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Minutes - Draft

To: NCPA Commission
From: Cary A. Padgett, Assistant Secretary to the Commission
Subject: August 25, 2016, NCPA Commission Meeting

Item #1 – Call Meeting to Order and Introductions

Chairperson Carol Garcia called the meeting to order at 9:05 am at The Lodge at Nakoma, 348 Bear Run Road, Clito, California. A quorum was present. Introductions were made and Chair Garcia thanked Plumas-Sierra for hosting this month's meeting. Those in attendance are shown on the attached attendance list.

Item #2 – Approve Minutes of the July 27, 2016, Regular Commission Meeting

Motion: A motion was made by Roger Frith and seconded by Bob Lingl to approve the Minutes of the July 27, 2016, Regular Commission Meeting. The motion carried unanimously on a voice vote of those members present.

PUBLIC FORUM

Chairperson Garcia 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.

Member of Month was Gary Plass, Vice Mayor, City of Healdsburg.

REPORTS AND COMMITTEE UPDATES

Item #3 – General Manager's Business Progress Report and Update

- Provided an update on legislative activities.
- Gave an update on regionalization issues and the balancing market activities.
- Discussed the state legislative clean-up bill regarding SB 350.
- Provided an update on activities surrounding the PG&E's TO18 transmission case. ISO costs continue to increase. Assistant General Manager Dave Dockham provided a more detailed update on the case, as well as the settlement approach on PG&E's TO17 case.
- Assistant General Manager Ken Speer provided an update on the fire near Middletown and NCPA's Geothermal Plan. A few employees were evaluated, but there was no impact to the plant, and employees have returned to their homes.
- Gave a brief update the first session of NCPA's Leadership Training– staff received positive feedback from attendees and speakers.

- Update on Member visits. Met with Plumas-Sierra, Redding, Truckee Donner, and Shasta Lake.
- Upcoming APPA Underground Course registration is open. Please contact Marty Hostler if interested in staff attending – space is still available.

Item #4 – Executive Committee

Committee Chair Carol Garcia reported that the Committee met that morning and heard a report from the General Manager.

Item #5 – Facilities Committee

Assistant General Manager Dave Dockham reported the Committee met once since the last Commission meeting. The Committee met at its regular scheduled meeting and discussed Items 14, 15, 16, and 20 on today's Agenda. A quorum of the Committee was present at the meeting. The Committee recommended Commission approval of all items.

Item #6 – Finance Committee

Committee Chair Gary Plass reported the Committee met at its regular scheduled meeting on August 10th, and heard an update on the status of the Geothermal bond refinancing and recommended approval of future changes to the Finance Committee Membership, which is Item 13 on today's agenda. A Special Committee meeting is scheduled for September 14th at 9:00 am to review the proposed refinancing documents. A Special Committee meeting will also be held in October to review the draft fiscal year 2016 financial audit. The next regular scheduled Committee meeting is scheduled on November 9th at 10:00 am. Assistant General Manager Donna Stevener thanked Chair Plass for his leadership over the past two years as Chair of the Committee.

Item #7 – Legal Committee

Assistant General Counsel Ruthann Zeigler reported the Legal Committee did not meet.

Item #8 – Legislative & Regulatory Affairs Committee

- Committee Chair Bob Lingl reported the Committee met yesterday and discussed state legislation, pending regulatory proceedings related to RPS and GHG, the federal comprehensive energy bill, and pending CVP issues.
- NCPA hosted a lobby day in Sacramento on August 2nd that focused on ISO regionalization legislation. Thanks those members that participated.
- Registration for the Annual Conference being held on September 21-23, at the Resort at Squaw closes on September 1st. Members can still register online at www.ncpa.com.
- The next Committee meeting is scheduled on September 21st at the Resort at Squaw Creek.

Item #9 – Members' Announcements & Meeting Reporting

Barry Leska, Alameda, announced that Liz Warmerdam, Assistant City Manager, is the Interim General Manager for Alameda Municipal Power. The General Manager position is now open and can be found on Alameda's website.

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 for discussion.*

Motion: A motion was made by Gary Plass and seconded by Barry Leska to approve the Consent Calendar consisting of Items 10, 11, 12, 13, 14, 15, 16, 17, and 18. The motion carried by a majority of those members present on a roll call vote.

BART was absent.

Item #10 – NCPA’s Financials for the Month Ended July 31, 2016 – approval by all members.

Item #11 – Treasurer’s Report for the Month Ended July 31, 2016 – accept by all members.

Item #12 – Sale or Disposal of Surplus Property – note and file by all members the disposal of scrap metal, chairs and numerous computer components.

Fiscal Impact: none.

Item #13 – Appointments to the NCPA Finance Committee – ratify by all members the appointments of Ann Hatcher, Santa Clara; Madeline Deaton, Alameda; Matt Michaelis, Gridley and Philip McAvoy, Roseville as members of the Finance Committee, and to ratify the appointment of Madeline Deaton as Chairperson of the Finance Committee.

Fiscal Impact: none

Item #14 – Resolution 16-60, Approval of WAPA Letter of Agreement Number 16-SNR-01997 for the 2016 REC Program – adopt resolution by all members approving the WAPA Letter of Agreement Number 16-SNR-01997 on behalf of the NCPA members identified herein, and delegate authority to the NCPA General Manager to execute the LOA, including any non-substantive modifications to the WAPA Letter of Agreement Number 16-SNR-01997 approved by NCPA’s General Counsel.

Fiscal Impact: the estimated cost of this LOA is less than \$10,000, and will be allocated according to Base Resource percentages of represented members. NCPA administrative costs are allocated in accordance with approved cost allocation methodologies as described the NCPA annual budget. *Redding and Truckee Donner abstained.*

Item #15 – Resolution 16-63, Approval of CY 2017 NCPA Capacity Pool Rates – adopt resolution by all members approving the Local Area and System Resource Adequacy capacity rates proposed herein for use in the NCPA Capacity Pool, as described in Pooling Schedule 4, during the 2017 Resource Adequacy compliance year.

Fiscal Impact: work associated with development of the NCPA Capacity Pool Local Area and System Resource Adequacy capacity rates has been 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.

Palo Alto, Redding and Truckee Donner abstained.

Item #16 – Resolution 16-64, Approval of BART Confirmation for Agency Services – adopt resolution by all members approving the Confirmation for Agency Services, pursuant to the BART SMSA, and authorize the General Manager of NCPA to execute the Confirmation for Agency Services, on behalf of NCPA, including any non-substantive modifications to the Confirmation for Agency Services approved by NCPA’s General Counsel.

Fiscal Impact: in compensation for NCPA’s provision of Agency Services to BART, NCPA shall invoice BART for any and all direct costs incurred by NCPA, not otherwise currently included in BART’s allocated share of Power Management Services Costs and Administrative Services Cost,

pursuant to the BART SMSA, and consisting of new charges imposed on NCPA by others, including any direct fees assessed to NCPA by the CAISO for processing submitted data and requests, for work performed by NCPA on behalf of BART under the Confirmation for Agency Services.

Truckee Donner abstained.

Item #17 – Resolution 16-65, Approval of the Assignment, Assumption and Consent Agreement – adopt resolution by all members approving the Assignment, Assumption and Consent Agreement, and authorize the General Manager of NCPA to execute the Assignment, Assumption and Consent Agreement, on behalf of NCPA, including any non-substantive modifications to the Assignment, Assumption and Consent Agreement approved by NCPA's General Counsel.

Fiscal Impact: the Confirmation that will be assigned to EDFT will not be modified; therefore, there are no material costs associated with the proposed assignment.

Port of Oakland, Redding and Truckee Donner abstained.

Item #18 – Resolution 16-66, Approval of the Meter Service Agreement for Scheduling

Coordinators – adopt resolution by all members approving for the Meter Services Agreement for Scheduling Coordinators, and authorize the General Manager of NCPA to execute the Meter Services Agreement for Scheduling Coordinators, on behalf of NCPA, including any modifications to the Meter Services Agreement for Scheduling Coordinators approved by NCPA's General Counsel.

Fiscal Impact: Work associated with development of the Meter Service Agreement for Scheduling Coordinators has been 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.

Redding and Truckee Donner abstained.

DISCUSSION / ACTION ITEMS

Item #19 – Resolution 16-61, Approval of First Amendment to Employment Agreement with the General Manager – adopt resolution by all members approving a First Amendment to Employment Agreement, providing a five (5%) pay increase for the General Manager effective September 4, 2016.

Fiscal Impact: funds are available in the Executive Services Salaries and Benefits account, and there is not a material change to the current fiscal year budget.

Human Resources Manager Vicki Cichocki provided a background and explanation on the First Amendment to Employment Agreement with the General Manager. The Executive Committee reviewed and approved the General Manager's performance and recommended a five percent pay increase.

Motion: A motion was made by Bob Lingl and seconded by Mel Grandi to adopt Resolution 16-61, approve a First Amendment to Employment Agreement, providing a five (5%) pay increase for the General Manager effective September 4, 2016. The motion carried by a unanimous roll call vote of those members present.

BART was absent.

Item #20 – Resolution 16-62, Adit 4 Spoils Stabilization Project – Authorizing the General Manager to issue Purchase Orders For Engineering and Permitting Support Associated With Adit 4 Landslide – adopt resolution by all members authorizing the General Manager or his designee to issue Purchase Orders for an amount not to exceed \$500,000 against the previously approved Multi-Task Service Agreement with GHD Inc., for engineering and permitting support associated with the Adit 4 landslide.

Fiscal Impact: preliminary budget estimates to complete the repair are \$4.5M. As detailed design progresses, cost estimates will be updated. An insurance claim is presently under consideration. The insurer has retained an outside engineer to review the site damage, as well as the reports produced by NCPA to date. Staff provided the BODR to the insurer in June and will continue discussions as appropriate. Preliminary cash flow expenditures for the remainder of 2016 are estimated at \$0.3M for engineering consulting and staff time. Cash flow expenditures for 2017 for construction and quality control/inspection are estimated at \$4.2M. All NCPA procurement policies and procedures, including competitive bidding and Public Works bidding, will be followed during the procurement processes.

Assistant General Manager Ken Speer provided a detailed presentation on the repairs needed at the Adit 4 Spoils facility. The Facilities Committee reviewed and recommended Commission approval.

Motion: A motion was made by Gary Plass and seconded by Barry Leska authorizing the General Manager or his designee to issue Purchase Orders for an amount not to exceed \$500,000 against the previously approved Multi-Task Service Agreement with GHD Inc., for engineering and permitting support associated with the Adit 4 landslide. The motion carried by a unanimous roll call vote of those members present.

BART was absent. Port of Oakland, Redding and Truckee Donner abstained.

CLOSED SESSION

Item # 21 – 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.

REPORT FROM CLOSED SESSION

Upon return to open session, General Counsel Michael Dean reported there was no reportable action on Closed Session Item 21.

NEW BUSINESS

Assistant General Manager/CFO Donna Stevener announced that NCPA received reimbursement from FEMA for the Valley Fires that occurred last year near NCPA's Geothermal Plant.

Ms. Stevener thanked Plumas-Sierra staff for the efforts in assisting with setting up communication systems during the recent fire in Middletown.

ADJOURNMENT

The August 26, 2016, Commission meeting was adjourned at 10:03 am.

Respectfully submitted,

//

CARY A. PADGETT

Assistant Secretary to the Commission

Attachments

Northern California Power Agency
 Commission Meeting of August 25, 2016
COMMISSIONER
 Attendance List

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

MEMBER	NAME
ALAMEDA	BARRY LESKA <i>BL</i>
BIGGS	Rogn I <i>[Signature]</i>
GRIDLEY	PAUL ECKERT
HEALDSBURG	Garry Pines <i>[Signature]</i>
LODI	Mark Chandler
LOMPOC	Bob Ling /
PALO ALTO	H. Fowler
PORT OF OAKLAND	Basil Wong
PLUMAS-SIERRA REC	DAN KEENE
REDDING	Elizabeth Gladby
ROSEVILLE	Carol Carciu
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT	
SANTA CLARA	John Rontkema
TRUCKEE DONNER	Beth Oly
UKIAH	M.J. Gaudin



CONSENT CALENDAR

All items on the Consent Calendar are considered routine and will be approved without discussion by a single-roll call vote. Any Commissioner or member of the public may remove any item from the Consent Calendar. If an item is removed, it will be discussed separately following approval of the remainder of the Consent Calendar.

Prior to the roll call vote to approve the Consent Calendar, the Commissioners will be polled to determine if any Member wishes to abstain from one or more items on the Consent Calendar.

CONSENT CALENDAR ROLL-CALL APPROVAL

Commission Meeting Date: 8/25/10

Consent Items Listed on the Agenda: # 10 to # 18

Consent Items Removed from the Agenda and Approved Separately:

∅

ROLL-CALL VOTE BY MEMBERS: Hea / Alameda

Member	Item Numbers Abstained	Vote	Absent
Alameda		✓	
BART			X
Biggs		✓	
Gridley		✓	
Healdsburg		✓	
Lodi		✓	
Lompoc		✓	
Palo Alto	15	✓	
Port of Oakland	17	✓	
Redding	14 15 17 18	✓	
Roseville		✓	
Santa Clara		✓	
Truckee Donner	14-18	✓	
Ukiah		✓	
Plumas-Sierra		✓	


ATTEST: Cary A. Radgett
 Cary A. Radgett
 Assistant Secretary to the Commission


**Northern California Power Agency
ROLL CALL VOTE**

Topic: item 19 Resolution 14-601

	<u>VOTE</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Alameda	Y		
BART			X
Biggs	X		
Gridley	Y		
Healdsburg	Y		
Lodi	Y		
Lompoc	X		
Palo Alto	Y		
Plumas-Sierra	X		
Port of Oakland	X		
Redding	X		
Roseville	X		
Santa Clara	X		
Truckee Donner	Y		
Ukiah	X		

Passed and adopted this 25th day of August 2016, by the above vote on roll call.


 CAROL GARCIA
 Chairperson

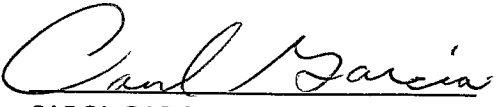
ATTEST: 
 CARY A. PADGETT
 Assistant Secretary


**Northern California Power Agency
ROLL CALL VOTE**

Topic: item 20 - Resolution 16-62

	<u>VOTE</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Alameda	✓		
BART			✓
Biggs	✓		
Gridley	✓		
Healdsburg	✓		
Lodi	✓		
Lompoc	✓		
Palo Alto	✓		
Plumas-Sierra	✓		
Port of Oakland		X	
Redding		X	
Roseville	✓		
Santa Clara	✓		
Truckee Donner		X	
Ukiah	✓		

Passed and adopted this 25th day of August 2016, by the above vote on roll call.


 CAROL GARCIA
 Chairperson

ATTEST: 
 CARY A. PADGETT
 Assistant Secretary



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Commission Staff Report

AGENDA ITEM NO.: 5

Date: September 15, 2016

To: NCPA Commission

Subject: August 31, 2016 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

To: NCPA Facilities Committee
From: Michelle Schellentrager
Subject: August 31, 2016, Facilities Committee Meeting Minutes

1. Call meeting to order & Roll Call - The meeting was called to order by Committee Chair Alan Hanger at 9:06am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were: Alan Hanger, Debbie Whiteman and Barry Leska (Alameda), Mark Sorensen (Biggs), Paul Ekert (Gridley), Jiayo Chiang and Melissa Price (Lodi), Tikan Singh (Lompoc), Basil Wong (Port of Oakland), Monica Padilla (Palo Alto), Steve Hance and Kathleen Hughes (Santa Clara), Steve Hollabaugh (Truckee-Donner), and Jim Farrar (Turlock). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Healdsburg, Plumas-Sierra, and Ukiah were absent. A quorum of the Committee was established.

PUBLIC FORUM

No public comment.

- 2. Approve minutes from the August 3rd Facilities Committee meetings.** A motion was made by Shannon McCann and seconded by Steve Hance recommending approval of the August 3rd Facilities Committee meeting minutes. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Port of Oakland, Roseville and Santa Clara. The motion passed.
- 3. CAISO IIE Dispute** – Tony Zimmer gave an update on the ongoing dispute with CAISO, related to Instructed and Uninstructed Imbalance Energy, specifically NCPA submitting DEC bids to the CAISO from June 2015 – Sept 2015.. As a result of NCPA's bidding strategy, the CAISO imposed a number of deviation penalties when NCPA submitted DEC bids to the CAISO. NCPA subsequently submitted a placeholder dispute to these penalties. Following several meetings and discussions over the past year, the CAISO recently partially accepted various portions of the dispute and denied the DEC bid portion of the dispute. The Agency will recover approximately half of the \$334,000 disputed amount.

Tony presented options for seeking further remedy of from the penalties from CAISO:

- Enter into a CAISO Dispute Resolution with an arbitrator. NCPA has until November 3, 2016 to file an official Dispute Resolution Request with CAISO
- Submit a Business Practice Manual change request to change the CAISO's current calculations. CAISO has stated that they are open to considering changing the formulas.
- File a complaint to FERC, arguing that CAISO is improperly implementing our contract. This option could be costly, likely exceeding the disputed amount. This option would not necessarily help to recover the money NCPA has already lost, but could help fix the underlying issues.

NCPA will likely first file a CAISO Dispute Resolution request, while at the same time submitting a request to CAISO for them to change their calculation formulas. Pending the outcome of these

combined requests, NCPA may choose to pursue an official complaint with FERC (however, NCPA would bring it before the Facilities Committee before pursuing this last option).

- 4. Merced Irrigation District Services Agreement** – NCPA was selected as the successful bidder to Merced Irrigation District, and is currently in contract negotiations with MEID. NCPA is working to develop a non-member Services Agreement (similar to the agreement recently set up for Placer County Water Agency). MEID estimates they will start receiving services from NCPA in the 4th quarter of this year, and the contract will likely have an Effective Date through June 30, 2022, with automatic extension for a term of two years.

The Scope of Services NCPA will be providing are as follows:

- Scheduling Coordination services
- Dispatch services
- Portfolio Management & Optimization services
- Reliability Standards Compliance services
- Supplemental services

Staff recommended approval of the Services Agreement between Merced Irrigation District and NCPA, under which NCPA would supply certain Power Management and Administrative Services to the Merced Irrigation District.

Motion: A motion was made by Monica Padilla and seconded by Shannon McCann recommending Commission approval of the Services Agreement with Merced. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Port of Oakland, Roseville and Santa Clara. ABSTAIN = TID. The motion passed.

- 5. Professional Services Agreement with Placer County CCA** – Placer County is in the process of forming as a Community Choice Aggregator (CCA) and seeks NCPA's assistance with certain professional services during the initial process. Placer County has expressed a strong interest in taking Power Management and Administrative Services from NCPA once the CCA is formed.

Under this Professional Services Agreement, Placer County would like NCPA to provide the following services:

- Planning & Portfolio Content
- Pricing and forecasting
- Developing risk management policies and regulations
- Exploration of procurement options

Services would be provided on a time and materials basis with a non-to-exceed amount of \$50,000.00

City of Roseville stated they were not comfortable recommending the Agreement for approval not having an opportunity to review the document first. Two separate motions were made for the Facilities Committee to consider..

Motion 1: A motion was made by Monica Padilla and seconded by Shannon McCann recommending approval of a framework for the development of a Professional Services Agreement between NCPA and Placer County CCA, to enable NCPA to provide certain professional services to Placer County, based on the scope of services and services pricing as presented herein. A vote was taken by roll call: YES = Alameda, Gridley, Lodi, Lompoc, Palo Alto, Port of Oakland, Roseville, and Santa Clara. The motion passed.

Motion 2: A motion was made by Steve Hance and seconded by Monica Padilla recommending approval of a Professional Services Agreement between NCPA and Placer County pending comprehensive review and approval of such Professional Services Agreement by NCPA's

General Counsel, whereby NCPA's General Counsel will confirm that the content and structure of the Professional Services Agreement is consistent with the framework as approved by the Facilities Committee. A vote was taken by roll call: YES = Gridley, Lodi, Lompoc, Palo Alto, Port of Oakland, and Santa Clara. NO = Roseville. ABSTAIN = Alameda. The motion passed.

- 6. Provision of Power Management Services to Shasta Lake** – Shasta Lake is currently in the process of becoming a member of NCPA. They have since expressed an interest in taking Power Management services from NCPA. Staff has developed cost allocation modeling assumptions in order to provide Shasta Lake with an estimate of costs. Roseville requested that staff consider the Integrated System share as well in the cost estimate. Staff will address this, but will most likely not have a real material change to the cost estimate. Staff is recommending approval of the assumptions for modeling and pricing Power Management Services that may be supplied to Shasta Lake pursuant to the Power Management and Administrative Services Agreement.

Motion: A motion was made by Steve Hance and seconded by Shannon McCann recommending Commission approval of the proposed modeling and pricing for NCPA providing services to Shasta Lake. A vote was taken by roll call: YES = Alameda, Gridley, Lodi, Lompoc, Roseville, and Santa Clara. ABSTAIN = Palo Alto. The motion passed.

7. Planning and Operations Update –

- A request recently came in from Clenera for NCPA to provide Schedule Coordination services. Staff met with them this week based on their current relationship with Palo Alto. The project will be located in Modesto Irrigation District connected to Merced and dynamically dispatched to CAISO. NCPA staff will be meeting with Merced to discuss this further.
- PG&E filed TO-18, which is a continuation of PG&E's annual rate increases of 9.5%; these annual increases have been happening since 2006. NCPA members expressed concern about these ongoing PG&E capital requests, specifically the methodology PG&E is using for developing their forecasts. NCPA staff will be discussing these rate increases with the Utility Directors to determine the best course of action possibly disputing these increases.


- 8. Schedule next meeting date** – the next regular Facilities Committee meeting is scheduled for October 5th.

ADJOURNMENT

The meeting was adjourned at 12:07pm.

**Northern California Power Agency
Facilities Committee Meeting of August 31, 2016
Facilities Committee
Attendance List**

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

MEMBER	NAME
ALAMEDA	
BART	
BIGGS	
GRIDLEY	
HEALDSBURG	
LODI	
LOMPOC	
PALO ALTO	
PLUMAS-SIERRA REC	
PORT OF OAKLAND	
ROSEVILLE	
SANTA CLARA	
TID	
UKIAH	



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Commission Staff Report

AGENDA ITEM NO.: 8

Date: September 23, 2016
To: NCPA Commission
Subject: Legislative & Regulatory Affairs Committee – August 24, 2016, Meeting Minutes

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



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Minutes

Date: September 7, 2016
To: Legislative and Regulatory Affairs Committee
From: Carrie Pollo
Subject: August 24, 2016 Legislative and Regulatory Affairs Committee Meeting Minutes

Item #1 – Opening Remarks & Introductions

Committee Chair Bob Lingl, Mayor of Lompoc, called the meeting to order at 2:20 pm, followed by introductions of all in attendance. Those in attendance are shown on the attached attendance sheet. Participating via teleconference were; Madeline Deaton from Alameda Municipal Power, Monica Padilla, City of Palo Alto, Teresa O'Neill and Joyce Kinnear, City of Santa Clara, Gregg Cook, Government Affairs Consulting and Marty Kanner, Kanner & Associates, LLC.

PUBLIC FORUM

No one from the public was present.

REPORTS AND ACTION ITEMS

Item #2 – Approval of Minutes

Motion: A motion was made by Gary Plass, City of Healdsburg, and seconded Roger Frith, City of Biggs, to approve the minutes from the May 25, 2016 regular meeting and the August 1, 2016 special meeting. The motion passed unanimously.

Item #3 – State Legislation

Mario De Bernardo gave an update and overview of state legislative issues pending as the end of session approaches. The bills reviewed were SB 1393, SB 32, AB 197, AB 1110 and AB 2163.

SB 32 and AB 197 would work together to establish the state's 2030 greenhouse gas emissions reduction program. AB 197 is ambiguous on the role of cap and trade in the state's program. As such, NCPA has an oppose unless amended position on the bill, and is supporting potential amendments that expressly recognize cap and trade as an option.

Due to end of session amendments to AB 1110, NCPA changed its position from support to oppose. The bill would require a utility's power content label to include a greenhouse gas emission intensity figure. The amendments, pushed by community choice aggregators, would affect the process of calculating greenhouse gas emissions in a manner that could negatively affect NCPA. NCPA is working with the author and sponsor to draft a letter to the Assembly Journal to address NCPA's concerns caused by the last minute amendments. This letter will provide insight into legislative intent in this area that we are hopeful can guide the regulatory process in this area.

AB 2163 is a gut and amend that would impose certain net energy metering (NEM) requirements on the Imperial Irrigation District. NCPA is opposed to the bill because of the precedent it would set for other utilities that establish NEM successor programs the solar industry does not agree with. The bill requires a two-thirds vote.

SB 1393 is the Senate pro Tem's SB 350 cleanup bill. It includes some helpful (albeit minor) provisions for NCPA. NCPA opposed some of the provisions the California Energy Commission (CEC) and Air Resources Board (ARB) asked for in the bill. Those provisions, among other things, would have increased CEC's enforcement authority over a publicly owned utility's integrated resource plan. Due to NCPA's objections, those provisions were excluded from the bill. NCPA also plans to work with the Senate pro Tem's office on SB 350 cleanup in the fall.

Item #4 – Regulatory Affairs

Scott Tomashefsky updated the committee on the California Air Resources Board's (CARB) proposed Scoping Plan, which is California's overarching Green House Gas (GHG) reduction strategy document for the 2030 goal. The Draft Scoping Plan will be released in the Fall of 2016, with regional workshops following in the Winter and Spring. CARB expects to approve the plan in early 2017.

Mr. Tomashefsky also reviewed the key elements of CARB's latest set of amendments to the state's cap-and-trade regulations, with particular emphasis on allowance allocation and impacts on NCPA members. He also provided an update regarding the latest developments at the California Energy Commission's RPS enforcement proceeding, as well as a status report about NERC's ongoing information sharing initiatives.

Item #5 – Federal Legislation

Brent ten Pas provided an overview of the pending comprehensive energy legislation and the key provisions of interest to NCPA. There are differences between the House and Senate energy bills, and conferees have been appointed by the Senate and House to resolve. The hydropower relicensing reform provisions are in both bills, and NCPA continues to work with stakeholders to build support. The forest management provisions in the House energy bill are unlikely to stay in, but there is strong bipartisan support for the wildfire budget reforms language.

Item #6 – Western Area Power Administration

Jerry Toenyes updated members on the most recent developments related to the Bureau of Reclamation's (Reclamation's) Central Valley Cost Allocation Study, and its CVPIA Accounting and Cost Recovery Business Practice Guidelines. Also, Mr. Toenyes shared concerns that Reclamation's potential cost sharing arrangement with the California Department of Water Resources for the twin tunnels as part of the California Water Fix project could assign costs to the CVP power function and the CVP power customers an estimated \$15 million.

Item #7 – Stakeholder Review

Jane Cirrincione updated the committee regarding state and federal issue areas where NCPA is coordinating with coalition partners.

Item #8 – Other Issues

Liz Kirkley, City of Lodi, reported that Lodi Electric is upgrading their 60 kv transmission line to 230 kv in 2017, and the city would like support for their efforts to work with the California Public Utilities Commission and Pacific Gas & Electric during this transition.

ADJOURNMENT

Chair Lingl adjourned the meeting at 4:55 pm. All were in favor.

Northern California Power Agency
 Legislative & Regulatory Affairs Committee Meeting
 August 24, 2016
COMMITTEE MEMBER
 Attendance List

MEMBER	SIGNATURE
Alameda	Madeline Deaton on phone
Biggs	Ray J. [Signature]
Gridley	
Healdsburg	Mg [Signature]
Lodi	[Signature]
Lompoc	Bob Ling [Signature]
Palo Alto	A. Powell [Signature]
Port of Oakland	Basil Wong [Signature]
Plumas-Sierra REC	
Redding	Elizabeth Hadley
Roseville	
BART	
Santa Clara	John Runkema
Truckee Donner	[Signature]
Ukiah	Mel Gracdi [Signature]

**Northern California Power Agency
Legislative & Regulatory Affairs Committee Special Meeting
August 24, 2016 - Attendee List**

#	NAME	AFFILIATION
1	Bob Cing	Lompoc
2	Jane Cirrincione	NCPA
3	Mario DeBernardo	ACI NCPA
4	Randy Howard	NCPA
5	Scott Tomaszewsky	NCPA
6	Michael Bloom	Roseville
7	Mike Brozo	PSREC
8	MEL GRANDI	URIAH -
9	Basil Wong	Port
10	LIZ KIRKLEY	LODI
11	Mark Chandler	ledi
12	Gary Phas	Amador
13	Jerry Toenyes	Consultant
14	Tom Miller	Shasta Lake
15	Page Frith	Yiggs
16	Ken Speer	NCPA
17	Joe Harvath	TDPUD
18	Stephen Hollabaugh	TDPUD
19	John Roukema	SUP - Santa Clara
20	Elizabeth Hadley	Redding
21	Brenten Pas	NCPA
22	Carnie Pollo	NCPA
23	Heather Dawlar	Palo Alto
24	Dave Dockham	NCPA
25	Vicki Cichocki	NCPA
26	Mark Chandler	City of Lodi



Commission Staff Report

September 14, 2016

COMMISSION MEETING DATE: September 23, 2016

SUBJECT: August 2016 Financial Report (Unaudited)

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

If other, please specify.

Place an X in the box next to the applicable Member(s) above.

RECOMMENDATION:

Approval by all members.

NOTICE:

The disbursements of the Northern California Power Agency for the month reported herein, will be approved at the September 23, 2016 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 August 2016 financial reports are also included.

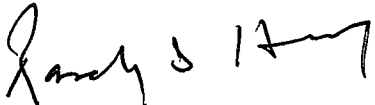
FISCAL IMPACT:

This report has no direct budget impact to the Agency.

ENVIRONMENTAL ANALYSIS:

The Financial report will 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,



RANDY S. HOWARD
General Manager

Attachments:

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

**Schedule of Disbursements
(Unaudited)**

For the Month of August 2016

Operations:

Geothermal	\$	1,790,734
Hydroelectric		3,526,819
CT#1 Combustion Turbines		212,852
CT#2 STIG		559,221
Lodi Energy Center		4,551,407
NCPA Operating		<u>20,269,845</u>
Total	\$	<u><u>30,910,878</u></u>

NORTHERN CALIFORNIA POWER AGENCY
 REPORT OF BUDGET VS. ACTUAL COST
 FOR THE PERIOD ENDED AUGUST 31, 2016

PERCENT OF YEAR ELAPSED 17%

	This Month	Actual Year To-Date	FY 2017 Budget	% Used
<u>GENERATION RESOURCES</u>				
NCPA Plants				
Hydroelectric				
Other Plant Cost	\$ 508,836	\$ 1,447,410	\$ 13,601,891	11%
Debt Service (Net)	3,187,715	6,375,429	38,252,575	17%
Annual Budget Cost	3,696,551	7,822,839	51,854,466	15%
Geothermal				
Other Plant Cost	1,548,896	3,371,985	28,035,560	12%
Debt Service (Net)	425,812	851,624	5,109,745	17%
Annual Budget Cost	1,974,708	4,223,609	33,145,305	13%
Combustion Turbine No. 1	197,235	376,313	2,648,330	14%
Combustion Turbine No. 2 (Stig)				
Fuel and Pipeline Transport Charges	93,664	151,020	936,070	16%
Other Plant Cost	121,540	274,655	2,025,600	14%
Debt Service (Net)	468,797	937,595	5,625,568	17%
Annual Budget Cost	684,001	1,363,270	8,587,238	16%
Lodi Energy Center				
Fuel	1,015,863	2,730,159	44,100,578	6%
Other Plant Cost	996,273	2,220,835	22,453,402	10%
Debt Service (Net)	2,199,759	4,399,519	26,437,261	17%
Annual Budget Cost	4,211,895	9,350,513	92,991,241	10%
Member Resources - Energy	4,080,093	8,350,324	45,637,694	18%
Member Resources - Natural Gas	400,954	858,326	4,877,728	18%
Western Resources	3,498,314	5,433,914	30,288,301	18%
Market Power Purchases	2,223,364	4,212,546	39,302,363	11%
Load Aggregation Costs - ISO	4,970,012	13,286,108	240,128,621	6%
Net GHG Obligations	534,660	534,660	2,539,910	21% (a)
	26,471,787	55,812,422	552,001,197	10%
<u>TRANSMISSION</u>				
Independent System Operator				
Grid Management Charge	297,888	609,552	3,799,908	16%
Wheeling Access Charge	6,845,802	13,678,973	74,972,258	18%
Ancillary Services	263,713	594,823	1,421,202	42% (b)
Other Charges	-	-	807,975	0%
	7,407,403	14,883,348	81,001,343	18%

NORTHERN CALIFORNIA POWER AGENCY
 REPORT OF BUDGET VS. ACTUAL COST
 FOR THE PERIOD ENDED AUGUST 31, 2016

PERCENT OF YEAR ELAPSED 17%

	This Month	Actual Year To-Date	FY 2017 Budget	% Used
<u>MANAGEMENT SERVICES</u>				
Legislative & Regulatory				
Legislative Representation	123,967	200,523	1,896,810	11%
Regulatory Representation	49,621	120,510	794,328	15%
Western Representation	38,181	66,708	816,695	8%
Member Support Services	18,716	42,728	432,215	10%
Judicial Action	24,220	24,220	625,000	4%
Power Management				
System Control & Load Dispatch	255,925	624,538	5,621,941	11%
Forecasting, Planning, Prescheduling & Trading	91,158	251,284	2,554,949	10%
Industry Restructuring & Regulatory Affairs	13,060	32,438	414,128	8%
Contract Admin, Interconnection Svcs & External Affairs	41,903	104,656	1,136,523	9%
Green Power Project	42	198	17,782	1%
Gas Purchase Program	2,717	6,834	86,550	8%
Market Purchase Project	3,761	9,913	127,856	8%
Energy Risk Management				
Settlements	8,454	20,268	211,925	10%
Integrated Systems Support	10,748	43,418	861,558	5%
Participant Pass Through Costs	558	65,184	310,532	21% (c)
Shared Services Pass Through	32,865	74,242	1,417,039	5%
Prospective Member	-	-	-	N/A
	-	-	-	N/A
	715,896	1,687,662	17,325,831	10%
TOTAL ANNUAL BUDGET COST	34,595,086	72,383,432	650,328,371	11%
<u>LESS: THIRD PARTY REVENUE</u>				
Plant ISO Energy Sales	2,227,111	11,068,346	118,942,685	9% (d)
Load Aggregation Energy Sales	2,316,809	8,278,375	184,116,660	4% (e)
Ancillary Services Sales	176,042	813,709	3,790,032	21%
Transmission Sales	9,198	18,396	110,376	17%
Western Credits, Interest and Other Income	2,089,309	7,121,850	14,810,642	48%
	6,818,469	27,300,676	321,770,395	8%
NET ANNUAL BUDGET COST TO PARTICIPANTS	\$ 27,776,617	\$ 45,082,756	\$ 328,557,976	14%

- (a) Purchases made several months in advance. Percent of budget used expected to level off throughout the year.
- (b) Ancillary services requirements increased two to three times. Budgeted price per MWh were \$5-\$10 while actuals were in the \$15-\$20 per MWh range.
- (c) Variance due to annual hardware and software maintenance contracts paid in full in July. Variance expected to level off throughout the year.
- (d) Variance due to lower than anticipated ISO energy sales for the Lodi Energy Center (LEC). LEC's transportation rate increase from \$.03547/ MMBtu to \$1.110/MMBtu starting August 1st, 2016.
- (e) Market prices down due to increased hydro and solar generation.

COMBINED STATEMENTS OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

UNAUDITED

	August 31,	
	2016	2015
ASSETS	(in thousands)	
CURRENT ASSETS		
Cash and cash equivalents	\$ 41,666	\$ 45,928
Investments	29,753	29,093
Accounts receivable		
Participants	550	427
Other	822	1,061
Interest receivable	180	198
Inventory and supplies - at average cost	9,194	8,189
Prepaid expenses	794	165
TOTAL CURRENT ASSETS	82,959	85,061
RESTRICTED ASSETS		
Cash and cash equivalents	38,824	35,158
Investments	150,545	149,366
Interest receivable	310	237
TOTAL RESTRICTED ASSETS	189,679	184,761
ELECTRIC PLANT		
Electric plant in service	1,500,854	1,500,355
Less: accumulated depreciation	(917,097)	(886,541)
	583,757	613,814
Construction work-in-progress	243	56
TOTAL ELECTRIC PLANT	584,000	613,870
OTHER ASSETS		
Regulatory assets	248,418	248,525
Unused vendor credits	44	-
TOTAL OTHER ASSETS	248,462	248,525
TOTAL ASSETS	1,105,100	1,132,217
DEFERRED OUTFLOWS OF RESOURCES		
Excess cost on refunding of debt	53,003	50,820
Pension contribution	9,093	5,310
TOTAL DEFERRED OUTFLOWS OF RESOURCES	62,096	56,130
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,167,196	\$ 1,188,347

COMBINED STATEMENTS OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

UNAUDITED

	August 31,	
	2016	2015
	(in thousands)	
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 23,557	\$ 15,391
Member advances	993	993
Operating reserves	18,978	22,220
Current portion of long-term debt	39,440	37,390
Accrued interest payable	7,307	7,633
TOTAL CURRENT LIABILITIES	90,275	83,627
NON-CURRENT LIABILITIES		
Net pension liability	57,774	57,260
Operating reserves and other deposits	133,450	129,082
Interest rate swap liability	22,261	16,535
Long-term debt, net	747,760	789,210
TOTAL NON-CURRENT LIABILITIES	961,245	992,087
TOTAL LIABILITIES	1,051,520	1,075,714
DEFERRED INFLOWS OF RESOURCES		
Regulatory credits	74,045	75,470
Pension earnings	6,599	4,947
TOTAL DEFERRED INFLOWS OF RESOURCES	80,644	80,417
NET POSITION		
Net investment in capital assets	(41,878)	(41,411)
Restricted	53,292	47,356
Unrestricted	23,618	36,271
TOTAL NET POSITION	35,032	42,216
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,167,196	\$ 1,198,347

COMBINED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

UNAUDITED

	Two Months Ended August 31,	
	2016	2015
	(in thousands)	
SALES FOR RESALE		
Participants	\$ 59,039	\$ 62,249
Other Third-Party	37,098	45,323
TOTAL SALES FOR RESALE	96,137	107,572
OPERATING EXPENSES		
Purchased power	49,269	51,536
Operations	9,099	11,975
Transmission	17,547	14,237
Depreciation	5,121	5,129
Maintenance expenses	2,021	2,420
Administrative and general	2,466	2,719
TOTAL OPERATING EXPENSES	85,523	88,016
NET OPERATING REVENUES	10,614	19,556
OTHER (EXPENSES) REVENUES		
Interest expense	(7,060)	(7,238)
Interest income	(784)	329
Other	5,331	1,063
TOTAL OTHER EXPENSES	(2,513)	(5,846)
FUTURE RECOVERABLE AMOUNTS	(1,101)	(1,135)
REFUNDS TO PARTICIPANTS	69	(349)
INCREASE (DECREASE) IN NET POSITION	7,069	12,226
NET POSITION, Beginning of year	27,963	29,990
NET POSITION, Period ended	\$ 35,032	\$ 42,216

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

August 31, 2016

	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
CURRENT ASSETS										
Cash and cash equivalents	1	\$ -	\$ -	1	\$ 71	\$ -	\$ -	48	\$ 41,544	\$ 41,666
Investments	-	-	-	-	-	-	-	-	29,753	29,753
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Participants	-	-	-	-	-	-	-	170	380	550
Others	15	-	-	-	-	-	691	-	116	822
Interest receivable	-	-	-	-	14	-	64	-	102	180
Inventory and supplies - at average cost	4,222	1,079	642	1,402	1,849	-	-	-	-	9,194
Prepaid expenses	131	88	14	11	59	-	-	-	491	794
Due from Agency and other programs*	17,074	12,907	2,199	(878)	15,037	-	15,589	6,213	(88,141)	-
TOTAL CURRENT ASSETS	21,443	14,074	2,856	536	17,030	-	16,344	6,431	4,245	82,959
RESTRICTED ASSETS										
Cash and cash equivalents	4,024	2,444	2	-	5,431	-	2,880	-	24,043	38,824
Investments	18,921	34,222	2,128	-	24,214	-	18,689	-	52,371	150,545
Interest receivable	36	68	5	-	20	-	-	-	181	310
TOTAL RESTRICTED ASSETS	22,981	36,734	2,135	-	29,665	-	21,569	-	76,595	189,679
ELECTRIC PLANT										
Electric plant in service	568,711	393,936	64,826	36,245	423,557	7,736	-	594	5,249	1,500,854
Less: accumulated depreciation	(528,743)	(244,571)	(44,313)	(34,146)	(54,769)	(7,734)	-	(324)	(2,497)	(917,097)
	39,968	149,365	20,513	2,099	368,788	2	-	270	2,752	583,757
Construction work-in-progress	128	-	-	-	102	-	-	-	13	243
TOTAL ELECTRIC PLANT	40,096	149,365	20,513	2,099	368,890	2	-	270	2,765	584,000
OTHER ASSETS										
Regulatory assets	1,636	158,035	12,809	-	19,574	(2)	-	-	56,366	248,418
Unused vendor credits	44	-	-	-	-	-	-	-	-	44
TOTAL OTHER ASSETS	1,680	158,035	12,809	-	19,574	(2)	-	-	56,366	248,462
TOTAL ASSETS	86,200	358,208	38,313	2,635	435,159	-	37,913	6,701	139,971	1,105,100
DEFERRED OUTFLOWS OF RESOURCES										
Excess cost on refunding of debt	-	50,780	2,223	-	-	-	-	-	-	53,003
Pension contribution	-	-	-	-	-	-	-	-	9,093	9,093
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	50,780	2,223	-	-	-	-	-	9,093	62,096
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 86,200	\$ 408,988	\$ 40,536	\$ 2,635	\$ 435,159	\$ -	\$ 37,913	\$ 6,701	\$ 149,064	\$ 1,167,196

* Eliminated in Combination

OTHER FINANCIAL INFORMATION

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

August 31, 2016

GENERATING & TRANSMISSION RESOURCES

	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
LIABILITIES										
CURRENT LIABILITIES										
Accounts payable	\$ -	\$ 260	\$ -	\$ -	\$ 1,014	\$ -	\$ 17,635	\$ -	\$ 4,648	\$ 23,557
Member advances	791	-	-	-	-	-	-	202	-	993
Operating reserves	6,226	250	601	250	11,651	-	-	-	-	18,978
Current portion of long-term debt	4,345	21,385	3,760	-	9,950	-	-	-	-	39,440
Accrued interest payable	232	2,823	145	-	4,107	-	-	-	-	7,307
TOTAL CURRENT LIABILITIES	11,594	24,718	4,506	250	26,722	-	17,635	202	4,648	90,275
NON-CURRENT LIABILITIES										
Net pension liability	-	-	-	-	-	-	-	-	-	-
Operating reserves and other deposits	16,038	14,843	-	-	1,715	-	22,012	2,255	57,774	57,774
Interest rate swap liability	-	22,261	-	-	-	-	-	-	76,587	133,450
Long-term debt, net	27,307	334,182	34,565	-	351,706	-	-	-	-	22,261
TOTAL NON-CURRENT LIABILITIES	43,345	371,286	34,565	-	353,421	-	22,012	2,255	134,361	961,245
TOTAL LIABILITIES	54,939	396,004	39,071	250	380,143	-	39,647	2,457	139,009	1,051,520
DEFERRED INFLOWS OF RESOURCES										
Regulatory credits	20,210	3,881	1,055	2,262	43,128	-	-	277	3,232	74,045
Pension earnings	-	-	-	-	-	-	-	-	6,599	6,599
TOTAL DEFERRED INFLOWS OF RESOURCES	20,210	3,881	1,055	2,262	43,128	-	-	277	9,831	80,644
NET POSITION										
Net investment in capital assets	(4,971)	(17,935)	(3,795)	-	(15,177)	-	-	-	-	(41,878)
Restricted	5,839	29,900	1,989	-	12,862	-	(380)	3,075	7	53,292
Unrestricted	10,183	(2,862)	2,216	123	14,203	-	(1,354)	892	217	23,618
TOTAL NET POSITION	11,051	9,103	410	123	11,888	-	(1,734)	3,967	224	35,032
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 86,200	\$ 408,988	\$ 40,536	\$ 2,635	\$ 435,159	\$ -	\$ 37,913	\$ 6,701	\$ 149,064	\$ 1,167,196

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 Two Months Ended August 31, 2016

	GENERATING & TRANSMISSION RESOURCES										Other Agency	Combined	
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	8	\$			
SALES FOR RESALE													
Participants		6,204	1,374	544	8,750	-	38,366	1,511	8	59,039			
Other third-party		1,856	104	260	4,929	-	25,030	-	-	37,098			
TOTAL SALES FOR RESALE		8,060	1,478	804	13,679	-	63,396	1,511	8	96,137			
OPERATING EXPENSES													
Purchased power		-	-	-	365	-	48,904	-	-	49,269			
Operations	2,145	407	210	215	3,591	-	858	1,673	-	9,099			
Transmission	146	54	19	63	48	-	17,216	1	-	17,547			
Depreciation	633	1,590	369	30	2,434	3	-	13	49	5,121			
Maintenance expenses	575	588	179	101	566	-	-	12	-	2,021			
Administrative and general	374	378	50	61	475	-	-	511	617	2,466			
Intercompany (sales) purchases, net*	(64)	26	7	11	29	-	-	(9)	-	-			
TOTAL OPERATING EXPENSES	3,809	3,043	834	481	7,508	3	66,978	2,201	666	85,523			
NET OPERATING REVENUES	3,392	5,017	644	323	6,171	(3)	(3,582)	(690)	(658)	10,614			
OTHER (EXPENSES) REVENUES													
Interest expense	(225)	(3,869)	(314)	-	(2,652)	-	-	-	-	(7,060)			
Interest income	(29)	(336)	(74)	-	(7)	-	(9)	6	(335)	(784)			
Other	-	-	203	-	4,993	-	-	-	135	5,331			
TOTAL OTHER (EXPENSES) REVENUES	(254)	(4,205)	(185)	-	2,334	-	(9)	6	(200)	(2,513)			
FUTURE RECOVERABLE AMOUNTS	(276)	(977)	(367)	-	416	3	-	-	-	(1,101)			
REFUNDS TO PARTICIPANTS	40	32	12	(18)	-	-	(127)	25	105	69			
INCREASE (DECREASE) IN NET POSITION	2,902	(133)	204	305	8,921	-	(3,718)	(659)	(753)	7,069			
NET POSITION, Beginning of year	8,149	9,236	206	(182)	2,967	-	1,984	4,626	977	27,963			
NET POSITION, Period ended	11,051	9,103	410	123	11,888	-	(1,734)	3,967	224	35,032			

* Eliminated in Combination

NORTHERN CALIFORNIA POWER AGENCY & ASSOCIATED POWER CORPORATIONS
 AGED ACCOUNTS RECEIVABLE
 August 31, 2016

Status	Participant / Customer	Description	Amount
CURRENT			\$ 1,372,318
PAST DUE:			
1 - 30			
31 - 60			
61 - 90			
91 - 120			
Over 120 Days			
PARTICIPANT and OTHER RECEIVABLES (net)			<u>\$ 1,372,318</u>

NOTE: All amounts invoiced or credited to members and others are project/program specific.
 NCPA does not apply any credits issued to outstanding invoices unless directed.



Commission Staff Report

September 14, 2016

COMMISSION MEETING DATE: September 23, 2016

SUBJECT: Treasurer's Report for the Month Ended August 31, 2016

AGENDA CATEGORY: Consent

FROM:	Sondra Ainsworth <i>SA</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 Ukiah	<input type="checkbox"/>
Alameda Municipal Power	<input type="checkbox"/>	City of Lompoc	<input type="checkbox"/>	Plumas-Sierra REC	<input type="checkbox"/>
Bay Area Rapid Transit	<input type="checkbox"/>	City of Palo Alto	<input type="checkbox"/>	Port of Oakland	<input type="checkbox"/>
City of Biggs	<input type="checkbox"/>	City of Redding	<input type="checkbox"/>	Truckee Donner PUD	<input type="checkbox"/>
City of Gridley	<input type="checkbox"/>	City of Roseville	<input type="checkbox"/>	Other	<input type="checkbox"/>
City of Healdsburg	<input type="checkbox"/>	City of Santa Clara	<input type="checkbox"/>		<input type="checkbox"/>

If other, please specify.

Place an X in the box next to the applicable Member(s) above.

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 \$26,876,837 of which approximately \$191,204 was applicable to Special and Reserve Fund Deposits, \$1,462 to Debt Service and \$26,684,171 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 \$233,906,408 at month end. The current market value of the portfolio totaled \$234,571,949.

The overall portfolio had a combined weighted average interest rate of 0.986% with a bond equivalent yield (yield to maturity) of 1.000%. Investments with a maturity greater than one year totaled \$148,192,000. July maturities totaled \$14 million and monthly receipts totaled \$34 million. During the month \$19 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 increased by 2 basis point (from 0.29% to 0.31%) and rates on one year T-Bills increased 6 basis points (from 0.53% to 0.59%).

To the best of my knowledge and belief, all securities held by NCPA as of July 31, 2016 are in compliance with the Agency's investment policy. There are adequate cash flow and investment maturities to meet next month's cash requirements.

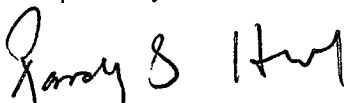
FISCAL IMPACT:

This report has no direct budget impact to the Agency.

ENVIRONMENTAL ANALYSIS:

The Treasurer's report will 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,



RANDY S. HOWARD
General Manager

Attachment

SR: 194:16

NORTHERN CALIFORNIA POWER AGENCY

TREASURER'S REPORT

AUGUST 31, 2016

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Northern California Power Agency
Treasurer's Report
Cash & Investment Balance
August 31, 2016

	CASH	INVESTMENTS	TOTAL	PERCENT
NCPA FUNDS				
Operating	\$ 25,646,009	\$ 66,372,667	92,018,676	35.29%
Special Deposits	1,006,827	1	1,006,828	0.39%
Construction	31,335	4,853,620	4,884,955	1.87%
Debt Service	1,462	13,963,211	13,964,673	5.35%
Special & Reserve	191,204	148,716,909	148,908,113	57.10%
	<u>\$ 26,876,837</u>	<u>\$ 233,906,408</u>	<u>\$ 260,783,245</u>	<u>100.00%</u>

Portfolio Investments at Market Value

\$ 234,571,949

NOTE A -Investment amounts shown at book carrying value.

Northern California Power Agency
Treasurer's Report
Cash Activity Summary
August 31, 2016

	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	\$ 32,935,493	\$ 900	\$ 183,997	\$ (17,787,088)	\$ (1,678,199)	\$ (10,302,475)	\$ 3,352,628
Special Deposits	1,327,745	3	-	(7,096,036)	-	5,765,411	(2,877)
Construction	-	-	-	-	-	-	-
Debt Service	-	66	946,181	(4,673,818)	(6,034,474)	6,031,227	(3,730,818)
Special & Reserve	-	165,244	12,638,705	-	(11,260,541)	(1,494,163)	49,245
	<u>\$ 34,263,238</u>	<u>\$ 166,213</u>	<u>\$ 13,768,883</u>	<u>\$ (29,556,942)</u>	<u>\$ (18,973,214)</u>	<u>\$ -</u>	<u>\$ (331,822)</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
August 31, 2016**

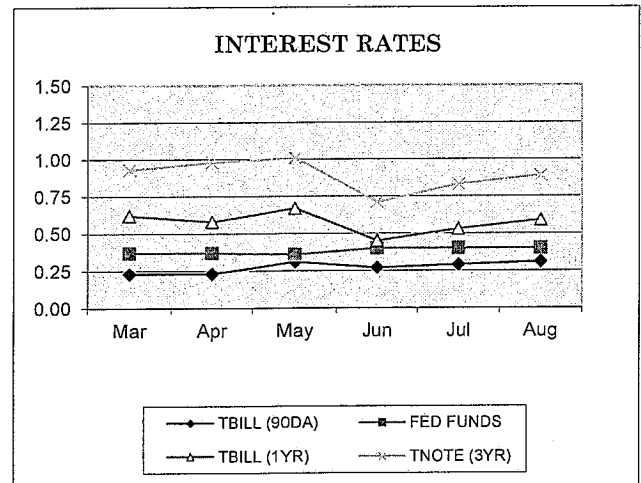
	PURCHASED	SOLD OR MATURED	(NON-CASH) DISC/(PREM) AMORT	(NON-CASH) GAIN/(LOSS) ON SALE	INVESTMENTS	
					TRANSFERS	INCREASE / (DECREASE)
NCPA FUNDS						
Operating	\$ 1,678,199	\$ (183,997)	\$ (3,102)	\$ -	\$ -	\$ 1,491,100
Special Deposits		-	-	-	-	-
Construction	-	-	(704)	-	-	(704)
Debt Service	6,034,474	(946,181)	2,724	-	-	5,091,017
Special & Reserve	11,260,541	(12,638,705)	(3,678)	(8,800)	-	(1,390,642)
	<u>\$ 18,973,214</u>	<u>\$ (13,768,883)</u>	<u>\$ (4,760)</u>	<u>\$ (8,800)</u>	<u>\$ -</u>	<u>\$ 5,190,771</u>
Less Non- Cash Activity						
Disc/(Prem) Amortization & Gain/(Loss) on Sale						<u>13,560</u>
Net Change in Investment --Before Non-Cash Activity						<u>\$ 5,204,331</u>

NOTE A -Investment amounts shown at book carrying value.

**Northern California Power Agency
Interest Rate/Yield Analysis
August 31, 2016**

	<u>WEIGHTED AVERAGE INTEREST RATE</u>	<u>BOND EQUIVALENT YIELD</u>
OVERALL COMBINED	<u>0.986%</u>	<u>1.000%</u>
<u>OPERATING FUNDS:</u>	0.983%	0.946%
<u>PROJECTS:</u>		
Geothermal	1.205%	1.211%
Capital Facilities	1.782%	1.760%
Hydroelectric	1.240%	1.211%
Lodi Energy Center	0.877%	0.828%

KEY INTEREST RATES		
	<u>CURRENT</u>	<u>PRIOR YEAR</u>
Fed Fds (Ovrnight)	0.40%	0.15%
T-Bills (90da.)	0.31%	0.06%
Agency Disc (90da.)	0.34%	0.18%
T-Bills (1yr.)	0.59%	0.36%
Agency Disc (1yr.)	0.70%	0.39%
T-Notes (3yr.)	0.89%	0.98%



**Northern California Power Agency
Total Portfolio
Investment Maturities Analysis
August 31, 2016**

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	\$ -	\$ 6,610	\$8,230	\$ 4,784	\$ 7,270	\$ 142,821	\$ 5,371	\$ 175,086	67.51%
US Bank Trust Money Market	3,412							3,412	1.32%
Commercial Paper	5,000							5,000	1.93%
Investment Trusts (LAIF)	50,172							50,172	19.35%
U.S.Treasury Market Acct. *	25,660							25,660	9.89%
U.S.Treasury Bill									0.00%
Certificates of Deposit		10						10	0.00%
Total Dollars	\$ 84,244	\$6,620	\$8,230	\$4,784	\$7,270	\$142,821	\$5,371	\$ 259,340	100.00%
Total Percents	32.48%	2.55%	3.17%	1.84%	2.80%	55.07%	2.07%	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
08/31/2016

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	5,000,000	0.100	11/26/2014	5,000,000		1	0.100	5,000,000	SYS70101	70101	5,000,000
Local Agency Investm	LAIF	15,865,047	0.545	07/01/2013	15,865,047		1	0.545	15,865,047	SYS70000	70000	15,865,047
Union Bank of Calif	UBOC	1,010	0.002	07/01/2013	1,010		1	0.002	1,010	SYS70014	70014	1,010
US Bank	USB	25,646,007	0.001	06/30/2013	25,646,007		1	0.001	25,646,007	SYS70050	70050	25,646,007
US Bank	USB	10,000	0.050	07/07/2016	10,000	10/07/2016	36	0.050	10,000	SYS30300	30300	10,000
Federal Farm Credit	UBOC	3,626,000	1.290	12/21/2015	3,624,948	11/19/2018	809	1.300	3,650,185	3133EFPJ0	26280	3,625,199
Federal Home Loan Mt	UBOC	9,870,000	1.750	06/09/2015	9,983,900	05/30/2019	1,001	1.450	10,079,540	3137EADG1	26231	9,948,719
Federal Home Loan Mt	UBOC	3,398,000	1.600	04/29/2016	3,398,000	10/29/2020	1,519	1.600	3,397,966	3134G9BY2	26331	3,398,000
Federal Home Loan Ba	UBOC	7,785,000	1.400	07/19/2016	7,781,108	01/19/2021	1,601	1.411	7,755,261	3130ABP80	26355	7,781,208
Fund Total and Average		\$ 71,201,064	0.668		\$ 71,310,020		429	0.628	\$ 71,405,016			\$ 71,275,190

MPP GHG Auction Acct

Local Agency Investm		47,654	0.545	07/01/2013	47,654		1	0.545	47,654	SYS70045	70045	47,654
Fund Total and Average		\$ 47,654	0.546		\$ 47,654		1	0.546	\$ 47,654			\$ 47,654

SCPA Balancing Account

Local Agency Investm	LAIF	1,935,576	0.545	07/01/2013	1,935,576		1	0.545	1,935,576	SYS70022	70022	1,935,576
Union Bank of Calif	UBOC	0	0.005	07/01/2013	0		1	0.005	0	SYS70023	70023	0
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYS70058	70058	0
Federal Home Loan Ba	UBOC	4,510,000	1.000	04/27/2015	4,510,000	04/27/2018	603	1.000	4,510,722	3130A55T2	26223	4,510,000
Federal National Mig	UBOC	3,962,000	1.625	12/18/2014	4,000,630	11/27/2018	817	1.369	4,024,917	3135GOYT4	26187	3,983,942
Federal National Mig	UBOC	5,098,000	1.350	04/28/2016	5,098,000	10/28/2019	1,152	1.350	5,098,102	3135G0J95	26330	5,098,000
Federal National Mig	UBOC	5,097,000	1.350	07/28/2016	5,097,000	07/28/2020	1,426	1.350	5,071,668	3136G3T39	26357	5,097,000
Fund Total and Average		\$ 20,602,576	1.251		\$ 20,641,206		927	1.202	\$ 20,640,985			\$ 20,624,518

General Operating Reserve

Local Agency Investm	LAIF	24,038,482	0.545	07/01/2013	24,038,482		1	0.545	24,038,482	SYS70000	70002	24,038,482
Union Bank of Calif	UBOC	4,935	0.002	07/01/2013	4,935		1	0.002	4,935	SYS70019	70019	4,935
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYS70051	70051	0
Federal National Mig	UBOC	3,263,000	0.750	12/16/2014	3,261,466	04/20/2017	231	0.770	3,266,230	3135GOZB2	26186	3,262,584
Federal National Mig	UBOC	5,970,000	1.625	12/23/2014	6,009,701	11/27/2018	817	1.450	6,064,804	3135GOYT4	26188	5,992,630
Federal National Mig	UBOC	4,982,000	1.750	08/28/2015	5,047,364	11/26/2019	1,181	1.430	5,089,512	3135GOZY2	26246	5,031,836
Federal Farm Credit	UBOC	4,285,000	1.440	07/20/2016	4,280,715	01/19/2021	1,601	1.463	4,269,017	3133EGMP7	26356	4,280,824
Federal Home Loan Ba	UBOC	16,720,000	1.400	07/19/2016	16,711,640	01/19/2021	1,601	1.411	16,656,130	3130ABP80	26354	16,711,857

Northern California Power Agency
Treasurer's Report

08/31/2016

General Operating Reserve

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equity Yield	Market Value	CUSIP	Investment #	Carrying Value
Federal National Mtg	UBOC	5,162,000	1.625	05/25/2016	5,162,000	05/25/2021	1,727	1.625	5,162,774	3136G3NL5	26332	5,162,000
Federal National Mtg	UBOC	1,300,000	1.500	08/30/2016	1,300,000	05/28/2021	1,730	1.500	1,295,986	3136G3W3	26368	1,300,000
Federal Farm Credit	UBOC	10,629,000	1.690	06/02/2016	10,629,000	06/02/2021	1,735	1.690	10,644,944	3133EGDH5	26335	10,629,000
Fund Total and Average		\$ 76,354,417	1.204		\$ 76,445,303		978	1.173	\$ 76,492,824			\$ 76,414,148
GRAND TOTALS:		\$ 168,205,711	0.963		\$ 168,444,183		740	0.946	\$ 168,566,479			\$ 168,361,510

*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 08/31/2016

- Investment #26223 - FHLMC - Callable on 4/27/2017 Only.
- Investment #26330 - FNMA - Callable quarterly.
- Investment #26331 - FHLMC - Callable quarterly.
- Investment #26332 - FNMA - Callable quarterly.
- Investment #26335 - FCCB - Callable 6/2/17, then anytime
- Investment #26354 - FHLB - Callable 10/19/16, then anytime
- Investment #26355 - FHLB - Callable 10/19/16, then anytime
- Investment #26356 - FCCB - Callable 10/19/16, then anytime
- Investment #26357 - FNMA - Callable quarterly.
- Investment #26368 - FNMA - Callable 2/28/17, then quarterly.



Northern California Power Agency
Treasurer's Report
08/31/2016

GEO 2012 Construction 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
Federal Home Loan Ba	USB	870,000	0.875	05/27/2016	871,305	05/24/2017	265	0.722	871,627	3130A1NNA	26334	870,961
Fund Total and Average		\$ 870,000	0.875		\$ 871,305		265	0.723	\$ 871,627			\$ 870,961

Geothermal Debt Service

Federal Home Loan Ba	USBT	303,000	0.400	07/28/2016	302,478	12/30/2016	120	0.406	302,656	313384V30	26347	302,596
Federal Home Loan Ba	USBT	303,000	0.300	08/29/2016	302,689	12/30/2016	120	0.304	302,656	313384V30	26360	302,697
Fund Total and Average		\$ 606,000	0.350		\$ 605,167		120	0.355	\$ 605,316			\$ 605,293

Geo 2012A Debt Service

Federal Home Loan Ba	USBT	124,000	0.400	07/28/2016	123,786	12/30/2016	120	0.406	123,860	313384V30	26348	123,835
Federal Home Loan Ba	USBT	124,000	0.300	08/29/2016	123,873	12/30/2016	120	0.304	123,860	313384V30	26361	123,876
Fund Total and Average		\$ 248,000	0.350		\$ 247,659		120	0.355	\$ 247,720			\$ 247,711

Geothermal Special Reserve

Local Agency Investm	LAIF	0	0.356	07/01/2013	0		1	0.356	0	SYS70032	70032	0
Union Bank of Calif	UBOC	0	0.002	07/01/2013	0		1	0.002	0	SYS70015	70015	0
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYS70063	70063	0
Federal Home Loan Mt	UBOC	1,500,000	1.150	02/28/2016	1,500,000	11/26/2018	816	1.150	1,499,205	3134G8KVO	26302	1,500,000
Fund Total and Average		\$ 1,500,000	1.150		\$ 1,500,000		816	1.150	\$ 1,499,205			\$ 1,500,000

Geo Decommissioning Reserve

Local Agency Investm	LAIF	3,966,547	0.545	07/01/2013	3,966,547		1	0.545	3,966,547	SYS70027	70027	3,966,547
Union Bank of Calif	UBOC	0	0.002	07/01/2013	0		1	0.002	0	SYS70034	70034	0
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYS70059	70059	0
Federal Home Loan Mt	UBOC	865,000	0.625	12/20/2012	865,000	12/05/2016	95	0.624	865,199	3134G3Z37	25946	865,000
Federal National Mig	UBOC	9,700,000	1.500	08/30/2016	9,700,000	05/28/2021	1,730	1.500	9,670,124	3136G33W3	26369	9,700,000
Fund Total and Average		\$ 14,531,547	1.187		\$ 14,531,547		1161	1.188	\$ 14,501,870			\$ 14,531,547

GEO Debt Service Reserve Acct

Federal Home Loan Mt	USBT	1,109,000	1.750	06/02/2015	1,125,979	05/30/2019	1,001	1.354	1,132,544	3137EADG1	26228	1,120,677
Federal Home Loan Mt	USBT	2,515,000	1.250	02/27/2015	2,483,839	10/02/2019	1,126	1.530	2,530,995	3137EADM8	26197	2,494,082



Northern California Power Agency
 Treasurer's Report
 08/31/2016

GEO Debt Service Reserve 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
Fund Total and Average		\$ 3,624,000	1.405		\$ 3,609,818		1087	1.476	\$ 3,663,539			\$ 3,614,759
Federal National Mig	USBT	1,517,000	1.625	05/25/2016	1,517,000	05/25/2021	1,727	1.625	1,517,228	3136G3NL5	26333	1,517,000
Fund Total and Average		\$ 1,517,000	1.625		\$ 1,517,000		1727	1.625	\$ 1,517,228			\$ 1,517,000
GRAND TOTALS:		\$ 22,896,547	1.205		\$ 22,882,496		1091	1.211	\$ 22,906,505			\$ 22,887,271

*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 08/31/2016

Investment #26302 - FHLMC - Callable quarterly.
 Investment #26333 - FNMA - Callable quarterly.
 Investment #26369 - FNMA - Callable 2/28/17, then quarterly.



Northern California Power Agency
 Treasurer's Report
 08/31/2016

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	470,000	0.399	08/29/2016	469,185	02/01/2017	153	0.406	469,121	313368BH8	26363	469,201
Federal National Mtg	USBT	143,000	0.440	07/28/2016	142,671	02/01/2017	153	0.447	142,733	313569BH5	26349	142,733
Fund Total and Average		\$ 613,000	0.409		\$ 611,856		153	0.416	\$ 611,854			\$ 611,934
Cap. Fac. Debt Svc Reserve												
Federal National Mtg	USB	71,000	1.530	07/28/2016	71,000	07/28/2021	1,791	1.530	70,492	3136GS97	26358	71,000
Federal Home Loan Mt	USB	1,443,000	2.375	02/13/2012	1,447,430	01/13/2022	1,960	2.340	1,517,964	3137EADB2	25845	1,445,397
Fund Total and Average		\$ 1,514,000	2.335		\$ 1,518,430		1952	2.302	\$ 1,588,456			\$ 1,516,397
GRAND TOTALS:		\$ 2,127,000	1.782		\$ 2,130,286		1435	1.760	\$ 2,200,310			\$ 2,128,331

*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 08/31/2016
 Investment #26358 - FNMA - Callable on 7/28/17, then quarterly.



Northern California Power Agency
Treasurer's Report
08/31/2016

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	2,278,775	0.545	07/01/2013	2,278,775		1	0.545	2,278,775	SYS70028	70028	2,278,775
Union Bank of Calif	UBOC	0	0.002	07/01/2013	0		1	0.002	0	SYS70031	70031	0
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYS70052	70052	0
Federal Home Loan Mt	UBOC	3,993,000	0.950	06/29/2016	3,993,000	06/29/2018	666	0.950	3,992,660	3134G9A80	26339	3,993,000
Federal Home Loan Mt	UBOC	3,221,000	1.150	02/29/2016	3,221,000	11/26/2018	816	1.150	3,219,293	3134G8KVO	26304	3,221,000
Federal National Mtg	UBOC	5,320,000	1.350	06/30/2016	5,320,000	12/30/2019	1,215	1.350	5,321,224	3138G3VH5	26340	5,320,000
Fund Total and Average		\$ 14,812,775	1.075		\$ 14,812,775		793	1.075	\$ 14,812,172			\$ 14,812,775

Hydro Initial Facilities

Federal National Mtg	USB	1,529,000	1.625	12/12/2014	1,539,244	11/27/2018	817	1.450	1,553,281	3135GOYT4	26189	1,534,794
Federal Farm Credit	USB	2,437,000	1.250	02/02/2016	2,450,501	01/22/2019	873	1.060	2,454,839	3133EFVQ7	26300	2,447,864
Fund Total and Average		\$ 3,966,000	1.395		\$ 3,989,745		851	1.210	\$ 4,008,120			\$ 3,982,658

Hydro Debt Service

Federal Home Loan Ba	USBT	2,957,000	0.400	07/28/2016	2,951,907	12/30/2016	120	0.406	2,953,659	313384V30	26346	2,953,057
Federal Home Loan Ba	USBT	2,941,000	0.300	08/29/2016	2,937,985	12/30/2016	120	0.304	2,937,677	313384V30	26362	2,938,059
Fund Total and Average		\$ 5,898,000	0.350		\$ 5,889,892		120	0.355	\$ 5,891,336			\$ 5,891,116

Hydro Debt Service Resrv 2010A

Federal Farm Credit	USB	5,528,000	1.750	08/28/2015	5,546,187	08/04/2020	1,433	1.680	5,638,062	3139EE5Z9	26243	5,542,470
Fund Total and Average		\$ 5,528,000	1.750		\$ 5,546,187		1433	1.680	\$ 5,638,062			\$ 5,542,470

Hydro 2012A Rebate Account

Federal Home Loan Mt	USB	651,000	1.000	02/09/2012	649,392	03/08/2017	188	1.050	652,400	3137EADCO	25853	650,836
Fund Total and Average		\$ 651,000	1.000		\$ 649,392		188	1.050	\$ 652,400			\$ 650,836

Hydro Special Reserve

Local Agency Investm	LAIF	0	0.377	07/01/2013	0		1	0.377	0	SYS70000	70003	0
Local Agency Investm	LAIF	0	0.356	07/01/2013	0		1	0.356	0	SYS70033	70033	0
Union Bank of Calif	UBOC	0	0.002	07/01/2013	0		1	0.002	0	SYS70016	70016	0
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYS70064	70064	0

Northern California Power Agency
Treasurer's Report
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Hydro Special 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 Home Loan Mt	UBOC	1,500,000	1.150	02/26/2016	1,500,000	11/26/2018	816	1.150	1,499,205	3134G8KVO	26303	1,500,000
Fund Total and Average		\$ 1,500,000	1.150		\$ 1,500,000		816	1.150	\$ 1,499,205			\$ 1,500,000

Hydro 2012 DSRA

Federal Farm Credit	USB	100,000	1.750	08/28/2015	100,329	08/04/2020	1,433	1.680	101,991	3133EE529	26244	100,262
Federal National Mtg	USB	94,000	1.530	07/28/2016	94,000	07/28/2021	1,791	1.530	93,328	3136G3S97	26359	94,000
Federal Home Loan Mt	USB	3,928,000	2.375	02/09/2012	3,926,232	01/13/2022	1,960	2.380	4,132,060	3137EADB2	25852	3,927,044
Fund Total and Average		\$ 4,122,000	2.341		\$ 4,120,561		1943	2.344	\$ 4,327,379			\$ 4,121,306

GRAND TOTALS:		\$ 36,477,775	1.240		\$ 36,508,552		908	1.211	\$ 36,828,674.			\$ 36,501,161
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*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 08/31/2016

- Investment #26303 - FHL/MC - Callable quarterly.
- Investment #26339 - FHL/MC - Callable quarterly.
- Investment #26340 - FNMA - Callable quarterly.
- Investment #26359 - FNMA - Callable on 7/28/17, then quarterly.



Northern California Power Agency
Treasurer's Report
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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		71,311	0.545	07/01/2013	71,311		1	0.545	71,311	SYS70046	70046	71,311
Fund Total and Average		\$ 71,311	0.546		\$ 71,311		1	0.546	\$ 71,311			\$ 71,311

LEC Construction Revolving

Local Agency Investm		1	0.254	07/01/2013	1		1	0.254	1	SYS70040	70040	1
Fund Total and Average		\$ 1	0.254		\$ 1		1	0.254	\$ 1			\$ 1

LEC Issue#1 2010A DS Fund

US Bank Trust	USB	80	0.100	07/01/2013	80		1	0.100	80	SYS79003	79003	80
Federal Home Loan Ba	USBT	694,000	0.370	07/28/2016	693,101	12/01/2016	91	0.375	693,404	313384R68	26350	693,351
Federal Home Loan Ba	USBT	695,000	0.309	08/29/2016	694,437	12/01/2016	91	0.314	694,403	313384R68	26364	694,455
Federal National Mtg	USBT	694,000	0.340	07/11/2016	693,063	12/01/2016	91	0.345	693,403	313588R64	26342	693,404
Fund Total and Average		\$ 2,083,080	0.340		\$ 2,080,681		91	0.345	\$ 2,081,290			\$ 2,081,290

LEC Issue #1 2010B DS Fund

US Bank Trust	USB	882	0.100	07/01/2013	882		1	0.100	882	SYS79004	79004	882
Federal Home Loan Ba	USBT	726,000	0.370	07/28/2016	725,060	12/01/2016	91	0.375	725,376	313384R68	26351	725,321
Federal Home Loan Ba	USBT	725,000	0.310	08/29/2016	724,413	12/01/2016	91	0.314	724,377	313384R68	26365	724,432
Federal National Mtg	USBT	727,000	0.339	07/11/2016	726,018	12/01/2016	91	0.345	726,375	313588R64	26343	726,375
Fund Total and Average		\$ 2,178,882	0.340		\$ 2,176,373		91	0.345	\$ 2,177,010			\$ 2,177,010

LEC Issue #2 2010A DS Fund

US Bank Trust	USB	871	0.100	07/01/2013	871		1	0.100	871	SYS79011	79011	871
Federal Home Loan Ba	USBT	435,000	0.370	07/28/2016	434,437	12/01/2016	91	0.375	434,626	313384R68	26352	434,593
Federal Home Loan Ba	USBT	434,000	0.309	08/29/2016	433,649	12/01/2016	91	0.314	433,627	313384R68	26366	433,660
Federal National Mtg	USBT	434,000	0.340	07/11/2016	433,414	12/01/2016	91	0.345	433,627	313588R64	26344	433,627
Fund Total and Average		\$ 1,303,871	0.340		\$ 1,302,371		91	0.345	\$ 1,302,751			\$ 1,302,751

LEC Issue #2 2010B DS Fund

US Bank Trust	USB	1,006	0.100	07/01/2013	1,006		1	0.100	1,006	SYS79012	79012	1,006
Federal Home Loan Ba	USBT	349,000	0.370	07/28/2016	348,548	12/01/2016	91	0.375	348,700	313384R68	26353	348,674

Northern California Power Agency
Treasurer's Report
08/31/2016

LEC Issue #2 2010B DS 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
Federal Home Loan Ba	USBT	348,000	0.309	08/29/2016	347,718	12/01/2016	91	0.314	347,701	313384R68	26367	347,727
Federal National Mfg	USBT	349,000	0.340	07/11/2016	348,529	12/01/2016	91	0.345	348,700	313568R64	26345	348,700
Fund Total and Average		\$ 1,047,006	0.340		\$ 1,045,801		91	0.345	\$ 1,046,107			\$ 1,046,107

LEC Issue #1 2010 DSR Fund

US Bank Trust	USB	59,073	0.100	07/01/2013	59,073		1	0.100	59,073	SYS79005	79005	59,073
Federal National Mfg	USB	4,170,000	0.875	05/30/2014	4,171,960	08/28/2017	361	0.977	4,177,881	3135GOMZ3	26136	4,170,599
Federal Farm Credit	USB	4,360,000	1.660	06/08/2016	4,360,000	05/25/2021	1,727	1.659	4,365,363	3133EGBZ7	26337	4,360,000
Fund Total and Average		\$ 8,589,073	1.268		\$ 8,591,033		1052	1.318	\$ 8,602,317			\$ 8,589,672

LEC Iss#1 2010B BABS Subs Resv

US Bank Trust	USB	2,262,653	0.100	07/01/2013	2,262,653		1	0.100	2,262,653	SYS79006	79006	2,262,653
Fund Total and Average		\$ 2,262,653	0.100		\$ 2,262,653		1	0.100	\$ 2,262,653			\$ 2,262,653

LEC Issue #2 2010B DSR BABS

US Bank Trust	USB	1,087,258	0.100	07/01/2013	1,087,258		1	0.100	1,087,258	SYS79013	79013	1,087,258
Fund Total and Average		\$ 1,087,258	0.100		\$ 1,087,258		1	0.100	\$ 1,087,258			\$ 1,087,258

LEC O & M Reserve

Local Agency Investm.	UBOC	1,968,824	0.545	07/01/2013	1,968,824		1	0.545	1,968,824	SYS70047	70047	1,968,824
Union Bank of Calif	UBOC	8,533	0.002	07/18/2013	8,533		1	0.002	8,533	SYS70041	70041	8,533
Federal Home Loan Ba	UBOC	3,100,000	0.625	06/27/2016	3,095,380	06/27/2017	299	0.645	3,097,954	3130A8LC5	26338	3,099,490
Federal National Mfg	UBOC	2,933,000	1.875	08/28/2015	2,998,142	02/19/2019	901	1.220	2,998,201	3135G0ZA4	26248	2,979,240
Federal National Mfg	UBOC	3,000,000	1.300	06/30/2016	3,000,000	06/30/2020	1,398	1.300	2,991,780	3136G3LJ2	26341	3,000,000
Fund Total and Average		\$ 11,010,357	1.130		\$ 11,074,879		706	0.960	\$ 11,065,292			\$ 11,066,087
GRAND TOTALS:		\$ 29,633,492	0.877		\$ 29,692,361		588	0.828	\$ 29,695,990.			\$ 29,674,140

*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 08/31/2016

Investment # 26337 - EFCB - Callable on 5/25/17, then any time.
Investment # 26341 - FNMA - Callable on 6/30/17 only.



Commission Staff Report

September 14, 2016

COMMISSION MEETING DATE: September 23, 2016

SUBJECT: June 30, 2016 Debt & Interest Rate Management Report

AGENDA CATEGORY: Consent

FROM:	Donna Stevener <i>DS</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 Ukiah	<input type="checkbox"/>
Alameda Municipal Power	<input type="checkbox"/>	City of Lompoc	<input type="checkbox"/>	Plumas-Sierra REC	<input type="checkbox"/>
Bay Area Rapid Transit	<input type="checkbox"/>	City of Palo Alto	<input type="checkbox"/>	Port of Oakland	<input type="checkbox"/>
City of Biggs	<input type="checkbox"/>	City of Redding	<input type="checkbox"/>	Truckee Donner PUD	<input type="checkbox"/>
City of Gridley	<input type="checkbox"/>	City of Roseville	<input type="checkbox"/>	Other	<input type="checkbox"/>
City of Healdsburg	<input type="checkbox"/>	City of Santa Clara	<input type="checkbox"/>		<input type="checkbox"/>

RECOMMENDATION:

It is recommended that the Commission receive and file the June 30, 2016 Debt and Interest Rate Management Report.

BACKGROUND:

In accordance with the "Debt and Interest Rate Management Policy" approved by the Commission in May 2015, the following semi-annual report is submitted for your information and acceptance.

Fixed Rate Debt – No new fixed rate debt was issued and no fixed rate refunding occurred during the last six months. Due to the sequestration of federal budget dollars, the Build America Bond (BAB) Subsidies related to the Lodi Energy Center (LEC) BAB issues were reduced by 6.8% or \$227,505 for the June 1, 2016 debt service payments. This amount was billed to the LEC participants. Other highlights are included in the attached report, page i.

Interest Rate Swaps – As of June 30, 2016, NCPA had \$86.7 million of outstanding interest rate swaps, all related to the Hydroelectric Project bonds. The fair value of these interest rate swaps on the same date was negative \$25.2 million. This amount has changed from the December 31, 2015 fair value, which was negative \$21.0 million. Details of the swap agreements are provided in the attached report. No new swaps or defaults have occurred in the last six months. Interest rate swaps now make up approximately 23% of the outstanding Hydroelectric Project debt portfolio.

Counterparties – Subsequent to the July 9, 2008 termination of most of the swaps in the portfolio, only two swaps and one counterparty remain. There was no change in the credit ratings for Citigroup (swap counterparty) over the last six months. They remain highly rated with all other rating agencies and no collateral calls were required under the swap terms.

FISCAL IMPACT:

Total projected savings over the life of the related bonds (23 years) was \$13.9 million at the inception of these agreements. Total savings projected to occur through June 30, 2016 was \$4,603,187 with actual results at \$8,040,753. The difference between expected savings and actual savings is due to "basis risk", or the difference between what NCPA pays for underlying 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 \$3,437,566. Staff continues to monitor the potential for refinancing these bonds and terminating the swaps, however, with current low treasury rates causing a large mark to market payment due to Citigroup of over \$25.2 million, refunding is not feasible at this time.

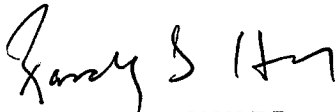
ENVIRONMENTAL ANALYSIS:

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:

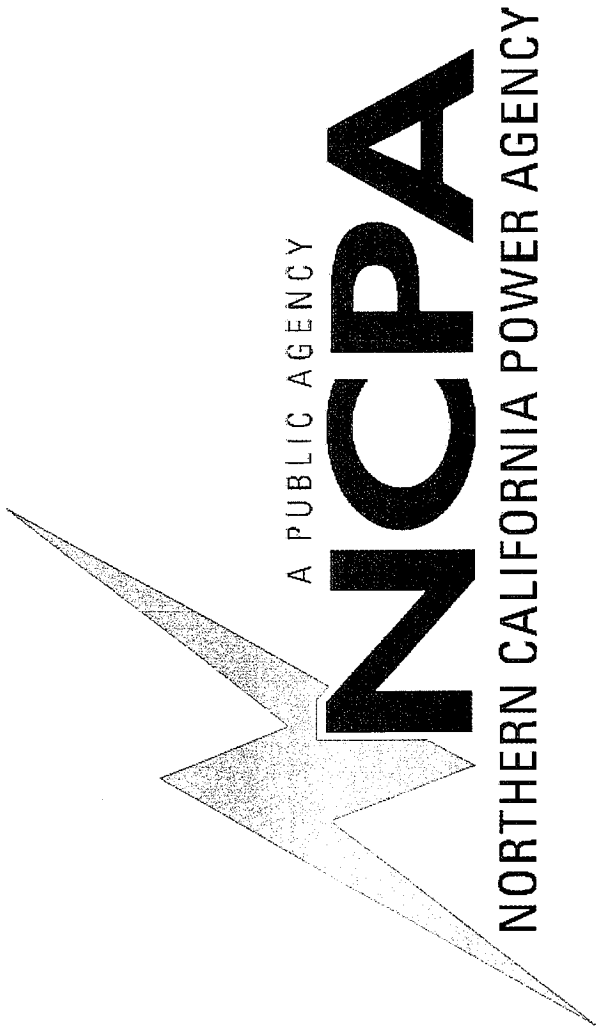
This report was reviewed by the Finance Committee on September 14, 2016 and with 5 members present it was their unanimous recommendation to accept this report as filed.

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachment: June 30, 2016 Debt and Interest Rate Management Report



Debt and Interest Rate Management Report
As of June 30, 2016

NCPA Debt and Interest Rate Management Report

June 30, 2016



Highlights

- No new debt or any new swap agreements were entered into during the last six months and no new issues are planned.
- No fixed or variable rate debt or interest rate swaps were refinanced or terminated in the last six months.
- No material changes to any fixed rate debt, variable rate debt or outstanding swap agreements occurred during the last six months.
- The last six months included a reduction in the amount of reimbursement received from the Federal government for Build America Bond (BAB) subsidies related to the Lodi Energy Center BAB issues. Total reduction for the June 1, 2016 debt service payment was 6.8% or \$227,505 due to sequestration of federal budget dollars.
- Notices and financial statements were filed with the bond reporting depository (EMMA) as required for annual filing of continuing disclosure documents by NCPA
- No changes in bond ratings occurred during the last six months. Fitch affirmed current ratings for all the projects in May.
- Fees paid to Citi for remarketing the Variable Rate bonds remained the same. Fees paid to the provider of the letter of credit support (Bank of Montreal) remained the same.
- Citigroup, our swap counterparty, maintained their current credit rating; no collateral posting was required by any counterparty during the last six months.
- No defaults under any swap agreements have occurred during the last six months.
- Fair value on remaining outstanding swaps changed from a negative value of \$21.0 million on December 31, 2015 to a negative value of \$25.2 million on June 30, 2016.
- Interest rate swaps continue to perform better than expected despite the increase in short term variable rates since the Fed ended the "zero" rate era in December 2015 and raised rates for the first time in almost a decade. The impact to date is a flattening of the yield curve as short term rates increased and long-term rates fell due to global economics. Short-term taxable rates increased to their highest level since 2009 due to the 25 basis point (bps) Fed rate hike. NCPA short-term tax-exempt debt has increased over the last six months from 1 bp to 41bp, while the variable taxable debt increased from around 20 bps to 47 bps. Further gradual increases are expected in late 2016 and in 2017.
- Upcoming events:
 - NCPA is working on a refinancing of certain 2009A Geothermal bonds with an expected savings of almost \$1.0 million. The proposed refinancing is expected to close in October.

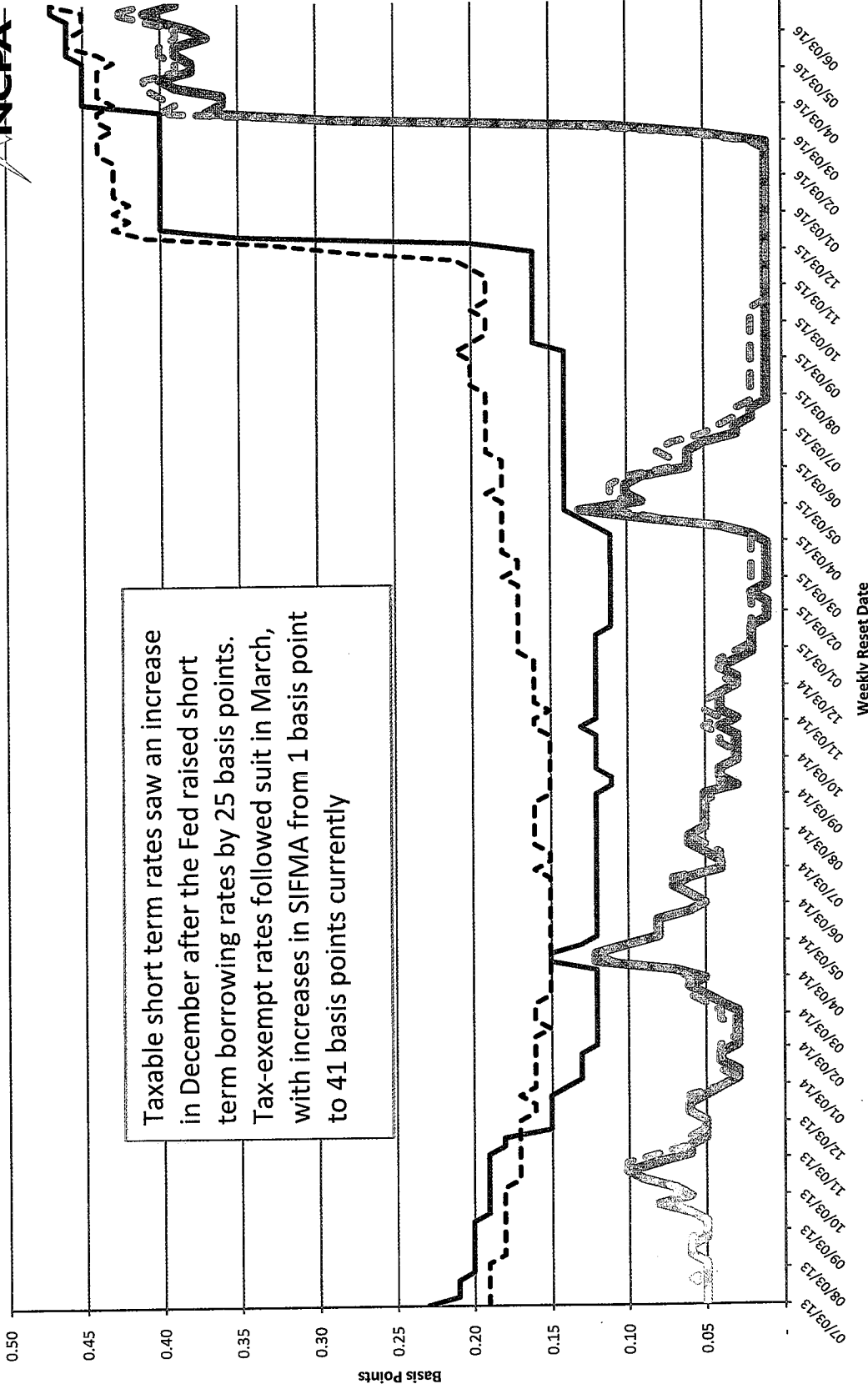


**Northern California Power Agency
Hydroelectric Project VRDO Bonds and Related Interest Rate Swaps**

	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	2 components Fixed @ 3.819%	2 components Fixed @ 5.291%
Counterparty	NCPA	
Payment terms:	Floating rate (based on 54% of monthly Libor+.54%)	Floating rate (based on monthly Libor)
Payment terms:	Semi-Annual (net) Semi-Annual (net)	Semi-Annual (net) Semi-Annual (net)
Liquidity/Letter of Credit Provider¹ Annual Fee Expiration Date Credit Ratings	Bank of Montreal 39.0 bp 9/9/2019 Aa3/A+/AA-	Bank of Montreal 39.0 bp 9/9/2019 Aa3/A+/AA-
Bond Insurer	None, Option with MBIA N/A	None, Option with MBIA N/A

¹ Effective 9/10/14 Citibank N.A. was replaced as the LOC provider with Bank of Montreal.

NCPA Variable Rate Debt Performance Versus Indices



Taxable short term rates saw an increase in December after the Fed raised short term borrowing rates by 25 basis points. Tax-exempt rates followed suit in March, with increases in SIFMA from 1 basis point to 41 basis points currently

Legend: Tax Exempt Rate (dotted line), SIFMA (dashed line), Taxable Rate (solid line), LIBOR (thick solid line)



Northern California Power Agency

Hydroelectric Project Swaps Performance to Date

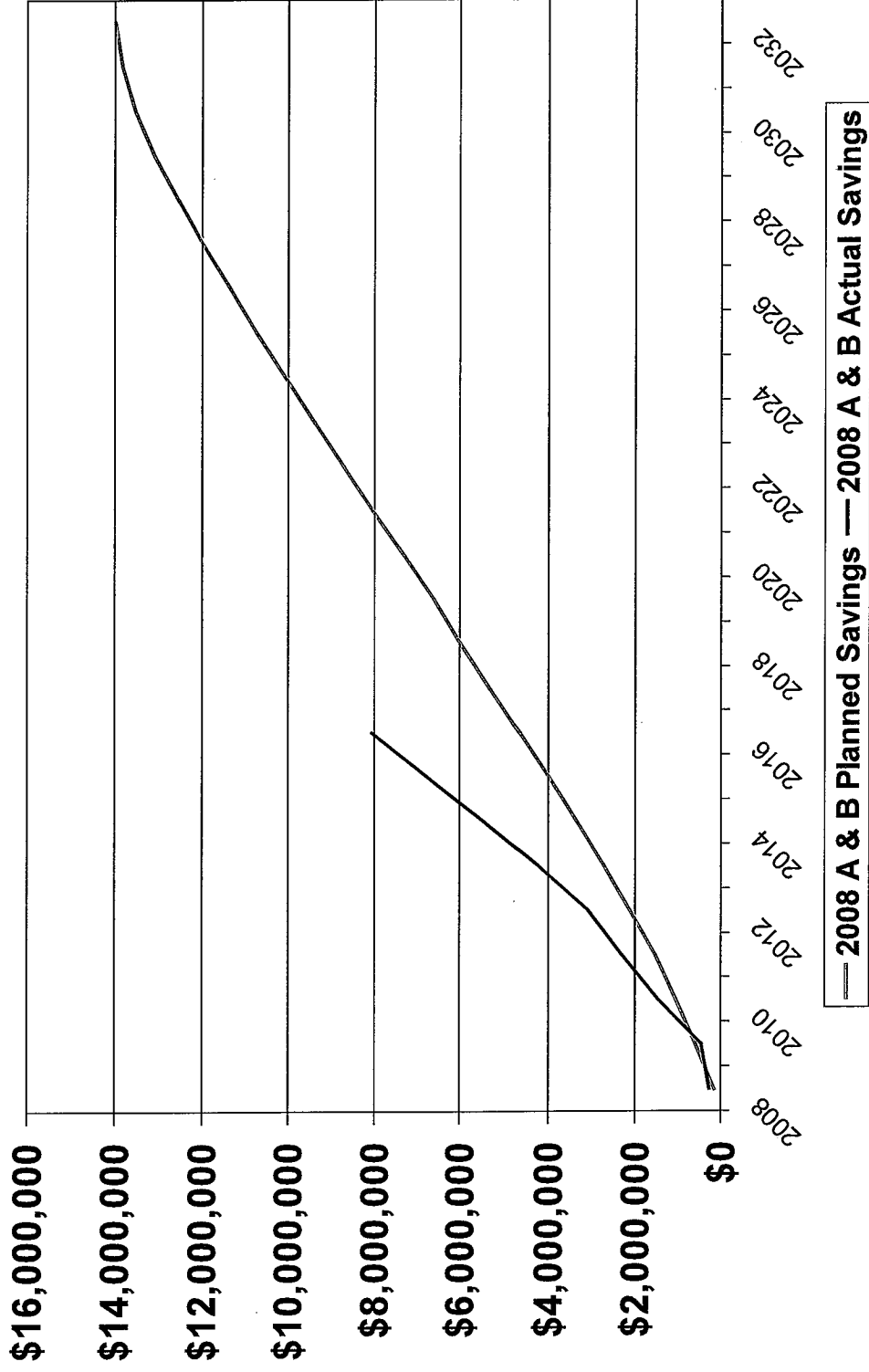
June 30, 2016

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

Total Projected Savings to date: \$4,603,000

Actual Savings to date: \$8,041,000

Basis risk incurred (99 months) positive \$3,438,000



— 2008 A & B Planned Savings — 2008 A & B Actual Savings



Northern California Power Agency
Valuation Report as of 6/30/2016

Transaction Type	Project	Associated Bonds	NCPA Pays	NCPA Receives	Trade Date	Effective Date	Maturity Date	Remaining Life	Initial Notional	Bank Counterparty	Moody's	S&P	Fitch	Weighted Avg Life	Fair Value @ 6/30/2016	Impact on Value of 50 bp swing
Swap	Hydro	Series 2008A	3.8190%	54% of USD-LIBOR + .54%	11/24/2004	11/24/2004	7/1/2032	16.0	\$85,160,000	Citibank, N.A., New York	A1	A	A+	12.40	(\$25,547,214)	\$3,377,322
Swap	Hydro	Series 2008B	USD-LIBOR	5.2910%	11/24/2004	11/24/2004	7/1/2032	16.0	\$1,574,000	Citibank, N.A., New York	A1	A	A+	7.20	\$367,749	(\$48,265)
Total all swaps																
\$86,734,000																

Highlights:

- No material changes to any outstanding swap agreements or any new swap agreements were entered into during the last six months
- Counterparty ratings remained the same; no collateral posting by any counterparty has been required and they remain highly rated
- No defaults under the above swap agreements have occurred
- No planned swap transactions at this time
- Fair value on remaining outstanding swaps changed from a negative value of \$21.3 million on December 31, 2015 to a negative value of \$25.2 million on June 30, 2016.

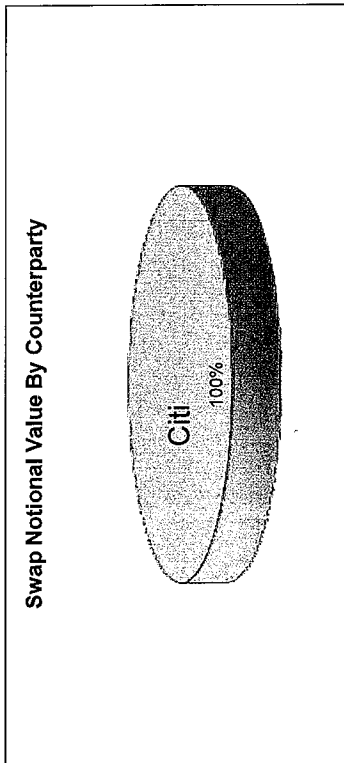
The valuations of derivatives transactions provided by PFM are indicative values based on mid-market levels as of the close of business on the date they are provided. These valuations are provided for information purposes only and are intended solely for internal use. These valuations do not represent the actual terms at which new transactions could be entered into or the actual terms at which existing transactions could be liquidated. The valuations provided are derived from proprietary models based upon well-recognized financial principles and reasonable estimates about relevant future market conditions. Valuations based on other models or different assumptions may yield different results. PFM believes its valuation methodology to be consistent with accepted practice in the market for interest rate swaps. Additional information is available on request. Information herein is believed to be reliable, but PFM does not warrant its completeness or accuracy. PFM does not hold a position or act as a market maker in the financial instruments of any issuer discussed herein.



Northern California Power Agency
Counterparty Report as of 6/30/2016

Transaction Type	Project	Associated Bonds	Initial Notional	Bank Counterparty	Last ratings as of 12/31/2015			Current ratings as of 6/30/2016		
					Moody's	S&P	Fitch	Moody's	S&P	Fitch
Swap	Hydro	Series 2008A	\$85,160,000	Citibank, N.A., New York	A1	A	A+	A1	A	A+
Swap	Hydro	Series 2008B	\$1,574,000	Citibank, N.A., New York	A1	A	A+	A1	A	A+
			<u>\$86,734,000</u>							
			<u>\$86,734,000</u>							

Due to termination of all other swaps on 7/9/08, Citibank is now the only swap provider with which NCPA has outstanding transactions.





Northern California Power Agency
 Valuation Report as of
 6/30/2016
 By Participant

Fair Value at 6/30/2016

Transaction Type	Project	Associated Bonds	Maturity Date	Initial Notional	Bank Counterparty	Fair Value @ 6/30/16	Alameda 10.00%	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%
Swap	Hydro	Series 2008A	7/1/2032	\$85,160,000.00	Citibank, N.A., New York	(\$25,547,214.00)	(\$2,554,721)	(\$424,084)	(\$2,649,246)	(\$587,585.92)	(\$5,855,421.45)	(\$431,747.92)	(\$3,065,665.68)	(\$9,457,576.62)	(\$521,163.17)
Swap	Hydro	Series 2008B	7/1/2032	\$1,574,000.00	Citibank, N.A., New York	\$367,749.00	\$36,775	\$6,105	\$38,136	\$8,458.23	\$84,288.07	\$6,214.96	\$44,129.88	\$156,140.68	\$7,502.08
Total all swaps						(\$25,179,465)	(\$2,517,947)	(\$417,979)	(\$2,611,111)	(\$579,128)	(\$5,771,133)	(\$425,533)	(\$3,021,536)	(\$9,321,439)	(\$513,661)

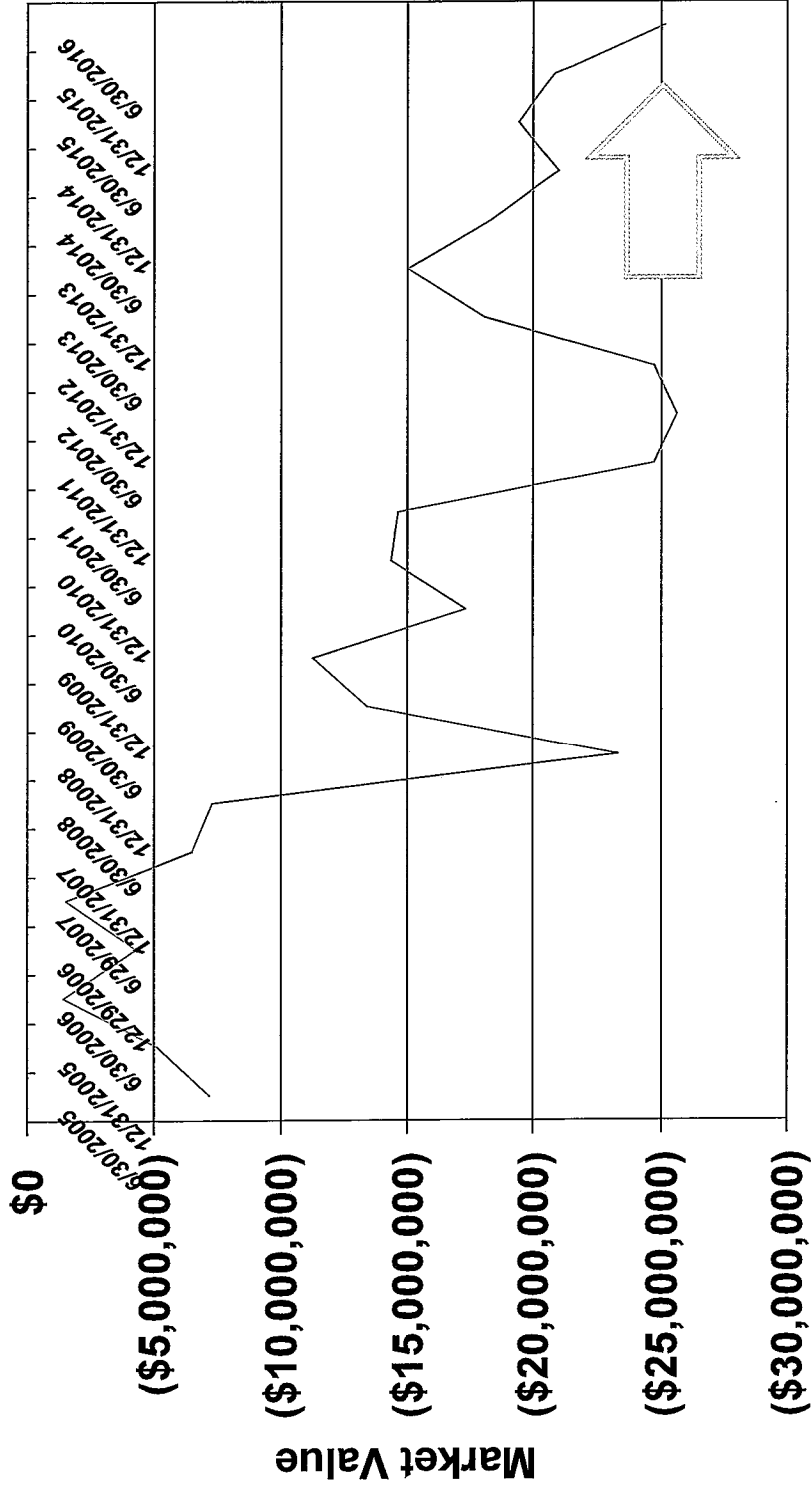
Impact on Value of 50 BP Swing in swap rates

Transaction Type	Project	Associated Bonds	Maturity Date	Initial Notional	Bank Counterparty	Impact on Value of 50 bp swing	Alameda 10.00%	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%
Swap	Hydro	Series 2008A	7/1/2032	\$85,160,000.00	Citibank, N.A., New York	\$3,377,322	\$337,732	\$56,064	\$350,228	\$77,678	\$774,082	\$57,077	\$405,279	\$1,250,285	\$68,897
Swap	Hydro	Series 2008B	7/1/2032	\$1,574,000.00	Citibank, N.A., New York	(\$48,265)	(\$4,826)	(\$801)	(\$5,005)	(\$1,110.08)	(\$11,062.22)	(\$815.67)	(\$5,791.74)	(\$17,867.52)	(\$884.60)
Total all swaps						\$3,329,058	\$332,906	\$55,262	\$345,223	\$76,568	\$763,020	\$56,261	\$399,487	\$1,232,417	\$67,913

Northern California Power Agency Hydroelectric Project Swaps Value Trend



Extreme market volatility and low treasury rates have greatly impacted the mark to market value of the swaps over the last several years. Rates are again close to all time lows, increasing the negative mark to market value.



— 2008 A & B



Northern California Power Agency
Hydroelectric Project No. One 2008 A & B Variable Rate Debt Obligation
Comparison of Actual vs Planned Interest Rate Swaps Savings (Cost)
As of June 30, 2016

	Planned Savings (Cost)		Actual Savings (Cost)	
	Annual	Cumulative	Annual	Cumulative
	\$	\$	\$	\$
FY2008	117,580	117,580	254,188	254,188
FY2009	438,768	556,348	189,800	443,988
FY2010	443,387	999,735	1,005,458	1,449,446
FY2011	484,319	1,484,054	849,010	2,298,456
FY2012	596,774	2,080,828	775,362	3,073,818
FY2013	609,640	2,690,469	1,146,750	4,220,568
FY2014	623,059	3,313,528	1,200,879	5,421,447
FY2015	637,299	3,950,827	1,297,694	6,719,140
FY2016	652,361	4,603,187	1,321,612	8,040,753
FY2017	688,244	5,271,431		
FY2018	684,949	5,956,380		
FY2019	605,117	6,561,497		
FY2020	710,041	7,271,538		
FY2021	710,434	7,981,972		
FY2022	699,418	8,681,390		
FY2023	686,782	9,368,172		
FY2024	671,372	10,039,544		
FY2025	651,414	10,690,959		
FY2026	630,888	11,321,846		
FY2027	607,900	11,929,746		
FY2028	582,392	12,512,138		
FY2029	554,257	13,066,395		
FY2030	432,154	13,498,548		
FY2031	298,202	13,796,750		
FY2032	150,869	13,947,620		
Total	\$ 13,947,620		\$ 8,040,753	

Cumulative Additional Savings through 6/30/16
 Projected Savings \$ 17,385,185 Revised Savings
 124.65%

Note: Above cumulative actual interest includes \$197,143 of bank bond interest.



Commission Staff Report

September 13, 2016

COMMISSION MEETING DATE: September 23, 2016

SUBJECT: Approval of Professional Services Agreement between NCPA and the County of Placer

AGENDA CATEGORY: Consent

FROM:	David Dockham <i>DD</i>	METHOD OF SELECTION:
	AGM, Power Management	N/A
Division:	Power Management	<i>If other, please describe:</i>
Department:	Industry Restructuring	None

IMPACTED MEMBERS:

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

If other, please specify.

Place an X in the box next to the applicable Member(s) above.

RECOMMENDATION:

Northern California Power Agency ("NCPA") staff recommends that the Commission adopt and approve the Professional Services Agreement by and between NCPA and the County of Placer, and authorize the General Manager of NCPA to execute the Professional Services Agreement, on behalf of NCPA, including any modifications to the Professional Services Agreement approved by NCPA's General Counsel.

BACKGROUND:

The County of Placer ("Placer County") is in the process of forming a Community Choice Aggregation ("CCA") within the boundaries of the County of Placer. The Placer County CCA will be organized as a joint powers agency, with each of the applicable cities¹ in the service region acting as the members of the joint powers agency. Placer County staff are actively engaged in evaluating the feasibility of the CCA, and are working to develop various planning tools and forecasts to establish CCA operations. As part of such effort, Placer County has expressed an interest in the option of receiving certain power management and administrative services from NCPA once the CCA is formed.

DISCUSSION:

As Placer County works to establish a CCA in the County of Placer, Placer County has requested that NCPA provide certain services to assist Placer County during such process. Placer County is forecasting that the CCA will begin limited operations in 2017, and will expand its services to additional customers over time using a multi-phased approach. Prior to formal establishment of the Placer County joint powers agency and CCA, Placer County has requested NCPA to supply the following services to Placer County: (i) development of load, resource and price forecasts to be used for planning activities, (ii) development of short-term and mid-term load and resource portfolio balance summaries, (iii) provision of advice and assistance for development of risk management policies and regulations, (iv) review of applicable regulatory and compliance obligations, (v) assistance with development of preliminary planning and operating budgets, and (vi) provision of advice and recommendations regarding development and composition of a supply portfolio.

PROFESSIONAL SERVICES AGREEMENT:

To enable NCPA to supply services to Placer County, NCPA has developed a Professional Services Agreement under which NCPA may supply certain services to Placer County. The term of the Professional Services Agreement shall begin on the effective date, and shall end on the date Placer County legally establishes a joint powers agency and formally establishes a CCA in the County of Placer. The Professional Services Agreement includes a not-to-exceed compensation amount of Fifty Thousand Dollars (\$50,000.00), and costs for work performed by NCPA shall be charged to Placer County on a time and materials basis.

A copy of the Professional Services Agreement is attached to this staff report for your reference.

¹ The City of Roseville will not be a participant in the CCA.

FISCAL IMPACT:

Work associated with development of the Professional Services Agreement has been undertaken pursuant to approved Power Management budget categories, and costs associated with this effort are allocated in accordance with the NCPA annual budget.

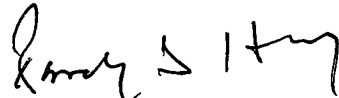
ENVIRONMENTAL ANALYSIS:

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:

On August 31, 2016, the Facilities Committee recommended approval of a framework for the development of a Professional Services Agreement between NCPA and Placer County, and the Professional Services Agreement presented herein for adoption and approval is based on the framework as recommended by the Facilities Committee.

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachments: 2

RESOLUTION 16-68

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVAL OF PROFESSIONAL SERVICES AGREEMENT BETWEEN NORTHERN CALIFORNIA POWER AGENCY AND THE COUNTY OF PLACER

(reference Staff Report #197:16)

WHEREAS, the County of Placer ("Placer County") is in the process of forming a Community Choice Aggregation ("CCA") within the boundaries of the County of Placer; and

WHEREAS, the Placer County CCA will be organized as a joint powers agency, with each of the applicable cities¹ in the service region acting as the members of the joint powers agency; and

WHEREAS, Placer County staff are actively engaged in evaluating the feasibility of the CCA, and are working to develop various planning tools and forecasts to establish CCA operations; and

WHEREAS, as part of such effort, Placer County has expressed an interest in the option of receiving certain power management and administrative services from Northern California Power Agency ("NCPA") once the CCA is formed; and

WHEREAS, prior to formal establishment of the Placer County joint powers agency and CCA, Placer County has requested NCPA to supply the following services to Placer County: (i) development of load, resource and price forecasts to be used for planning activities, (ii) development of short-term and mid-term load and resource portfolio balance summaries, (iii) provision of advice and assistance for development of risk management policies and regulations, (iv) review of applicable regulatory and compliance obligations, (v) assistance with development of preliminary planning and operating budgets, and (vi) provision of advice and recommendations regarding development and composition of a supply portfolio; and

WHEREAS, to enable NCPA to supply services to Placer County, NCPA has developed a Professional Services Agreement under which NCPA may supply certain services to Placer County; and

WHEREAS, the Professional Services Agreement includes a not-to-exceed compensation amount of Fifty Thousand Dollars (\$50,000.00), and costs for work performed by NCPA shall be charged to Placer County on a time and materials basis; and

WHEREAS, work associated with development of the Professional Services Agreement has been undertaken pursuant to approved Power Management budget categories, and costs associated with this effort are allocated in accordance with 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.

¹ The City of Roseville will not be a participant in the CCA

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency adopts and approves the Professional Services Agreement by and between Northern California Power Agency and the County of Placer, and authorizes the General Manager of NCPA to execute the Professional Services Agreement, on behalf of NCPA, including any modifications to the Professional Services Agreement approved by NCPA's General Counsel.

PASSED, ADOPTED and APPROVED this ___ day of _____, 2016 by the following vote on roll call:

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

 CAROL GARCIA
 CHAIRPERSON

ATTEST: _____
 CARY A. PADGETT
 ASSISTANT SECRETARY



**PROFESSIONAL SERVICES AGREEMENT BETWEEN
NORTHERN CALIFORNIA POWER AGENCY
AND COUNTY OF PLACER**

This Professional Services Agreement ("Agreement") is made by and between the Northern California Power Agency ("NCPA"), a joint public powers agency with offices located at 651 Commerce Drive, Roseville, California 95678, and the County of Placer, California with offices located at 175 Fulweiler Avenue, Auburn, California 95603 ("Placer County") (together sometimes referred to herein individually as "Party" and collectively as "Parties") as of _____, 20__ (the "Effective Date") in Roseville, California.

Section 1. RECITALS

This Agreement is entered into based on the following facts, among others:

1.1 NCPA has heretofore been duly established as a joint powers agency pursuant to the Joint Exercise of Powers Act of the Government Code of the State of California and, among other things, is authorized to acquire, construct, finance, and operate buildings, works, facilities and improvements for the generation and transmission of electric capacity and energy for resale.

1.2 Placer County is a county located in U.S. state of California, and desires that NCPA provide Placer County with the Services described in this Agreement.

1.3 Placer County is currently studying the opportunity to establish a community choice aggregation ("CCA") program within the County of Placer, pursuant to the authority granted under AB117. As part of Placer County's initial investigation of establishing a CCA, Placer County has requested services of a professional manner from NCPA to assist Placer County's assessment and development of a CCA.

1.4 NCPA has established facilities, staff and the capability for the provision of Services to Placer County.

1.5 Placer County desires NCPA to provide Services to Placer County.

1.6 NCPA is willing to provide Customer with Services Pursuant to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and promises set forth, NCPA and Placer County agree as follows:

Section 2. DEFINITIONS

Whenever used in this Agreement with initial capitalization, these terms shall have the following meanings as applicable, whether in the singular or plural:

2.1 "Good Utility Practice" shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region and consistently adhered to by the electric utility industry.

2.2 "Uncontrollable Force" shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities or any other cause beyond the reasonable control of the Party claiming Uncontrollable Force which could not be avoided through the exercise of Good Utility Practice.

Section 3. SERVICES TO BE PROVIDED; AUTHORIZED REPRESENTATIVES; STANDARD OF PERFORMANCE

3.1 This Agreement is entered into by the Parties in order for NCPA to provide services to Placer County as described in Exhibit A hereto ("Services").

3.2 The following are the Authorized Representatives of the Parties for contract administration purposes under this Agreement:

Northern California Power Agency
David Dockham
Assistant General Manager, Power Management
651 Commerce Drive
Roseville, CA 95678
916-781-4256
dave.dockham@ncpa.com

County of Placer
Jenine Windeshausen
Treasurer-Tax Collector
2976 Richardson Dr.
Auburn, CA 95603
530-889-4120
JWindesh@placer.ca.gov

No Authorized Representative is authorized to amend any provision of this Agreement except in accordance with Section 12.16.

3.3 Standard of Performance. NCPA will perform and or oversee; as applicable, the Services using that level of skill and attention reasonably required to complete the Services in a competent and timely manner.

3.4 Assignment of Personnel. NCPA shall assign only competent personnel to perform Services pursuant to this Agreement.

3.5 Time. NCPA shall devote such time to the performance of Services pursuant to this Agreement as may be reasonably necessary to meet the standard of performance provided in Section 3.3, above and to satisfy NCPA's obligations hereunder.

Section 4. TERM AND TERMINATION

4.1 Term. The term of this Agreement shall begin on the Effective Date and shall end on the date Placer County legally establishes a joint powers agency, pursuant to the Joint Exercise of Powers Act of the Government Code of the State of California, and formally establishes a CCA in the County of Placer, California. This Agreement may be terminated by either Party upon 30 days written notice ("Notice of Termination"). Placer County shall pay NCPA for all fees and costs required under this Agreement through the effective date of its Notice of Termination. Upon payment of the above amounts, neither Party shall have any further obligations under this Agreement except as otherwise set forth in Section 5.7 regarding the survival of defense and indemnity obligations.

Section 5. INDEMNITY AND INSURANCE

5.1 Limitation of NCPA's Liability.

5.1.1 Except as provided in this section 5.1, NCPA shall not at any time be liable for any injury or damage occurring to Placer County, or any other person or property, from any cause whatsoever arising out of this Agreement.

5.1.2 The provisions of Section 5.1.1 shall not apply where the injury or damage occurring to Placer County is caused by the gross negligence of NCPA or of any employee, agent or contractor of NCPA, and provided that any liability under this subsection is limited to the extent of the actual coverage and coverage limits of the insurance policies described in this Section 5.

5.1.3 Placer County Liable for NCPA's Deductibles and or Self-Insured Retentions. Notwithstanding Section 5.1.2 above, Placer County agrees to reimburse NCPA, in a timely manner, for all deductibles and/or self-insured retentions payable for any claim, liability or damage arising out of this Agreement.

5.2 Indemnification of NCPA. Except as specified in Section 5.1 above, Placer County shall, at its sole cost and expense, indemnify and hold harmless NCPA and all associated, affiliated, allied, member and subsidiary entities of NCPA, now existing or hereinafter created, and their respective officers, boards, commissions, employees, agents, attorneys, and contractors (hereinafter referred to as "Indemnitees"), from and against any and all liability, obligation, damages, penalties, claims, liens, costs, charges, losses and expenses (including, without limitation, reasonable fees and expenses of attorneys, expert witnesses and consultants), which may be imposed upon, incurred by or be asserted against the Indemnitees arising out of this Agreement.

5.3 Defense of Indemnitees. In the event any action or proceeding shall be brought against the Indemnitees by reason of any matter for which the Indemnitees are indemnified hereunder, Placer County

shall, upon reasonable prior written notice from any of the Indemnitees, at Placer County's sole cost and expense, resist and defend the same with legal counsel mutually selected by Indemnitee and Placer County, unless mutual selection of counsel is expressly prohibited by an applicable insurance policy; provided however, that neither Indemnitee nor Placer County shall admit liability in any such matter or on behalf of the other without express written consent, which consent shall not be unreasonably withheld or delayed, nor enter into any compromise or settlement of any claim for which Indemnitees are indemnified hereunder without prior express written consent. Placer County's duty to defend shall begin upon receipt of a written notice identifying with specificity the allegations that give rise to this duty to defend.

5.4 Notice. The Parties shall give each other prompt notice of the making of any claim or the commencement of any action, suit or other proceeding covered by the provisions of this Section 5.

5.5 Insurance. During the term of the Agreement and prior to beginning any work under this Agreement, NCPA shall maintain, or cause to be maintained, in full force and effect, and at its sole cost and expense, the types and limits of liability insurance as are annually approved by the governing Commission of NCPA. The types and limits of liability insurance that are applicable to this Agreement are evidenced in policy summaries, which are attached hereto as Exhibit C. NCPA warrants and represents that the types of liability insurance and coverage limits shown in Exhibit C are in full force and effect and shall remain so during the term of this Agreement unless NCPA gives prior written notification (of not less than 30 days) of modification, cancellation or rescission of such coverage.

5.6 Placer County's Acknowledgment of Option to Secure Additional Insurance. Placer County acknowledges that there are limitations on NCPA's liability to Placer County under this Section 5 and that Placer County may need to purchase additional insurance of its own to cover the additional risks and the potential additional liabilities it is assuming under this Agreement. Placer County agrees that it will cause, with respect to any additional insurance it obtains or which is otherwise available to Placer County, its insurers to issue an endorsement providing a waiver of subrogation rights as to Indemnitees.

5.7 Survival of Obligations. The defense and indemnity obligations of Section 5 shall survive the termination of this Agreement.

Section 6. COMPENSATION

6.1 Placer County hereby agrees to pay NCPA an amount NOT TO EXCEED FIFTY THOUSAND DOLLARS (\$50,000.00) during the term of this Agreement, whereby costs for work performed by NCPA shall be charged to Placer County on a time and materials basis. In consideration for NCPA's provision of Services to Placer County, for each work activity performed by NCPA, Placer County shall pay NCPA an amount equal to the sum of: (i) number of hours required to complete each respective work activity, multiplied by the applicable hourly rate as listed in the Compensation Wage Schedule contained in Exhibit B, and (ii) out of pocket expenses and the cost of materials.

NCPA and Placer County acknowledge and agree that compensation paid by Placer County to NCPA under this Agreement is based upon NCPA's estimated costs of providing the Services required hereunder, including salaries and benefits of employees and subcontractors of NCPA, if any. Consequently, the Parties further agree that compensation hereunder is intended to include the costs of contributions to any pensions and/or annuities to which NCPA and its employees, agents, and subcontractors may be eligible.

Placer County therefore has no responsibility for such contributions beyond compensation required under this Agreement.

Section 7. BILLING AND PAYMENT

7.1 Invoices. NCPA shall submit invoices to Placer County, 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 be accompanied with adequate and proper supporting information and documentation for the Services performed, if and as applicable.

7.2 Monthly Payment. Placer County shall make monthly payments, based on invoices received, for Services performed, and for authorized reimbursable costs incurred. Placer County shall have thirty (30) days from the date of the invoice to pay NCPA.

Payments shall be remitted directly to:

Northern California Power Agency
651 Commerce Drive
Roseville, California 95678
Attn: Accounts Receivable

Except for an "Uncontrollable Force" as described in Section 9 hereof, any amount due and payable but not paid by Placer County within 30 days following the date of the invoice shall bear interest at the per annum prime rate (or reference rate) of the Bank of America NT & SA, then in effect, plus two percent per annum computed on a daily basis until paid. At NCPA's sole discretion, invoices may be issued to Placer County using electronic media or physical distribution.

7.3 Billing Dispute. If all or any portion of an invoice is disputed by Placer County, the entire amount of the invoice shall be paid when due, and NCPA's Authorized Representative shall be concurrently provided written notice of the disputed amount and the basis for the dispute. NCPA shall reimburse any amount determined to have been incorrectly billed, within ten (10) days after such determination.

7.4 Total Payment. Placer County shall pay for the Services to be rendered by NCPA pursuant to this Agreement. Placer County shall not pay any additional sum for any expense or cost whatsoever incurred by NCPA in rendering Services pursuant to this Agreement unless the Agreement has been modified by a properly executed amendment in accordance with this Agreement.

7.5 Hourly Fees. Fees for work performed by NCPA on an hourly basis shall not exceed the amounts shown in the Exhibits attached hereto.

7.6 Payment of Taxes. NCPA is solely responsible for the payment of employment taxes incurred under this Agreement and any similar federal or state taxes.

7.7 Payment upon Termination. In the event that Placer County or NCPA terminates this Agreement pursuant to Section 4, Placer County shall compensate NCPA for all outstanding costs and reimbursable expenses incurred for work satisfactorily completed as of the date of Notice of Termination. NCPA shall maintain adequate logs and timesheets in order to verify costs incurred to that date.

7.8 Authorization to Perform Services. NCPA is not authorized to perform any Services or incur any costs whatsoever under the terms of this Agreement until receipt of authorization from Placer County's Authorized Representative following receipt of the required approvals under the terms of this Agreement.

Section 8. STATUS OF NCPA; FACILITIES AND EQUIPMENT

8.1 Independent Contractor. At all times during the term of this Agreement, NCPA shall be an independent contractor and shall not be an employee of Placer County. Notwithstanding any other agency, state, local or federal policy, rule, regulation, law, or ordinance to the contrary, NCPA 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 Placer County, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of Placer County and entitlement to any contribution to be paid by Placer County for employer contributions and/or employee contributions for PERS benefits.

Section 9. UNCONTROLLABLE FORCES

9.1 Obligations of the Parties, other than those to pay money when due, shall be excused for so long as and to the extent that failure to perform such obligations is due to an Uncontrollable Force; provided, however, that if either Party is unable to perform due to an Uncontrollable Force, such Party shall exercise due diligence to remove such inability with reasonable dispatch. Nothing contained in this Agreement shall be construed as requiring a Party to settle any strike, lockout, or labor dispute in which it may be involved, or to accept any permit, certificate, contract, or any other service agreement or authorization necessary for the performance of this Agreement which contains terms and conditions which a Party determines in its good faith judgment are unduly burdensome or otherwise unacceptable.

9.2 Each Party shall notify the other promptly, by telephone to the other Party's operating personnel and Authorized Representative identified in Section 3.2, upon becoming aware of any Uncontrollable Force which may adversely affect the performance under this Agreement. A Party shall additionally provide written notice in accordance with Section 12.8 to the other Party within 24 hours after providing. Each Party shall notify the other promptly, when an Uncontrollable Force has been remedied or no longer exists.

Section 10. LEGAL REQUIREMENTS

10.1 Governing Law. The laws of the State of California shall govern this Agreement, without regard for the choice of law doctrine.

10.2 Compliance with Applicable Laws. NCPA and any subcontractors shall comply with all laws applicable to the performance of the Services hereunder.

10.3 Other Governmental Regulations. To the extent that this Agreement may be funded by fiscal assistance from another governmental entity, NCPA and any subcontractors shall comply with all applicable rules and regulations to which Placer County is bound by the terms of such fiscal assistance program.

10.4 Nondiscrimination and Equal Opportunity. NCPA shall not discriminate, on the basis of a person's race, religion, color, national origin, age, physical or mental handicap or disability, medical condition, marital status, sex, or sexual orientation, against any employee, applicant for employment, subcontractor, bidder for a subcontract, or participant in, recipient of, or applicant for any services or programs provided by NCPA under this Agreement. NCPA shall comply with all applicable federal, state, and local laws, policies, rules, and requirements related to equal opportunity and nondiscrimination in employment, contracting, and the provision of any services that are the subject of this Agreement, including but not limited to the satisfaction of any positive obligations required of NCPA thereby.

NCPA shall include the provisions of this subsection in any subcontract approved by Placer County's Authorized Representative or this Agreement.

Section 11. KEEPING AND STATUS OF RECORDS

11.1 Records Created as Part of NCPA'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 NCPA prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of Placer County. NCPA hereby agrees to deliver those documents to Placer County upon termination of the Agreement. It is understood and agreed that the documents and other materials, including but not limited to those described above, prepared pursuant to this Agreement are prepared specifically for Placer County and are not necessarily suitable for any future or other use. Placer County and NCPA agree that, until final approval by Placer County, all data, plans, specifications, reports and other documents are confidential and will not be released to third parties without prior written consent of both Parties, except as may otherwise be required by applicable law.

11.2 NCPA's Books and Records. NCPA shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for Services or expenditures and disbursements charged to Placer County under this Agreement in accordance with NCPA's records retention policies, or for any longer period required by law, from the date of final payment to NCPA pursuant to this Agreement.

11.3 Inspection and Audit of Records. Any records or documents that Section 11.2 of this Agreement requires NCPA 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 Placer County. 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 Placer County or as part of any audit of Placer County, for a period of three (3) years after final payment under the Agreement.

11.4 Confidential Information and Disclosure. During the term of this Agreement, either Party ("Disclosing Party") may disclose confidential, proprietary or trade secret information (the "Information"), to the other Party ("Receiving Party"). All such Information made available in a tangible medium of expression (such as, without limitation, on paper or by means of magnetic tapes, magnetic disks or other computer media) shall be marked in a prominent location to indicate that it is the confidential, proprietary and trade secret information of Disclosing Party at the time of disclosure to Receiving Party. Receiving Party shall

hold Disclosing Party's Information in confidence and shall take all reasonable steps to prevent any unauthorized possession, use, copying, transfer or disclosure of such Information. Receiving Party shall not attempt to reverse engineer or in any manner create any product or information which is similar in appearance to or based on the Information provided by Disclosing Party. Receiving Party shall not disclose Disclosing Party's Information to any person other than Receiving Party's employees, agents, contractors and subcontractors who have a need to know in connection with this Agreement.

Receiving Party's confidentiality obligations hereunder shall not apply to any portion of Disclosing Party's Information which:

- (a) Has become a matter of public knowledge other than through an act or omission of Receiving Party;
- (b) Has been made known to Receiving Party by a third party in accordance with such third party's legal rights without any restriction on disclosure;
- (c) Was in the possession of Receiving Party prior to the disclosure of such Information by Disclosing Party and was not acquired directly or indirectly from the other Party or any person or entity in a relationship of trust and confidence with the other Party with respect to such Information;
- (d) Receiving Party is required by law to disclose; or
- (e) Has been independently developed by Receiving Party from information not defined as "Information" in this Agreement, as evidenced by Receiving Party's written records.

Receiving Party shall return or destroy Disclosing Party's Information (including all copies thereof) to Disclosing Party promptly upon the earliest of any termination of this Agreement or the Disclosing Party's written request. Notwithstanding the foregoing, Receiving Party may retain one copy of such Information solely for archival purposes, subject to the confidentiality provisions of this Agreement. The Parties understand that each Party is a public entity and is subject to the laws that may compel either to disclose information about the other's business.

Section 12. MISCELLANEOUS PROVISIONS

12.1 Attorneys' Fees. If a Party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provisions 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.

12.2 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.

12.3 Severability. If any provision of this Agreement shall be determined by a court of competent jurisdiction to be invalid, void or unenforceable, or if any provision of this Agreement is rendered invalid or unenforceable by federal or state statute or regulation, but the remaining portions of the Agreement can be enforced without failure of material consideration to any Party, then the remaining provisions shall continue in full force and effect. To that end, this Agreement is declared to be severable. Provided, however, that in the event any provision is declared to be invalid, void or unenforceable, either Party may terminate this Agreement upon ten (10) days written notice given within five (5) days of receipt of notice of final entry of judgment.

12.4 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.

12.5 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.

12.6 Use of Recycled Products. NCPA shall endeavor to prepare and submit all reports, written studies and other printed material on recycled paper to the extent it is available at equal or less cost than virgin paper.

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

12.8 Notices. Unless this Agreement requires otherwise, any notice, demand or request provided for in this Agreement, or served, given or made shall become effective when delivered in person, or sent by registered or certified first class mail, to the persons specified below:

For NCPA:

David Dockham
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

With a copy to:

Michael F. Dean
General Counsel, Northern California Power Agency
c/o Meyers Nave
555 Capitol Mall, Suite 1200
Sacramento, CA 95814

For Placer County:

Name
Title
Address

With a copy to:

Name of Placer County Counsel
Title
Address

Whenever it is required, permitted, or desired in this Agreement that written notice or demand be given by any Party to any other Party, such notice or demand may be either personally served or sent by United States Mail, or facsimile. Notice shall be deemed to have been given when personally served, when deposited in the United States Mail, certified or registered with postage prepaid and properly addressed, or when transmitted by facsimile provided however, notices delivered by facsimile shall only be effective if delivered during regular business hours on a day that is considered a regular business day for NCPA by the involved Parties.

12.9 Integration; Incorporation. This Agreement, including all the Exhibits attached hereto, represents the entire and integrated agreement between Placer County and NCPA relating to the subject matter of this Agreement, and supersedes all prior negotiations, representations, or agreements, either written or oral. All Exhibits attached hereto are incorporated by reference herein.

Exhibit A: Scope of Services
Exhibit B: Compensation Wage Schedule
Exhibit C: NCPA Insurance Summary

12.10 Dispute Resolution. If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Placer County and NCPA agree to resolve the dispute in accordance with the following:

12.10.1 Each Party shall designate a senior management or executive level representative to negotiate any dispute;

12.10.2 The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.

12.10.3 If the issue remains unresolved after ONE HUNDRED AND TWENTY (120) days of good faith negotiations, despite having used their best efforts to do so, either Party may pursue whatever other remedies may be available to it.

12.10.4 This informal 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.*

12.11 Other Agreements. This Agreement is not intended to modify or change any other agreement between any of the Parties, individually or collectively.

12.12 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.

12.13 Obligations Several. The duties, obligations and liabilities of the Parties are intended to be several and not joint or collective. Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation or liability on or with regard to either Party. Each Party shall be individually and severally liable for its own obligations under this Agreement.

12.14 Effect of Section Headings. Section headings and subheadings appearing in this

Agreement are inserted for convenience only and shall not be construed as interpretation of text.

12.15 Authority of Signatories. The signatories hereby represent that they have been appropriately authorized to execute this Agreement on behalf of the Party for whom they sign.

12.16 Amendments. Unless otherwise provided for in this Agreement, this Agreement may be amended only by written instrument executed by the Parties with the same formality as this Agreement.

The Parties have executed this Agreement as of the Effective Date.

Northern California Power Agency

Placer County

RANDY S. HOWARD, General Manager

[Name/Title]

Attest:

Attest:

Assistant Secretary of the Commission

[Name/Title]

Approved as to Form:

Approved as to Form:

General Counsel

[Name/Title]

EXHIBIT A
SCOPE OF SERVICES

NCPA shall provide the following Services to Placer County, pursuant to the terms and conditions of this Agreement (the "Scope of Services").

1. In coordination with Placer County, development of load, resource and market price forecasts to be used for planning activities.
2. Development of short-term and mid-term load and resource portfolio balance summaries.
3. Provide Placer County with advice and assistance for development of risk management policies and regulations, and associated energy commodity procurement guidelines and limits.
4. Review of applicable regulatory and compliance obligations (e.g., California RPS and Resource Adequacy Requirements), and provide advice for Placer County's supply portfolio composition.
5. In coordination with Placer County, provide assistance with development of preliminary planning and operating budgets.
6. Supply advice and recommendations regarding development and composition of a supply portfolio.

**EXHIBIT B
COMPENSATION SCHEDULE**

Pursuant to Section 6 of this Agreement, costs for work performed by NCPA shall be charged to Placer County on a time and materials basis, in accordance with the Compensation Wage Scheduled listed herein:

COMPENSATION WAGE SCHEDULE

CY 2016

Job Classification	Hourly Rate (\$/Hr.)
Accountant/Analyst I-III	\$ 150.00
Administrative Assistant I-III	\$ 90.00
Assistant General Manager	\$ 300.00
Computer Tech Analyst I-IV	\$ 170.00
Sr. Computer Tech Analyst	\$ 180.00
Risk Manager	\$ 180.00
Compliance Manager	\$ 230.00
Engineer/Energy Resource Analyst I-IV	\$ 180.00
Mgr. Information Svcs. and Power Settlements	\$ 240.00
Power Settlements Analyst	\$ 160.00
Power Settlements Manager	\$ 210.00
Scheduler/Planner	\$ 180.00
Supervisor I-III	\$ 230.00

The Compensation Wage Schedule listed herein may be amended from time to time by NCPA, at its sole discretion, as its costs of labor change, and may add, subtract or amend job classification titles (and their respective hourly rates) as its job classification schedule is amended. NCPA shall provide written notice to Placer County of any such amendment prior to charging any revised rates for Services.

EXHIBIT C
NCPA INSURANCE SUMMARY

NCPA currently maintains the following types of insurance:

1. Workers' Compensation & Employer's Liability
2. Automobile Liability
3. Commercial General Liability



Commission Staff Report

September 13, 2016

COMMISSION MEETING DATE: September 23, 2016

SUBJECT: Approval of Power Management and Administrative Services Cost Allocation Modeling Assumptions for the City of Shasta Lake

AGENDA CATEGORY: Consent

FROM:	David Dockham <i>DD</i>	METHOD OF SELECTION:
	AGM, Power Management	N/A
Division:	Power Management	<i>If other, please describe:</i>
Department:	Industry Restructuring	None

IMPACTED MEMBERS:

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

If other, please specify.

Place an X in the box next to the applicable Member(s) above.

RECOMMENDATION:

Northern California Power Agency ("NCPA") staff recommends that the Commission adopt and approve the Power Management and Administrative Services Cost allocation modeling assumptions, as described in Commission Staff Report 198:16, as the basis for developing an estimated cost for NCPA's provision of certain Power Management and Administrative Services to the City of Shasta Lake, as a prospective Member of NCPA.

BACKGROUND:

The Commission previously recommended approval of an amendment to the NCPA Joint Powers Agreement, pursuant to which the City of Shasta Lake will become a Member of NCPA if adopted by all existing NCPA Members. As a Member of NCPA, the City of Shasta Lake will have a right to request NCPA's provision of certain Power Management and Administrative Services, by becoming a Member signatory to the Power Management and Administrative Services Agreement.

DISCUSSION:

The City of Shasta Lake has expressed interest in receiving certain Power Management and Administrative Services from NCPA as a Member. The City of Shasta Lake has requested NCPA to provide an estimate for the cost of NCPA's provision of such services to the City of Shasta Lake. Costs associated with NCPA's provision of Power Management and Administrative Services are allocated using a Commission approved cost allocation model (more commonly referred to as the "Nexant Model"). The Commission's approved cost allocation model allocates costs among the Members who receive Power Management and Administrative Services based on various inputs that are based on actual and historical data.

In order for NCPA to develop an estimate for NCPA's provision of Power Management and Administrative Services to the City of Shasta Lake, NCPA staff will need to develop a set of initial modeling assumptions to approximate the City of Shasta Lake's comparable model inputs.

MODELING ASSUMPTIONS:

NCPA staff, working with the City of Shasta Lake, has developed a set of modeling assumptions that will be used to calculate an estimate of NCPA's cost to provide certain Power Management and Administrative Services to the City of Shasta Lake. The modeling assumptions developed by NCPA staff are based on both actual and estimated data, and are organized to be directly comparable to the modeling assumptions used to allocate costs to the balance of the NCPA members' who receive Power Management and Administrative Services from NCPA.

The Power Management and Administrative Services cost allocation modeling assumptions developed by NCPA staff have been attached to this Staff Report for your reference.

FISCAL IMPACT:

Work associated with development of the City of Shasta Lake Power Management and Administrative Services Cost allocation modeling assumptions has been undertaken pursuant to approved Power Management budget categories, and costs associated with this effort are allocated in accordance with 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 recommendation provided herein was reviewed and recommended for approval by the Facilities Committee on August 31, 2016.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy S. Howard". The signature is written in a cursive, somewhat stylized font.

RANDY S. HOWARD
General Manager

Attachments: 2

RESOLUTION 16-69

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVAL OF POWER MANAGEMENT AND ADMINISTRATIVE SERVICES COST ALLOCATION MODELING ASSUMPTIONS FOR THE CITY OF SHASTA LAKE

(reference Staff Report #198:16)

WHEREAS, the Commission previously recommended approval of an amendment to the NCPA Joint Powers Agreement, pursuant to which the City of Shasta Lake will become a Member of NCPA if adopted by all existing NCPA Members; and

WHEREAS, as a Member of NCPA, the City of Shasta Lake will have a right to request NCPA's provision of certain Power Management and Administrative Services, by becoming a Member signatory to the Power Management and Administrative Services Agreement; and

WHEREAS, the City of Shasta Lake has expressed interest in receiving certain Power Management and Administrative Services from NCPA as a Member, and has requested NCPA to provide an estimate for the cost of NCPA's provision of such services; and

WHEREAS, costs associated with NCPA's provision of Power Management and Administrative Services are allocated using a Commission approved cost allocation model (more commonly referred to as the "Nexant Model"); and

WHEREAS, the Commission's approved cost allocation model allocates costs among the Members who receive Power Management and Administrative Services based on various inputs that are based on actual and historical data; and

WHEREAS, in order for NCPA to develop an estimate for NCPA's provision of Power Management and Administrative Services to the City of Shasta Lake, NCPA staff will need to develop a set of initial modeling assumptions to approximate the City of Shasta Lake's comparable model inputs; and

WHEREAS, NCPA staff, working with the City of Shasta Lake, has developed a set of modeling assumptions that will be used to calculate an estimate of NCPA's cost to provide certain Power Management and Administrative Services to the City of Shasta Lake; and

WHEREAS, the modeling assumptions developed by NCPA staff are based on both actual and estimated data, and are organized to be directly comparable to the modeling assumptions used to allocate costs to the balance of the NCPA Members' who receive Power Management and Administrative Services from NCPA; and

WHEREAS, work associated with development of the City of Shasta Lake Power Management and Administrative Services Cost allocation modeling assumptions has been undertaken pursuant to approved Power Management budget categories, and costs associated with this effort are allocated in accordance with 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.

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency adopts and approves the Power Management and Administrative Services Cost allocation modeling assumptions, as described in Commission Staff Report 198:16, as the basis for developing an estimated cost for NCPA's provision of certain Power Management and Administrative Services to the City of Shasta Lake, as a prospective Member of NCPA.

PASSED, ADOPTED and APPROVED this ___ day of _____, 2016 by the following vote on roll call:

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

 CAROL GARCIA
 CHAIRPERSON

ATTEST: _____
 CARY A. PADGETT
 ASSISTANT SECRETARY



651 Commerce Drive
Roseville, CA 95678

phone (916) 781-3636
fax (916) 783-7693
web www.ncpa.com

Date: September 23, 2016

Subject: City of Shasta Lake Power Management and Administrative Services Cost Allocation Modeling Assumptions

Baseline Assumptions

- City of Shasta Lake currently has no physical resources
- City of Shasta Lake Western Base Resource Entitlement Percentage
 - 0.8054%
- City of Shasta Lake will be assigned 2 IT Units to reflect its use of NCPA systems

Contracts

- Contract MWh (Allocation of Risk Management Costs)
 - 30,000 MWh
- Contract Hour Counts and Contract Counts (Allocation of Settlements Costs)
 - Hour Counts = $(3 * 24 * 365) = 26,280$
 - Contract Counts = $(3 * 12) = 36$

Schedules and Loads (Allocation of Scheduling Coordination and Dispatch Costs)

- NCPA and CAISO Schedules (Proxy Values to Represent Number of Schedules)
 - DA Schedules: $(5 * 365) + (1 * 365) = 2,190$ Schedules
 - 1 Load Schedules
 - 1 Western Base Resource Schedule
 - 1 Shell Long Term Contract Schedule
 - 2 Additional Term Contract Schedules
 - HA Schedules: 365 Schedules
 - Real-Time Inter-Tie Schedules
 - $365 * .2 = 73$ Schedules
- Load
 - 190,000 MWh (Based on Forecast Provided by Shasta Lake)

Direct Assignments

- Forecasting
 - 15% of Pool Direct Assignment (4.65%)
- Resource Planning, Optimization & Risk Analysis
 - 15% of Pool Direct Assignment (12.33%)
- Pre-Scheduling
 - 10% of Direct Assignment



Commission Staff Report

September 14, 2016

COMMISSION MEETING DATE: September 23, 2016

SUBJECT: Approval of Services Agreement Between Northern California Power Agency and Merced Irrigation District

AGENDA CATEGORY: Consent

FROM:	David Dockham	METHOD OF SELECTION:
	AGM, Power Management	N/A
Division:	Power Management	<i>If other, please describe:</i>
Department:	Industry Restructuring	None

IMPACTED MEMBERS:

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

If other, please specify.

Place an X in the box next to the applicable Member(s) above.

RECOMMENDATION:

NCPA staff recommends that the Commission adopt and approve the Services Agreement between Northern California Power Agency and Merced Irrigation District, and authorize the General Manager of NCPA to execute the Services Agreement between Northern California Power Agency and Merced Irrigation District, on behalf of NCPA, including any non-substantive modifications approved by NCPA's General Counsel.

BACKGROUND:

Northern California Power Agency ("NCPA") has established facilities, staff and the capacity to provide power management and administrative services to both Members and non-member customers. Merced Irrigation District ("MEID") owns and operates a collection of hydroelectric generating facilities located on the Merced River. MEID has requested NCPA to provide certain power management and administrative services to it regarding the scheduling, dispatch and operations of their hydroelectric facilities. In response to MEID's request, and working in coordination with MEID, NCPA has developed a Services Agreement ("Services Agreement") under which NCPA may provide services to MEID.

SERVICES AGREEMENT:

Pursuant to the Services Agreement, NCPA shall provide the following services to MEID: scheduling coordination services, dispatch and operational services, portfolio management and optimization services, reliability standards compliance services, and supplemental services. The term of the Services Agreement will begin on the effective date, and shall continue uninterrupted through June 30, 2022. After the initial term of the Services Agreement, or any subsequent term of the Services Agreement, the term of the Services Agreement shall automatically extend for an additional two (2) year period unless a Party provides a notice of termination. The Services Agreement contains certain protections that limit the liability of each Party for injury or damages occurring as a result of services provided under the agreement. To the extent a Party incurs any damages, the other Party's liability is limited to actual coverage and coverage limits of insurance held by the responsible Party. Attached to the main body of the Services Agreement are a number of technical appendices that include principles, descriptions and procedures regarding scheduling, operations, and other details pertaining to the services provided by NCPA.

The Services Agreement has been attached to this staff report for your reference.

FISCAL IMPACT:

In consideration for NCPA's provision of services under the Services Agreement, MEID shall pay NCPA an amount equal to \$390,000 for services rendered during the first complete one (1) year period of the term of the Services Agreement. For each subsequent one (1) year period of the term of the Services Agreement, MEID shall pay NCPA an amount equal to the sum of the annual amount charged to MEID during the prior year escalated at a rate of 2.5% per year. In addition to such compensation, MEID shall compensate NCPA for all supplemental services supplied to MEID on a time and materials basis, in accordance with the applicable supplemental services wage schedule contained in the Services Agreement.

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 Facilities Committee on August 31, 2016, and was recommended for Commission approval.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy S. Howard".

RANDY S. HOWARD
General Manager

Attachments: 2

RESOLUTION 16-70

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVAL OF SERVICES AGREEMENT BETWEEN NORTHERN CALIFORNIA POWER AGENCY AND MERCED IRRIGATION DISTRICT

(reference Staff Report #199:16)

WHEREAS, Northern California Power Agency ("NCPA") has established facilities, staff and the capacity to provide power management and administrative services to both Members and non-member customers; and

WHEREAS, Merced Irrigation District ("MEID") owns and operates a collection of hydroelectric generating facilities located on the Merced River, and has requested NCPA to provide certain power management and administrative services to it regarding the scheduling, dispatch and operations of their hydroelectric facilities; and

WHEREAS, in response to MEID's request, and working in coordination with MEID, NCPA has developed a Services Agreement ("Services Agreement") under which NCPA may provide services to MEID; and

WHEREAS, pursuant to the Services Agreement, NCPA shall provide the following services to MEID: scheduling coordination services, dispatch and operational services, portfolio management and optimization services, reliability standards compliance services, and supplemental services; and

WHEREAS, the term of the Services Agreement will begin on the effective date, and shall continue uninterrupted through June 30, 2022, and after the initial term of the Services Agreement, or any subsequent term of the Services Agreement, the term of the Services Agreement shall automatically extend for an additional two (2) year period unless a Party provides a notice of termination; and

WHEREAS, in consideration for NCPA's provision of services under the Services Agreement, MEID shall pay NCPA an amount equal to \$390,000 for services rendered during the first complete one (1) year period of the term of the Services Agreement, and for each subsequent one (1) year period of the term of the Services Agreement, MEID shall pay NCPA an amount equal to the sum of the annual amount charged to MEID during the prior year escalated at a rate of 2.5% per year; and

WHEREAS, MEID shall also compensate NCPA for all supplemental services supplied to MEID on a time and materials basis, in accordance with the applicable supplemental services wage schedule contained in the Services Agreement; 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.

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency adopts and approves the Services Agreement between Northern California Power Agency and Merced Irrigation District, and authorizes the General Manager of NCPA to execute the Services Agreement between Northern California Power Agency and Merced Irrigation District, on behalf of NCPA, including any non-substantive modifications approved by NCPA's General Counsel.

PASSED, ADOPTED and APPROVED this ___ day of _____, 2016 by the following vote on roll call:

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

 CAROL GARCIA
 CHAIRPERSON

ATTEST: _____
 CARY A. PADGETT
 ASSISTANT SECRETARY

SERVICES AGREEMENT

BETWEEN

NORTHERN CALIFORNIA POWER AGENCY

AND

MERCED IRRIGATION DISTRICT

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This SERVICES AGREEMENT ("Agreement") is made by and between the Northern California Power Agency, a joint powers agency of the State of California ("NCPA"), and Merced Irrigation District, a public agency functioning under the Irrigation District Laws of the California Water Code ("Customer"). NCPA and Customer are together sometimes referred to herein individually as a "Party" and collectively as the "Parties".

This Agreement is made as of _____, 20__ (the "Effective Date") in Roseville, California.

Section 1. RECITALS

This Agreement is entered into based on the following facts, among others:

1.1 NCPA has heretofore been duly established as a joint powers agency pursuant to the Joint Exercise of Powers Act of the Government Code of the State of California and, among other things, is authorized to acquire, construct, finance, and operate buildings, works, facilities and improvements for the generation and transmission of electric capacity and energy for resale.

1.2 Customer is a public agency functioning under the Irrigation District Laws of the California Water Code, and owns and operates certain generating facilities for the benefit of its customers.

1.3 NCPA is a certified Scheduling Coordinator in accordance with the CAISO Tariff.

1.4 NCPA has established facilities, staff and the capability for the provision of Services to Customer.

1.5 Customer desires NCPA to provide Services to Customer.

1.6 NCPA is willing to provide Customer with Services pursuant to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and promises set forth herein, NCPA and Customer agree as follows:

Section 2. DEFINITIONS

2.1 Definitions. Whenever used in this Agreement (including the Recitals hereto), the following terms shall have the following respective meanings, provided, capitalized terms used in this Agreement (including the Recitals hereto) that are not defined in Section 2 of this Agreement shall have the meaning indicated in Appendix A Master Definition Supplement of the CAISO Tariff:

2.1.1 "Agreement" means this Services Agreement, including all Appendices, attached hereto.

2.1.2 "Business Day" means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time.

2.1.3 "Calendar Day" means all days, including Saturdays, Sundays or Federal Reserve Bank holidays.

2.1.4 "California Independent System Operator Corporation" or "CAISO" means the non-profit public benefit corporation responsible for the provision of fair and open transmission access, and maintaining reliable and efficient operation of that portion of the electric grid contained within its defined balancing authority area, pursuant to the California Public Utilities Code, or its successor entity.

2.1.5 "CAISO Tariff" means the CAISO FERC Electric Tariff.

2.1.6 "Commission" means the NCPA Commission established by the Joint Powers Agreement.

2.1.7 "Customer" has the meaning set forth in the preamble hereto.

2.1.8 "Effective Date" has the meaning set forth in the preamble hereto.

2.1.9 "Electric System" means all properties and assets, real and personal, tangible and intangible, of the Customer now or hereafter existing, used or pertaining to the generation for resale, transmission, transformation, distribution or sale of electric capacity and energy, or the utilization of such, including all additions, extensions, expansions,

improvements and betterments thereto and equipment thereof; provided, however, that to the extent the Customer is not the sole owner of an asset or property or to the extent that an asset or property is used in part for generation for resale, transmission, transformation, distribution or sale of electric capacity and energy, only the Customer's ownership interest in such asset or property or only the part of the asset or property used for electric purposes shall be considered to be part of its Electric System.

2.1.10 "Event of Default" has the meaning set forth in Section 10.1 of this Agreement.

2.1.11 "FERC" means the Federal Energy Regulatory Commission, or its regulatory successor.

2.1.12 "General Manager" means the General Manager of NCPA.

2.1.13 "Good Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry within the United States of America during the relevant time period, which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with NERC or WECC approved business practices, reliability and safety. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the electric utility industry within the United States of America.

2.1.14 "Joint Powers Agreement" means the Amended and Restated Northern California Power Agency Joint Exercise of Powers Agreement dated as of January 31, 2008.

2.1.15 "NCPA" has the meaning set forth in the preamble hereto.

2.1.16 "NERC" means the North American Electric Reliability Corporation, or its successor.

2.1.17 "Operating Entity" means an entity that determines the use of and coordinates scheduling of their load, resources, imports and exports, trades, ancillary

services and/or other CAISO products, in accordance with established scheduling requirements, including those requirements determined by NCPA.

2.1.18 "Party" or "Parties" has the meaning set forth in the recitals hereto; provided that "Third Parties" are entities that are not party to this Agreement.

2.1.19 "Reliability Standards" means requirements approved by FERC under Section 215 of the Federal Power Act to provide for reliable operation of the bulk power system.

2.1.20 "Scheduling Agent" means an entity authorized to act as agent on behalf of a Scheduling Coordinator, and shall perform certain Scheduling Coordinator duties and requirements on behalf of a Scheduling Coordinator.

2.1.21 "Scheduling Coordinator" means an entity certified by the CAISO for the purposes of undertaking the functions of a Scheduling Coordinator specified in the CAISO Tariff, including, but not limited to, submitting and settling bids, self-schedules, and trades in the CAISO markets.

2.1.22 "Security Account" means an account established at NCPA pursuant to this Agreement. The Security Account is established to: (1) make timely payments to the CAISO under the CAISO Tariff, and protect NCPA from potential Customer default by providing funds and time to cure, (2) provide working capital for NCPA's provision of Services and to bridge timing differences between the receipt of payments from Customer and the date payments are due to the CAISO, (3) satisfy CAISO security deposit requirements, if any, and (4) provide security against Customer default.

2.1.23 "Significant Operational Change" shall have the meaning as set forth in Section 15.20 of this Agreement.

2.1.24 "Significant Regulatory Change" shall have the meaning as set forth in Section 15.20 of this Agreement.

2.1.25 "Third Party" means an entity that is not a Party to this Agreement.

2.1.26 "Uncontrollable Forces" means storm, flood, lightning, earthquake, tsunami, fire, explosion, failure of facilities not due to lack of proper care or maintenance, civil disturbance, labor dispute, sabotage, war, national emergency, restraint by court or public authority, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or other causes beyond the control of the affected Party which such Party could not reasonably have been expected to avoid by exercise of Good Utility Practice, due diligence and foresight.

2.1.27 "WECC" means the Western Electricity Coordinating Council, or its successor(s).

2.2 Rules of Interpretation. As used in this Agreement (including the Recitals hereto), unless in any such case the context requires otherwise: The terms "herein," "hereto," "herewith" and "hereof" are references to this Agreement taken as a whole and not to any particular provision; the term "include," "includes" or "including" shall mean "including, for example and without limitation;" and references to a "Section," "subsection," "clause," "Appendix", "Schedule", or "Exhibit" shall mean a Section, subsection, clause, Appendix, Schedule or Exhibit of this Agreement, as the case may be. All references to a given agreement, instrument, tariff or other document, or law, regulation or ordinance shall be a reference to that agreement, instrument, tariff or other document, or law, regulation or ordinance as such now exists and as may be amended from time to time, or its successor. A reference to a "person" includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having a separate legal personality and includes its successors and permitted assigns. A reference to a "day" shall mean a Calendar Day unless otherwise specified. The singular shall include the plural and the masculine shall include the feminine, and vice versa.

Section 3. PURPOSE OF AGREEMENT

The purpose of this Agreement is to set forth the terms and conditions under which NCPA will supply Customer with Services.

Section 4. SERVICES TO BE PROVIDED AND STANDARDS OF PERFORMANCE

4.1 NCPA Duties. The duties of NCPA under this Agreement are to provide services to Customer as fully described in Appendix A hereto (“Services”).

4.2 Customer Duties. The duties of the Customer under this Agreement are to:

4.2.1 Act as its own Scheduling Coordinator, and to assign certain scheduling and settlement duties and responsibilities to NCPA, acting as Customer’s Scheduling Agent, as fully described in Appendix A hereto.

4.2.2 Timely provide certain information to NCPA that is required for NCPA to perform Services, as fully described in Appendix A hereto.

4.2.3 Make timely payments to NCPA for all CAISO charges and credits for services invoiced by NCPA to Customer in accordance with Section 8 of this Agreement.

4.2.4 Provide staff and other assistance as may be required from time to time to the extent necessary for NCPA to fulfill its duties as described in Section 4.1 of this Agreement.

4.2.5 Comply with all requirements of the CAISO Tariff, as applicable, in respect to the operation and maintenance of its Electric System and other facilities covered under this Agreement.

4.2.6 Provide security or other deposits required by the CAISO, if any, to NCPA in accordance with Section 11 of this Agreement.

4.2.7 Initially fund and maintain sufficient deposits in its Security Account, if required, in accordance with Section 12 of this Agreement.

4.2.8 Make timely payment of all costs associated with NCPA’s provision of Services, as set forth in this Agreement.

4.2.9 Except as provided in Section 6 of this Agreement, defend and indemnify NCPA in regard to Services provided to Customer by NCPA.

4.3 Standard of Performance. NCPA will perform Services using the level of skill and attention reasonably required to complete the services in a competent and timely manner, in accordance with Good Utility Practices.

4.4 Assignment of Personnel. NCPA shall assign only competent personnel to perform Services pursuant to this Agreement.

4.5 Time. NCPA shall devote such time to the performance of Services pursuant to this Agreement as may be reasonably necessary to meet the standard of performance provided in Section 4.3, and to satisfy NCPA's obligations hereunder.

Section 5. TERM AND TERMINATION

5.1 Term. The initial term of this Agreement shall begin on the Effective Date and shall continue uninterrupted through June 30, 2022 (the "Initial Term"). At the end of the initial term of this Agreement, or any subsequent term of this Agreement, the term of this Agreement shall automatically extend for an additional two (2) year period unless a Party provides written Notice of Termination pursuant to Section 5.2, of its election not to automatically extend the term of the agreement.

5.2 Termination. This Agreement may be terminated by either Party at the end of the Initial Term, or at the end of any subsequent two (2) year extension, by providing written notice to the other Party at least ninety (90) days prior to the end of the current term of the Agreement ("Notice of Termination").

5.3 No Effect on Prior Liabilities. Termination of this Agreement will not terminate any Customer ongoing or un-discharged liabilities, credits or obligations of Customer, including any contingent liabilities, credits or obligations, resulting from this Agreement until they are satisfied in full, or for which Customer has provided a mechanism acceptable to NCPA, for the satisfaction in full thereof.

Section 6. INDEMNITY AND INSURANCE

6.1 Limitation of NCPA's Liability.

6.1.1 Except as provided in Section 6.1, neither NCPA nor Customer (the "Responsible Party") shall at any time be liable for any injury or damage occurring to the other (the "Harmed Party") or any third person or property from any cause whatsoever arising out of this Agreement.

6.1.2 The provisions of this Section 6.1.1 shall not apply where the injury or damage occurring to a Harmed Party is caused by the negligence of the Responsible Party or any of the Responsible Party's employee's, agents or contractors, and provided that any liability under this subsection is limited to the extent of the actual coverage and coverage limits of the insurance policies described in Section 6.3, which are maintained by the Responsible Party.

6.2 Notice. The Parties shall give each other prompt notice of the making of any claim or the commencement of any action, suit or proceeding covered by the provisions of this Section 6.

6.3 Insurance. During the term of this Agreement, both Parties agree to maintain, or cause to be maintained, in full force and effect, and at their respective sole cost and expense, the following types and limits of liability insurance ("Insurance"):

6.3.1 One-million dollars per occurrence for Workers' Compensation and Employer's Liability;

6.3.2 One-million dollars in limits per occurrence in Automobile Liability;
and

6.3.3 Two-million per occurrence, and Five-million in Annual Aggregate for Commercial General Liability Insurance.

Evidence of each Party's Insurance shall be maintained, and provided to the other Party upon request. All insurance policies, with the exception of Workers' Compensation, shall name

the other Party as additionally insured. Each Party agrees to waive the right of subrogation where it is legal to do so.

Each Party shall designate the required insurance liability limits for any subcontractors performing work in connection with, or in performance of any aspect of this Agreement, and in accordance to their risk management requirements.

Section 7. COMPENSATION

7.1 Compensation for Services. Customer shall pay NCPA the amounts set forth in Appendix B for NCPA's provisions of Services to Customer in accordance with the terms and conditions of this Agreement. Such amount shall be billed to Customer in accordance with Section 8 of this Agreement.

7.2 CAISO Charges and Credits. All charges and credits invoiced by the CAISO to NCPA associated with services provided under this Agreement will be charged or credited to Customer, and shall be paid to NCPA by Customer in addition to the compensation stated in Section 7.1. Such CAISO charges and credits shall be billed to Customer in accordance with Section 8 of this Agreement.

Section 8. BILLING AND PAYMENT

8.1 Invoices. NCPA will issue a monthly invoice to Customer for estimated and actual CAISO charges and credits, costs associated with NCPA's provision of Services, and all other costs for services provided in accordance with this Agreement. Such invoices will be made pursuant to the requirements and procedures provided for in this Agreement. At NCPA's discretion, invoices may be issued to Customer using electronic media or physical distribution.

8.2 Payment of Invoices. All non-emergency invoices delivered by NCPA to Customer are due and payable thirty (30) Calendar Days after the date thereof; provided, however, that any amount due on a day other than a Business Day may be paid on the next following Business Day. NCPA may apply Customer's Security Account to the payment of all or any portion of an invoice to Customer, provided that application of such funds from the Security Account shall not relieve Customer from any late payment charges pursuant to Section

8.3. To the extent that NCPA applies funds from the Security Account to pay an amount due under an invoice, following receipt of payment of such invoice by Customer, NCPA shall deposit the relevant portion of the payment into the Security Account and credit such deposit to Customer. Emergency invoices delivered by NCPA shall be due and payable on the date indicated on such invoice, or as indicated in Section 12.5.

8.3 Late Payments. Any amount due and not paid by Customer in accordance with Sections 8.2, Section 11 and Section 12 shall be considered late and bear interest computed on a daily basis until paid at the lesser of (i) the per annum prime rate (or reference rate) of the Bank of America NT&SA then in effect, plus two percent (2%) or (ii) the maximum rate permitted by law.

8.4 Billing Disputes. Customer may dispute the accuracy of any invoice issued by NCPA under this Agreement by submitting a written dispute to NCPA, within thirty (30) Calendar Days of the date of such invoice; nonetheless Customer shall pay the full amount billed when due. If Customer does not timely question or dispute the accuracy of any invoice in writing the invoice shall be deemed to be correct. Upon review of a submitted dispute, if an invoice is determined by NCPA to be incorrect, NCPA shall issue a corrected invoice and refund any amounts that may be due to Customer. If NCPA and Customer fail to agree on the accuracy of an invoice within thirty (30) Calendar Days after Customer has disputed it, the General Manager shall promptly submit the dispute to the Commission for resolution. If the Commission and Customer fail to agree on the accuracy of a disputed invoice within sixty (60) Calendar Days of its submission to the Commission, the dispute may then be resolved under the dispute resolution procedures set forth in Section 13 of this Agreement. Provided, however, that prior to resorting to alternative dispute resolution procedures, the full amount of the disputed invoice must have been paid.

8.5 Billing/Settlement Data. NCPA shall make billing and settlement data available to Customer as part of the invoice delivered by NCPA, or upon request. NCPA may also, at its sole discretion, make billing and settlement support information available to Customer using electronic media (e.g. electronic data portal). Procedures and formats for the provision of such electronic data submission may be as established by the NCPA Commission from time to time.

Without limiting the generality of the foregoing, NCPA may, in its reasonable discretion, require Customer to execute a non-disclosure agreement prior to providing access to the NCPA electronic data portal.

8.6 Examination of Books and Records. Customer shall have the right to examine the books and records created and maintained by NCPA pursuant to this Agreement at any reasonable, mutually agreed upon time.

All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files or other documents or material, in electronic or any other form, that NCPA prepares or obtains pursuant to this Agreement and that relate to the Services provided hereunder, shall be stored and maintained by NCPA in accordance with NCPA's records retention policies and procedures, as such may be modified from time to time.

Section 9. COOPERATION AND FURTHER ASSURANCES

Each of the Parties agree to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by the other Party which are consistent with the provisions of this Agreement and which do not involve the assumption of obligations other than those provided for in this Agreement, in order to give full effect to this Agreement and to carry out the intent of this Agreement. The Parties agree to cooperate and act in good faith in connection with obtaining any credit support required in order to satisfy the requirements of this Agreement.

Section 10. DEFAULTS

10.1 Events of Default. An Event of Default under this Agreement shall exist upon the occurrence of any one or more of the following by a Party (the "Defaulting Party"):

(i) the failure of Customer to make any payment (other than an emergency addition to the Security Account pursuant to Section 12.5) in full to NCPA when due, where such failure is not cured within thirty (30) Calendar Days following receipt of a notice from NCPA demanding cure;

(ii) the failure of Customer to make any payment of an emergency addition to the Security Account when due pursuant to Section 12.5;

(iii) the failure of a Party to perform any covenant or obligation of this Agreement where such failure is not cured within thirty (30) Calendar Days following receipt of a notice from the other Party demanding cure. Provided, that this subsection shall not apply to any failure to make payments specified by subsection 10.1 (i) or (ii)); or

(iv) if any representation or warranty of a Party material to the services provided hereunder shall prove to have been incorrect in any material respect when made and the Party does not cure the facts underlying such incorrect representation or warranty so that the representation or warranty becomes true and correct within thirty (30) Calendar Days of the date of receipt of notice from a Party demanding cure.

10.2 Uncontrollable Forces. A Party shall not be considered to be in default in respect of any obligation hereunder if prevented from fulfilling such obligation by reason of Uncontrollable Forces. Provided, that in order to be relieved of an Event of Default due to Uncontrollable Forces, a Party affected by an Uncontrollable Force shall:

(i) first provide oral notice to the General Manager, or in the case of Customer, to the representative selected by Customer, using telephone communication within two (2) Business Days of the onset of the Uncontrollable Force, and subsequently provide written notice to the Party's representative within ten (10) Business Days of the onset of the Uncontrollable Force, describing its nature and extent, the obligations which the Party is unable to fulfill, the anticipated duration of the Uncontrollable Force, and the actions which the Party will undertake so as to remove such disability and be able to fulfill its obligations hereunder; and

(ii) use due diligence to place itself in a position to fulfill its obligations hereunder and if unable to fulfill any obligation by reason of an Uncontrollable Force such Party shall exercise due diligence to remove such disability with reasonable dispatch. Provided, that nothing in this subsection shall require a Party to settle or compromise a labor dispute.

10.3 Cure of an Event of Default. An Event of Default shall be deemed cured only if such default shall be remedied or cured within the time periods specified in Section 10.1 above, as may be applicable.

10.4 Remedies in the Event of Uncured Default. Upon the occurrence of an Event of Default which is not cured within the time limits specified in Section 10.1, without limiting other rights or remedies available under this Agreement, at law or in equity, and without constituting or resulting in a waiver, release or estoppel of any right, action or cause of action a non-defaulting Party may have against the defaulting Party, a non-defaulting Party may take any or all of the following actions:

(i) NCPA may suspend the provision of services under this Agreement to Customer;

(ii) NCPA may demand that Customer provide further assurances to guarantee the correction of the default;

(iii) The non-defaulting Party may terminate this Agreement as to the defaulting Party, on ten (10) Calendar Days prior written notice to the Defaulting Party;

(iv) NCPA may utilize the funds available in Customer's Security Account to cure and default under Section 10.1(i) and thereafter demand replenishment of the Security Account.

10.5 Special Covenants Regarding Security Account. In the event that Customer's Security Account is insufficient to cover all invoices for costs incurred under this Agreement delivered to Customer, then, without limiting NCPA's other rights or remedies available under this Agreement, at law or in equity, Customer shall cooperate in good faith with NCPA and shall cure the default as rapidly as possible, on an emergency basis, taking all such action as is necessary to replenish its Security Account as provided herein, drawing on its cash-on-hand and lines of credit, obtaining further assurances by way of credit support and letters of credit, and taking all such other action as will cure the default with all due haste.

10.6 Effect of Termination or Suspension.

10.6.1 Generally. The termination or suspension of this Agreement will not terminate, waive, or otherwise discharge any ongoing or undischarged liabilities, credits or obligations arising from this Agreement until such liabilities, credits or obligations are satisfied in full.

10.6.2 Suspension. If performance of all or any portion of this Agreement is suspended by NCPA in accordance with Section 10.4 (i), Customer shall pay any and all costs incurred by NCPA as a result of such suspension including reasonable attorney fees, the fees and expenses of other experts, including auditors and accountants, or other reasonable and necessary costs associated with such suspension and any portion of the costs associated with NCPA's provision of Services that were not recovered from Customer as a result of such suspension.

10.6.3 Termination. If this Agreement is terminated by a Party in accordance with Section 10.4 (iii), the Defaulting Party shall pay any and all costs incurred by the other Party as a result of such termination, including reasonable attorney fees, the fees and expenses of other experts, including auditors and accountants, other reasonable and necessary costs associated with such termination, and as to Customer, any portion of costs associated with NCPA's provision of Services that were not, or will not be, recovered from Customer as a result of such termination.

Section 11. CAISO SECURITY DEPOSIT AND CREDIT REQUIREMENTS

Any credit requirements, including, but not limited to, security, collateral, unsecured credit, or other deposits required by the CAISO, shall be provided by Customer prior to NCPA providing Services under this Agreement, and shall be maintained as may be required thereafter pursuant to the CAISO Tariff. Failure to maintain sufficient credit, security, collateral, unsecured credit, or other deposits may impact NCPA's ability to perform certain Services under this agreement. NCPA shall maintain a detailed accounting of Customers credit, security, collateral, unsecured credit or other deposits. Any changes in credit, security, unsecured credit or other deposits required by the CAISO Tariff may be provided by NCPA from Customer's

Security Account, and NCPA shall invoice Customer within two (2) Business Days for such required amounts, and will use the funds collected from Customer to fund the Security Account.

Section 12. SECURITY ACCOUNT

Any Customer deposits into the Security Account pursuant to this Agreement shall be separate from and in addition to any security accounts maintained pursuant to any other agreements between NCPA and the Customer, NCPA and any Third Person, or any other such security account required of Customer.

12.1 Applicability. The requirement for Customer to initially deposit and maintain a Security Account pursuant to Section 12.2 and Section 12.3 is only applicable if NCPA, acting on behalf of Customer, is directly responsible for making payments to the CAISO and processing charges and credits invoiced by the CAISO to NCPA, associated with Services provided under this Agreement, including all charges and credits associated with security deposits as may be required pursuant to the CAISO Tariff. For clarity, Customer shall not be required to initially deposit and maintain a Security Account pursuant to Section 12.2 and Section 12.3 if Customer retains the direct responsibility for making payments to the CAISO and processing charges and credits invoiced by the CAISO to Customer, associated with Services provided under this Agreement, including all charges and credits associated with security deposits as may be required pursuant to the CAISO Tariff.

12.2 Initial Amounts. Prior to NCPA providing Services, Customer shall deposit into a Security Account held by NCPA an amount equal to the highest three (3) months of estimated CAISO invoices for the succeeding twelve (12) months; provided, however, that such deposit may be satisfied in whole or in part either in cash or through a clean, irrevocable letter of credit satisfactory to the General Manager. NCPA shall maintain a detailed accounting of Customer's deposit in the Security Account.

12.3 Subsequent Deposits. Periodically, and at least quarterly, NCPA shall review and revise its estimate of all costs Customer shall be obligated to pay under this Agreement. Following such review, NCPA shall determine whether Customer has a sufficient balance in the

Security Account. To the extent that Customer's balance in the Security Account is greater than one hundred and ten percent (110%) of the amount required by Section 12.2, NCPA shall credit such amount as soon as practicable to Customer's next monthly invoice. To the extent that Customer's balance in the Security Account is less than ninety percent (90%) of the amount required by Section 12.2, NCPA shall add such amount as soon as practicable to Customer's next month invoice, or as necessary, to a special invoice to Customer. Credits or additions shall not be made if Customer satisfies these Security Account requirements in whole through the use of a letter of credit, provided that the amount of the letter of credit shall be adjusted by Customer as necessary in a like manner to assure an amount equal to the highest three (3) months of CAISO invoices is available to NCPA.

12.4 Use of Security Account Funds.

12.4.1 NCPA may use any and all funds deposited into the Security Account (or utilize a letter of credit provided in lieu thereof) to pay any costs it incurs hereunder, irrespective of whether NCPA has issued an invoice for such costs to Customer or whether Customer has made timely payments of invoices. Should Customer satisfy its Security Account requirements in whole or part through a letter of credit, NCPA may draw on such letter of credit to satisfy obligations hereunder.

12.4.2 If funds deposited into the Security Account, or provided through a letter of credit, are used by NCPA to pay any costs it incurs hereunder, NCPA, pursuant to Section 8.5, will maintain a detailed accounting of Customer's shares of funds withdrawn from the Security Account or letter of credit.

12.5 Emergency Additions. In the event that the funds are withdrawn pursuant to Section 12.4 of this Agreement, or if the Security Account is insufficient to allow payment of a CAISO invoice, NCPA shall notify Customer and then prepare and send a special or emergency assessment to Customer. Customer shall pay to NCPA such assessment when and if assessed by NCPA within two (2) Business Days of the invoice date of the assessment or consent to and direct NCPA to draw on any existing letter of credit Customer has established for such purposes.

12.6 Accounting and Interest. NCPA shall maintain a detailed accounting of Customer's deposits into and withdrawals from the Security Account. Monies on deposit in the Security Account shall be invested by NCPA along with the other funds of NCPA in accordance with policies set by the Commission from time to time in its sole discretion. Interest, if any, earned on the Security Account shall be credited to Customer's Security Account. Any losses in the Security Account caused by early termination of investments or otherwise shall be charged to Customer's Security Account. NCPA makes no representation that the Security Account will earn any particular amount of interest or any interest, and Customer acknowledges that the amounts in the Security Account may lose value. NCPA shall not be liable for any investment losses to Customer's funds held in the Security Account.

12.7 Return of Funds. On the termination of this Agreement Customer's Security Account funds shall be paid to Customer ninety (90) days after the effective date of such termination. NCPA shall, in its sole discretion, as determined by the General Manager, estimate the then outstanding liabilities of Customer, including any estimated contingent liabilities, and shall retain all such funds until all such liabilities have been fully paid or otherwise satisfied in full. After such determination by the General Manager, the balance of Customer's Security Account will be refunded to Customer within sixty (60) days.

Section 13. SETTLEMENT OF DISPUTES

13.1 Settlement of Disputes. If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Customer and NCPA agree to resolve the dispute in accordance with the following:

13.1.1 Each Party shall designate a senior management or executive level representative to negotiate any dispute.

13.1.2 The representative shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.

13.1.3 If the issue remains unresolved after sixty (60) days of good faith negotiations, despite having used their best efforts to do so, either Party may pursue whatever other remedies may be available to it.

13.1.4 This informal 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.*

Section 14. STATUS OF NCPA

At all times during the term of this Agreement, NCPA shall be an independent contractor and shall not be an employee of Customer. Customer shall have the right to control NCPA only insofar as the results of NCPA's Services rendered pursuant to this Agreement; however, otherwise Customer shall not have the right to control the means by which NCPA accomplishes Services rendered pursuant to this Agreement. Notwithstanding any other agency, state, local or federal policy, rule, regulation, law, or ordinance to the contrary, NCPA 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 Customer, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of Customer and entitlement to any contribution to be paid by Customer for employer contributions and/or employee contributions for PERS benefits.

Section 15. MISCELLANEOUS

15.1 Confidentiality. The Parties will keep confidential all confidential or trade secret information made available to them in connection with this Agreement, to the extent possible, consistent with applicable laws, including the California Public Records Act. Confidential or trade secret information shall be marked or expressly identified as such.

If a Party ("Receiving Party") receives a request from a Third Party for access to, or inspection, disclosure or copying of, any of the other Party's (the "Supplying Party") confidential data or information ("Disclosure Request"), then the Receiving Party shall provide notice and a copy of the Disclosure Request to the Supplying Party within three (3) Business Days of receipt of the Disclosure Request. Within three (3) Business Days of receipt of such notice, the Supplying Party shall provide notice to the Receiving Party either:

(i) that the Supplying Party believes there are reasonable legal grounds for denying or objecting to the Disclosure Request, and the Supplying Party requests the Receiving Party to deny or object to the Disclosure Request with respect to identified confidential information. In such case, the Receiving Party shall deny the Disclosure Request and the Supplying Party shall defend the denial of the Disclosure Request at its sole cost, and it shall indemnify the Receiving Party for all costs associated with denying or objecting to the Disclosure Request. Such indemnification by the Supplying Party of the Receiving Party shall include all of the Receiving Party's costs reasonably incurred with respect to denial of or objection to the Disclosure Request, including but not limited to costs, penalties, and the Receiving Party's attorney's fees; or

(ii) the Receiving Party may grant the Disclosure Request without any liability by the Receiving Party to the Supplying Party.

15.2 Indemnification and Hold Harmless. Subject to the provisions of Sections 6 and 15.4, each Party agrees to indemnify, defend and hold harmless the other Party, including their respective governing boards, officials, officers, agents, and employees, from and against any and all claims, suits, losses, costs, damages, expenses and liability of any kind or nature, including reasonable attorneys' fees and the costs of litigation, including experts, to the extent caused by any acts, omissions, breach of contract, negligence (active or passive), gross negligence, recklessness, or willful misconduct of that Party, its governing officials, officers, employees, subcontractors or agents, to the maximum extent permitted by law.

15.3 Survival of Obligations. The defense and indemnity obligations of Section 15.2 shall survive the termination of this Agreement.

15.4 No Consequential Damages. FOR ANY BREACH OF ANY PROVISION OF THIS AGREEMENT FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED IN THIS AGREEMENT, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER DAMAGES OR REMEDIES ARE HEREBY WAIVED. IF NO REMEDY OR MEASURE OF DAMAGE IS EXPRESSLY PROVIDED, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE LIMITED TO ACTUAL DAMAGES ONLY AND ALL OTHER DAMAGES

AND REMEDIES ARE HEREBY WAIVED. IN NO EVENT SHALL A PARTY OR THEIR RESPECTIVE SUCCESSORS, ASSIGNS, REPRESENTATIVES, DIRECTORS, OFFICERS, AGENTS, OR EMPLOYEES BE LIABLE FOR ANY LOST PROFITS, CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT, PUNITIVE OR INCIDENTAL LOSSES OR DAMAGES, INCLUDING LOSS OF USE, LOSS OF GOODWILL, LOST REVENUES, LOSS OF PROFIT OR LOSS OF CONTRACTS EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND EACH PARTY HEREBY WAIVES SUCH CLAIMS AND RELEASES EACH OTHER AND EACH OF SUCH PERSONS FROM ANY SUCH LIABILITY.

The Parties acknowledge that California Civil Code section 1542 provides that: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor." The Parties waive the provisions of section 1542, or other similar provisions of law, and intend that the waiver and release provided by this Section of this Agreement shall be fully enforceable despite its reference to future or unknown claims.

15.5 Waiver. No waiver of the performance by a Party of any obligation under this Agreement with respect to any default or any other matter arising in connection with this Agreement shall be effective unless given by the other Party. Any such waiver by the other Party in any particular instance shall not be deemed a waiver with respect to any subsequent performance, default or matter.

15.6 Amendments. Unless otherwise provided for in this Agreement, this Agreement may be amended only by written instrument executed by the Parties with the same formality as this Agreement.

15.6.1 Amendments of Appendices. The Appendices that are attached to and made part of this Agreement include detailed principles, descriptions and procedures for NCPA's provision of Services to Customer. Upon mutual written consent of the Designated Representative of each Party, the Appendices of this Agreement may be amended from time to time, without the requirement of an approval as required pursuant

to Section 15.6; provided, however, Appendix A and Appendix B may be amended only by written instrument executed by the Parties with the same formality as this Agreement.

15.7 Assignment of Agreement.

15.7.1 Binding Upon Successors. This Agreement, including the Appendices attached hereto, shall inure to the benefit of and shall be binding upon the respective successors and assignees of the Parties to this Agreement.

15.7.2 No Assignment. This Agreement, nor any interest herein, shall be transferred or assigned by a Party hereto except with the consent in writing of the other Parties hereto, where such consent shall not be unreasonably withheld.

15.8 Severability. In the event that any of the terms, covenants or conditions of this Agreement or the application of any such term, covenant or condition, shall be held invalid as to any person or circumstance by any court having jurisdiction, all other terms, covenants or conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect unless the court holds that such provisions are not severable from all other provisions of this Agreement.

15.9 Governing Law. This Agreement shall be interpreted, governed by, and construed under the laws of the State of California.

15.10 Headings. All indices, titles, subject headings, section titles and similar items are provided for the purpose of convenience and are not intended to be inclusive, definitive, or affect the meaning of the contents of this Agreement or the scope thereof.

15.11 Notices. Any notice, demand or request provided for in this Agreement, or served, given or made shall become effective when delivered to the person specified below (the "Designated Representative"):

NCPA:
David Dockham
Assistant General Manager, Power Management
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

Merced Irrigation District:
Don Ouchley
Deputy General Manager, Energy Resources
Merced Irrigation District
744 W. 20th Avenue
Merced, CA 95340

All notices shall be deemed delivered when personally delivered, two (2) Business Days after deposit in the United States mail first class postage prepaid, or on the first Business Day following delivery through electronic communication. A Party may change its Designated Representative by providing notice to the other Party, and such change shall not constitute an amendment to this Agreement.

15.12 Warranty of Authority. Each Party represents and warrants that it has been duly authorized by all requisite approval and action to execute and deliver this Agreement and that this Agreement is a binding, legal, and valid agreement enforceable in accordance with its terms.

15.13 Counterparts. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument and as if all the signatories to all of the counterparts had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

15.14 Venue. In the event that a Party brings any action 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.

15.15 Attorneys' Fees. If a Party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provisions of this Agreement, each Party shall bear its own fees and costs, including attorneys' fees, associated with the action.

15.16 Counsel Representation. Pursuant to the provisions of California Civil Code Section 1717 (a), each of the Parties were represented by counsel in the negotiation and execution of this Agreement and no one Party is the author of this Agreement or any of its subparts. Those terms of this Agreement which dictate the responsibility for bearing any attorney's fees incurred in arbitration, litigation or settlement in a manner inconsistent with the provisions of Section 15.2 were intentionally so drafted by the Parties, and any ambiguities in this Agreement shall not be interpreted for or against a Party by reason of that Party being the author of the provision.

15.17 No Third Party Beneficiaries. Nothing contained in this Agreement is intended by the Parties, nor shall any provision of this Agreement be deemed or construed by the Parties, by any third person or any Third Parties, to be for the benefit of any Third Party, nor shall any Third Party have any right to enforce any provision of this Agreement or be entitled to damages for any breach by the Parties of any of the provisions of this Agreement.

15.18 Integration; Incorporation. This Agreement, including all the appendices attached hereto, represents the entire and integrated agreement between Customer and NCPA relating to the subject matter of this Agreement, and supersedes all prior negotiations, representations, or agreements, either written or oral. All appendixes attached hereto are incorporated by reference herein.

15.19 Reliability Requirements. Unless otherwise specifically provided for herein, the Parties acknowledge that Customer and NCPA are both individually responsible for compliance with the WECC and NERC Reliability Standards and criteria applicable to the functions for which each Party are respectively registered with NERC. The references to WECC and NERC Reliability Standards, if any, throughout this Agreement do not make any alteration or enlargement of the requirements or standards applicable to each Party beyond their individual registrations with NERC; provided, however, NCPA shall perform certain functions on behalf of, or in coordination with, Customer pursuant to Appendix F.

15.20 Significant Regulatory Change or Operational Change.

15.20.1 A "Significant Regulatory Change" shall be deemed to occur if FERC, the CPUC, the CAISO or any other court, public authority, governmental, or other lawfully established civilian authorities having jurisdiction, issues an order or decision or adopts or modifies a tariff or filed contract, or enacts a law that materially interferes with the ability of any Party to perform any of its obligations under this Agreement.

15.20.2 A "Significant Operational Change" shall be deemed to occur due to (i) material amendments and/or revisions to any tariffs, contracts or other applicable documents referenced in this Agreement that directly affect a Party's obligations under this Agreement, (ii) an action taken by the Balancing Authority that may have a material detrimental impact on the way a Party operates or must operate its Electric System, or that directly affects a Party's obligations under this Agreement, or (iii) a significant change in Customer's supply and resource portfolio that may result in material increase in the scale and scope of services contemplated at the Effective Date of this Agreement (e.g., Customer's load increased more than ten (10) percent).

15.20.3 Notification of Significant Regulatory Change or Operational Change. At any time during the term of this Agreement, if any Party anticipates the occurrence of a Significant Regulatory Change or Significant Operational Change that may reasonably be expected to materially interfere with the ability of any Party to perform any of its obligations under this Agreement, or such Significant Regulatory Change or Significant Operational Change occurs, such Party shall provide written notice to the other Party as soon as practicable. The notice shall contain a description of the Significant Regulatory Change or Significant Operational Change, including expected time schedules, and of the effect of the significant change to the Parties. If the Party giving notice believes that it will be necessary to amend this Agreement to address the anticipated change or change when it has occurred, then the notice to the other Party may include a proposal that the Parties meet to negotiate an appropriate amendment to this Agreement. The Parties shall promptly enter into good faith negotiations and attempt to achieve a mutually agreeable

modification to this Agreement to address any such Significant Regulatory Change or Significant Operational Change.

15.20.4 Amendment of Agreement. If the Parties agree that an amendment to this Agreement is necessary to address a Significant Regulatory Change or Significant Operational Change, the Parties will proceed to negotiate such amendment in good faith. If the Parties have not reached agreement within 120 calendar days of the date of the first meeting, either Party may terminate this Agreement upon ninety (90) days prior written notice provided to the other Party.

IN WITNESS WHEREOF, NCPA and Customer have, by the signature of its duly authorized representative shown below, executed and delivered a counterpart of this Agreement.

Northern California Power Agency

Merced Irrigation District

RANDY S. HOWARD, General Manager

JOHN SWEIGARD, General Manager

Attest:

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Approved as to Form:

General Counsel

General Counsel

APPENDIX A

SCOPE OF SERVICES

All services provided by NCPA to Customer pursuant to this Agreement are described in this Appendix A (collectively referred to herein as "Services").

Section 1. Scheduling Coordination Services

1.1 Description of Service. NCPA shall provide Scheduling Coordination Services to Customer, acting as Customer's Scheduling Agent, in accordance with this Agreement, the CAISO Tariff, and other rules and requirements, as applicable. Scheduling Coordination Services include the following duties, and are furthermore described in Appendix C of this Agreement:

1.1.1 NCPA, in coordination with Customer, will facilitate Customer's Scheduling Coordinator registration with the CAISO. NCPA will assist Customer with managing the various steps that are required to complete all of the Scheduling Coordinator certification requirements set forth in the CAISO Tariff and Business Practice Manuals.

1.1.2 NCPA will assist Customer with the process of transferring Customer's resources from the Scheduling Coordinator portfolio in which they currently reside, to Customer's newly registered and formed Scheduling Coordinator portfolio.

1.1.3 Development and submission of schedules and Bids for Customer's resources, trades, ancillary services and/or other CAISO products in the CAISO energy and ancillary services markets, or other markets, as applicable. All schedules and Bids will be made and submitted to the CAISO in accordance with Appendix C and the CAISO Tariff, or other balancing authority areas in accordance with the applicable rules and requirements. Customer's owned and operated generation facilities for which NCPA supplies Scheduling Coordination Services on behalf of are listed in Appendix E.

1.1.4 NCPA shall perform outage coordination and management for Customer's generating resource planned and unplanned outages in accordance with applicable rules and requirements, including, but not limited to, the CAISO Tariff and associated operational procedures.

1.1.5 Obtain and maintain settlement quality meter data in accordance with the CAISO Tariff, the MSA CAISO ME or MSA SC, as applicable, to be used for multiple purposes, including, but not limited to settlement validation.

1.1.6 Submit regulatory data to appropriate Balancing Authorities by defined deadlines, including Resource Adequacy supply plans and compliance filings.

1.1.7 Develop, submit and management of E-Tags for Customer interchange transactions.

1.1.8 Review, validate, and reconcile CAISO settlement charges and credits for services, file timely disputes and pursue dispute resolution.

Section 2. Control Center Services

2.1 Description of Service. NCPA shall provide control center services (“Control Center Services”) for Customer’s owned and operated generation facilities for which NCPA supplies Scheduling Coordination Services. Such duties shall include the following, and are furthermore described in Appendix D of this Agreement:

2.1.1 Monitoring and dispatching of Customer generation facilities.

2.1.2 Management of unplanned outages and system emergencies.

2.1.3 Purchasing and selling energy and capacity in real time in accordance with direction provided by Customer.

2.1.4 Monitor real time telemetry, data flow and manage system data.

2.1.5 Call-out field and emergency service personnel in response to certain operational conditions.

2.1.6 Operational coordination, communication, monitoring and equipment clearance and switching with Customer’s generation facility personnel and Third Parties. Activities associated with Reliability Standards compliance are performed in accordance with Section 4 of this Appendix A.

2.1.7 Monitor alarms and operate Customer generation facilities in accordance with Operating Procedures and applicable requirements, including regulatory and/or environmental requirements.

2.1.8 Comply with the Customer Emergency Action Plan ("EAP"), and initiating the EAP as required.

Section 3. Portfolio Management and Optimization Services

3.1 Description of Services. NCPA shall provide portfolio management and optimization services ("Portfolio Management and Optimization Services") to Customer pursuant to this Agreement. Portfolio Management and Optimization Services including the following duties:

3.1.1 Acting as an Operating Entity on behalf of Customer.

3.1.2 Providing pre-scheduling, real-time scheduling and optimization (including development of Bidding strategies) services for Customer's resources.

3.1.3 Performing short term resource planning and optimization on behalf of Customer.

3.1.4 Entering into balance-of-month transactions and transactions for a term less than balance-of-month for purchasing and selling energy, capacity, transmission capacity, and other related services and products on behalf of Customer.

3.1.5 Monitor and analyze contract requirements, and make recommendations to Customer regarding strategies for maximizing the benefits of such contracts.

3.1.6 Coordination of daily and intra-daily operational communications with Customer's operational counterparts.

3.1.7 Performing transactional and bilateral checkouts and settlements for physical and financial energy, and energy related product transactions, and initiating and processing related disputes.

Section 4. Reliability Standards Compliance Services.

4.1 Description of Service. NCPA shall act on behalf of, or in coordination with Customer, regarding compliance activities and requirements associated with certain Reliability Standards ("Reliability Standards Compliance Services") for Customer's owned and operated generation facilities for which NCPA supplies Scheduling Coordination Services. Such duties shall include the following, and are furthermore described in Appendix F of this Agreement:

4.1.1 NCPA shall maintain its functional registration with NERC and WECC, to enable NCPA to act on behalf of, or in coordination with Customer, for performing compliance activities to manage and comply with certain WECC and NERC Reliability Standards and criteria. The functions and requirements for which NCPA shall act on behalf of, or in coordination with Customer, are described and listed in Appendix F.

4.1.2 Any violation reporting, including any self-reported violations, shall be made by Customer.

Section 5. Information Requirements

5.1 Information Requirements. To enable NCPA to perform the duties associated with Services provided to Customer in accordance with this Agreement, Customer shall timely provide the following information, instructions, and communications to NCPA:

5.1.1 Meter Data. Customer shall provide NCPA access to settlement quality meter data from resources scheduled and Bid by NCPA for Customer under this Agreement, and to maintain such meters and metering equipment in accordance with the standards and requirements as set forth in the CAISO Tariff.

5.1.2 Operational Data. Customer shall provide NCPA access to certain real-time operational systems and information (as mutually determined by NCPA and Customer) including, but is not limited to: (i) Supervisory Control and Data Acquisition ("SCADA") systems, (ii) Programmable Logic Controllers ("PLC"), (iii) Real-time telemetry and recording devices, and (iv) information required to enable NCPA to provide Reliability Standards Compliance Services.

5.1.3 Scheduling and Operating Procedures. Customer shall prepare written scheduling procedures ("Scheduling Procedures") and operating procedures ("Operating Procedures") related to Customer generation resources that convey Customer's guidelines for how NCPA is to perform certain Scheduling Coordination Services and Control Center Services under this Agreement. Such Scheduling Procedures and Operating Procedures shall be conveyed to NCPA sufficiently in advance of their application so as to reasonably enable NCPA to perform such activities.

Section 6. Supplemental Services in Accordance with Task Order Process

6.1 Description of Service. NCPA may, at its sole discretion, provide certain technical support services, or other advisory services, to Customer upon mutual written agreement between the Parties ("Supplemental Services"). All requests for Supplemental Services shall be submitted by Customer to NCPA in accordance with the task order process described in Appendix G ("Task Order Process").

6.2 Compensation for Supplemental Services. Costs for NCPA's provision of Supplemental Services shall be charged to Customer on a time and materials basis. Pursuant to Section 7.1 of this Agreement, in consideration of NCPA's provision of Supplemental Services, Customer shall pay NCPA the sum of: (i) an amount equal to the number of hours required to complete each respective task, multiplied by the applicable hourly rate listed in the Supplemental Services Wage Schedule contained in Appendix B, and (ii) out of pocket expenses and the cost of materials. The scope of each Supplemental Service shall be specified in each respective task order ("Task Order Request") developed by the Parties pursuant to the Task Order Process.

Section 7. Service Transition.

The Parties acknowledge that prior to the date on which specific Services shall be supplied by NCPA for a specific Customer generating resource, the Parties may be required perform certain work and other activities to establish and enable the systems and processes that are required to perform Services as of the date on which Services for a specific Customer generating resource is to commence. Such activities may include establishing common

business practices, developing business requirements, establishing connectivity of systems and equipment, coordinated training of staff, and other activities that may be required to enable NCPA to provide, and Customer to receive, Services. During this transition period (the "Transition Period"), the Parties agree to cooperate in good faith to establish and enable the systems and processes that are required to perform Services. All activities to be performed by NCPA during the Transition Period are included as part of the comprehensive Services provided to Customer, pursuant to this Agreement, even though such work and activities may be performed by NCPA prior to the date on which specific Services shall be supplied by NCPA for a specific Customer generating resource.

APPENDIX B

COMPENSATION SCHEDULE

Pursuant to Section 7.1 of this Agreement, Customer shall pay NCPA the amounts listed in this Appendix B (the "Compensation Schedule") in consideration for Services provided under this Agreement.

Section 1. Compensation Schedule

1.1 In consideration for NCPA's provision of all Services, except Supplemental Services, Customer shall pay NCPA an amount equal to Three Hundred Ninety Thousand Dollars (\$390,000.00) for Services rendered during the first complete one (1) year period in which NCPA is supplying Services to Customer; more specifically, the first complete one (1) year period shall begin on the July 1, 2017, and shall continue through June 30, 2018. For each subsequent one (1) year period of the term of this Agreement, Customer shall pay NCPA an amount equal to: (i) the sum of the annual amount charged to Customer during the prior year escalated at a rate of 2.5% per year. Such annual amount shall be billed to Customer in twelve (12) equal monthly installments (unless reduced by amounts as determined in Section 1.3 herein), in accordance with Section 8 of this Agreement.

1.2 For the period of time from the Effective Date through June 30, 2017, in consideration for NCPA's provision of all Services, except Supplemental Services, Customer shall pay NCPA an amount equal to the following:

1.2.1 For the period of time from the Effective Date through the date on which the Merced Falls Powerhouse transfers from the control of Pacific Gas and Electric Company to Customer, there will be no charge for Services rendered by NCPA.

1.2.2 For the period of time from the date on which the Merced Falls Powerhouse transfers from the control of Pacific Gas and Electric Company to Customer through June 30, 2017, Customer shall pay NCPA an amount equal to Two Thousand Nine Hundred Seventy Six dollars (\$2,967.00) per month; provided, however, if the date on which the Merced Falls Powerhouse transfers from the control of Pacific Gas and Electric Company

to Customer falls on a date other than the first (1st) day of a monthly period, the monthly payment made from Customer to NCPA shall be prorated based on the number of days during such month that the Merced Falls Powerhouse was under the control of Customer.

1.3 Should any of Customer's resources for which NCPA provides Services under this Agreement suffer an Extended Outage, the amount of compensation Customer shall pay NCPA for Services, as provided for herein, shall be reduced by the amounts as described in Section 1.3.1 for each applicable resource, for each month of the Extended Outage through the date on which the Extended Outage is resolved or confirmed. "Extended Outage" means an outage of a resource for a period of at least three (3) consecutive months during which: (i) the resource was unavailable due to a planned or forced outage, and (ii) did not generate any energy.

1.3.1 The following amounts represent the amount the monthly compensation paid by Customer to NCPA shall be reduced, per month, that shall be applied in the event that a resource becomes unavailable to Customer as a result of an Extended Outage:

- a) New Exchequer – \$25,571.00
- b) McSwain – \$3,953.00
- c) Merced Falls – \$2,976.00

1.4 In addition to the amounts of compensation set forth in Section 1.1 of this Appendix B, Customer shall also pay NCPA an amount equal to the actual cost for any direct costs NCPA incurs during the Transition Period, if any, for developing, establishing and installing the telecommunications, or other operational data communications connections, that are required for NCPA to provide Services under this Agreement. The compensation contemplated in this Section 1.4 of Appendix B is intended to be limited in scope, and is intended to apply only to any required installation of physical equipment (e.g., communications lines) that may be required to enable NCPA to collect data from, or to transmit data to, Customer's generation facilities. For clarity, the compensation contemplated in this Section 1.4 is not intended for recovery of general costs that NCPA may incur during the Transition Period (e.g., staff time and

material), which are considered to be included in the scope of Services, and whereby such costs are compensated pursuant to Section 1.1 of this Appendix B. Prior to incurring any actual costs for such connections, such expenditures shall be discussed and mutually agreed to by the Parties.

Section 2. Supplemental Services

2.1 Pursuant to Section 6 of Appendix A, NCPA may provide Supplemental Services to Customer. All costs charged to Customer for Supplemental Services are separate from and in addition to the compensation paid for all other Services, as set forth in Section 1 of this Appendix B. The following is the hourly rate schedule applicable to Supplemental Services (“Supplemental Services Wage Schedule”):

SUPPLEMENTAL SERVICES WAGE SCHEDULE

Job Classification	CY 2016	
	Hourly Rate (\$/Hr.)	
Accountant/Analyst I-III	\$	150.00
Administrative Assistant I-III	\$	90.00
Assistant General Manager	\$	300.00
Computer Tech Analyst I-IV	\$	170.00
Sr. Computer Tech Analyst	\$	180.00
Risk Manager	\$	180.00
Compliance Manager	\$	230.00
Engineer/Energy Resource Analyst I-IV	\$	180.00
Mgr. Information Svcs. and Power Settlements	\$	240.00
Power Settlements Analyst	\$	160.00
Power Settlements Manager	\$	210.00
Scheduler/Planner	\$	180.00
Supervisor I-III	\$	230.00

This wage schedule may be updated from time to time by NCPA as its costs of labor change, and may add, subtract or amend job classification titles (and their respective hourly rates) as its job classification schedule is changed. NCPA shall provide written notice to Customer of any such updated wage schedule prior to charging any increased rate, and such change shall not constitute an amendment to this Agreement.

APPENDIX C

SCHEDULING PROCEDURES

The Scheduling Procedures are separately attached to this Agreement as Appendix C.

RESERVED FOR ATTACHMENT OF SCHEDULING PROCEDURES

APPENDIX D

OPERATING PROCEDURES

The Operating Procedures are separately attached to this Agreement as Appendix D.

RESERVED FOR ATTACHMENT OF OPERATING PROCEDURES

APPENDIX E

CUSTOMER RESOURCES

The following is a list of Customer's resource for which NCPA provides Services pursuant to this Agreement.

1. New Exchequer Hydroelectric
 - a. CAISO Resource ID: EXCHEC_7_UNIT 1
2. McSwain Hydroelectric
 - a. CAISO Resource ID: MCSWAN_6_UNITS
3. Merced Falls Hydroelectric
 - a. CAISO Resource ID: MERCFL_6_UNIT

APPENDIX F

RELIABILITY STANDARDS COMPLIANCE SERVICES MATRIX

Pursuant to Section 4 of Appendix A, NCPA shall provide Reliability Standard Compliance Services to Customer for the Reliability Standards and criteria listed in the Reliability Standards Compliance Services Matrix included in this Appendix F. NCPA and Customer shall meet and confer at least once every six (6) month to review the coordinated functional registration of tasks assigned to each Party, as reflected in the Reliability Standards Compliance Services Matrix, to determine if the Reliability Standards Compliance Services Matrix needs to be updated or revised based on any changes to the respective Reliability Standards contained therein.

Reliability Standards Compliance Services Matrix

RESERVED FOR ATTACHMENT OF RELIABILITY STANDARDS COMPLIANCE SERVICES MATRIX

APPENDIX G

TASK ORDER PROCESS

Pursuant to Section 6 of Appendix A, NCPA may, at its sole discretion, provide certain Supplemental Services to Customer. All requests for Supplemental Services shall be submitted by Customer to NCPA in accordance with the Task Order Process described in this Appendix G.

Section 1. Task Order Process

1.1 Submission of a Task Order. Customer may submit a Task Order Request for Supplemental Services to NCPA in accordance with the terms and conditions of this Agreement. All Supplemental Services requests shall be submitted to NCPA in writing using the task order request form attached to this Appendix G ("Task Order Request Form"). In the Task Order Request Form, Customer shall provide a description of the desired Supplemental Services, a time frame on which Customer is seeking such Supplemental Services to be completed, and all other relevant details that may assist NCPA's review and consideration of the Task Order Request.

1.2 Review of Task Order Request. Once NCPA receives a Task Order Request from Customer, NCPA will review the Customer's request to determine if NCPA can perform the desired work. Once NCPA has completed its review of the Task Order Request, NCPA will provide a written response to Customer to confirm that NCPA is either: (i) able and willing to perform the Supplemental Services as requested, or (ii) not able or not willing to perform the Supplemental Services as requested. If NCPA is able and willing to perform the Supplemental Services as requested, NCPA will provide a written proposal for NCPA's provision of the requested Supplemental Services to Customer, including a detailed project scope and estimated cost for performing the desired work ("Supplemental Services Task Order").

1.3 Task Order Confirmation. Upon receipt of the Supplemental Services Task Order, if any, Customer may agree to accept or not accept NCPA's proposal to supply Supplemental Services. If Customer agrees to accept NCPA's proposal to supply Supplemental Services, upon mutual written consent of the Designated Representatives of each Party, the Parties shall

confirm the terms and conditions of the Supplemental Services by executing the Supplemental Services Task Order. NCPA shall invoice Customer for the full estimated cost of the Supplemental Services, as set forth in the Supplemental Services Task Order, prior to NCPA's provision of the Supplemental Services to Customer. Such amounts shall be billed to Customer in accordance with Section 8 of this Agreement.

1.4 Billing Adjustments. Upon completion of the Supplemental Services, NCPA shall provide a final written accounting for all actual costs associated with NCPA's provision of the Supplemental Services to Customer, and shall either: (i) refund any positive difference between estimated costs and actual costs, or (ii) invoice Customer for the amount of actual costs that are greater than the amount of estimated costs collected from Customer ("Adjustment Amount"). Any Adjustment Amount shall be billed to Customer in accordance with Section 8 of this Agreement.

1.5 Disputes. Any disputes associated with NCPA's provision of Supplemental Services to Customer shall be resolved under the dispute resolution procedures set forth in Section 13 of this Agreement.

Northern California Power Agency

Task Order Request Form

Attention: Contract Administration
651 Commerce Drive
Roseville, CA 95678
Phone: 916-781-4229
Email: tony.zimmer@ncpa.com

Dated As: _____

Date of Completion: _____

Customer Information:

Customer Name: _____
Designated Representative: _____
Address: _____
Phone: _____
Email: _____

Task Details

Additional Notes:

[Customer Designated Representative]



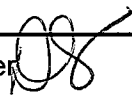
Commission Staff Report

September 14, 2016

COMMISSION MEETING DATE: September 23, 2016

SUBJECT: Approval of Issuance of Up to \$20 Million Fixed Rate Geothermal Project Number 3 Revenue Bonds (2016 Refunding Series A)

AGENDA CATEGORY: Discussion/Action

FROM:	Donna Stevener 	METHOD OF SELECTION:
	Asst. General Manager/CFO	Other
Division:	Administrative Services	
Department:	Accounting & Finance	<i>Request for Offers Issued to Multiple Banks</i>

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

RECOMMENDATION:

That the NCPA Commission approve Resolution 16-67 which approves and authorizes issuance of up to \$20 million of fixed rate Geothermal Project Number 3 Revenue Bonds (2016 Refunding Series A) and delegates to the General Manager and other NCPA officials authority to execute the related legal documents needed to issue those bonds through a direct loan with Bank of America.

BACKGROUND:

The NCPA Finance Committee, NCPA staff and our financial advisors carefully monitor the bond market for potential opportunities to refinance NCPA bonds for savings. According to the *NCPA Variable Rate Debt and Interest Rate Management Policy*, a target of 5% net present value savings is desired before considering a bond refunding. In June, 2016, a Request for Offers was issued to over 60 banks seeking potential direct placement refunding loans for all NCPA projects. Upon evaluation of the various proposals from 10 different banks, the Finance Committee recommended proceeding with the proposal from Bank of America for the issuance of fixed rate refunding bonds for certain 2009 Geothermal bonds which currently bear interest at 5.0 to 5.50%. The estimated savings based on the indicative interest rate of 1.68% as of the RFP date in June is approximately \$1 million. The proposed direct placement loan will be for 8 years, with the interest rate to be the prevailing LIBOR Swap Rate (Bloomberg LIBOR Curve 23), determined by the weighted average maturity (approximately 5.8 years) plus 46 basis points as determined two days prior to bond closing (estimated to be October 6, 2016).

To complete the bond refunding transaction, the Commission will be required to approve a Resolution authorizing the bonds and approving related documents including the following:

1. The Fifteenth Supplemental Indenture (supplements to the original Geothermal Bond Indenture issued in 1983)
2. The Bond Purchase and Continuing Covenant Agreement with Bank of America, N.A. for the Geothermal Project Number 3 Revenue Bonds, 2016 Refunding Series A
3. The Escrow Deposit Agreement relating to the refunding of certain 2009 Geothermal bonds

Draft copies of these documents are attached for your review.

Since this is a direct loan with the Bank of America, N.A., no disclosure documents such as a Preliminary Official Statement are required for this transaction.

Upon approval by the Commission, documents will be completed and executed and the bond closing is tentatively scheduled for October 6, 2016.

FISCAL IMPACT:

Estimated present value savings over the current expected debt service costs for the 2009A Series Geothermal Bonds are approximately \$1.0 million dollars over the remaining life of the bonds or 6.3% of refunded par amount; this is above the 5% present value savings target. Cost allocation for savings from this refunding is based on project participation percentages for the Geothermal Project. Savings are net of the estimated cost of issuance which is approximately \$200,000 for bank fees, legal, financial advisory and other services.

Estimated savings for the proposed financing (by participant) is shown below.

Participant	Percentage	Estimated PV Savings
Alameda	16.8825%	\$ 165,957
Biggs	0.2270%	\$ 2,231
Gridley	0.3360%	\$ 3,303
Healdsburg	3.6740%	\$ 36,116
Lodi	10.2800%	\$ 101,053
Lompoc	3.6810%	\$ 36,185
TID	6.3305%	\$ 62,229
Roseville	7.8830%	\$ 77,491
Santa Clara	44.3905%	\$ 436,363
Ukiah	5.6145%	\$ 55,191
Plumas-Sierra REC	0.7010%	\$ 6,891
Total	<u>100.0000%</u>	<u>\$ 983,010</u>

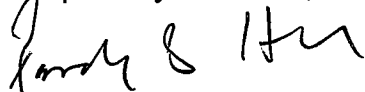
ENVIRONMENTAL ANALYSIS:

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:

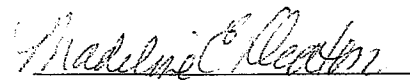
The Finance Committee reviewed the responses and recommended proceeding with the proposed deal from Bank of America on July 12, 2016. They completed their final review of this proposed transaction on September 14, 2016 and with 5 members present, voted unanimously to recommend approval of the proposed financing of the up to \$20.0 million Geothermal Project Number 3 Revenue Bonds (2016 Refunding Series A) with Bank of America, N.A. per the terms described above and included in the bond documents.

Respectfully submitted,



RANDY S. HOWARD
General Manager

Concurs with,



MADELINE DEATON
Chair, Finance Committee

Attachments:

Resolution 16-67

Bond Purchase and Continuing Covenant Agreement with Bank of America, N.A.

Fifteenth Supplemental Indenture of Trust

Escrow Deposit Agreement with U.S. Bank

RESOLUTION 16-67

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY AUTHORIZING AND APPROVING THE ISSUANCE OF GEOTHERMAL PROJECT NUMBER 3 REVENUE BONDS, 2016 REFUNDING SERIES A, APPROVING THE SUPPLEMENTAL INDENTURE OF TRUST PURSUANT TO WHICH SUCH BONDS ARE TO BE ISSUED; AUTHORIZING THE SALE OF SUCH BONDS; AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO

(reference Staff Report #196:16)

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 (the "Agreement") and the Joint Exercise of Powers Act constituting Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"); and

WHEREAS, NCPA is authorized pursuant to the provisions of the Agreement and the Act 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 the cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Roseville, Santa Clara, and Ukiah, the Turlock Irrigation District, and the Plumas-Sierra Rural Electric Cooperative (the "Project Participants") have entered into the Agreement for Construction, Operation and Financing of Geothermal Generating Project Number 3, dated as of July 1, 1983, as amended, by and among NCPA and the Project Participants, to provide for the construction, operation, and financing of the Project (capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture mentioned below), 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, dated as of November 1, 1983, between NCPA and U.S. Bank National Association, as successor trustee (as the same may be amended and supplemented from time to time, the "Indenture"), NCPA has authorized the issuance of its Geothermal Project Number 3 Revenue Bonds to finance the Cost of Acquisition and Construction of the Project or to refund any Outstanding Bond or Bonds; and

WHEREAS, NCPA has determined to issue its Geothermal Project Number 3 Revenue Bonds, 2016 Refunding Series A (the "2016 Series A Refunding Bonds"), for the purpose, among others, of refunding a portion of the Geothermal Project Number 3 Revenue Bonds, 2009 Series A (the "Refunded Bonds") and to pay the costs of issuance of the 2016 Series A Refunding Bonds; and

WHEREAS, the 2016 Series A Refunding Bonds are to be issued under and pursuant to the Indenture as heretofore amended and supplemented and as supplemented by the Fifteenth Supplemental Indenture of Trust by and between NCPA and the Trustee (such Fifteenth 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 "Fifteenth Supplemental Indenture"); and

WHEREAS, the 2016 Series A Refunding 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, Bank of America N.A. has proposed to purchase the 2016 Series A Refunding Bonds through a private placement pursuant to a Bond Purchase and Continuing Covenant Agreement (such Bond Purchase and Continuing Covenant 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 "Bond Purchase Agreement"); 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, there have been prepared and submitted to this meeting a draft of the Fifteenth Supplemental Indenture, the Bond Purchase Agreement, and the Escrow Agreement; and

WHEREAS, this Commission now desires to authorize the issuance and sale of the 2016 Series A Refunding 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, 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, by the Commission of the Northern California Power Agency, as follows:

Section 1. The issuance of the 2016 Series A Refunding Bonds on the terms and conditions set forth in, and subject to limitations specified in, the Fifteenth Supplemental Indenture is hereby authorized and approved. The aggregate principal amount of the 2016 Series A Refunding Bonds shall not exceed Twenty Million Dollars (\$20,000,000.00). The 2016 Series A Refunding Bonds will be dated, will bear interest at the rates, will mature on the date or dates, will be issued in the form, will have the Sinking Fund Installments, will be subject to redemption, and will have such other terms, as shall be provided in the Fifteenth Supplemental Indenture as the same is completed as provided in this Resolution.

Section 2. The Fifteenth Supplemental Indenture, 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 Chairman of the Commission (the "Chairman"), the General Manager of NCPA (the "General Manager"), the Assistant General Manager, Finance and Administrative Services, and the Treasurer-Controller of NCPA (each an "Authorized Officer"), acting singly, is hereby authorized to execute and deliver the Fifteenth 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 Fifteenth Supplemental Indenture, said execution being conclusive evidence of such approval.

Section 3. The Authorized Officer executing the Fifteenth Supplemental Indenture is hereby authorized to determine the following: (i) subject to the provisions of Section 1, the aggregate principal amount of the 2016 Series A Refunding Bonds; (ii) the maturity date or dates of the 2016 Series A Refunding Bonds (but not later than July 1, 2025); (iii) the principal amount of the 2016 Series A Refunding Bonds maturing on each maturity date; (iv) the stated interest rate (but not in excess of 2% per annum) of the 2016 Series A

Refunding Bonds of each maturity; (v) the 2016 Series A Refunding Bonds which are to be term Bonds and the Sinking Fund Installments, if any, for such 2016 Series A Refunding Bonds; (vi) the redemption provisions for the 2016 Series A Refunding Bonds; and (vii) whether or not the 2016 Series A Refunding Bonds are to be issued in book-entry form through DTC.

Section 4. The proceeds of the sale of the 2016 Series A Refunding Bonds shall be applied to the purposes specified in the Recitals hereof on the terms set forth in the Fifteenth Supplemental Indenture and the Escrow Agreement.

Section 5. The sale of the 2016 Series A Refunding Bonds in a private placement to Bank of America, N.A. is hereby authorized and approved subject to the terms of this Resolution. Each of the Authorized Officers, acting singly, is hereby authorized to execute and deliver to the Bank of America N.A. an agreement for the purchase of the 2016 Series A Refunding Bonds with such terms and conditions as shall be approved by the Authorized Officer executing said agreement as being: (i) in the best interests of NCPA; (ii) consistent with the determinations of the terms of the 2016 Series A Refunding Bonds made pursuant to this Resolution; and (iii) are not less favorable to NCPA than the terms for the purchase of NCPA's Geothermal Project Number 3 Revenue Bonds, 2009 Series A. The Authorized Officer's execution of such agreement shall be 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 2016 Series A Refunding Bonds; provided, however, that the aggregate original issue discount on the 2016 Series A Refunding Bonds, if any, shall not exceed 5% of the principal amount of the 2016 Series A Refunding Bonds.

Section 6. 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 7. The refunding of the Refunded Bonds on the terms and conditions specified in the Fifteenth Supplemental Indenture and the Escrow Agreement, including the application of moneys for such purposes as therein provided, is hereby approved and authorized.

Section 8. The Chairman and the Vice Chairman of the Commission, the General Manager, each Assistant General Manager, the Treasurer-Controller, the Secretary, each Assistant Secretary, the Authorized NCPA Representatives, and any other proper officer of NCPA, 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 the documents and instruments approved or authorized by this Resolution, including without limitation, 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 2016 Series A Refunding Bonds, and the authorization, execution, delivery and performance by NCPA of its obligations under the documents and instruments approved or authorized by this Resolution. The Secretary or an Assistant Secretary of NCPA is hereby authorized to affix and attest the seal of NCPA to any of the documents approved or authorized pursuant to this Resolution.

Section 9. All actions heretofore taken by any committee of the Commission, or any officer, representative or agent of NCPA, in connection with the authorization, issuance and sale of the 2016 Series A Refunding 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 10. This Resolution shall take effect immediately upon its adoption.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2016 by the following vote on roll call:

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

CAROL GARCIA
CHAIRPERSON

ATTEST: _____
CARY A. PADGETT
ASSISTANT SECRETARY

FIFTEENTH SUPPLEMENTAL
INDENTURE OF TRUST

between

NORTHERN CALIFORNIA POWER AGENCY

and

U.S. BANK NATIONAL ASSOCIATION, as TRUSTEE

relating to

Geothermal Project Number 3 Revenue Bonds, 2016 Series A

Dated as of _____ 1, 2016

FIFTEENTH SUPPLEMENTAL INDENTURE OF TRUST

This **FIFTEENTH SUPPLEMENTAL INDENTURE OF TRUST**, made and entered into as of _____ 1, 2016, 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");

WITNESSETH:

WHEREAS, NCPA has heretofore entered into an Indenture of Trust, dated as of November 1, 1983 (the "Original Indenture of Trust"), as supplemented and amended by the First Supplemental Indenture of Trust, dated as of November 1, 1983 (the "First Supplemental Indenture of Trust"), the Second Supplemental Indenture of Trust, dated as of October 1, 1984 (the "Second Supplemental Indenture of Trust"), the Third Supplemental Indenture of Trust, dated as of October 1, 1985 (the "Third Supplemental Indenture of Trust"), the Fourth Supplemental Indenture of Trust, dated as of November 1, 1986 (the "Fourth Supplemental Indenture of Trust"), the Fifth Supplemental Indenture of Trust, dated as of January 30, 1987 (the "Fifth Supplemental Indenture of Trust"), the Sixth Supplemental Indenture of Trust, dated as of May 1, 1993 (the "Sixth Supplemental Indenture of Trust"), the Seventh Supplemental Indenture of Trust, dated as of September 1, 1994 (the "Seventh Supplemental Indenture of Trust"), the Eighth Supplemental Indenture of Trust, dated as of April 1, 1996 (the "Eighth Supplemental Indenture of Trust"), the Ninth Supplemental Indenture of Trust, dated as of April 1, 1996 (the "Ninth Supplemental Indenture of Trust"), the Tenth Supplemental Indenture of Trust, dated as of April 1, 1996 (the "Tenth Supplemental Indenture of Trust"), the Eleventh Supplemental Indenture of Trust, dated as of August 1, 1998 (the "Eleventh Supplemental Indenture of Trust"), the Twelfth Supplemental Indenture of Trust, dated as of August 1, 1998 (the "Twelfth Supplemental Indenture of Trust"), the Thirteenth Supplemental Indenture of Trust, dated as of March 1, 2009 (the "Thirteenth Supplemental Indenture of Trust") and the Fourteenth Supplemental Indenture of Trust, dated as of September 1, 2012 (the "Fourteenth Supplemental Indenture of Trust"), each by and between NCPA and the Trustee, to provide for the securing of Bonds; and

WHEREAS, NCPA has heretofore issued the Refunded Prior 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 of Trust as amended and supplemented by the Thirteenth Supplemental Indenture of Trust; and

WHEREAS, the Original Indenture of Trust authorized NCPA and the Trustee to enter into a Supplemental Indenture to provide for the issuance of Refunding Bonds such as the 2016 Series A Bonds; and

WHEREAS, NCPA desires to issue [\$17,795,000] aggregate principal amount of its 2016 Series A Bonds in order to provide a portion of the moneys to refund the Refunded Prior

Bonds and to pay certain costs of issuance in connection with the issuance of the 2016 Series A Bonds; and

WHEREAS, all acts and things have been done and performed which are necessary to make this Fifteenth Supplemental Indenture of Trust a valid and binding agreement for the security of the 2016 Series A Bonds authenticated and delivered hereunder;

**NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS
FIFTEENTH 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 of Trust, the mutual covenants herein contained and the purchase and acceptance of the 2016 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 Fifteenth Supplemental Indenture of Trust is supplemental to the Original Indenture of Trust as heretofore amended and supplemented.

102. Authority for the Fifteenth Supplemental Indenture of Trust. This Fifteenth Supplemental Indenture of Trust is adopted (i) pursuant to the provisions of Article 4 of the Act and (ii) in accordance with Article II and Article X of the Original Indenture of Trust.

103. Definitions.

(a) Except as provided by this Fifteenth Supplemental Indenture of Trust, all terms which are defined in Section 101 of the Original Indenture of Trust, Section 103 of the First Supplemental Indenture of Trust, Section 103 of the Second Supplemental Indenture of Trust, Section 103 of the Third Supplemental Indenture of Trust, Section 103 of the Fourth Supplemental Indenture of Trust, Section 103 of the Fifth Supplemental Indenture of Trust, Section 103 of the Sixth Supplemental Indenture of Trust, Section 103 of the Seventh Supplemental Indenture of Trust, Section 103 of the Eighth Supplemental Indenture of Trust, Section 103 of the Ninth Supplemental Indenture of Trust, Section 103 of the Tenth Supplemental Indenture of Trust, Section 103 of the Eleventh Supplemental Indenture of Trust, Section 103 of the Twelfth Supplemental Indenture of Trust, or Section 103 of the Thirteenth Supplemental Indenture, shall have the same meanings, respectively, in this Fifteenth Supplemental Indenture of Trust as such terms are given in said Section 101 of the Original Indenture of Trust, Section 103 of the First Supplemental Indenture of Trust, Section 103 of the Second Supplemental Indenture of Trust, Section 103 of the Third Supplemental Indenture of Trust, Section 103 of the Fourth Supplemental Indenture of Trust, Section 103 of the Fifth

Supplemental Indenture of Trust, Section 103 of the Sixth Supplemental Indenture of Trust, Section 103 of the Seventh Supplemental Indenture of Trust, Section 103 of the Eighth Supplemental Indenture of Trust, Section 103 of the Ninth Supplemental Indenture of Trust, Section 103 of the Tenth Supplemental Indenture of Trust, Section 103 of the Eleventh Supplemental Indenture of Trust, Section 103 of the Twelfth Supplemental Indenture of Trust, Section 103 of the Thirteenth Supplemental Indenture of Trust, or Section 103 of the Fourteenth Supplemental Indenture of Trust respectively.

(b) **Additional Definitions.** The following terms shall, for all purposes of the Indenture of Trust, have the following meanings set forth below:

2009 Series A Bonds means the Outstanding Geothermal Project Number 3 Revenue Bonds, 2009 Series A authorized by the Thirteenth Supplemental Indenture of Trust.

2009 Series A Bonds Escrow Agreement means the Escrow Deposit Agreement, dated as of _____ 1, 2016, between NCPA and U.S. Bank National Association, as trustee of the 2009 Series A Bonds.

2009 Series A Bonds Escrow Fund means the Fund so designated established under the 2009 Series A Bonds Escrow Agreement.

2016 Series A Bonds shall mean NCPA's Geothermal Project Number 3 Revenue Bonds, 2016 Series A authorized by Article II of this Fifteenth Supplemental Indenture of Trust.

2016 Series A Bonds Costs of Issuance Account means the Account so designated established pursuant to Section 208 of this Fifteenth Supplemental Indenture of Trust.

2016 Series A Bonds Rebate Fund means the Fund so designated established in Section 302 of this Fifteenth Supplemental Indenture of Trust.

2016 Series A Bonds Rebate Instructions means those calculations and written directions required to be delivered to the Trustee by NCPA pursuant to Section 302 of this Fifteenth Supplemental Indenture of Trust.

2016 Series A Bonds Rebate Requirement means the Rebate Requirement as defined in the 2016 Series A Bonds Tax Certificate.

2016 Series A Bonds Tax Certificate means that certain Tax Certificate signed by NCPA on the date the 2016 Series A Bonds are issued and relating to the requirements of Section 148 of the Code.

Authorized Denomination means with respect to the 2016 Series A Bonds, \$250,000 and any integral multiple of \$5,000 in excess thereof.

Bond Purchase Agreement means the Bond Purchase and Continuing Covenant Agreement, dated as of _____ 1, 2016, between NCPA and Bank of America, N.A., as the same may be amended, modified, supplemented or restated.

Dated Date means, with respect to the 2016 Series A Bonds, September __, 2016.

Default Rate has the meaning ascribed to such term in Section 1.01 of the Bond Purchase Agreement.

Fifteenth Supplemental Indenture of Trust shall mean this Fifteenth Supplemental Indenture of Trust, amending and supplementing the Original Indenture of Trust as heretofore amended and supplemented.

Refunded Prior Bonds means the \$15,705,000 aggregate principal amount of the 2009 Series A Bonds maturing on and after July 1, 2020.

Taxable Rate has the meaning ascribed to such term in Section 1.01 of the Bond Purchase Agreement.

(a) **Rules of Construction.** 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 Fifteenth Supplemental Indenture of Trust, refer to this Fifteenth Supplemental Indenture of Trust as a whole and not to any particular Article or Section hereof.

ARTICLE II

THE 2016 Series A BONDS

201. **Principal Amount, Designation and Series.** Pursuant to the provisions of the Original Indenture of Trust and this Fifteenth Supplemental Indenture of Trust and the provisions of Article 4 of the Act, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of [\$17,795,000]. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “Geothermal Project Number 3 Revenue Bonds, 2016 Series A.” Each of the 2016 Series A Bonds shall be in fully registered form in an Authorized Denomination. The 2016 Series A Bonds shall be numbered one upward in consecutive numerical order preceded by the letter “R”. The 2016 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 2016 Series A Bond.

202. **Purpose.** The 2016 Series A Bonds are issued for the purpose of paying all or a portion of the moneys needed to refund the Refunded Prior Bonds and to pay certain costs in connection with the issuance of the 2016 Series A Bonds.

203. **Terms of the 2016 Series A Bonds.** (a) The 2016 Series A Bonds shall be dated the Dated Date, shall mature on July 1, 2024 and shall bear interest from the Dated Date at the

rate of [1.68] percent per annum; provided, however, the interest on the 2016 Series A Bonds shall be calculated at the Default Rate upon the occurrence and during the continuance of an Event of Default under the Bond Purchase Agreement and the interest on the 2016 Series A Bonds shall be calculated at the Taxable Rate upon the occurrence and during the continuance of a Determination of Taxability as set forth in the Bond Purchase Agreement.

(b) **Interest.** Interest on the 2016 Series A Bonds shall be payable semi-annually on each January 1 and July 1, commencing January 1, 2017, until payment of the 2016 Series A Bonds is made to the respective Holders thereof, computed using a year of 360 days comprised of twelve 30-day months.

204. Redemption Prices And Terms.

(a) The 2016 Series A Bonds shall be subject to redemption prior to maturity at the option of NCPA, in whole, on any date on and after January 1, 2021, at a Redemption Price equal to the principal amount of the 2016 Series A Bonds being redeemed, together with accrued, unpaid interest to the redemption date.

(b) Subject to the terms of the Bond Purchase Agreement, the 2016 Series A Bonds are subject to redemption, at the option of NCPA, in whole on any Interest Payment Date, at a Redemption Price equal to the principal amount of the 2016 Series A Bonds being redeemed, together with accrued, unpaid interest to the redemption date from insurance or condemnation proceeds with respect to the Project; or from any source of money if all or substantially all of the Project or the Capital Improvements refinanced with the proceeds of the 2016 Series A Bonds are damaged or destroyed, taken by any public entity in exercise of its powers of eminent domain or disposed of or abandoned; provided, however, that the option of NCPA to call 2016 Series A Bonds for redemption from insurance or condemnation proceeds shall expire 180 days following the receipt of such insurance or condemnation proceeds.

(c) In accordance with Section 401 of the Original Indenture of Trust, the 2016 Series A Bonds are subject to mandatory redemption in accordance with Section 7.02 of the Bond Purchase Agreement. Notice of redemption made pursuant to Section 405 of the Master Indenture shall not be required to be made for 2016 Series A Bonds subject to redemption pursuant to this Section 204(c).

(d) The 2016 Series A Bond shall be subject to mandatory redemption from Sinking Fund Installments for the 2016 Series A Bonds, which Sinking Fund Installments are payable on the dates and in the amounts set forth below at a Redemption Price equal to the principal amount thereof:

Date	Sinking Fund Installment
July 1, 2017	\$ 410,000
July 1, 2018	385,000
July 1, 2019	390,000
July 1, 2020	3,215,000
July 1, 2021	3,270,000

July 1, 2022	3,320,000
July 1, 2023	3,370,000
July 1, 2024	3,435,000

205. Place of Payment and Paying Agent. The principal and Redemption Price of the 2016 Series A Bonds shall be payable upon surrender thereof at the corporate trust office of the Trustee in New York, New York, as shall be designated from time to time and the Trustee is hereby appointed as Paying Agent for the 2016 Series A Bonds. By execution of this Fifteenth Supplemental Indenture of Trust, U.S. Bank National Association, accepts the office of Paying Agent for the 2016 Series A Bonds and agrees to perform all duties in connection herewith as provided in the Original Indenture of Trust. The principal and Redemption Price of all 2016 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 Original Indenture of Trust.

206. Application of Proceeds of 2016 Series A Bonds. In accordance with Section 204 of the Original Indenture of Trust, the proceeds of the sale of the 2016 Series A Bonds of \$ _____ (representing the \$ _____ principal amount of the 2016 Series A Bonds, less \$ _____ Purchaser's discount), shall be applied simultaneously with the delivery of the 2016 Series A Bonds, as follows:

(a) There shall be deposited in the 2009 Series A Bonds Escrow Fund, the sum of \$ _____;

(b) There shall be no money deposited in the Debt Service Reserve Account in the Debt Service Fund because the balance in the Debt Service Reserve Account is at least equal to the Debt Service Reserve Requirement upon the issuance of the 2016 Series A Bonds; and

(c) There shall be deposited in the 2016 Series A Bonds Costs of Issuance Fund the sum of \$ _____.

207. Establishment and Application of 2016 Series A Bonds Costs of Issuance Fund. The Trustee shall establish and maintain in trust a separate fund designated as the "2016 Series A Bonds Costs of Issuance Fund." Moneys deposited in said fund shall be used to pay costs of issuance with respect to the 2016 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 2016 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 Account in 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 Bonds under Section 103 of the Code. NCPA shall not directly or indirectly use or permit the use of any proceeds of the Bonds in such a manner as would adversely affect the exclusion of interest on any Bonds from gross income under Section 103 of the Code. NCPA shall not directly or indirectly use or permit the use of any proceeds of any Bonds, or of any facilities financed thereby, or other funds of NCPA, or take or omit to take any action, that would cause any Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. 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 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 of Trust, 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 not allow the amount of Gross Proceeds of the 2016 Series A Bonds invested during any Bond Year in Nonpurpose Investments with a Yield in excess of the Yield on the 2016 Series A Bonds to exceed the lesser of (a) one hundred fifty percent (150%) of the scheduled debt service for that Bond Year or (b) the amounts on deposit in the Debt Service Reserve Account and attributed to the 2016 Series A Bonds (provided that such amounts do not exceed ten percent (10%) of the proceeds of the 2016 Series A Bonds) plus \$100,000.

(ii) NCPA shall pay or cause to be paid the 2016 Series A Bonds Rebate Requirement as provided in the 2016 Series A Bonds Tax Certificate.

(iii) NCPA shall determine the amount of and cause to be deposited in the 2016 Series A Bonds Rebate Fund the 2016 Series A Bonds Rebate Requirement as provided in the 2016 Series A Bonds Tax Certificate (which is incorporated herein by reference). Subject to the provisions of this Section, moneys held in the 2016 Series A Bonds Rebate Fund are hereby pledged to secure payments to the United States of America, and NCPA and the Holders of the Bonds shall have no rights in or claim to such moneys. The Trustee shall invest all amounts held in the 2016 Series A Bonds Rebate Fund as directed in writing by an Authorized NCPA Representative.

Upon receipt of the 2016 Series A Bonds Rebate Instructions required to be delivered to the Trustee, the Trustee shall remit part or all of the balance held in the 2016 Series A Bonds Rebate Fund, together with any completed forms to be filed therewith prepared by

NCPA and delivered with such 2016 Series A Bonds 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 2016 Series A Bonds Rebate Instructions so direct, the Trustee shall deposit moneys into or transfer moneys out of the 2016 Series A Bonds Rebate Fund from or into such Accounts or Funds as the 2016 Series A Bonds 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 2016 Series A Bonds Rebate Instructions and shall not be required to take any actions thereunder in the absence of 2016 Series A Bonds Rebate Instructions from an Authorized NCPA Representative.

(iv) For purposes of this Section 301, capitalized terms not defined in Section 103 shall have the meanings ascribed to such terms in the 2016 Series A Bonds Tax Certificate.

302. Rebate Fund. For purposes of complying with tax covenants contained in the Original Indenture of Trust and in Section 301 hereof, there is hereby established a fund designated the "2016 Series A Bonds Rebate Fund" to be held by the Trustee. Amounts on deposit in the 2016 Series A Bonds Rebate Fund shall be applied as provided in Section 301 of this Fifteenth Supplemental Indenture of Trust.

ARTICLE IV

MISCELLANEOUS

401. Indenture of Trust to Remain in Effect. Save and except as heretofore amended and supplemented and as amended and supplemented by this Fifteenth Supplemental Indenture of Trust, the Indenture of Trust shall remain in full force and effect.

402. No Financial Guaranty. As long as any 2016 Series A Bonds are outstanding, NCPA will not substitute a Financial Guaranty for the cash in the Debt Service Reserve Account.

403. Counterparts. This Fifteenth Supplemental Indenture of Trust 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.

404. Sinking Fund Redemption of 2016 Series A Bonds. Notwithstanding anything to the contrary in the Indenture of Trust, the following provisions shall apply to the 2016 Series A Bonds with respect to the Sinking Fund Installment redemptions:

(a) no notice of redemption need be given, and

(b) in lieu of the surrender of any 2016 Series A Bond as a requirement for payment of the redemption price, the Trustee shall wire transfer on the applicable Sinking Fund Installment redemption date the redemption price to the owners of the 2016 Series A Bonds to be redeemed (in whole) to such account(s) as shall be specified by such registered owners and shall maintain a record as to the Sinking Fund Installment as to principal amount of 2016 Series A Bonds which remain outstanding following each Sinking Fund Installment redemption. The

record of the Trustee as to the Outstanding principal amount of the 2016 Series A Bonds shall conclusively evidence the Outstanding principal amount of 2016 Series A Bonds notwithstanding anything to the contrary, contained in the 2016 Series A Bonds.

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 September, 2012.

NORTHERN CALIFORNIA POWER AGENCY

By: _____
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF 2016 SERIES A BOND

**NORTHERN CALIFORNIA POWER AGENCY
GEOTHERMAL PROJECT NUMBER 3 REVENUE BOND,
2016 SERIES A**

No. R-1 \$ _____

Interest Rate	Dated Date	Maturity Date
_____%	_____, 2016	July 1, 2024

Registered Owner: BANK OF AMERICA, N.A.

Principal Amount: _____

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 of Trust mentioned below, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the principal corporate trust office of U.S. Bank National Association, in New York, New York, as trustee (such bank and any successor thereto being referred to herein as the "Trustee"), or the principal corporate trust office of any successor trustee, 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 wired funds or check of the Trustee, mailed to such owner at his address as shown on the bond register 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 January 1, 2017 (each an "Interest Payment Date"), until payment of this bond is made to the registered owner hereof. 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 _____ 15, 20__, in which case from the Dated Date set forth above, 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 15th day of the calendar month immediately preceding such Interest Payment Date.

This bond is one of a duly authorized issue of bonds of NCPA designated as "Geothermal Project Number 3 Revenue Bonds" (the "Bonds") and of a series of Bonds

designated as "Geothermal Project Number 3 Revenue Bonds, 2016 Series A" (the "2016 Series A Bonds"). The 2016 Series A Bonds are issued pursuant to the Article 4 of the Act. The 2016 Series A Bonds have been issued in the aggregate principal amount of \$ _____. The 2016 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 November 1, 1983, as amended and supplemented, which Indenture of Trust was duly executed and delivered by NCPA to U.S. Bank National Association, New York, New York, the successor Trustee (said Indenture of Trust, as amended and supplemented and as the same may be further amended and supplemented, is herein called the "Indenture of Trust").

Copies of the Indenture of Trust 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 of Trust 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 and the Trustee and the terms upon which the Bonds are or may be issued and secured under the Indenture of Trust, the rights and remedies of the owners of the Bonds, the limitations on such rights and remedies. Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Indenture of Trust.

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 of Trust 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 of Trust which is subject to the provisions of the Indenture of Trust 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 as a special, limited obligation) nor any member of NCPA nor any Project Participant is obligated to pay the principal of, Redemption Price, if any, 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, Redemption Price, if any, or interest on this bond. NCPA has no taxing power. The payment of the principal of, Redemption Price, if any, 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, limited obligations 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, Redemption Price, if any, or interest on this bond or in respect of any undertakings by NCPA under the Indenture of Trust.

The 2016 Series A Bonds were issued for the purpose of paying a portion of the of the amounts needed to refund the Refunded Prior Bonds and to pay certain costs in connection with the issuance of the 2016 Series A Bonds.

As provided in the Indenture of Trust, Bonds of NCPA may be issued thereunder from time to time pursuant to Supplemental Indentures of Trust 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 of Trust provided. The aggregate principal amount of Bonds which may be issued under the Indenture of Trust is not limited except as provided in the Indenture of Trust, and all Bonds issued and to be issued under the Indenture of Trust 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 of Trust. At the time of issuance of the 2016 Series A Bonds, there was Outstanding under the Indenture of Trust \$[31,895,000] aggregate principal amount of Bonds in addition to the 2016 Series A Bonds.

The 2016 Series A Bonds are issuable in the form of fully registered bonds in authorized denominations which are \$250,000 and any integral multiple of \$5,000 in excess thereof.

The 2016 Series A Bonds are subject to redemption prior to maturity, at the option of NCPA, in whole, on any date on and after January 1, 2021, at a Redemption Price equal to the principal amount of the 2016 Series A Bonds being redeemed, together with accrued, unpaid interest to the redemption date.

Subject to the terms of the Bond Purchase Agreement, the 2016 Series A Bonds are subject to redemption, at the option of NCPA, in whole on any Interest Payment Date, at a Redemption Price equal to the principal amount of the 2016 Series A Bonds being redeemed, together with accrued, unpaid interest to the redemption date from insurance or condemnation proceeds with respect to the Project; or from any source of money if all or substantially all of the Project or the Capital Improvements refinanced with the proceeds of the 2016 Series A Bonds are damaged or destroyed, taken by any public entity in exercise of its powers of eminent domain or disposed of or abandoned; provided, however, that the option of NCPA to call 2016 Series A Bonds for redemption from insurance or condemnation proceeds shall expire 180 days following the receipt of such insurance or condemnation proceeds.

In accordance with Section 401 of the Original Indenture of Trust, the 2016 Series A Bonds are subject to mandatory redemption in accordance with Section 7.02 of the Bond Purchase Agreement. Notice of redemption made pursuant to Section 405 of the Master Indenture shall not be required to be made for 2016 Series A Bonds subject to redemption pursuant to such redemption provisions.

The 2016 Series A Bonds are subject to mandatory redemption from the Sinking Fund Installments established for the 2016 Series A Bonds on the dates, in the amounts and in the manner (including that there shall be no notice of such redemption) set forth in the Indenture of Trust.

If less than all of the 2016 Series A Bonds are to be redeemed on a redemption date, the particular 2016 Series A Bonds to be redeemed shall be selected as provided in the Indenture of Trust.

The 2016 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 owners of any 2016 Series A Bonds or portions of the 2016 Series A Bonds to be redeemed; 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 2016 Series A Bonds. If notice of redemption shall have been given as aforesaid, the 2016 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 2016 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 2016 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 of Trust, 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. Upon payment of the charges prescribed in the Indenture of Trust a new registered 2016 Series A Bond or Bonds, without coupons, and for the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture of Trust. NCPA, the Trustee, the Bond Registrar, 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 of Trust, the provisions of the Indenture of Trust, or any indenture of trust amendatory thereof or supplemental thereto, may be modified or amended by NCPA with, in certain cases, the written consent of the owners of at least two-thirds in principal amount of the Bonds then Outstanding under the Indenture of Trust; and, in case less than all of the Series of Bonds would be affected thereby, with such consent of the owners of at least two-thirds 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 owners of such Bonds shall not be required. 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 owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the owners 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 of Trust may also be amended or supplemented without the necessity of the consent of the owners of the Bonds for any one or more of the purposes specified in the Indenture of Trust.

The registered owner of this bond shall have no right to enforce the provisions of the Indenture of Trust or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture of Trust, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture of Trust. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture of Trust, the principal of all the Bonds issued under the Indenture of Trust 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 of Trust 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 in due time, form and manner and that the 2016 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 of Trust 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 the Chairman of its Commission and its seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of an Assistant Secretary, all 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 of Trust.

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
member of the National Association of
Securities Dealers or a commercial bank
or trust company.

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BOND PURCHASE AND CONTINUING COVENANT AGREEMENT

dated as of October 1, 2016,

between

NORTHERN CALIFORNIA POWER AGENCY

and

BANK OF AMERICA, N.A.

relating to:

[\$Par Amount]

Geothermal Project Number 3
Revenue Refunding Bonds, 2016 Series

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SCHEDULE I – ADDRESSES

BOND PURCHASE AND CONTINUING COVENANT AGREEMENT

This BOND PURCHASE AND CONTINUING COVENANT AGREEMENT dated as of October 1, 2016 (as amended, modified or restated from time to time, this "*Agreement*"), between Northern California Power Agency, a public entity organized under the laws of the State of California (the "*Issuer*"), and BANK OF AMERICA, N.A., a national banking association ("*Bank of America*").

RECITALS

WHEREAS, the Issuer has issued its Geothermal Project Number 3 Revenue Refunding Bonds, 2016 Series [] (the "*Bonds*") pursuant to an Indenture of Trust dated as of November 1, 1983 (as the same may be amended, modified or restated in accordance with the terms thereof and hereof, the "*Master Indenture*"), between the Issuer and U.S. Bank National Association, as trustee (the "*Trustee*") as supplemented by the [] Supplemental Indenture of Trust dated as of ___ 1, 2016 (as amended, modified or restated in accordance with the terms thereof and hereof, the "*Supplemental Indenture*" and together with the "*Master Indenture*," the "*Indenture*"); and

WHEREAS, Bank of America, as initial Purchaser, has agreed to purchase the Bonds, and as a condition to such purchase, Bank of America has required the Issuer to enter into this Agreement.

NOW, THEREFORE, to induce the Purchaser to purchase the Bonds, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Issuer and the Purchaser hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

Section 1.01. Defined Terms. In addition to the terms defined in the recitals and elsewhere in this Agreement and the Indenture, the following terms shall have the meanings set forth below:

"*Affiliate*" means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

"*Agreement*" has the meaning set forth in the introductory paragraph hereof.

"Audited Financial Statements" means the report on examination of financial statements and additional combining information of the Issuer for the fiscal year ended June 30, 2015, including the notes thereto.

"Bond Counsel" means Orrick, Herrington & Sutcliffe LLP, or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by the Issuer.

"Bondholder" means the Purchaser and each Purchaser Transferee or Non-Purchaser Transferee pursuant to Section 8.06 hereof so long as such Purchaser Transferee or Non-Purchaser Transferee is an owner of Bonds, or, with respect to Sections 2.04, 8.04 and 8.05 hereof and Article III hereof, was a Bondholder during the relevant period of time.

"Bonds" has the meaning set forth in the recitals hereof.

"Business Day" means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in New York, New York or the states where the principal corporate office of the Issuer or the principal corporate trust office of the Trustee is located are authorized by Law to close, (b) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed or (c) a day on which the principal office of the Purchaser is closed.

"Code" means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

"Compliance Certificate" means a certificate substantially in form of Exhibit A hereto.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

"Default" means any event or condition that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means, for any day, the lesser of (i) a rate of interest per annum equal to twelve percent (12.00%) and (ii) the maximum rate of interest on the Bonds permitted by applicable Law.

"Designated Jurisdiction" means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

“*Determination of Taxability*” means and shall be deemed to have occurred on the first to occur of the following:

(i) on the date when the Issuer files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when a Bondholder notifies the Issuer that it (or a former Bondholder) has received a written opinion by a nationally recognized firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within two hundred seventy (270) days after receipt by the Issuer of such notification from such Bondholder, the Issuer shall deliver to such Bondholder, a ruling or determination letter issued to or on behalf of the Issuer by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time) or a written opinion by a nationally recognized firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the Issuer shall be advised in writing by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been authorized to provide such advice) that, based upon filings of the Issuer, or upon any review or audit of the Issuer or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on the date when the Issuer shall receive notice from a Bondholder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Bondholder or such former Bondholder the interest on the Bonds, that was previously determined to be excludable, due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the Issuer has been afforded the reasonable opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined with no further right to appeal afforded to the Issuer; *provided further, however,* that upon demand from a Bondholder, the Issuer shall promptly reimburse such Bondholder or former Bondholder for any payments, including any taxes, interest, penalties or other charges, such Bondholder (or former Bondholder) shall be obligated to make as a result of the Determination of Taxability.

“DTC” means The Depository Trust Company.

“Effective Date” means October __, 2016, subject to the satisfaction or waiver by the Purchaser of the conditions precedent set forth in Article IV hereof.

“EMMA” means Electronic Municipal Market Access as provided by the Municipal Securities Rulemaking Board.

“Environmental Laws” means any and all federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean-up or other remediation thereof.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“Event of Default” with respect to this Agreement has the meaning set forth in Section 7.01 of this Agreement and, with respect to any Related Document, has the meaning assigned therein.

“Event of Taxability” means a (i) change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Issuer, or the failure to take any action by the Issuer, or the making by the Issuer of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Bonds) which has the effect of causing interest paid or payable on the Bonds, that was previously determined to be excludable, to become includable, in the gross income of a Bondholder or any former Bondholder for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural Law, in either case, which has the effect of causing interest on the Bonds, that was previously determined to be excludable, to become includable, in the gross income of any Bondholder or such former Bondholder for federal income tax purposes.

“Fiscal Year” means each fiscal year of NCPA currently ending on June 30 of each calendar year.

“Fitch” means Fitch, Inc., and any successor rating agency.

“FRB” means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

“Generally Accepted Accounting Principles” or *“GAAP”* means accounting principles generally accepted and consistently applied to governmental entities in the United States, as set forth in the opinions and pronouncements of the Accounting Principles Board, the American Institute of Certified Public Accountants, the Governmental Accounting Standards Board and the Financial Accounting Standards Board or in such other statements by such other entity as may be in general use by significant segments of the accounting profession as in effect on the date hereof as modified in the manner described in the notes to the Audited Financial Statements of NCPA.

“Governing Documents” means, collectively the Amended and Restated Northern California Power Agency Joint Powers Agreement dated as of January 1, 2008 and the Amended and Restated Rules of Procedure of the Northern California Power Agency, as amended, as applicable to the establishment and maintenance of NCPA as a joint exercise of powers entity.

“Governmental Approval” means an authorization, consent, approval, license, or exemption of, registration or filing with any Governmental Authority.

“Governmental Authority” means the government of the United States or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Guarantee” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the *“primary obligor”*) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term *“Guarantee”* as a verb has a corresponding meaning.

“Indebtedness” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the

deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all Indebtedness of others secured by a lien on any asset of such Person, whether or not such Indebtedness are assumed by such Person, (f) all Guarantees by such Person of Indebtedness of other Persons, (g) the maximum amount of all contingent or differ obligations of such Person arising under letters of credit (including standing and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments and (h) all obligations of such Person under any Swap Contract.

"Indemnatee" has the meaning set forth in Section 8.04 hereof.

"Indenture" has the meaning set forth in the recitals hereof.

"Interest Payment Date" has the meaning set forth in the Indenture.

"Investment Policy" means the investment policy of the Issuer delivered to the Purchaser, pursuant to Section 4.01(a)(iv) hereof.

"Investor Letter" has the meaning set forth in Section 8.06 hereof.

"Issuer" has the meaning set forth in the recitals hereof.

"Issuer Representative" means any person authorized from time to time in writing by the Issuer, or its successors and assigns, to perform a designated act or execute a designated document.

"Laws" means, collectively, all federal, state and local statutes, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"Majority Bondholder" means, as of any time, Bondholders owning more than 50% of the aggregate principal amount of outstanding Bonds as of such time. As of the Effective Date, the Purchaser shall be the Majority Bondholder.

"Margin Stock" has the meaning ascribed to such term in Regulation U promulgated by the FRB, as now and hereafter from time to time in effect.

"Material Adverse Effect" means: (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Issuer relating to the Project; (b) a material impairment of the ability of the Issuer to perform its obligations under any Related Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Issuer of any Related Document to which it is a party or the rights, security, interests or remedies of the Purchaser hereunder or under any other Related Document.

"Maturity Date" has the meaning set forth in the Supplemental Indenture.

"Moody's" means Moody's Investors Service, Inc. and any successor rating agency.

"NCPA Revenues" has the meaning set forth in the Indenture.

"1933 Act" means the Securities Act of 1933, as amended.

"Non-Purchaser Transferee" has the meaning set forth in Section 8.06(c) hereof.

"Obligations" means all amounts payable by the Issuer, and all other obligations to be performed by the Issuer, pursuant to this Agreement and the other Related Documents (including, without limitation, all obligations of the Issuer to pay principal of and interest on the Bonds when due and any amounts to reimburse the Purchaser for any advances or expenditures by it under any of such documents).

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Parity Debt" means any Indebtedness issued or incurred by or on behalf of the Issuer and secured on a parity with the Lien on the Trust Estate securing the payment of the principal of and interest on the Bonds.

"Patriot Act" has the meaning set forth in Section 8.15 hereof.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Project" has the meaning set forth in the Third Phase Agreement.

"Project Participants" has the meaning set forth in the Third Phase Agreement.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

"Purchase Price" has the meaning set forth in Section 2.01(a) hereof.

“*Purchaser*” means, initially, Bank of America, N.A., a national banking association, and its successors and assigns, and upon the receipt from time to time by the Trustee and the Issuer of a notice described in Section 8.06(a) from time to time means the Person designated in such notice as the Purchaser, as more fully provided in Section 8.06(a) hereof.

“*Purchaser Transferee*” has the meaning set forth in Section 8.06(b) hereof.

“*Rating Agency*” means any of Fitch, Moody’s or S&P, as applicable.

“*Rating Documentation*” has the meaning set forth in Section 4.01(d)(iv) hereof.

“*Related Documents*” means this Agreement, the Indenture, the Bonds, the Third Phase Agreement, and any other documents related to any of the foregoing or executed in connection therewith, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing permitted hereunder and thereunder.

“*Related Parties*” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“*S&P*” means S&P Global Ratings, and any successor rating agency.

“*Sanction(s)*” means any international economic sanction administered or enforced by the United States Government (including, without limitation, OFAC) or other relevant sanctions authority.

“*State*” means the State of California.

“*Swap Contract*” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*Taxable Date*” means the date on which interest on the Bonds is first includable in gross income of the Bondholder (including, without limitation, any previous Bondholder) thereof as a

result of an Event of Taxability as such date is established pursuant to a Determination of Taxability.

“*Taxable Period*” has the meaning set forth in Section 2.04 hereof.

“*Taxable Rate*” means, with respect to a Taxable Period, the product of (i) the interest rate on the Bonds during such period and (ii) 1.54.

“*Third Phase Agreement*” means the Agreement for Construction, Operation and Financing of Geothermal Project Number 3, dated as of July 1, 1983, as amended, between the Issuer and the Geothermal Project Participants, as the same may be amended, supplemented, modified or restated in accordance with the terms thereof and hereof.

“*Trust Estate*” means the items, including, without limitation, NCPA Revenues, that secure the payment of the Bonds pursuant to Section 501 of the Indenture.

“*Trustee*” has the meaning set forth in the recitals hereof.

Section 1.02. Other Interpretive Provisions. With reference to this Agreement and each other Related Document, unless otherwise specified herein or in such other Related Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “*include*,” “*includes*” and “*including*” shall be deemed to be followed by the phrase “without limitation.” The word “*will*” shall be construed to have the same meaning and effect as the word “*shall*.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Related Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “*hereto*,” “*herein*,” “*hereof*” and “*hereunder*,” and words of similar import when used in any Related Document, shall be construed to refer to such Related Document in its entirety and not to any particular provision thereof, (iv) all references in a Related Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Related Document in which such references appear, (v) any reference to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such Law and any reference to any Law or regulation shall, unless otherwise specified, refer to such Law or regulation as amended, modified or supplemented from time to time, and (vi) the words “*asset*” and “*property*” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “*from*” means “*from and including*,” the words “*to*” and “*until*” each mean “*to but excluding*,” and the word “*through*” means “*to and including*.”

(c) Section headings herein and in the other Related Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Related Document.

Section 1.03. Accounting Terms. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, *except* as otherwise specifically prescribed herein.

Section 1.04. Rounding. Any financial ratios required to be maintained by the Issuer pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.05. Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

ARTICLE II

PURCHASE OF BONDS AND THE ISSUER'S OBLIGATIONS

Section 2.01. Purchase of Bonds.

(a) *Purchase Price.* Upon the satisfaction of the conditions set forth in Article IV hereof and based on the representations, warranties and covenants of the Issuer set forth herein, the Purchaser hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Purchaser, all, but not less than all, of the Bonds at par in an aggregate principal amount equal to \$[Par Amount] (the "*Purchase Price*").

(b) *Closing.* On the Effective Date, the Issuer shall deliver to the Purchaser the documents described in and otherwise satisfy the conditions described in Article IV hereof. Upon the satisfaction of the conditions precedent set forth in Article IV hereof (or waiver thereof by the Purchaser), the Purchaser will pay the Purchase Price for the Bonds in immediately available federal funds payable to the Trustee on behalf of the Issuer. One fully registered Bond, in the aggregate principal amount equal to the Purchase Price, shall be issued to and registered in the name of the Purchaser or as otherwise directed by the Purchaser.

Section 2.02. Payment Obligations. (a) The Issuer hereby unconditionally, irrevocably and absolutely agrees to make prompt and full payment of all payment obligations owed to the Bondholders under the Related Documents and to pay any other Obligations owing to the Bondholders whether now existing or hereafter arising, irrespective of their nature, whether direct or indirect, absolute or contingent, with interest thereon at the rate or rates provided in such Related Documents and under such Obligations.

(b) The Issuer shall pay within thirty (30) days after demand:

(i) if an Event of Default shall have occurred, all costs and expenses of the Purchaser in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of its rights and remedies under this Agreement, the other Related Documents and such other documents which may be delivered in connection therewith;

(ii) a fee for each amendment to this Agreement or any other Related Document or any consent or waiver by the Purchaser with respect to any Related Document, in each case, in a minimum amount of \$3,500 plus the reasonable fees and expenses of counsel to the Purchaser;

(iii) the reasonable fees and out-of-pocket expenses for counsel or other reasonably required consultants to the Purchaser in connection with advising the Purchaser as to its rights, remedies and obligations under this Agreement and the other Related Documents or in connection with responding to requests from the Issuer for approvals, consents and waivers; and

(iv) any amounts advanced by or on behalf of the Purchaser to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Related Document, together with interest at the Default Rate.

All fees payable pursuant to this Agreement shall be deemed to be fully earned when due and non-refundable when paid.

Section 2.03. Default Rate. Upon the occurrence and during the continuance of an Event of Default, the Obligations shall bear interest at the Default Rate, which shall be payable by the Issuer to each Bondholder (or, if applicable, the Purchaser) upon demand therefor and be calculated on the basis of a 360-day year and actual days elapsed.

Section 2.04. Determination of Taxability. (a) In the event a Determination of Taxability occurs, to the extent not payable to each Bondholder under the terms of the Indenture and the Bonds, the Issuer hereby agrees to pay to each Bondholder on demand therefor (i) an amount equal to the difference between (A) the amount of interest that would have been paid to such Bondholder on the Bonds during the period for which interest on the Bonds is included in the gross income of such Bondholder if the Bonds had borne interest at the Taxable Rate, beginning on the Taxable Date (the "*Taxable Period*"), and (B) the amount of interest actually paid to the Bondholder during the Taxable Period, and (ii) an amount equal to any interest, penalties or charges owed by such Bondholder as a result of interest on the Bonds becoming included in the gross income of such Bondholder, together with any and all attorneys' fees, court costs, or other out-of-pocket costs incurred by such Bondholder in connection therewith;

(b) Subject to the provisions of paragraph (c) below, such Bondholder shall afford the Issuer the reasonable opportunity, at the Issuer's sole cost and expense, to contest (i) the validity of any amendment to the Code which causes the interest on the Bonds to be included in the gross income of such Bondholder or (ii) any challenge to the validity of the tax exemption with respect

to the interest on the Bonds, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); *provided* that, in no event shall a Bondholder be required to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Issuer or any other Person; and

(c) As a condition precedent to the exercise by the Issuer of its right to contest set forth in paragraph (b) above, the Issuer shall, on demand, immediately reimburse such Bondholder for any reasonable expenses (including attorneys' fees for services that may be required by such Bondholder that may be incurred by the Bondholder in connection with any such contest, and shall, on demand, immediately reimburse the Bondholder for any payments, including any taxes or interest and all penalties or other charges payable by such Bondholder for failure to include such interest in its gross income.

Section 2.05. Obligations Absolute. (a) The payment obligations of the Issuer under this Agreement shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including without limitation the following:

(i) any lack of validity or enforceability of this Agreement, the Bonds or any of the other Related Documents;

(ii) any amendment or waiver of or any consent to departure from all or any of the Related Documents;

(iii) the existence of any claim, set-off, defense or other right which the Issuer may have at any time against the Purchaser, any other Bondholder or any other person or entity, whether in connection with this Agreement, the other Related Documents, the transactions contemplated herein or therein or any unrelated transaction; or

(iv) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

(b) All obligations of the Issuer to make payments under this Agreement are special obligations payable only from amounts included in the Trust Estate available for such payments under the Indenture.

Section 2.06. Breakage. The Issuer shall pay to the Purchaser a Breakage Fee (the "*Breakage Fee*") in connection with each redemption of the Bonds prior to the Maturity Date in accordance with the calculation set forth on Exhibit B hereto. Any such redemption shall be applied to the most remote payment of principal on the Bonds due pursuant to the terms of the Supplemental Indenture.

ARTICLE III

RESERVED

ARTICLE IV

CONDITIONS PRECEDENT TO PURCHASE OF BONDS

Section 4.01. Documentary Requirements. The obligation of the Purchaser to purchase the Bonds is subject to the conditions precedent that the Purchaser shall have received, on or before the Effective Date, the items listed below in this Section, each dated and in form and substance as is satisfactory to the Purchaser.

(a) The following Issuer documents:

(i) copies of the resolutions of the governing body of the Issuer approving the execution and delivery of the Related Documents executed and delivered in connection with the issuance of the Bonds to which the Issuer is a party, and the other matters contemplated hereby, certified by a Issuer Representative as being true and complete and in full force and effect on the Effective Date;

(ii) the Governing Documents, certified by an Issuer Representative to be in full force and effect as of the Effective Date;

(iii) the audited annual financial statements of the Issuer for the Fiscal Year ended June 30, 2015, together with unaudited annual financial statements of the Issuer for the Fiscal Year ended June 30, 2016;

(iv) a copy of the Issuer's Investment Policy in effect as of the Effective Date;
and

(v) a certificate dated the Effective Date and executed by an Issuer Representative certifying the names, titles, offices and signatures of the persons authorized to sign, on behalf of the Issuer, the Related Documents executed and delivered in connection with the issuance of the Bonds to which it is a party and the other documents to be delivered by it hereunder or thereunder.

(b) The following financing documents:

(i) an executed original or certified copy, as applicable, of each of the Related Documents; and

(ii) a specimen copy of the Bond.

(c) The following opinions, dated the Effective Date and addressed to the Purchaser or on which the Purchaser is otherwise expressly authorized to rely:

(i) from outside counsel to the Issuer, opinions as to the due authorization, execution, delivery and enforceability of the Related Documents executed and delivered in connection with the issuance of the Bonds to which the Issuer is a party, and such other customary matters as the Purchaser may reasonably request including, without limitation, valid security interest and pledge opinions;

(ii) from Bond Counsel, opinions to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes.

(d) The following documents and other information:

(i) a certificate dated the Effective Date and executed by a Issuer Representative certifying (A) that there has been no event or circumstance since June 30, 2015, that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (B) that the representations and warranties contained in Article V hereof are true and correct in all material respects on the Effective Date, (C) no event has occurred and is continuing, or would result from entry into this Agreement, which would constitute a Default or Event of Default and (D) since the dated date of the Rating Documentation, the unenhanced long-term debt ratings assigned to any Parity Debt has not been withdrawn, suspended or reduced;

(ii) a certificate dated the Effective Date and executed by an Issuer Representative, certifying that the Issuer is in compliance with, the covenants set forth in Sections 2.02 and 711 of the Indenture;

(iii) true and correct copies of all Governmental Approvals, if any, necessary for the Issuer to execute, deliver and perform the Related Documents to which it is a party;

(iv) recent evidence (which may consist entirely of publically available information) that the unenhanced long-term debt rating assigned by Moody's, S&P and Fitch to any Parity Debt is at least "A1," "A-" and "A+," respectively (the "Rating Documentation"); and

(vi) an opinion of counsel to each Project Participant.

Section 4.02. Litigation. The Purchaser shall have received a written description of all actions, suits or proceedings pending or threatened against the Issuer in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body which could reasonably be expected to result in a Material Adverse Effect, if any, and such other statements, certificates, agreements, documents and information with respect thereto as the Purchaser may reasonably request.

Section 4.03. Other Matters. All other legal matters pertaining to the execution and delivery of this Agreement and the Related Documents shall be satisfactory to the Purchaser and its counsel, and the Purchaser shall have received such other statements, certificates, agreements, documents and information with respect to the Issuer and the other parties to the Related Documents and matters contemplated by this Agreement as the Purchaser may reasonably request.

Section 4.04. Payment of Fees and Expenses. Within thirty (30) calendar days of the Effective Date, (i) the Purchaser shall receive reimbursement of the Purchaser's fees and expenses and any other fees incurred in connection with the transaction contemplated by this Agreement or the Indenture, including without limitation, any fee payable to the California Debt and Investment Advisory Commission by the Purchaser with respect to the Bonds and (ii) counsel to the Purchaser shall have received payment of its reasonable legal fees and expenses incurred in connection with the preparation, review, negotiation, execution and delivery of the Related Documents executed and delivered in connection with the issuance of the Bonds.

Section 4.05. No Bond Rating; DTC; Offering Document. The Bonds shall not be (i) assigned a specific rating by any Rating Agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of official statement, private placement memorandum or other offering document or (iv) placed or offered by a broker-dealer in the capacity of an underwriter or a placement agent.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Issuer makes the following representations and warranties to each Bondholder:

Section 5.01. Organization, Powers, Etc. The Issuer is a joint exercise of powers agency established and validly existing under and pursuant to the laws of the State and has: (a) full power and authority under the laws of the State, to enter into and perform its obligations under this Agreement and the other Related Documents and (b) all material governmental licenses, authorization, consents and approvals required to carry its business as now conducted and to enter into and perform its obligations under this Agreement and the other Related Documents.

Section 5.02. Authorization, No Contravention. The execution, delivery and performance by the Issuer of this Agreement and each other Related Document have been duly authorized by all necessary action, and require no action or consent by or in respect of, or filing with, any Governmental Authority other than the California Debt and Investment Advisory Commission. The execution and delivery by the Issuer of this Agreement and the other Related Documents to which it is a party do not and will not (a) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award as currently in effect to which the Issuer is subject; (b) result in a material breach of or constitute a material default under the provisions of any resolution, indenture, loan or credit agreement or any other agreement, lease or instrument to which the Issuer may be or is subject or by which it, or any of its Property related to the Project, is bound; or (c) result in, or require, the creation or imposition of any mortgage,

deed of trust, assignment, pledge, lien, security interest or other charge or encumbrance of any nature or with respect to any of its Property related to the Project other than the pledge of Trust Estate created by the Indenture. The performance by the Issuer of this Agreement and the other Related Documents to which it is a party does not and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award as currently in effect to which the Issuer is subject; (ii) result in a breach of or constitute a default under the provisions of any resolution, indenture, loan or credit agreement or any other agreement, lease or instrument to which the Issuer may be or is subject or by which it, or any of its Property related to the Project, is bound; or (iii) result in, or require, the creation or imposition of any mortgage, deed of trust, assignment, pledge, lien, security interest or other charge or encumbrance of any nature or with respect to any of its Property related to the Project (other than the pledge of the Trust Estate created by the Indenture), except in the case of clause (ii) or (iii) any such breach, default, creation or imposition that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 5.03. Binding Effect. This Agreement, the Bonds and each other Related Document executed and delivered in connection with the issuance of the Bonds to which the Issuer is a party constitute legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles whether or not an equitable remedy is sought, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations in the State.

Section 5.04. Financial Statements. The Audited Financial Statements, which financial statements, accompanied by the audit report of Moss Adams, LLP, independent public accountants, heretofore furnished to the Purchaser, which are consistent in all material respects with the audited financial statements of the Issuer for the Fiscal Year ended June 30, 2015, fairly present the financial condition of the Issuer in all material respects as of such dates and the results of its operations for the periods then ended in conformity with GAAP. Since the date of the Audited Financial Statements, there has been no material adverse change in the financial condition or operations of the Issuer that could reasonably be expected to result in a Material Adverse Effect.

Section 5.05. Litigation. There is no action, suit or proceeding pending against or, to the best knowledge of the Issuer, threatened against the Issuer relating to this Agreement, the Bonds or any other Related Document before any court or other Governmental Authority in which there is a reasonable possibility of an adverse decision which could reasonably be expected to have a Material Adverse Effect.

Section 5.06. Employee Benefit Plans, Etc. The Issuer is not subject to Title I reporting and disclosure requirements, Title II or Title IV of ERISA and has no obligation or liability under or in respect of any "employee benefit plan" within the meaning of Section 3(3) of ERISA or any other form of bonus, incentive compensation, deferred compensation or other similar plan or arrangement.

Section 5.07. Environmental Laws. The Issuer has not received notice to the effect that the Project operations are not in compliance with any of the requirements of applicable federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to result in a Material Adverse Effect.

Section 5.08. No Sovereign Immunity. Under existing law, the Issuer is not entitled to raise the defense of sovereign immunity in connection with any legal proceeding to enforce or collect upon this Agreement, the other Related Documents or the transactions contemplated hereby or thereby, including the payment of the principal of and interest on the Bonds or the payment of the other Obligations.

Section 5.09. Disclosure. All information heretofore furnished (including pursuant to any representation or warranty) by the Issuer to the Purchaser for purposes of or in connection with the negotiation of this Agreement and the transactions contemplated hereby is, and all such information hereafter furnished by the Issuer to the Purchaser in such connection will be, true, accurate and complete in all material respects on the date as of which such information is stated or certified. There is no fact known to the Issuer which the Issuer has not disclosed to the Purchaser in writing which the Issuer believes will result in a Material Adverse Effect or, so far as the Issuer can now reasonably foresee, is likely to result in a Material Adverse Effect.

Section 5.10. Security. (a) The Indenture creates, for the benefit of the owners of the Bonds, the legally valid, binding and irrevocable Lien on and pledge of the Trust Estate. There is no lien on the Trust Estate other than the lien created by the Indenture. The Indenture does not permit the issuance or incurrence of any Indebtedness secured by the Trust Estate to rank senior to the Bonds. The payment of the Bonds ranks on a parity with the payment of the principal and purchase price of and interest on all Parity Debt and is not subordinate to any payment secured by a lien on the Trust Estate, and is prior as against all other Persons having claims of any kind in tort, contract or otherwise, whether or not such Persons have notice of such lien. No filing, registration, recording or publication of the Indenture or any other instrument is required to establish the pledge provided for thereunder or to perfect, protect or maintain the Lien created thereby on the Trust Estate to secure the Bonds.

(b) The Obligations of the Issuer (other than the payment of the principal of or interest on the Bonds) constitute NCPA Operating Expenses (as defined in the Indenture).

Section 5.11. Incorporated Representations. The Issuer makes each of the representations, warranties and covenants contained in the Related Documents, for the benefit of, the Purchaser as if the same were set forth at length herein together with all applicable definitions thereto. No amendment, modification, termination or replacement of any such representations, warranties, covenants and definitions contained in the Indenture shall be effective to amend, modify, terminate or replace the representations, warranties, covenants and definitions incorporated herein by this reference, without the prior written consent of the Purchaser.

Section 5.12. Pending Legislation. There is no amendment to the Constitution of the State or any State law, or to the knowledge of the Issuer, proposed amendment to the Constitution of the State or any State law certified for placement on a ballot within the State, or any legislation that has passed either house of the United States Congress, or, to the knowledge of the Issuer, any published judicial decision interpreting any of the laws of the United States, the Constitution of the State or any State law, the effect of which could reasonably be expected to result in a Material Adverse Effect.

Section 5.13. Compliance. The Issuer is in compliance with all laws, ordinances, orders, rules and regulations applicable to the Issuer, except to the extent noncompliance could not reasonably be expected to result in a Material Adverse Effect.

Section 5.14. Default. The Issuer is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Related Document or other resolution, agreement or instrument to which it is a party which default could reasonably be expected to result in a Material Adverse Effect. No Event of Default has occurred and is continuing.

Section 5.15. Margin Stock. The Issuer is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no portion of the proceeds of the Bonds will be used to purchase or carry any such Margin Stock or to extend credit to others for the purpose of purchasing or carrying any such Margin Stock.

Section 5.16. Tax-Exempt Status. The Issuer has not taken any action or omitted to take any action, and knows of no action taken or omitted to be taken by any other person or entity, which action, if taken or omitted, would adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation or the exemption of such interest from State of California income taxes.

Section 5.17. Solvency. The Issuer is able to pay its debts and satisfy its liabilities as they come due, is solvent and has not made any assignment for the benefit of creditors.

Section 5.18. Sanctions Concerns and Anti-Corruption Laws. (a) *Sanctions Concerns.* Neither the Issuer, nor, to the knowledge of the Issuer, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals or (iii) located, organized or resident in a Designated Jurisdiction.

(b) *Anti-Corruption Laws.* The Issuer, to its knowledge, has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions, and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

ARTICLE VI

COVENANTS

The Issuer covenants and agrees, until the full and final payment and satisfaction of all of the Obligations, unless the Purchaser shall otherwise consent in writing, that:

Section 6.01. Reporting Requirements. The Issuer shall furnish to the Purchaser:

(a) as soon as available, and in any event within 270 days after the end of the Fiscal Year, the annual audited financial statements of the Issuer together with the opinion of the Issuer's independent accountants;

(b) simultaneously with the delivery of each set of financial statements referred to in clause (i) above, a certificate of the Issuer signed by an Issuer Representative stating that, to the best knowledge of such officer executing such certificate, there exists on the date of such certificate no Event of Default or, if any Event of Default then exists, setting forth the details thereof and the action which the Issuer is taking or proposes to take with respect thereto;

(c) as soon as available to the Issuer, copies of all enacted legislation (including new legislation, amended legislation or repealed legislation) the effect of which, in the reasonable judgment of the Issuer, could reasonably be expected to have a Material Adverse Effect;

(d) from time to time such additional information regarding the financial position, operations or business of the Issuer as the Purchaser may reasonably request;

(e) (i) within five (5) days of obtaining knowledge of any Default or Event of Default, or notice thereof, a certificate signed by a Issuer Representative specifying in reasonable detail the nature and period of existence thereof and what action the Issuer has taken or proposes to take with respect thereto; and (ii) promptly following a written request of the Purchaser, a certificate of a Issuer Representative as to the existence or absence, as the case may be, of a Default or an Event of Default under this Agreement;

(f) as promptly as practicable, written notice to the Purchaser of all actions, suits or proceedings pending or threatened against the Issuer before any arbitrator of any kind or before any court or any other Governmental Authority which could reasonably be expected to result in a Material Adverse Effect.

Section 6.02. Notices. In addition to the notices described in Section 6.01, the Issuer will provide promptly to the Purchaser the following:

(a) notice of any event or circumstance known to the Issuer which in the reasonable judgment of the Issuer could reasonably be expect to result in a Material Adverse Effect;

(b) notice of any inquiry, investigation or audit of the Issuer by the Securities and Exchange Commission, the Department of Justice or the Internal Revenue Service, of which the Issuer has actual knowledge;

(c) notice of any proposed amendment or supplement to the Indenture and copies of all such amendments and supplements promptly following the execution thereof, in each case, other than any supplement to the Indenture setting forth only the terms of a new series of Parity Debt; and

(d) any reportable event notice relating to the Parity Debt (as described in b(5)(i)(C) of Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended) disseminated, distributed or provided in satisfaction of or as may be required pursuant to such requirements (or notice that such event notice has been filed with the Electronic Municipal Market Access service and is publicly available).

Section 6.03. Further Assurances. The Issuer shall execute, acknowledge where appropriate, and deliver, and cause to be executed, acknowledged where appropriate, and delivered, from time to time promptly at the request of the Purchaser, all such instruments and documents as in the reasonable opinion of the Purchaser are necessary to effectuate the provisions of this Agreement and the other Related Documents.

Section 6.04. Inspection of Property, Books and Record. The Issuer shall keep adequate records and books of account, in which complete entries will be made, reflecting all financial transactions; and at any reasonable time and from time to time upon reasonable notice thereof, permit the Purchaser or any agents or representatives thereof, at the expense of the Purchaser (so long as no Event of Default shall have occurred), to examine and make copies of and abstracts from the records and books of account of, and to the extent permitted by applicable law, visit the properties of, the Issuer and to discuss the affairs, finances and accounts of the Issuer relating to the Project with any of the Issuer's officers, trustees and (with notice to the Issuer) independent auditors (and by this provision, the Issuer authorizes said auditors to discuss with the Purchaser or its representatives the affairs, finances and accounts of the Issuer relating to the Project).

Section 6.05. Waiver of Immunity. If as a result of a change in Law the defense of sovereign immunity in respect of contract claims becomes available to the Issuer, the Issuer agrees, to the fullest extent permitted by law, not to assert the defense of sovereign immunity in any proceeding to enforce any of the obligations of the Issuer under this Agreement, the Bonds or any other Related Document in any court of competent jurisdiction. For clarity, such waiver does not include waiver of the provisions of the Government Claims Act, California Government Code section 810, *et seq.*

Section 6.06. Compliance with Laws; Compliance with Agreements. The Issuer covenants that it will comply with the requirements of (a) all applicable laws of any Governmental Authority having jurisdiction over the Issuer and any of its Property, including, without limitation, all Environmental Laws, and (b) all investment policy guidelines of the Issuer; in each case, the non-compliance with which would have a Material Adverse Effect, unless the same is being contested in good faith and by appropriate proceedings and such contest

shall operate to stay the Material Adverse Effect of any such non-compliance. The Issuer will observe and perform all of its obligations under this Agreement and the Bonds and all of its material obligations under the Indenture except to the extent failure to do so could not reasonably be expected to result in a Material Adverse Effect. The Issuer will maintain in effect and enforce policies and procedures designed to ensure compliance by the Issuer and its commission members, officers, employees and agents with applicable Sanctions.

Section 6.07. Disclosure to Purchaser Transferees, Non-Purchaser Transferees and Participants. The Issuer shall permit the Purchaser to disclose any information received by the Purchaser in connection herewith including, without limitation, the financial information described in Section 6.01(a) hereof, to any Assignee or Participant.

Section 6.08. Incorporation of Covenants. From and after the date hereof and so long as this Agreement is in effect the Issuer agrees that it will, for the benefit of the Purchaser, comply with, abide by, and be restricted by all the agreements, covenants, obligations and undertakings contained in the provisions of the Indenture material to the performance of the Issuer's obligations hereunder (the obligations of the Issuer set forth in Article V and Article VII of the Indenture shall, for purposes of this Section 6.08, be considered material to the performance of the Issuer's obligations hereunder), together with the related definitions, exhibits and ancillary provisions, all of which are incorporated herein by reference, *mutatis mutandis*, and made a part hereof to the same extent and with the same force and effect as if the same had been herein set forth in their entirety, and no termination, amendment, modification or waiver to any of the foregoing shall in any manner constitute a termination, amendment, modification or waiver of the provisions thereof as incorporated herein unless consented to in writing by the Purchaser. The Issuer will not amend or modify, or permit to be amended or modified in any manner whatsoever any Related Document in a manner which would materially adversely affect the Issuer's ability to repay Indebtedness that is secured by the Trust Estate or which adversely affects the security for the Bonds or the other Obligations or the Issuer's ability to repay when due the Bonds or the other Obligations or the interests, security, rights or remedies of the Purchaser without the prior written consent of the Purchaser.

Section 6.09. Maintenance of Tax-Exempt Status of the Bonds. The Issuer shall not take any action or omit to take any action which, if taken or omitted, would adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation or the exemption of such interest from California income taxes.

Section 6.10. Liens; Indebtedness; Swaps; Consolidation and Mergers. (a) Except for the Lien over the Trust Estate created by the Indenture, the Issuer will not hereafter create or suffer to exist any Lien on the Trust Estate on a basis that is senior to or on parity with the Lien created pursuant to the Bonds. The Issuer will not create or suffer to exist any Lien over any of its Property which could reasonably be expected to have a Material Adverse Effect. Without limiting the foregoing, in the event a Lien attaches after the Effective Date (i) to the Trust Estate or (ii) to any of its Property and which if not removed could reasonably be expected to have a Material Adverse Effect, in either case the Issuer shall take all reasonable action necessary to remove such Lien as soon as practicable. For avoidance of doubt, the Purchaser acknowledges that nothing herein is intended to preclude the future issuance by the Issuer of additional Parity

Debt in accordance with the terms of the Indenture and nothing in this Agreement shall be construed to limit the ability of the Issuer to incur NCPA Operating Expenses.

(b) After the Effective Date, other than Parity Debt, the Issuer will not issue or incur any additional Indebtedness secured by a pledge of or lien upon the Trust Estate unless such issuance or incurrence complies with the laws of the State or is made expressly subordinate to the payment of the Obligations; *provided, however*, that the Issuer has, and may in the future, enter into one or more Swap Contracts that constitute Parity Debt in order to hedge interest rate exposure in respect of additional Bonds with termination payments secured by the Trust Estate on parity with the pledge of the Trust Estate made for the payment of the Bonds. The Issuer will not issue any Indebtedness secured by a pledge of and lien upon the Trust Estate that is senior in right of payment to the Bonds and the Parity Debt; *provided that*, nothing herein is intended to preclude the future issuance by the Issuer of additional Parity Debt in accordance with the terms of the Indenture and nothing in this Agreement shall be construed to limit the ability of the Issuer to incur NCPA Operating Expenses (as defined in the Indenture).

(c) The Issuer will preserve and maintain its existence under the laws of the State and will not merge or consolidate with or into any other Person or acquire substantially all of the assets of any other Person unless (i) the Issuer continues to maintain exclusive control over the direction and operation of the Issuer and the of its Property, (ii) no Event of Default has occurred and is continuing or would result from such merger, consolidation or acquisition and (iii) such merger, consolidation or acquisition could not reasonably be expected to result in a Material Adverse Effect.

Section 6.11. Use of Proceeds; Federal Reserve Regulations. The Issuer covenants that it will not knowingly, directly or indirectly, use the proceeds of the Bonds to fund any activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions. No proceeds from moneys received hereunder shall be used by the Issuer to purchase Margin Stock in violation of Regulation U, as amended, promulgated by the Board of Governors of the Federal Reserve System.

Section 6.12. Accounting Changes. The Issuer shall not change its method of accounting or the times of commencement or termination of Fiscal Years or other accounting periods without first disclosing in writing such change to the Purchaser.

Section 6.13. Maintenance of its Property. The Issuer shall maintain, preserve and keep related to the Project in good repair, working order and condition (ordinary wear and tear excepted) and will, from time to time, make all needful and proper repairs, renewals, replacements, and additions and betterments thereto so that at all times the efficiency thereof shall be full preserved and maintained; *provided, however*, that nothing herein shall preclude the Issuer from selling, transferring or disposing of portions of its Property related to the Project that have become nonoperative, worn out, obsolete or are otherwise not needed for the efficient and proper operation of the Project. The Issuer shall not change in any fundamental manner the use of the Project.

Section 6.14. Preferential Repayment. The Issuer shall not permit any Person party to any agreement with the Issuer the obligations of which are secured by a pledge of the Trust Estate on parity with the Issuer's payment obligations under this Agreement, including, without limitation, any credit provider or liquidity provider, to have any right under such agreement to cause the acceleration, tender, redemption or repayment (including by term-out or shortened amortization) of such obligations, on a basis that is shorter than or more favorable than the basis that the Purchaser is entitled to receive hereunder.

Section 6.15. Filing of the Agreement. In the event the Issuer delivers or permits, authorizes or consents to the delivery of this Agreement to any Person for delivery to the Municipal Securities Rulemaking Board, prior to such delivery the Issuer agrees that it shall redact such information contained herein as may be requested by the Purchaser and which is consistent with MSRB Notice 2011-17 (February 23, 2011). Only such copy of this Agreement reflecting such redacted material shall be delivered to the Municipal Securities Rulemaking Board.

Section 6.16. Underlying Rating. The Issuer shall at all times maintain a rating on its long-term unenhanced Parity Debt from at least one Rating Agency. The Issuer covenants and agrees that it shall not at any time withdraw any long-term unenhanced rating on its Parity Debt from any of Fitch, Moody's or S&P if the effect of such withdrawal would be to cure a Default or an Event of Default under this Agreement or reduce the Applicable Spread.

ARTICLE VII

EVENTS OF DEFAULT

Section 7.01. Events of Default. The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of Law) shall be an "Event of Default" hereunder, unless waived in writing by Purchaser:

(a) the Issuer shall fail to pay the principal of or interest on any Bonds when due (whether by scheduled maturity, required prepayment, redemption or otherwise);

(b) the Issuer shall fail to pay any Obligation (other than the obligation to pay the principal of or interest on the Bonds) when due and such failure shall continue for two (2) Business Days;

(c) any representation or warranty made by or on behalf of the Issuer in this Agreement or in any other Related Document or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered;

(d) the Issuer shall default in the due performance or observance of any of the covenants set forth in Sections 6.01 (other than Sections 6.01(c) and 6.01(f)), 6.04, 6.05, 6.09, 6.10 or 6.16 hereof; or

(e) the Issuer shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any other Related Document and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof;

(f) the Issuer shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any Law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 7.01(g) of this Agreement;

(g) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Issuer or any substantial part of its Property, or a proceeding described in Section 7.01(f)(v) shall be instituted against the Issuer and such proceeding continues undischarged or any such proceeding continues undismissed or unstayed for a period of thirty (30) or more days;

(h) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Indebtedness of the Issuer by the Issuer or any Governmental Authority with appropriate jurisdiction;

(i) (i) any provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Bonds or any Parity Debt or (B) the validity or enforceability of the pledge of the Trust Estate or any other pledge or security interest created by the Indenture shall at any time for any reason cease to be valid and binding on the Issuer as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction, or shall be declared, in a final nonappealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable; or

(ii) the validity or enforceability of any material provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Bonds or any Parity Debt, or (B) the validity or enforceability of the pledge of the Trust Estate or any other pledge or security interest created by the Indenture shall be publicly contested by the Issuer; or

(iii) any other material provision of this Agreement or any other Related Document, other than a provision described in clause (i) above, shall at any time for any reason cease to be valid and binding on the Issuer as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Issuer;

(j) dissolution or termination of the existence of the Issuer;

(k) the Issuer shall (i) default on the payment of the principal of or interest on any Parity Debt beyond the period of grace, if any, provided in the instrument or agreement under which such Parity Debt was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Parity Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Parity Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Parity Debt;

(l) any final, unappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, which are not covered in full by insurance, with written acknowledgement of such coverage having been provided by the provider of such insurance coverage to the Purchaser, in an aggregate amount in excess of \$5,000,000 shall be entered or filed against the Issuer or against any of its Property and remain unpaid, unvacated, unbonded or unstayed for a period of thirty (30) days;

(m) any "event of default" under any Related Document (as defined respectively therein) shall have occurred; or

(n) (i) S&P shall have downgraded its rating of any long-term unenhanced Parity Debt of the Issuer to below "BBB-" (or its equivalent), or suspended or withdrawn its rating of the same; or (ii) any of Fitch, Moody's and S&P shall have downgraded its rating of any long-term unenhanced Parity Debt of the Issuer to below "BBB-" (or its equivalent), "Baa3" (or its equivalent), or "BBB-" (or its equivalent) respectively, or suspended or withdrawn its rating of the same.

Section 7.02. Consequences of an Event of Default. If an Event of Default specified in Section 7.01 hereof shall occur and be continuing, the Purchaser may take one or more of the following actions at any time and from time to time (regardless of whether the actions are taken at the same or different times):

(a) (i) by written notice to the Trustee and the Issuer, declare the outstanding amount of the Obligations under this Agreement (except as set forth in Section 7.02(a)(ii) below) to be immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived;

(ii) deliver a written notice to the Trustee and the Issuer that an Event of Default has occurred and is continuing and direct the Trustee and the Issuer, as applicable, to cause the Bonds to be subject to mandatory redemption or take such other remedial action as is provided for in the Indenture;

(iii) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Indenture or to enforce performance or observance of any obligation, agreement or covenant of the Issuer under the Related Documents, whether for specific performance of any agreement or covenant of the Issuer or in aid of the execution of any power granted to the Purchaser in the Related Documents;

(iv) at the expense of the Issuer, cure any Default, Event of Default or event of nonperformance hereunder or under any Related Document; *provided, however,* that the Purchaser shall have no obligation to effect such a cure; and

(v) exercise, or cause to be exercised, any and all remedies as it may have under the Indenture (other than as provided for in clause (ii) of this Section 7.02(a)) and as otherwise available at law and at equity.

(b) Notwithstanding the provisions of Section 7.02(a)(i) or 7.02(a)(ii), (x) the Bonds shall not be subject to mandatory redemption as described in Section 7.02(a)(i) or 7.02(a)(ii) until seven (7) days after the occurrence of an Event of Default specified in Section 7.01(a), 7.01(f), 7.01(g), 7.01(h), 7.01(i)(i), 7.01(i)(ii), 7.01(j), 7.01(k) or 7.01(n)(i) and (y) the Purchaser shall notify the Issuer that the Bonds shall be subject to mandatory redemption at least one hundred eighty (180) days prior thereto in the case of any Event of Default not specified in the immediately preceding clause (x). Notwithstanding the foregoing sentence of this Section 7.02(b), if any other holder or credit enhancer of Indebtedness or any counterparty under any Swap Contract related thereto (i) has the right to cause such Indebtedness to be immediately due and payable (whether by repurchase, mandatory tender, mandatory redemption, acceleration or otherwise) on a date earlier than, or pursuant to a notice period which is shorter than what is set forth in the first sentence of this section 7.02(b) in connection with a default related to such Indebtedness, then the Purchaser shall automatically have such right or shorter

notice period, as applicable, or (ii) causes any such Indebtedness or other obligations of the Issuer to become immediately due and payable (whether by repurchase, mandatory tender, mandatory redemption, acceleration or otherwise), then the Purchaser may immediately, without notice, avail itself of the remedies set forth in Section 7.02(a)(i) or 7.02(a)(ii) hereof and/or declare or cause to be declared the unpaid principal amount of all outstanding Bonds, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder to be immediately due and payable.

Section 7.03. Solely for the Benefit of Purchaser. The rights and remedies of the Purchaser specified herein are for the sole and exclusive benefit, use and protection of the Purchaser, and the Purchaser is entitled, but shall have no duty or obligation to the Issuer, the Trustee or any other Person or otherwise, to exercise or to refrain from exercising any right or remedy reserved to the Purchaser hereunder or under any of the other Related Documents.

Section 7.04. Discontinuance of Proceedings. In case the Purchaser shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Purchaser shall have the unqualified right so to do and, in such event, the Issuer and the Purchaser shall be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Purchaser hereunder shall continue as if the same had never been invoked.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Amendments, Etc.. No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Issuer therefrom, shall be effective unless in writing signed by the Purchaser and the Issuer, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. In the case of any such waiver or consent relating to any provision hereof, any Default or Event of Default so waived or consented to shall be deemed to be cured and not continuing, but no such waiver or consent shall extend to any other or subsequent Default or Event of Default or impair any right consequent thereto.

Section 8.02. Notices; Effectiveness; Electronic Communications. (a) *Notices Generally.* Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax transmission or e-mail transmission as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, to the address, fax number, e-mail address or telephone number specified the Issuer, the Purchaser or the Trustee on Schedule 8.02 hereof. Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by fax transmission shall be

deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (c).

(b) *Electronic Communications.* Notices and other communications to the Purchaser hereunder may be delivered or furnished by electronic communication (including e-mail, FPML messaging and Internet or intranet websites) pursuant to procedures approved by the Purchaser. The Purchaser or the Issuer, in its discretion, agrees to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it provided that the approval of such procedures may be limited to particular notices or communications.

(c) Unless the Purchaser otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices and other communications posted to an Internet or intranet website shall be deemed received by the intended recipient upon the sender's receipt of an acknowledgment by the intended recipient (such as by the "return receipt requested" function, as available, return email address or other written acknowledgement) including that such notice or communication is available and identifying the website address therefor; *provided* that, for both clauses (i) and (ii), if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(d) *Change of Address, Etc.* Each of the Issuer, the Purchaser and the Trustee may change its address, fax number or telephone number or e-mail address for notices and other communications hereunder by notice to the other parties hereto.

(e) *Reliance by the Purchaser.* The Purchaser shall be entitled to rely and act upon any notices (including, without limitation, telephonic or electronic notices) purportedly given by or on behalf of the Issuer even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Issuer shall indemnify the Purchaser and any of Purchaser's Related Parties from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Issuer.

Section 8.03. No Waiver; Cumulative Remedies. No failure by the Purchaser to exercise, and no delay by the Purchaser in exercising, any right, remedy, power or privilege hereunder or under any other Related Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any other Related Document preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and

provided under each other Related Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 8.04. Expenses; Indemnity. (a) The Issuer shall pay (i) all reasonable out-of-pocket expenses incurred by the Purchaser and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Purchaser), in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Related Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Purchaser in connection with the purchase of the Bonds and (iii) all out-of-pocket expenses incurred by the Purchaser (including the fees, charges and disbursements of any counsel for the Purchaser), and shall pay all fees and time charges for attorneys who may be employees of the Purchaser, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Related Documents, including its rights under this Section, or (B) in connection with the purchase of the Bonds, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such purchase of the Bonds.

(b) *Indemnification by the Issuer.* To the extent permitted by applicable law, the Issuer shall indemnify the Purchaser and each Bondholder and each Related Party of the Purchaser or such Bondholder (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all reasonable fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Issuer) arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Related Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, or the administration of this Agreement and the other Related Documents (including in respect of any matters addressed in Section 3.01), (ii) the purchase of the Bonds or the use or proposed use of the proceeds therefrom, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Issuer, and regardless of whether any Indemnitee is a party thereto; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) *Waiver of Consequential Damages, Etc.* To the fullest extent permitted by applicable Law, the Issuer shall not assert, and hereby waives, and acknowledges that no other Person shall have, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Related Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby,

the purchase of the Bonds or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Related Documents or the transactions contemplated hereby or thereby.

(d) *Payments.* All amounts due under this Section shall be payable not later than twenty (20) Business Days after demand therefor.

(e) *Survival.* The agreements in this Section shall survive the payment in full of the Bonds, the repayment, satisfaction or discharge of all other Obligations and the termination of this Agreement.

Section 8.05. Payments Set Aside. To the extent that any payment by or on behalf of the Issuer is made to a Bondholder, or such Bondholder exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the such Bondholder in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

Section 8.06. Successors and Assigns.

(a) *Successors and Assigns Generally.* This Agreement is a continuing obligation and shall be binding upon the Issuer, its successors, transferees and assigns and shall inure to the benefit of the Bondholders and their respective permitted successors, transferees and assigns. The Issuer may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Purchaser. Each Bondholder may, in its sole discretion and in accordance with applicable Law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Bonds and the Related Documents in accordance with the provisions of paragraph (b) or (c) of this Section. Each Bondholder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (d) of this Section. Each Bondholder may at any time pledge or assign a security interest subject to the restrictions of paragraph (e) of this Section. Bank of America, N.A. shall be the Purchaser hereunder until such time as it no longer owns any portion of the Bonds. At the time Bank of America, N.A. no longer owns any of the Bonds, the Majority Bondholder shall designate an alternate Person to serve as the Purchaser hereunder by delivery of written notice to the Issuer and the Trustee and such Person accepts and agrees to act as the Purchaser hereunder and under the Related Documents. The Majority Bondholder may so designate an alternate Person to act as the Purchaser from time to time. Upon acceptance and notification thereof to the Issuer and the Trustee, the successor to the Purchaser for such purposes shall thereupon succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Purchaser, and Bank of

America, N.A. or any other Person being replaced as the Purchaser shall be discharged from its duties and obligations as the Purchaser hereunder.

(b) *Sales and Transfers by Bondholder to a Purchaser Transferee.* Without limitation of the foregoing generality, a Bondholder may at any time sell or otherwise transfer to one or more transferees all or a portion of the Bonds to a Person that is (i) an Affiliate of the Purchaser or (ii) a trust or other custodial arrangement established by the Purchaser or an Affiliate of the Purchaser, the owners of any beneficial interest in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the 1933 Act (each, a “*Purchaser Transferee*”). From and after the date of such sale or transfer, Bank of America, N.A. (and its successors) shall continue to have all of the rights of the Purchaser hereunder and under the other Related Documents as if no such transfer or sale had occurred; *provided, however*, that (A) no such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall in any way affect the obligations of the Purchaser hereunder, (B) the Issuer and the Trustee shall be required to deal only with the Purchaser with respect to any matters under this Agreement and (C) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Purchaser shall be entitled to enforce the provisions of this Agreement against the Issuer.

(c) *Sales and Transfers by Bondholder to a Non-Purchaser Transferee.* Without limitation of the foregoing generality, a Bondholder may at any time sell or otherwise transfer to one or more transferees which are not Purchaser Transferees but each of which constitutes a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act (each a “*Non-Purchaser Transferee*”) all or a portion of the Bonds if (A) written notice of such sale or transfer, including that such sale or transfer is to a Non-Purchaser Transferee, together with addresses and related information with respect to the Non-Purchaser Transferee, shall have been given to the Issuer, the Trustee and the Purchaser (if different than the Bondholder) by such selling Bondholder and Non-Purchaser Transferee, and (B) the Non-Purchaser Transferee shall have delivered to the Issuer, the Trustee and the selling Bondholder, an investment letter in substantially the form attached as [Exhibit A] to the Supplemental Indenture (the “*Investor Letter*”).

From and after the date the Issuer, the Trustee and the selling Bondholder have received written notice and an executed Investor Letter, (A) the Non-Purchaser Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Bondholder hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Purchaser Transferee, and any reference to the assigning Bondholder hereunder and under the other Related Documents shall thereafter refer to such transferring Bondholder and to the Non-Purchaser Transferee to the extent of their respective interests, and (B) if the transferring Bondholder no longer owns any Bonds, then it shall relinquish its rights and be released from its obligations under this Agreement and the other Related Documents; *provided, however*, that (1) the issuer and the Trustee shall be required to deal only with the Purchaser with respect to any matters under this Agreement; and (2) only the Purchaser shall be entitled to enforce the provisions of this Agreement against the issuer.

(d) *Participations.* Each Bondholder shall have the right to grant participations in all or a portion of such Bondholder's interest in the Bonds, this Agreement and the other Related Documents to one or more other banking institutions; *provided, however,* that (i) no such participation by any such participant shall in any way affect the obligations of the Issuer or the Purchaser hereunder and (ii) the Issuer and the Trustee shall be required to deal only with the Purchaser, with respect to any matters under this Agreement, the Bonds and the other Related Documents and no such participant shall be entitled to enforce any provision hereunder against the Issuer. The Issuer agrees that each participant shall be entitled to the benefits of Section 8.04 hereof to the same extent as if it were a Bondholder hereunder.

(e) *Certain Pledges.* In addition to the rights of each Bondholder set forth above, each Bondholder may at any time pledge or grant a security interest in all or any portion of its rights or interests under the Bonds, this Agreement and/or the Related Documents to secure obligations of such Bondholder or an Affiliate of such Bondholder, including any pledge or assignment to secure obligations to a Federal Reserve Bank or to any state or local governmental entity or with respect to public deposits; *provided* that no such pledge or assignment shall release such Bondholder from any of its obligations hereunder or substitute any such pledgee or assignee for such Bondholder as a party hereto.

Section 8.07. Treatment of Certain Information; Confidentiality (a) Each of the Issuer, the Purchaser, each Bondholder and the Trustee agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Laws or regulations, including without limitation the California Public Records Act, or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Related Document or any action or proceeding relating to this Agreement or any other Related Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights and obligations under this Agreement or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Issuer and its obligations, this Agreement or payments hereunder, (g) on a confidential basis to (i) any rating agency in connection with rating the Issuer or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers or other market identifiers with respect to the Bonds, (h) with the consent of the Issuer or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Purchaser, a Bondholder or any of its Affiliates on a nonconfidential basis from a source other than the Issuer. For purposes of this Section, "Information" means all information received from the Issuer relating to the Issuer or any of its respective businesses, other than any such information that is available to the Purchaser, a Bondholder or the Trustee on a nonconfidential basis prior to disclosure by the Issuer, provided that, in the case of information

received from the Issuer after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Purchaser may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers the Purchaser in connection with the administration of this Agreement and the other Related Documents.

(b) *Customary Advertising Material.* The Issuer consents to the publication by the Purchaser of customary advertising material relating to the transactions contemplated hereby using the name, product photographs, logo or trademark of the Issuer.

Section 8.08. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, and any separate letter agreements with respect to fees payable to the Purchaser constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Purchaser and when the Purchaser shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement, or any certificate delivered thereunder by fax transmission or e-mail transmission (e.g., "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Agreement or certificate. Without limiting the foregoing, to the extent a manually executed counterpart is not specifically required to be delivered under the terms of any Related Document, upon the request of any party, such fax transmission or e-mail transmission shall be promptly followed by such manually executed counterpart.

Section 8.09. Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Related Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Purchaser, regardless of any investigation made by the Purchaser or on its behalf and notwithstanding that the Purchaser may have had notice or knowledge of any Default at the time of the purchase of the Bonds, and covenants made hereunder shall continue in full force and effect as long as any Obligation hereunder shall remain unpaid or unsatisfied.

Section 8.10. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 8.11. Governing Law; Jurisdiction; Etc. (a) *GOVERNING LAW.* THIS AGREEMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA.

(b) *Submission to Jurisdiction.* THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREE THAT THEY WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST ANOTHER PARTY OR ANY RELATED PARTY OF THE PURCHASER OR ISSUER IN ANY WAY RELATING TO THIS AGREEMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF CALIFORNIA SITTING IN SACRAMENTO COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE EASTERN DISTRICT OF CALIFORNIA, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH CALIFORNIA STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(c) *Waiver of Venue.* EACH OF THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) *Service of Process.* EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 8.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

Section 8.12. Waiver of Jury Trial. (a) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER

INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

(b) IF ANY ACTION OR PROCEEDING IS FILED IN A COURT OF THE STATE OF CALIFORNIA BY OR AGAINST ANY PARTY HERETO IN CONNECTION WITH ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, THE COURT SHALL, AND IS HEREBY DIRECTED TO, MAKE A GENERAL REFERENCE PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 TO A REFEREE (WHO SHALL BE A SINGLE ACTIVE OR RETIRED JUDGE) TO HEAR AND DETERMINE ALL OF THE ISSUES IN SUCH ACTION OR PROCEEDING (WHETHER OF FACT OR OF LAW) AND TO REPORT A STATEMENT OF DECISION, *PROVIDED* THAT AT THE OPTION OF ANY PARTY TO SUCH PROCEEDING, ANY SUCH ISSUES PERTAINING TO A "PROVISIONAL REMEDY" AS DEFINED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1281.8 SHALL BE HEARD AND DETERMINED BY THE COURT.

Section 8.13. No Advisory or Fiduciary Relationship. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Issuer acknowledges and agrees, that: (a) (i) the services regarding this Agreement provided by the Purchaser and any Affiliate thereof are arm's-length commercial transactions between the Issuer, on the one hand, and the Purchaser and its Affiliates, on the other hand, (ii) the Issuer has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Issuer is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents; (b) (i) the Purchaser and its Affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the Issuer, or any other Person and (ii) neither the Purchaser nor any of its Affiliates has any obligation to the Issuer with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Related Documents; and (c) the Purchaser and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Issuer, and neither the Purchaser nor any of its Affiliates has any obligation to disclose any of such interests to the Issuer. To the fullest extent permitted by law, the Issuer, hereby waives and releases any claims that it may have against the Purchaser or any of its Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

Section 8.14. Electronic Execution of Certain Documents. The words "delivery," "execute," "execution," "signed," "signature," and words of like import in any document executed in connection herewith shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Purchaser, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary, the Purchaser and the Issuer are under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by

the Purchaser, or the Issuer, as applicable, pursuant to procedures approved by it; *provided further* without limiting the foregoing, upon the request of the Purchaser, any electronic signature shall be promptly followed by such manually executed counterpart.

Section 8.15. USA Patriot Act. The Purchaser hereby notifies the Issuer that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "*Patriot Act*"), it is required to obtain, verify and record information that identifies the Issuer, which information includes the name and address of the Issuer and other information that will allow the Purchaser to identify the Issuer in accordance with the Patriot Act. The Issuer agrees to, promptly following a request by the Purchaser, provide all such other documentation and information that the Purchaser requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

Section 8.16. Time of the Essence. Time is of the essence of the Related Documents.

Section 8.17. Entire Agreement. THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

Section 8.18. Further Assurances. From time to time upon the request of either party hereto, the other shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the requesting party may in its reasonable discretion deem necessary or desirable to confirm this Agreement, and the other Related Documents, to carry out the purpose and intent hereof and thereof or to enable the requesting party to enforce any of its rights hereunder or thereunder. At any time, and from time to time, upon request by the Purchaser, the Issuer will, at the Issuer's expense, (a) correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents executed in connection with the issuance of the Bonds, and (b) make, execute, deliver and record, or cause to be made, executed, delivered and recorded, any and all further instruments, certificates, and other documents as may, in the opinion of the Purchaser, be necessary or desirable in order to complete, perfect or continue and preserve the Lien of the Indenture. Upon any failure by the Issuer to do so, the Purchaser or the Trustee may make, execute and record any and all such instruments, certificates and other documents for and in the name of the Issuer, all at the sole expense of the Issuer, and the Issuer hereby appoints the Purchaser and the Trustee the agent and attorney-in-fact of the Issuer to do so, this appointment being coupled with an interest and being irrevocable. Without limitation of the foregoing, the Issuer irrevocably authorizes the Purchaser at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements deemed necessary or desirable by the Purchaser to establish or maintain the validity, perfection and priority of the security interests granted in the Indenture, and the Issuer ratifies any such filings made by the Purchaser prior to the date hereof. In addition, at any time, and from time to time, upon request by the Purchaser or the Trustee, the Issuer will, at the Issuer's expense, provide any and all further instruments, certificates and other documents as may, in the opinion of the Purchaser or the Trustee, be necessary or desirable in

order to verify the Issuer's identity and background in a manner satisfactory to the Purchaser or the Trustee, as the case may be.

Section 8.19. No Third-Party Rights. Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the parties hereto and the Bondholders any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the Effective Date.

NORTHERN CALIFORNIA POWER AGENCY

By _____
Name: _____
Title: _____

BANK OF AMERICA, N.A.

By _____
Name: _____
Title: _____

EXHIBIT A

FORM OF COMPLIANCE CERTIFICATE

Financial Statement Date: _____, _____

To: Bank of America, N.A.,

Ladies and Gentlemen:

Reference is made to that certain Continuing Covenant Agreement dated as of October 1, 2016 (the "Agreement"), between the Northern California Power Agency (the "Issuer") and Bank of America, N.A. (the "Purchaser"). Unless otherwise defined herein, the terms used in this Certificate shall have the meanings assigned thereto in the Agreement.

The undersigned Issuer Representative hereby certifies as of the date hereof that he/she is the _____ of the Issuer, and that, as such, he/she is authorized to execute and deliver this Certificate to the Purchaser on the behalf of the Issuer, and that:

1. Attached hereto as Schedule 1 are the year-end audited financial statements required by Section 6.01(a) of the Agreement for the fiscal year of the Issuer ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section.

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a review of the transactions and condition (financial or otherwise) of the Issuer during the accounting period covered by the attached financial statements.

3. A review of the activities of the Issuer during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the Issuer performed and observed all its Obligations under the Related Documents, and

[select one:]

[to the best knowledge of the undersigned during such fiscal period, the Issuer performed and observed each covenant and condition of the Related Documents applicable to it, and no Default or Event of Default has occurred and is continuing.]

--or--

[the following covenants or conditions have not been performed or observed and the following is a list of each such Default or Event of Default and its nature and status:]

4. The representations and warranties of the Issuer contained in Article V of the Agreement are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Certificate, the representations and warranties contained in Section 5.06 of the Agreement shall be deemed to refer to the most recent statements furnished pursuant to Section 6.05 of the Agreement, including the statements in connection with which this Certificate is delivered.

Delivery of an executed counterpart of a signature page of this Certificate by fax transmission or other electronic mail transmission (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of _____, _____.

[ISSUER]

By: _____
Name: _____
Title: _____

SCHEDULE 8.02

EXHIBIT B

The Bonds may be redeemed in whole on any Interest Payment Date, with three (3) days prior written notice to the Purchaser by payment in an amount equal to the principal amount to be redeemed plus accrued interest thereon to the date of redemption plus the Prepayment Fee. For purposes hereof, the Prepayment Fee will be the sum of fees calculated separately for each Prepaid Installment, as follows:

(i) The Purchaser will first determine the amount of interest which would have accrued each month at the Taxable Equivalent Rate for the Prepaid Installment had it remained outstanding until the applicable Original Payment Date, using the interest rate applicable to the Prepaid Installment under this Agreement.

(ii) The Purchaser will then subtract from each monthly interest amount determined in (i), above, the amount of interest which would accrue for that Prepaid Installment if it were reinvested from the date of prepayment or redemption through the Original Payment Date, using the Treasury Rate.

(iii) If (i) minus (ii) for the Prepaid Installment is greater than zero, the Purchaser will discount the monthly differences to the date of prepayment or redemption by the Treasury Rate. The Purchaser will then add together all of the discounted monthly differences for the Prepaid Installment.

The following definitions will apply to the calculation of the Prepayment Fee:

(i) "Original Payment Dates" mean the dates on which the prepaid or redeemed principal would have been paid if there had been no prepayment or redemption. If any of the principal would have been paid later than the end of the fixed rate interest period in effect at the time of prepayment or redemption, then the Original Payment Date for that amount will be the last day of the interest period.

(ii) "Prepaid Installment" means the amount of the prepaid or redeemed principal which would have been paid on a single Original Payment Date.

(iii) "Taxable Equivalent Rate" means the interest rate per annum derived from the following formula: interest rate on the Bond divided by the difference of (1 minus the Maximum Corporate Income Tax Rate). The "Maximum Corporate Income Tax Rate" is the highest marginal federal income tax rate charged to U.S. corporations in effect at the time of the prepayment calculation. The "Maximum Corporate Income Tax Rate" is currently 35% (or 0.35 in numerical terms).

(iv) "Treasury Rate" means the yield on the Treasury Constant Maturity Series with maturity equal to the Original Payment Date of the Prepaid Installment which are principal payments (calculated as of the [date of redemption/prepayment - *Use Applicable Language] in accordance with accepted financial practice and rounded to the nearest quarter-year), as reported

in Federal Reserve Statistical Release H.15, Selected Interest Rates of the Board of Governors of the Federal Reserve System, or any successor publication. If no maturity exactly corresponding to such Original Payment Date appears in Release H.15, the Treasury Rate will be determined by linear interpolation between the yields reported in Release H.15. If for any reason Release H.15 is no longer published, the Purchaser shall select a comparable publication to determine the Treasury Rate.

ESCROW DEPOSIT AGREEMENT

Between

NORTHERN CALIFORNIA POWER AGENCY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated as of September 1, 2016

Relating to

**Geothermal Project Number 3 Revenue Bonds,
2009 Series A**

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ESCROW DEPOSIT AGREEMENT

Relating to

Northern California Power Agency

Geothermal Project Number 3 Revenue Bonds,
2009 Series A

THIS ESCROW DEPOSIT AGREEMENT, dated as of September 1, 2016, 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 November 1, 1983 (the “Original Indenture”), as supplemented and amended, by and between NCPA and the Trustee,

WITNESSETH:

WHEREAS, NCPA has previously authorized and issued its Geothermal Project Number 3 Revenue Bonds, 2009 Series A under the Original Indenture as amended and supplemented, including the supplements thereto made by the Thirteenth Supplemental Indenture of Trust, dated as of March 1, 2009 (the “2009 Series A Bonds”); and

WHEREAS, the outstanding 2009 Series A Bonds are subject to redemption at the option of NCPA as a whole on any date and in part on any date on and after July 1, 2019; and

WHEREAS, NCPA has determined to exercise its option to redeem all of the outstanding 2009 Series A Bonds maturing on or after July 1, 2020 (the “Refunded Bonds”) on July 1, 2019 (the “Redemption Date”) at a redemption price equal to one hundred percent of the principal amount of the Refunded Bonds together with accrued but unpaid interest on the Refunded Bonds to the Redemption Date (the “Redemption Price”); and

WHEREAS, NCPA has determined to provide the Trustee with the funds which, together with the interest thereon as provided herein, will provide the funds necessary to pay the interest on the Refunded Bonds on all interest payment dates commencing January 1, 2017 for the Refunded Bonds and the Redemption Price of the Refunded Bonds on the Redemption Date (such interest and Redemption Price being referred to herein as the “Escrow Requirements”); and

WHEREAS, for the purpose of paying and refunding the Refunded Bonds, NCPA has issued \$ _____ aggregate principal amount of its Geothermal Project Number 3 Revenue Bonds, 2016 Series A (the “2016 Series A Bonds”) pursuant to the Original Indenture as supplemented by the Fifteenth Supplemental Indenture of Trust, dated as of September 1, 2016, by and between NCPA and the Trustee (the “Fifteenth Supplemental Indenture”); 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, capitalized terms shall have the meanings herein given such terms in the Original Indenture, as amended and supplemented by the Supplemental Indentures of Trust.

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 Exhibit A 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 “Geothermal Project Number 3 Revenue Bonds, 2009 Series A 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 a portion of the proceeds of the 2016 Series A Bonds.

(d) 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 September __, 2016, \$_____ of the moneys deposited in the Escrow Fund pursuant to Section 2(c) to the purchase of the Defeasance Securities at the purchase price and from the vendor set forth in Exhibit A 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 for the Refunded Bonds, shall the Redemption Price of the Refunded Bonds on the Redemption Date.

SECTION 5. Notice of Redemption and Defeasance.

(a) NCPA irrevocably directs the Trustee to give the notice of redemption of the Refunded Bonds on the Redemption Date by the time and in the manner required by the Indenture. Such notice shall be in substantially the form attached hereto as Exhibit B.

(b) NCPA irrevocably directs the Trustee to give the notice of defeasance of the Refunded Bonds on September __, 2016. Such notice shall be in substantially the form attached hereto as Exhibit C.

SECTION 6. Termination of Obligations. As provided in subsection 2 of Section 1201 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 905 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: _____
Assistant General Manager, Finance and
Administrative Services and
Chief Financial Officer

**U.S. BANK NATIONAL ASSOCIATION, as
Trustee**

By: _____
Authorized Signatory

EXHIBIT A
DEFEASANCE SECURITIES

Description of Defeasance Securities	Maturity Date	Interest Rate	Purchase Price	Vendor
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EXHIBIT B
FORM OF NOTICE OF REDEMPTION

NORTHERN CALIFORNIA POWER AGENCY
GEOTHERMAL PROJECT NUMBER 3 REVENUE BONDS
2009 SERIES A

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>CUSIP</u>
March 24, 2009	July 1, 2020	\$2,815,000	664845CM4
March 24, 2009	July 1, 2021	2,970,000	664845CN2
March 24, 2009	July 1, 2022	3,135,000	664845CP7
March 24, 2009	July 1, 2023	3,305,000	664845CQ5
March 24, 2009	July 1, 2024	3,480,000	664845CR3

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 pursuant to the Indenture of Trust, dated as of November 1, 1983 (the "Indenture"), by and between the Northern California Power Agency ("NCPA") and the Trustee, as successor trustee.

On behalf of the Agency, you are hereby notified that:

1. NCPA has exercised its option to redeem all of the Bonds 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 Bonds, 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. on the Redemption Date, the Redemption Price shall be due and payable.
by the Trustee at:

BY MAIL:

U.S. Bank National Association
100 Wall Street
New York, New York 10005

BY HAND OR OVERNIGHT DELIVERY:

U.S. Bank National Association
100 Wall Street
New York, New York 10005
Telephone: (212) ____ - ____

EXHIBIT C

FORM OF NOTICE OF DEFEASANCE

**NORTHERN CALIFORNIA POWER AGENCY
GEOTHERMAL PROJECT NUMBER 3 REVENUE BONDS
2009 SERIES A**

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>CUSIP</u>
March 24, 2009	July 1, 2020	\$2,815,000	664845CM4
March 24, 2009	July 1, 2021	2,970,000	664845CN2
March 24, 2009	July 1, 2022	3,135,000	664845CP7
March 24, 2009	July 1, 2023	3,305,000	664845CQ5
March 24, 2009	July 1, 2024	3,480,000	664845CR3

TO: The Owners of the above-captioned bonds (the "Bonds")

U.S. Bank National Association, as trustee (the "Trustee") is hereby providing notice of defeasance of the Bonds in accordance with the Indenture of Trust, dated as of November 1, 1983 (the "Indenture"), by and between the Northern California Power Agency ("NCPA") and U.S. Bank National Association, as successor trustee (the "Trustee") relating to the Bonds. As of the date hereof, proceeds in the Escrow Fund established under the Escrow Agreement, dated the date hereof (the "Escrow Agreement"), among the Trustee, as escrow agent and NCPA, will be used to pay the principal and interest with respect to the Bonds, as directed in the Escrow Agreement. The Bonds will be redeemed on July 1, 2019.

Capitalized terms used but undefined herein shall have the meaning given such terms in the Indenture.