure Agreement, dated [Closing Date], 2019 (the “Continuing Disclosure Agreement”), between NCPA and the Trustee and the Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, the “Indenture”), between NCPA and U.S. Bank National Association, as successor trustee.

2. The execution, delivery and performance by NCPA of the Contract of Purchase, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Third Phase Agreement have been duly authorized by all appropriate action and do not and will not (i) violate any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to NCPA or (ii) result in a breach of or constitute a default under any indenture or loan or credit agreement, lease or instrument to which it is a party or by which it or its properties may be bound or affected.

3. All authorizations, consents, approvals, licenses, exemptions of or registrations with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, necessary to the valid execution, delivery or performance by NCPA of the Contract of Purchase, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Third Phase Agreement have been obtained or effected, and are and will remain in full force and effect. I express no opinion regarding notice to or filings with the California Debt and Investment Advisory Commission or with respect to any securities laws.

4. The Contract of Purchase, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Third Phase Agreement constitute the legal, valid and binding obligations of NCPA enforceable against NCPA in accordance with their respective terms.

5. The respective obligations of the Project Participants under the Third Phase Agreement are secured by the promise of each Project Participant to make payments out of electric department revenues as an operating expense.

6. NCPA is entitled to receive any and all amounts payable by the Project Participants pursuant to the Third Phase Agreement free and clear of all rights and interests of others except as provided in the Indenture.

7. NCPA has duly authorized, executed and delivered the Official Statement.

8. Except as disclosed in the Preliminary Official Statement and the Official Statement, there are to my knowledge no actions, suits or proceedings pending or threatened against NCPA or its properties before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which, if determined adversely, would have a material adverse effect on the business or financial condition of NCPA.

9. The statements in the Preliminary Official Statement and the Official Statement under the caption “LITIGATION” and the statements as to California law under the captions “RATE REGULATION” and “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY” accurately summarize the matters set forth therein.

Without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement (except to the extent expressly set forth in the preceding sentence) and based upon the information made available to me during the preparation of the Preliminary Official Statement and the Official Statement as General Counsel to NCPA, nothing has come to my attention which causes me to believe that the information contained in the Preliminary Official Statement and the Official Statement under the captions "NORTHERN CALIFORNIA POWER AGENCY," "LITIGATION" and "RATE REGULATION" (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions, as to all of which I express no view), as of its date or as of the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering my opinions herein, I have made no investigation of, and do not express any opinion with respect to, the following as they may relate to the valid, binding and enforceable nature of the Third Phase Agreement: (i) the legal existence or formation of any of the Project Participants or the incumbency of any official or officer thereof, (ii) the charter, by laws or other governing instrument of any of the Project Participants, (iii) any local or special acts or any ordinance, resolution or other proceedings of any of the Project Participants, including, without limitation, any proceedings relating to the negotiation or authorization of the Third Phase Agreement or the execution, delivery or performance thereof, (iv) any bond resolution, indenture, contract, debt instrument, agreement or other instrument, agreement or other instrument (other than the Third Phase Agreement) or any governmental order, regulation or rule of or applicable to any of the Project Participants, (v) any judicial order, judgment or decree in a proceeding to which any of the Project Participants is a party or (vi) any approval, consent, filing, registration or authorization by or with any regulatory authority or other governmental or public agency, authority or person which may be or has been required for the authorization, execution, delivery or performance by any of the Project Participants of the Third Phase Agreement. NCPA has received, independent from this opinion, opinions with respect to, among other things, the validity and enforceability of the Third Phase Agreement rendered by the respective legal counsel to the Project Participants.

The enforceability of the Contract of Purchase, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Third Phase Agreement may be limited by bankruptcy, insolvency, moratorium and similar laws or equitable principles affecting the rights of creditors generally.

This opinion is rendered only with respect to the laws of the State of California and the United States of America, and is addressed only to the Underwriter. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

No attorney-client relationship has existed or exists between me and yourselves in connection with the Bonds or by virtue of this letter. This letter is solely for the information of, and assistance to, you as the Underwriter and is not to be used, circulated, quoted or otherwise

referred to in connection with the offering of the Bonds except that reference may be made to this letter in any list of closing documents pertaining to the sale of the Bonds.

Sincerely,

JANE E. LUCKHARDT
General Counsel

[Letterhead of Spiegel & McDiarmid LLP]

[Closing Date]

Northern California Power Agency
Roseville, California

RBC Capital Markets, LLC,
Los Angeles, California

Re: NORTHERN CALIFORNIA POWER AGENCY
Hydroelectric Project Number One Revenue Bonds

\$(A Principal)
2019 Refunding Series A

\$(B Principal)
2019 Taxable Refunding Series B

Ladies and Gentlemen:

We are counsel to Northern California Power Agency (“NCPA”) in connection with the litigation described in NCPA’s Preliminary Official Statement dated [POS Date], 2019 (the “Preliminary Official Statement”) and the Official Statement dated [Sale Date], 2019 (the “Official Statement”), under the captions “LITIGATION – California Energy Market Dysfunction, Refund Dispute and Related Litigation” and “– FERC and CAISO Proceedings; Market Redesign.” In giving this opinion, we have examined such documents and instruments as we deem appropriate, including:

- (a) the Preliminary Official Statement and the Official Statement,
- (b) The documents associated with the current status of each of the proceedings described, together with such statutes and decisions relevant thereto as we deem relevant.

Based upon the foregoing, we are of the opinion that the statements in the Preliminary Official Statement and the Official Statement under the captions “LITIGATION – California Energy Market Dysfunction, Refund Dispute and Related Litigation” and “– FERC and CAISO Proceedings; Market Redesign,” and under the captions “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – [Federal Energy and Environmental Policies and Legislation – *Federal Power Act*]” and “– ISO Markets,” and, with respect to federal regulation, under the caption “RATE REGULATION” accurately summarize the matters set forth therein, and nothing has come to our attention which would lead us to believe that such statements contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in the light of the circumstances under which they are made, not

misleading. These representations, of course, are made with respect to the current state of the law, and recognize that in these matters, as in most others, the law is subject to change from time to time.

We consent to the references to us in the Preliminary Official Statement and the Official Statement.

Sincerely,

EXHIBIT E

CERTIFICATE OF PROJECT PARTICIPANT

I, [name], [Mayor or other appropriate official] of the [name of Project Participant] do hereby certify:

Other than as set forth in the Preliminary Official Statement dated [POS Date], 2019 (the “Preliminary Official Statement”) and the Official Statement dated [Sale Date], 2019, [as amended and supplemented to the date hereof] (the “Official Statement”) of the Northern California Power Agency, relating to the \$[A Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and the \$[B Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B, no litigation is pending or, to my knowledge, threatened (1) in any way contesting or affecting the validity of the Third Phase Agreement (as defined therein), or (2) against [name of Project Participant] or involving any of the property or assets which comprise the electric system of [name of Project Participant] that could materially and adversely affect the ability of [name of Project Participant] to meet its obligations under such Third Phase Agreement.

Dated: [Closing Date]

[Title]

EXHIBIT F

CERTIFICATE OF SIGNIFICANT SHARE PROJECT PARTICIPANT

I, [name], [Mayor or other appropriate official] of the [name of Project Participant] do hereby certify:

(a) The information concerning [name of Project Participant] (the “Participant Information”) in Appendix A to the Preliminary Official Statement dated [POS Date], 2019 (the “Preliminary Official Statement”) and the Official Statement dated [Sale Date], 2019 [as amended and supplemented to the date hereof] (the “Official Statement”) of the Northern California Power Agency, relating to the \$[A Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and the \$[B Principal] Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the “Bonds”) was as of the dates thereof, and is as of the date hereof, true and correct in all material respects and did not and does not omit to state any material fact which is necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(b) Since the date of the Participant Information, except as referred to in or as contemplated by the Preliminary Official Statement and the Official Statement, with respect to its electric system, [name of Project Participant] has not incurred any material liabilities, direct or contingent, or entered into any transactions, nor has there been any adverse change in the condition, financial or physical, of the electric system of [name of Project Participant], in each case that would materially and adversely affect the ability of [name of Project Participant] to meet its obligations under the Third Phase Agreement (as defined in the Preliminary Official Statement and the Official Statement) to which it is a party; and

(c) The Continuing Disclosure Agreement relating to the Bonds to which [name of Project Participant] has been duly authorized, executed and delivered by [name of Project Participant] and, [except as disclosed in the Preliminary Official Statement and the Official Statement,] [name of Project Participant] has not, in the last five years, failed in any material respect to comply with any previous continuing disclosure undertaking entered into by it under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

Dated: [Closing Date]

[Title]

EXHIBIT G

[Form of Opinion of Counsel to Participant]

[Closing Date]

Northern California Power Agency
Roseville, California

RBC Capital Markets, LLC,
Los Angeles, California

Re: NORTHERN CALIFORNIA POWER AGENCY
 Hydroelectric Project Number One Revenue Bonds

 \$[A Principal]
 2019 Refunding Series A

 \$[B Principal]
 2019 Taxable Refunding Series B

Dear Sirs:

I am [we are] acting as counsel to the _____ (the "Participant") under the Agreement for Construction, Operation and Financing of the North Fork Stanislaus River Hydroelectric Development Project, dated as of September 1, 1982, as amended (the "Agreement"), among the Participant, Northern California Power Agency (the "Agency") and certain other entities, and I [we] have acted as counsel to the Participant in connection with the matters referred to herein. As such counsel I [we] have examined and am [are] familiar with (i) those documents relating to the existence, organization and operation of the Participant, (ii) all necessary documentation of the Participant relating to the authorization, execution and delivery of the Agreement and (iii) an executed counterpart of the Agreement. Capitalized terms used herein not otherwise defined which are defined in the Agreement shall have the meanings specified therein.

Based upon the foregoing and an examination of such other information, papers and documents as I [we] deem necessary or advisable to enable me [us] to render this opinion, including the Constitution and laws of the State of California together with the [charter], other governing instruments, ordinances and public proceedings of the Participant, I [we] am [are] of the opinion that:

1. The Participant is [state form of organization] _____, duly created, organized and existing under the laws of the State of California and duly qualified to furnish electric service within said State.

2. The Participant has the authority and right to execute, deliver, and perform pursuant to the terms of, the Agreement, and the Participant has complied with the provisions of applicable law in all matters relating to such transactions.

3. The Agreement has been duly authorized, executed and delivered by the Participant, is in full force and effect and, assuming that the Agency has all the requisite power and authority, and has taken all necessary action, to execute and deliver such Agreement, constitutes the legal, valid and binding agreement of the Participant enforceable against it in accordance with its terms, except that the rights and remedies set forth therein may be limited by or resulting from bankruptcy, insolvency, reorganization or other laws affecting creditors rights generally.

4. Payments by the Participant under the Agreement will constitute an operating expense of the Participant and are to be made solely from the Revenues of its Electric System as provided in the Agreement.

5. No approval, consent or authorization of any governmental or public agency, authority or person (that has not been obtained) is required for the execution and delivery by the Participant of the Agreement, or the performance by the Participant of its obligations thereunder.

6. The authorization, execution and delivery of the Agreement did not, and compliance with the provisions thereof will not, conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Participant, any commitment, agreement or other instrument to which the Participant is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the Participant (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Participant and its affairs.

7. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to my [our] knowledge, threatened against or affecting the Participant or any entity affiliated with the Participant or any of its officers in their respective capacities as such (nor to the best of my [our] knowledge is there any basis therefor), which questions the powers of the Participant referred to in paragraph 2 above or the validity of the proceedings taken by the Participant in connection with the authorization, execution or delivery of the Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreement, or which, in any way, would adversely affect the validity or enforceability of the Agreement.

This opinion is rendered only with respect to the laws of the State of California and the United States of America, and is addressed to the Agency and the Underwriter. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

Very truly yours,

**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 April __, 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 \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the “2019 Bonds”). The 2019 Bonds were issued pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Sixth Supplemental Indenture of Trust, dated as of April 1, 2019, and by the Twenty-Seventh Supplemental Indenture of Trust, dated as of April 1, 2019 (collectively, 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 Bondholders and Beneficial Owners of the 2019 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 2019 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 2019 Bonds (including without limitation persons holding 2019 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 2019 Bonds required to comply with the Rule in connection with the offering of the 2019 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 2019 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, 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 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 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 2019 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 2019 Bonds or other material events affecting the tax status of the 2019 Bonds;
- (7) modifications to rights of the Holders of the 2019 Bonds, if material;
- (8) optional, unscheduled or contingent 2019 Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the 2019 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 2019 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 2019 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 Hydroelectric 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 Hydroelectric Project, any of which affect Holders of the 2019 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 Hydroelectric Project, any of which reflect financial difficulties.

For these purposes, 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.

(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 Bondholders of affected 2019 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 2019 Bonds and with respect to any 2019 Bonds upon the maturity, defeasance, prior redemption or payment in full of such 2019 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 Bondholders of at least 25% aggregate principal amount of Outstanding 2019 Bonds and the furnishing by such Bondholders of indemnity satisfactory to the Trustee against its costs and expenses, including, without limitation, fees and expenses of its attorneys, shall), or any Bondholder or Beneficial Owner of the 2019 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 Bondholder 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 Bondholders and Beneficial Owners of the 2019 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 2019 Bonds. The Dissemination Agent shall have no obligation to disclose information about the 2019 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 Bondholder 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 Bondholders and Beneficial Owners from time to time of the 2019 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 REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Northern California Power Agency (“NCPA”)

Name of Bond Issue: \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A and \$_____ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2019 Taxable Refunding Series B (collectively, the “2019 Bonds”)

Date of Issuance: April ___, 2019

NOTICE IS HEREBY GIVEN that NCPA has not provided an Annual Report with respect to the 2019 Bonds as required by Section 3 of the Continuing Disclosure Agreement with respect to the 2019 Bonds, dated April ___, 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