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Minutes - Draft

To: NCPA Commission

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

Subject: April 20, 2017, NCPA Commission Meeting

Item #1 – Call Meeting to Order and Introductions

Chair Bob Lingl called the meeting to order at 9:30 am at NCPA's Roseville Office, 651 Commerce Drive, Roseville, California. A quorum was present. Introductions were made. Those in attendance are shown on the attached attendance list.

Item #2 – Approve Minutes of the March 23, 2017, Regular Commission Meeting, and the April 5, 2017, Special Commission Meeting

Motion: A motion was made by Roger Frith and seconded by Teresa O'Neill to approve the Minutes of the March 23, 2017, Commission meeting and the April 5, 2017, Special Commission meeting. The motion carried unanimously on a roll call vote of those members present.

PUBLIC FORUM

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

REPORTS AND COMMITTEE UPDATES

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

General Manager Randy Howard reported:

- Gave an update on NCPA's Support and Shared Services agreements and provided a copy of the monthly status report.
- Provided an update on member visits. Met with Alameda, Santa Clara and Lompoc this past week.
- Brief update on CMUA's Annual Conference held last week. Held a joint leadership meeting with CMUA and SCPA. Continuing to focus on advocacy efforts and training.
- Provided an Overhead Design & Construction class flyer, an upcoming NCPA training class scheduled to be held at NCPA on May 31-June 2.
- NCPA hosted the Transmission Access Policy Study (TAPS) Group earlier this month.
- CEC/CPUC workshop scheduled on May 19 in Sacramento to discuss transmission concerns.

- Update on settlement discussions with PG&E regarding the TO18 transmission case. Meetings with PG&E are going well.
- NCPA's Federal Policy Conference is scheduled for week in Washington, D.C.
- Met with Pablo Arroyave with the Bureau of Reclamation regarding concerns with operations and maintenance.
- This week spoke and gave a presentation to the Engineering Department at Cal Poly. Great turnout of students.

Item #4 – Executive Committee

Committee Chair Bob Lingl reported that the Committee did not meet.

Item #5 – Facilities Committee

Assistant General Manager Dave Dockham reported the Committee met once since the last Commission meeting. The Committee met and discussed items 12-21, 23, and 24 on today's Agenda. The Committee recommended Commission approval of all items. The Committee also heard a report and received an overview on plant operations.

Item #6 – Finance Committee

Committee Chair Madeline Deaton reported that the Committee met under a special meeting notice and discussed the FY2018 budget and the long-term funding plan for NCPA pension plan, and the external auditors and financial advisors RFPs. The next Committee meeting is on May 10.

Item #7 – Legal Committee

Acting General Counsel Ruthann Ziegler reported that the Committee met once since the last Commission meeting. The Committee discussed closed session item 25 on today's Agenda. There was no reportable action taken at the meeting.

Item #8 – Legislative & Regulatory Affairs Committee

Committee Vice Chair Teresa O'Neill reported that the Committee met yesterday, and received a detailed briefing on state and federal legislative and regulatory affairs issues. The Committee heard a discussion on NCPA's federal policy priorities in advance of congressional and agency visits, and an overview of the Federal Policy Conference program and logistics. The NCPA/NWPPA Federal Policy Conference is scheduled on April 23-27. The next Committee meeting is on August 23.

Item #9 – Members' Announcements & Meeting Reporting

Monica Padilla, **Palo Alto**, reported that Palo Alto is seeking approval of the NCPA Support Services Agreement and the Supplement No. 1 to the Amended and Restated NCPA Joint Powers Agreement adding the City of Shasta Lake at their May 8 Council meeting.

Mel Grandi, **Ukiah**, reported that Ukiah is hosting the May NCPA Commission meeting on May 25, and gave a brief overview of the tour activities scheduled on May 24. A flyer of the activities was provided.

CONSENT CALENDAR

Prior to the roll call vote to approve the Consent Calendar, the Commissioners were polled to determine if any member wished to pull an item or abstain from one or more items on the Consent Calendar. No items were pulled from Consent.

Motion: A motion was made by Mark Chandler and seconded by Mel Grandi to approve the Consent Calendar consisting of Items 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, and 22. The motion carried by a majority of those members present on a roll call vote with the abstentions noted below for each item. *BART, Port of Oakland, Redding and Truckee Donner were absent.*

Item #10 – NCPA’s Financials for the Months Ended March 31, 2017 – approval by all members.

Item #11 – Treasurer’s Report for the Months Ended March 31, 2017 – accept by all members.

Item #12 – Resolution No. 17-25, Power Engineers, Inc. – Five Year Multi-Task Professional Services Agreement for General Engineering Services; Applicable to the following projects: All NCPA, NCPA Members, SCPPA and SCPPA Member Facilities – adopt resolution by all members authorizing the General Manager or his designee to enter into a Multi-Task Professional Services Agreement with Power Engineers, Inc. for general engineering services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000 over five years for use at all facilities owned and/or operated by NCPA, NCPA Members, the Southern California Public Power Authority (“SCPPA”) and SCPPA Member facilities.
Fiscal Impact: Total cost of the agreement is not to exceed \$1,000,000 over five years to be used out of NCPA approved budgets as services are rendered. Purchase orders referencing the terms and conditions of the agreement will be issued following NCPA procurement policies and procedures.

Item #13 – Resolution No. 17-26, Airgas USA, LLC – First Amendment to Five Year Multi-Task Agreement for Purchase of Equipment, Material and Supplies; Applicable to the following projects: All NCPA Generation Services Plant Locations, Members, SCPPA, and SCPPA Members – adopt resolution by all members authorizing the General Manager or his designee to enter into a First Amendment to Multi-Task Agreement for Purchase of Equipment, Material and Supplies with Airgas USA, LLC, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$750,000 over five years for use at any facilities owned and/or operated by Agency, its Members, Southern California Public Power Authority (“SCPPA”) or SCPPA Members.
Fiscal Impact: Total cost of the agreement is not to exceed \$750,000 over five years to be used out of NCPA approved budgets as services are rendered. Purchase orders referencing the terms and conditions of the agreement will be issued following NCPA procurement policies and procedures.

Item #14 – Resolution No. 17-27, Schweitzer Engineering Laboratories, Inc. – First Amendment to Five Year Multi-Task Professional Services Agreement; Applicable to the following projects: All NCPA Generation Services Plant Locations, Members, SCPPA, and SCPPA Members – adopt resolution by all members authorizing the General Manager or his designee to enter into a First Amendment to Multi-Task Professional Services Agreement with Schweitzer Engineering Laboratories, Inc., with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000 over five years for use at any facilities owned and/or operated by Agency, its Members, Southern California Public Power Authority (“SCPPA”) or SCPPA Members.
Fiscal Impact: Total cost of the agreement is not to exceed \$1,000,000 over five years to be used out of NCPA approved budgets as services are rendered. Purchase orders referencing the terms and conditions of the agreement will be issued following NCPA procurement policies and procedures.

Item #15 – Resolution No. 17-28, HDR Engineering, Inc. – Five Year Multi-Task Professional Services Agreement for Engineering Services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA, and SCPPA Members – adopt resolution by all members authorizing the General Manager or his designee to enter into a Multi-Task Professional Services Agreement with HDR Engineering, Inc. for engineering services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000 over five years for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members.

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

Item #16 – Resolution No. 17-29, Precision Pump and Machine – KSB, Inc. – First Amendment to Five Year Multi-Task General Services Agreement; Applicable to the following projects: All NCPA Generation Services Plant Locations, Members, SCPPA, and SCPPA Members – adopt resolution by all members authorizing the General Manager or his designee to enter into a First Amendment to Multi-Task General Services Agreement with Precision Pump and Machine - KSB, Inc., with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$260,000 over five years for use at any facilities owned and/or operated by Agency, its Members, Southern California Public Power Authority (“SCPPA”) or SCPPA Members.

Fiscal Impact: Total cost of the agreement is not-to-exceed \$260,000 over five years to be used out of NCPA approved budgets as services are rendered. Purchase orders referencing the terms and conditions of the agreement will be issued following NCPA procurement policies and procedures

Item #17 – Resolution No. 17-30, Brian Davis dba Northern Industrial Construction – Five Year Multi-Task General Services Agreement for General Services; Applicable to the following projects: All NCPA Generation Services Plant Locations, Members, SCPPA, and SCPPA Members – adopt resolution by all members authorizing the General Manager or his designee to enter into a Five Year Multi-Task General Services Agreement with Brian Davis dba Northern Industrial Construction with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000 for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members.

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

Item #18 – Resolution No. 17-31, Alliance Cooling Products and Construction, Inc. – Five-Year Multi-Task General Services Agreement for General Services, Applicable to the following projects: All NCPA Generation services Plant Locations, Members, SCPPA, and SCPPA Members – adopt resolution by all members authorizing the General Manager or his designee to enter into a Five Year Multi-Task General Services Agreement with Alliance Cooling Products and Construction, Inc. for maintenance services with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000 for use at all facilities owned and/or operated by NCPA, its Members, Southern California Public Power Authority (“SCPPA”), or SCPPA Members.

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

Item #19 – Resolution No. 17-32, Epidendio Construction, Inc. – Five Year Multi-Task General Services Agreement for Maintenance Services; Applicable to the following projects: All NCPA Generation Services Plant Locations, Members, SCPPA, and SCPPA Members – adopt resolution by all members authorizing the General Manager or his designee to enter into a Five Year Multi-Task General Services Agreement with Epidendio Construction, Inc. for maintenance services, including grading, excavation, paving, demolition, gravel and/or water hauling, seal coating, and related labor and materials, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000 for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members.
Fiscal Impact: Total cost of the agreement is not to exceed \$1,000,000 over five years to be used out of NCPA approved budgets as services are rendered. Purchase orders referencing the terms and conditions of the agreement will be issued following NCPA procurement policies and procedures.

Item #20 – Resolution No. 17-33, Kestrel Power Engineering LLC – Five Year Multi-Task Professional Services Agreement for Engineering Services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA and SCPPA Members – adopt resolution by all members authorizing the General Manager or his designee to enter into a Five Year Multi-Task Professional Services Agreement with Kestrel Power Engineering LLC for engineering consulting services related to project support and plant operations, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000 over five years for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members.
Fiscal Impact: Upon execution, the total cost of the agreement is not to exceed \$1,000,000 over five years to be used out of NCPA approved budgets as services are rendered. Purchase orders referencing the terms and conditions of the agreement will be issued following NCPA procurement policies and procedures

Item #21 – Resolution No. 17-36, Approval of Amendment to Facilities Schedule 5 of the Amended and Restated Facilities Agreement – adopt resolution by all members approving an amendment to Facilities Schedule 5 of the Amended and Restated Facilities Agreement to update the CT1 Project Statistics contained in Section 1.3, to ensure the operating parameters remain consistent with the CAISO Master File.
Fiscal Impact: Costs associated with staff time and resources required to develop the amended Facilities Schedule 5 are accounted for in existing NCPA budget categories.
Palo Alto abstained.

Item #22 – Resolution No. 17-37, Approving Legal Services Agreement with Law Offices of Susie Berlin - adopt resolution by all members appointing the Law Offices of Susie Berlin as NCPA outside Special Counsel/Regulatory Affairs, and authorize the General Manager to execute a five year contract for these services to be paid at an hourly rate of \$335 through June 30, 2017, increasing to an hourly rate of \$390 effective July 1, 2017, with a not to exceed amount \$350,000 annually.
Fiscal Impact: The Law Offices of Susie Berlin currently represents NCPA in this area. The firm’s hourly rate for the past four years has been \$335. Under the attached contract, the hourly rate for the firm’s services will remain at this level through June 30, 2017. Effective July 1, 2017, the hourly rate will increase to \$390. Payments under this contract are not to exceed \$350,000 annually. The hourly rate does not include expenses. However, the annual cap includes all expenses.

The FY 2017 NCPA Legislative and Regulatory Affairs Committee Budget includes funding to cover expected costs for these special counsel services through the balance of this fiscal year. The FY 2018 NCPA Legislative and Regulatory Affairs Program budget that the Legislative and Regulatory Affairs Committee has recommended for Commission approval includes \$300,000 for these services. Because

the Law Offices of Susie Berlin represents other public power clients with shared interests in the regulatory arena, the firm splits the cost of its representation on issues among its clients with common interests, which results in a reduction of overall costs for NCPA on most proceedings. The contract includes provisions that would enable individual NCPA members to retain the Law Offices of Susie Berlin at the same hourly rate and in accordance with this contract as needed, subject to approval by the NCPA General Manager.

DISCUSSION/ACTION ITEMS

Item # 23 – Resolution No. 17-34, Ford Construction, Inc. Public Works Agreement - Adit 4 Spoils Facility Repair Project; Applicable to the following project: Hydroelectric Generation Services Facility – adopt resolution by all members authorizing the General Manager to execute a public works agreement with Ford Construction, Inc. and to issue purchase orders and change orders for not to exceed \$2,897,507 for construction of the Adit 4 Spoils Facility Repairs at the NCPA Hydroelectric Project.

Fiscal Impact: The total cost of the Adit 4 Spoils Facility Repair Project is now estimated to be \$3.46M which includes \$285,477 spent to date for design and interim repairs. Previous budget estimates to complete the repair were \$4.15M. Based upon the construction bid, expenditures in 2017 (FY 2018) are now anticipated to be \$3.1M which includes construction, outside construction engineering services, and an 18% contingency. \$500,000 was included in the current fiscal year budget. The proposed FY2018 Hydroelectric budget proposes collecting another \$1,185,000 in FY2018 and using previously collected funds available in the Hydroelectric Capital Development Reserve to fund the Adit 4 Spoils Facility Repair Project until the Capital Development Reserve can be refunded by Insurance Claim payments or collections in the FY2019 Hydroelectric Budget. On February 9, 2017, the Hydroelectric Project insurance underwriters determined that the Adit 4 Spoils Facility was a covered named asset and that the Adit 4 Spoils Facility Repair Project would be covered by insurance, minus the \$500,000 deductible and items considered as a betterment. The betterments portion of the Project are yet to be determined.

The Commission, on August 17, 2016, authorized the General Manager or his designee to issue purchase orders for not to exceed amount of \$500,000 against previously approved Multi-Task Services Agreements for engineering and permitting support associated with the Adit 4 landslide. The current request is for authorization for the General Manager or his designee to issue purchase orders for not to exceed \$2,897,507 for actual construction.

Assistant General Manager Ken Speer provided the Commission with a detailed presentation on the Adit 4 Spoils Facility Report Project.

Motion: A motion was made by Mel Grandi and seconded by Mark Chandler to adopt resolution authorizing the General Manager to execute a public works agreement with Ford Construction, Inc. and to issue purchase orders and change orders for not to exceed \$2,897,507 for construction of the Adit 4 Spoils Facility Repairs at the NCPA Hydroelectric Project. The motion carried by a majority on a roll call vote of those members present. *BART, Port of Oakland, Redding and Truckee Donner were absent.*

Item # 24 – Resolution No. 17-35, Approval of Fiscal Year 2018 Annual Budget – adopt resolution by all members approving the FY 2018 Annual Agency Budget.

Fiscal Impact: Total proposed annual budget cost for FY 2018 is approximately \$361.7 million, which represents an increase of 10.1% or a 33.2 million dollar increase over the FY 2017. The Executive Summary section of the budget document contains an analysis of the overall budget. Allocation of the FY 2018 budget between members and LEC project participants are based on participation levels in NCPA programs and projects and the approved cost allocations.

Assistant General Manager/CFO Monty Hanks gave a presentation on the changes to the proposed annual budget for FY18. The Legislative & Regulatory Affairs Committee, the Facilities Committee and the Lodi Energy Center Project Participants Committee have recommended approve of their proposed budgets.

Motion: A motion was made by Roger Frith and seconded by Madeline Deaton to adopt resolution approving the FY 2018 Annual Agency Budget. The motion carried by a majority on a roll call vote of those members present. *BART, Port of Oakland, Redding and Truckee Donner were absent*

Non essential staff and attendees left the meeting during closed session item 25.

CLOSED SESSION

Item #25 – Conference with Legal Counsel – Existing litigation pursuant to Government Code Section 54956.9(d)(1): Name of case: *Northern California Power Agency, City of Redding, City of Roseville, and City of Santa Clara v. the United States*, Court of Federal Claims no. 14-817C.

RECONVENED TO OPEN SESSION

All meeting attendees rejoined the meeting.

REPORT FROM CLOSED SESSION

Closed Session Disclosure: Assistant General Counsel Ruthann Ziegler stated there was no reportable action taken on closed session Item 25.

INFORMATIONAL ITEMS

Item #26 – Hydrology Report – update and presentation

Assistant General Manager Ken Speer gave an update and presentation on the hydroelectric project.

NEW BUSINESS

No new business was discussed.

ADJOURNMENT

The April 20, 2017, Commission meeting was adjourned at 11:15 am.

Respectfully submitted,

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CARY A. PADGETT

Assistant Secretary to the Commission

Attachments

**Northern California Power Agency
Commission Meeting of April 20, 2017
COMMISSIONER
Attendance List**

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

MEMBER	NAME
ALAMEDA	Madelene Cleaton
BIGGS	Ron J. [Signature]
GRIDLEY	GARY Davidson PAUL ECKERT
HEALDSBURG	[Signature]
LODI	Mark Chandler
LOMPOC	[Signature]
PALO ALTO	Dean Batchelder
PORT OF OAKLAND	
PLUMAS-SIERRA REC	Shirley Brogo
REDDING	
ROSEVILLE	Michene Bertoli
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT	
SANTA CLARA	Teresa O'ne
TRUCKEE DONNER	
UKIAH	Mel G.

**Northern California Power Agency
Commission Meeting of April 20, 2017
Attendance List**

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

NAME	AFFILIATION
Michelle Schullentrager	NCPA
Monica Peltz	PALO ALTO
John Houshens	SUP - Santa Clara
Barry Lala	ALAMEDA
David Hagele	Healdsburg
TERRY CROWLEY	HEALDSBURG
Roger Frith	Biggs
Ken Speer	NCPA
Joe Mandell	Roseville
MONTY HANKS	NCPA
Jane Cirvinione	NCPA
Dore Dockson	NCPA
Tom Miller	SHASTA LAKE
Mike Brozo	PSREC
LIZ KIRKLEY	LODI
Ruthann Ziegler	NCPA legal counsel
Randy Howard	NCPA
Bob Lewis	Compo
Cam Padgett	UNCPA

**Northern California Power Agency
ROLL CALL VOTE**

Topic: item 24

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

Passed and adopted this 20th day of April 2017, by the above vote on roll call.

Bob Lingl
BOB LINGL
Chair

ATTEST: Cary A. Padgett
CARY A. PADGETT
Assistant Secretary

**Northern California Power Agency
ROLL CALL VOTE**

Topic: _____

item 23

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

Passed and adopted this 20th day of April 2017, by the above vote on roll call.

BBC.
BOB LINGL
Chair

ATTEST:

CARY A. PADGETT
CARY A. PADGETT
Assistant Secretary

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: 4/20/17

Consent Items Listed on the Agenda: # 10 to #

Consent Items Removed from the Agenda and Approved Separately:

0

ROLL-CALL VOTE BY MEMBERS: LODI / Ukiah

Member	Item Numbers Abstained	Vote	Absent
Alameda		✓	
BART			X
Biggs		✓	
Gridley		✓	
Healdsburg		✓	
Lodi		✓	
Lompoc		✓	
Palo Alto	21	✓	
Port of Oakland			X
Redding			X
Roseville		✓	
Santa Clara		✓	
Truckee Donner			✓
Ukiah		✓	
Plumas-Sierra			
		✓	

ATTEST:

Cary A. Padgett
 Assistant Secretary to the Commission



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Commission Staff Report

AGENDA ITEM NO.: 5

Date: May 25, 2017
To: NCPA Commission
Subject: May 3, 2017 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: May 3, 2017 Facilities Committee Meeting Minutes

1. **Call Meeting to Order & Roll Call** - The meeting was called to order by Committee Vice Chair Mike Brozo at 9:03am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Alan Hanger, Barry Leska, Debbie Whiteman, and Sarah Liuba (Alameda), Paul Eckert (Gridley), Tikan Singh (Lompoc), Jim Stack and Monica Padilla (Palo Alto), Basil Wong (Port of Oakland), and Steve Hance (Santa Clara). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Biggs, Healdsburg, TID, and Ukiah were absent. A quorum of the Committee was established.

PUBLIC FORUM

No public comment.

2. **Approve Minutes from the April 5th Facilities Committee Meetings** – A motion was made by Monica Padilla and seconded by Shannon McCann recommending approval of the April 5th Facilities Committee Meeting Minutes. A vote was taken by roll call: YES = Alameda, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. The motion passed.
3. **Andritz Hydro Amended Terms and Conditions for Limited Scope of Equipment Supply Agreement** – Staff recommended approval of a five year amended terms and conditions for Limited Scope of Equipment Supply Agreement with Andritz. This agreement will have a not-to-exceed amount of \$2,500,000. Andritz was the original designer, manufacturer, and supplier of many of the major components of the Collierville powerhouse. NCPA's existing agreement with Andritz expires on August 9th, 2017. A draft Commission Staff Report was available for review.

Motion: A motion was made by Monica Padilla and seconded by Shannon McCann recommending Commission approval of an Amended Terms and Conditions Agreement with Andritz Hydro for electromechanical parts and equipment for the Collierville powerhouse, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$2,500,000 over five years for use at the hydroelectric facilities owned and/or operated by NCPA. A vote was taken by roll call: YES = Alameda, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville, and Santa Clara. ABSTAIN = Port of Oakland. The motion passed.

4. **Beaver Creek Reservoir and Related Facilities Project** – Staff recommended approval for repair, restoration and/or replacement of portions of the Beaver Creek Reservoir and related facilities at the NCPA Hydroelectric Project. In February of 2017, the Commission declared a State of Emergency at NCPA's Hydro facilities. The large storms over the course of the winter caused excessive amounts of sediment and debris to be deposited in Beaver Creek. The low-level outlet, fish screen area, and diversion tunnels are all blocked. Staff shared photos of the

debris in Beaver Creek. If the sediment and debris are not removed this year, power generation in subsequent years could be severely impacted (staff estimates revenue loss could be as much as \$1.7M).

NCPA has applied for Emergency Permitting to expedite the issuing of permits and allow repair work to begin as soon as possible. The scope of work is not fully known as this time. Staff shared with the Facilities Committee some of the restrictions and conditions that NCPA will have to adhere to with this Emergency Permit.

Staff discussed budgeting for the required work. There is the potential that NCPA can apply for reimbursement for some of the repair costs with FEMA/NCPA's insurance provider. Staff estimates the project will cost \$0.7M. Members asked whether some of the emergency funds NCPA intends to use to pay for repairs have already been committed to the landslide emergency work (Adit 4). Staff explained those emergency funds will not be needed for Adit 4 repairs, as the bids for that project came in under budget and NCPA anticipates pre-payments from insurance to complete the Adit 4 repair work.

Motion: A motion was made by Shannon McCann and seconded by Jiayo Chiang recommending the Commission to authorize the General Manager to enter into one or more agreements, with a total not-to-exceed for all agreements of \$1,000,000 for repair, restoration and/or replacement of portions of the Beaver Creek Reservoir and related facilities at the NCPA Hydroelectric Project. A vote was taken by roll call: YES = Alameda, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville, and Santa Clara. ABSTAIN = Port of Oakland. The motion passed.

5. **Sage Engineers, Inc. First Amendment** – Staff recommended approval of a First Amendment to the Multi Task Professional Services Agreement with Sage Engineers, Inc. This Amendment increases the contract value from \$225k to \$1,000,000, and also expands the Scope of Work. The original MTSA was signed in September 2016. Since then, Sage Engineers, Inc. have absorbed California Electrical Services, another engineering consulting company with which NCPA had an existing agreement, with a not-to-exceed amount of \$750k. This First Amendment simply accounts for the merging of these two companies. Sage has not requested any changes to the Terms and Conditions.

Motion: A motion was made by Mike Brozo and seconded by Shannon McCann recommending Commission approval for the General Manager or his designee to enter into a First Amendment to the Multi-Task Professional Services Agreement with Sage Engineers Inc., for engineering consulting services related to project support and plant operations, with any non-substantial changes recommended and approved by the NCPA General Counsel. First amendment seeks to increase the contract value from \$225,000 to a not-to-exceed amount of \$1,000,000 over five years for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority ("SCPPA"), or by SCPPA Members. A vote was taken by roll call: YES = Alameda, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville, and Santa Clara. ABSTAIN = Port of Oakland. The motion passed.

6. **Knights' Electric MTGSA** – Staff recommended approval of a five-year Multi-Task General Services Agreement with Knights' Electric, Inc. This would be for use at all NCPA Facilities, Members and SCPPA/Members. Staff explained this agreement would be for as-needed maintenance services, including termination/demolition of existing equipment, lighting in power plants, Steam field and facility buildings, and troubleshooting electric equipment and circuits, among other things. A draft Commission Staff Report was available for review.

Motion: A motion was made by Jiayo Chiang and seconded by Monica Padilla recommending Commission approval of a Five Year Multi-Task General Services Agreement with Knights' Electric, Inc. with any nonsubstantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$750,000 for use at all facilities owned and/or

operated by Northern California Power Agency (NCPA), its Members, by the Southern California Public Power Authority (SCPPA), or by SCPPA Members. A vote was taken by roll call: YES = Alameda, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville, and Santa Clara. ABSTAIN = Port of Oakland. The motion passed.

7. Melissa Price brought up the possibility of enacting a consent calendar in the Facilities Meetings for approving enabling agreements (similar to voting structure utilized by LEC/PPC and the Commission). There were no objections to exploring this option by any of the Facilities Members present. Jane Luckhardt (NCPA Legal Counsel) did not see any issues. Dave Dockham said he would put it on the agenda of the next Commission Meeting for further discussion.
8. **Scheduling Coordination Program Agreement (SCPA) Appendix B** – Staff recommended approval of changes to the settlements charge codes in the Scheduling Coordination Program Agreement (SCPA) Appendix B. Staff shared an overview of the proposed changes. These changes are needed as a result of the recent implementation of the CAISO's new Flexible Ramping Product, the Resource Adequacy Availability Incentive Mechanism (RAAIM), and the Capacity Procurement Mechanism. These changes will allow NCPA to be more precise in specifying where funds are being allocated. NCPA does not anticipate these changes to the charge codes will result in any significant monetary increase for Members.

Members expressed concern about the new changes to the RAAIM, and whether these changes could potentially result in Members being fined by the CAISO more often. Staff explained that NCPA is drafting an internal Resource Adequacy cheat sheet to assist the Members in avoiding penalties when selling excess flex capacity. NCPA also explained that certain sales will be exempt from the fines. NCPA will share this cheat sheet with Members once it is complete.

Motion: A motion was made by Jiayo Chiang and seconded by Mike Brozo recommending Commission approval of the proposed changes to the settlements charge codes in the Scheduling Coordination Program Agreement Appendix B related to the post-implementation of the CAISO's Flexible Ramping Product, Resource Adequacy Availability Incentive Mechanism (RAAIM), and Capacity Procurement Mechanism. A vote was taken by roll call: YES = Alameda, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. The motion passed.

9. **Steam Field Operations Forecast Report** – Staff recommended approval of the 2017 Steam Field Operations Report, as well as approval of the two-zone operation in the geothermal field for FY18. Staff shared a PowerPoint which highlighted some of the repair/maintenance projects that were completed/are currently underway at the NCPA steam fields. Staff shared charts showing the average injection rate over the past sixteen years; injection for 2016 was 40% higher than the historic averages. Staff also shared a proposed plan of injection at the geothermal fields, in which NCPA would operate two distinct injection zones.

Members asked whether these latest generation forecasts were included in the 10-year forecast NCPA had presented with the budget. This latest steam field forecast will be included in next year's 10-year forecast model. Members also expressed concern about the trending up of non-condensable gas. Staff acknowledged that this is concerning, as it can affect efficiency, but assured Members that it is simply an indication that water needs to be spread more efficiently throughout the geothermal fields.

Motion: A motion was made by Shannon McCann and seconded by Mike Brozo recommending Commission approval of the 2017 Steam Field Operations Forecast Report, dated April 2017 as the Geothermal Operating Protocol effective July 1, 2017, as well as approval of the two zone operation in the geothermal field for FY18. This Operating Protocol is

to remain in effect until replaced by the Commission. A vote was taken by roll call: YES = Alameda, Gridley, Lodi, Lompoc, Plumas-Sierra, and Roseville. ABSTAIN = Palo Alto and Port of Oakland. The motion passed.

- 10. Flynn RCI BAMx Agreement** – Staff recommended approval of a Professional Services Agreement between NCPA and the BAMx Participants and a Consulting Services Agreement between NCPA and Flynn Resource Consultants Inc. This will be a continuation of an existing agreement which expires soon. Staff outlined the scope of services included; there are no notable changes between the previous contract and the new one.

NCPA has decided to extend the term of the new agreement for 3 years, which requires an increase in the not-to-exceed amount. As a result, NCPA has added additional language limiting the annual amounts that can be spent under this new agreement. There was discussion about the administrative fee associated with this agreement, and whether the current fee structure is still appropriate now that this agreement will be a multi-year agreement. NCPA staff as agreed to examine the fee structure. A draft of the agreement was available for review.

Motion: A motion was made by Monica Padilla and seconded by Melissa Price recommending Commission approval of: (i) the Professional Services Agreement between NCPA and the BAMx Participants, and (ii) the Consulting Services Agreement between NCPA and Flynn Resource Consultants Inc., and delegation of authority to the General Manager of NCPA to enter into the agreements, on behalf of NCPA, including any non-substantive modifications to the agreements approved by NCPA's General Counsel. Members request that NCPA staff examine administrative fee in light of the multi-year nature of the agreement, and examine administration of additional services. A vote was taken by roll call: YES = Alameda, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville, and Santa Clara. ABSTAIN = Port of Oakland. The motion passed.

- 11. Flynn RCI Transmission Support Consulting Services Agreement** – Staff initially planned to enter into this agreement so that NCPA could active engage Flynn RCI in participating in transmission planning/study costs. Staff explained those costs have been increasing lately, particularly with the TO18 Proceedings and the FERC complaint against PG&E attempting to drive PG&E to establish a formal transmission planning process. After careful consideration, NCPA Staff have decided to pull this agenda item. Staff explained that a second Flynn RCI agreement is unnecessary, and that they plan to utilize the current agreement.

Members asked whether NCPA planned to pay all the costs for TO18 and, if not, where the funds would come from. Staff explained that they would utilize funds already set aside in the Judicial Action Budget. If additional funds are needed, they will seek recommendations from the Members/Commission at that time.

There was no motion to approve this item as the item had been pulled by NCPA Staff.

- 12. Authorization to Provide Services to Sierra Valley Energy Authority** – Staff recommended approval for NCPA to develop a Services Agreement for NCPA's provision of scheduling and power management services to the Sierra Valley Energy Authority. The Sierra Valley Energy Authority is the result of Placer County forming a JPA. The purpose of the agreement presented was to define the scheduling and portfolio services NCPA could provide. Staff shared the draft services agreement, and noted that NCPA has similar agreements with Merced and PCWA.

Staff discussed the underlying model used in drafting the proposed compensation. Members asked how much of the revenue will be allocated to A&G. It was agreed that a follow-up meeting would be needed to discuss the cost model used, as well as the revenue allocation for this new agreement. Staff proposed that Committee agree to the amount but that the cost allocation model could be approved in a Special Facilities Committee meeting later this month.

Members also voiced concern about NCPA resources, and the strain this new agreement may have on current staff and workload levels. Staff responded that the most time-intensive portion would be the set-up of the agreement. NCPA does not anticipate the need to add any additional resources or personnel as a result of this agreement.

Motion: A motion was made by Mike Brozo and seconded by Shannon McCann recommending Commission approval of the offer amount based on the cost allocation methodology for negotiation purposes. A Special Facilities Meeting will be scheduled to further assess the accuracy of the revenue allocation tied to the presentation Cost Allocation. A vote was taken by roll call: YES = Alameda, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. The motion passed.

- 13. Alameda CT1, Lodi CT1 & CT2 Decommissioning Reports** – Staff shared a presentation focused on future decommissioning of the Alameda CT1 and the Lodi CT1 and CT2. Staff outlined what decommissioning each unit would entail, and shared estimated timing for decommissioning (Staff estimates the earliest the units could be decommissioned would be around 2026).

Staff assured Members these projects are still valuable assets, and shared a chart showing the value of the projects based on the number of Starts and Hours Run from January through April 2017 to highlight this fact. Staff also shared potential upgrades and future improvements that could be made as an alternative to decommissioning the units.

- 14. Geothermal Facilities Decommissioning Reports** – Staff shared a presentation focused on future decommissioning of the Geothermal Facility. In 2006, NCPA hired an external contractor to put together a report on estimated cost to decommission the geothermal facilities, using the year 2034 as the Abandonment Date; in that original report, the cost to decommission would have been \$46 M.

NCPA recently hired Black & Veatch to perform an updated decommissioning study. Black & Veatch estimated the abandonment costs in the year 2044 would be \$59.3 M (roughly \$27 M more than the 2006 estimate). Staff feel that Black & Veatch estimates are more accurate, as they account for prevailing wages, additional infrastructure, and also factor in a 15% contingency.

NCPA staff plans to further analyze the results from the latest decommissioning study, and will return to the Facilities Committee in fall 2017 to present a plan with recommended annual contributions from members towards future decommissioning. Staff will also reassess the 2044 retirement date and whether that is still feasible.

- 15. 2017 Western REC Letter of Agreement** – Staff recommended approval of a Letter of Agreement allowing NCPA to participate in WAPA's 2017 REC Program on behalf of select Members. The Members participating are Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Plumas-Sierra REC, Port of Oakland and Ukiah. NCPA is required to enter into the Letter of Agreement in order to receive RECs on behalf of the participating Members. The term for this LOA would be one year, at an estimated cost of \$10k for the term of the agreement. Costs are allocated to the participating Members based on participation percentage.

Motion: A motion was made by Jiayo Chiang and seconded by Mike Brozo recommending Commission adopt and approve Letter of Agreement 17-SNR-02051, and authorize the General Manager of NCPA to execute Letter of Agreement 17-SNR-02051, on behalf of NCPA, including any non-substantive modifications to Letter of Agreement 17-SNR-02051 approved by NCPA's General Counsel. A quorum of the Committee was not established during the presentation of this item. An informal tally of the Members present was conducted: YES = Alameda, Lodi, Lompoc, Plumas-Sierra, and Roseville. ABSTAIN = Port of Oakland and Santa Clara.

- 16. Amendment to the BART SMSA** – Staff recommended approval of an amendment to the BART Single Member Services Agreement (SMSA). This amendment would enable NCPA to contract with EnergyGPS, a third-party consultant, on behalf of BART. NCPA staff shared the specific services that EnergyGPS would be providing to BART. The term of the amendment would be through 12/31/2018, with a not-to-exceed amount of \$200,000.

Staff provided some background on EnergyGPS. Members questioned why it was necessary for BART to go through NCPA for this agreement, as opposed to going through their own approval process. Members also expressed concerns about whether BART followed any formal bidding process or attempted to solicit bids from alternative consulting firms. The Port of Oakland wanted it reflected in the minutes that they were displeased with the use of EnergyGPS, due to the history of criminal activities of some of the consultants employed by EnergyGPS. NCPA Staff noted the concerns expressed by the Members present, and agreed to bring those concerns to BART.

There was no motion made to approve this item.

- 17. Update for IIE Dispute** – NCPA staff provided an update to the Facilities Committee on the DEC'ing issues with CAISO. NCPA has met with CAISO several times. At the conclusion of the last meeting, CAISO agreed to further consider changing the variables in their coding, as long as NCPA agrees not to pursue any lost revenues.

A redline with the proposed changes has been sent to CAISO staff. NCPA will also need to submit a BPM Change Request to CAISO; Staff anticipates this could be a multi-month process. Staff will update the Committee as additional information becomes available.

18. Planning and Operations Update –

- **PG&E Gas Storage & Transport Rate Case:** NCPA has a meeting scheduled next Thursday to discuss the economic and regulatory pressure on natural gas storage. There will also be an additional confidential discussion on settlement frameworks. Ken Speer and Gillian Biedler will attend. Gillian is also working with CAISO to get them involved in future rate proceedings; NCPA would like CAISO to weigh in on market aspects of various cases.
- **PG&E 890:** NCPA continues to meet with PG&E on developing a transmission planning process. The discussions are progressing well. Next step is to establish a process both sides can agree on.
- **Merced Irrigation District and Placer County CCA:** NCPA continues to be actively involved with assisting MEID. Dennis Sismaet and his Dispatchers are working on establish operating procedures, as well as working with NERC compliance divisions. NCPA will begin similar discussions with Placer County CCA soon.
- **Shasta Lake NCPA Membership:** Palo Alto approved Shasta Lake to become full NCPA Member. Tony Zimmer, James Takehara, Ken Goeke and Dave Dockham will be meeting with Shasta Lake this Friday to begin initial discussions on provisioning of Power Management services. All costs will be allocated in accordance with Power Management Contract Allocations.
- Ken Speer gave brief updates on NCPA Facilities:
 - o There were no curtailments at the Geyser's as a result of last month's activities.
 - o Due to the recent heat wave, CT1 has been running at full capacity. Ken estimates that most of the plants will be running at full steam into July as the temperatures continue to climb.
 - o Hydro runoff started last week, with ~ 8% spilling; New Spicer Meadows has come up roughly 1500/acre feet. Staff estimate that NSM will be at capacity by the end of this month.

- NCPA has seen an increase in Exceptional Dispatches from CAISO due to congestion issues.

19. Schedule next meeting date – The next regular Facilities Committee Meeting is scheduled for June 7, 2017. A Special Facilities Meeting will be held on May 17, 2017.

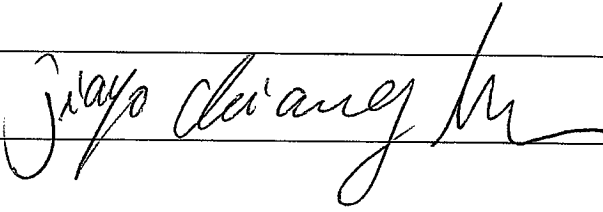
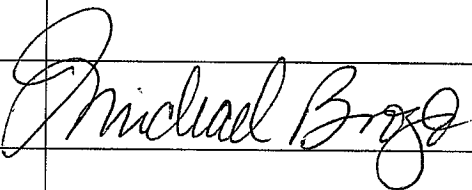
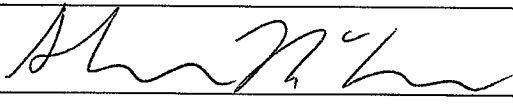
ADJOURNMENT

The meeting was adjourned at 1:53pm.

DRAFT

**Northern California Power Agency
May 3, 2017 Facilities Committee Meeting
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	

**Northern California Power Agency
May 3, 2017 Facilities Committee Meeting
Attendance List**

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

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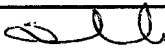
Commission Staff Report

May 18, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: April 2017 Financial Report (Unaudited)

AGENDA CATEGORY: Consent

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

IMPACTED MEMBERS:		
All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of 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"/>	<i>If other, please specify:</i>
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RECOMMENDATION:

Approval by all members.

NOTICE:

The disbursements of the Northern California Power Agency for the month reported herein, will be approved at the May 25, 2017 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 April 2017 financial reports are also included.

FISCAL IMPACT:

This report has no direct budget impact to the Agency.

ENVIRONMENTAL ANALYSIS:

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

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachments: (1)

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

**Schedule of Disbursements
(Unaudited)**

For the Month of April 2017

Operations:

Geothermal	\$ 1,442,250
Hydroelectric	3,281,840
CT#1 Combustion Turbines	154,249
CT#2 STIG	556,013
Lodi Energy Center	2,745,579
NCPA Operating	<u>18,347,032</u>
Total	<u><u>\$ 26,526,963</u></u>

NORTHERN CALIFORNIA POWER AGENCY
REPORT OF BUDGET VS. ACTUAL COST
FOR THE PERIOD ENDED APRIL 30, 2017

PERCENT OF
YEAR ELAPSED
83%

	This Month	Actual Year To-Date	FY 2017 Budget	% Used	
<u>GENERATION RESOURCES</u>					
NCPA Plants					
Hydroelectric					
Other Plant Cost	\$ 1,355,003	\$ 11,109,780	\$ 13,601,891	82%	
Debt Service (Net)	3,187,715	31,877,146	38,252,575	83%	
Annual Budget Cost	4,542,718	42,986,926	51,854,466	83%	
Geothermal					
Other Plant Cost	2,039,042	20,446,319	28,035,560	73%	
Debt Service (Net)	375,667	4,007,394	5,109,745	78%	
Annual Budget Cost	2,414,709	24,453,713	33,145,305	74%	
Combustion Turbine No. 1	241,810	2,842,507	2,648,330	107%	(a)
Combustion Turbine No. 2 (Stig)					
Fuel and Pipeline Transport Charges	94,226	688,110	936,070	74%	
Other Plant Cost	141,513	1,441,939	2,025,600	71%	
Debt Service (Net)	468,797	4,687,973	5,625,568	83%	
Annual Budget Cost	704,536	6,818,022	8,587,238	79%	
Lodi Energy Center					
Fuel	1,862	7,945,105	44,100,578	18%	
Other Plant Cost	1,520,557	15,337,010	22,453,402	68%	
Debt Service (Net)	2,202,269	22,012,649	26,437,261	83%	
Annual Budget Cost	3,724,688	45,294,764	92,991,241	49%	
Member Resources - Energy	3,955,841	37,966,232	45,637,694	83%	
Member Resources - Natural Gas	213,012	4,284,340	4,877,728	88%	(b)
Western Resources	3,636,534	21,603,911	30,288,301	71%	
Market Power Purchases	1,868,258	27,074,259	39,302,363	69%	
Load Aggregation Costs - CAISO	13,246,580	148,209,600	240,128,621	62%	
Net GHG Obligations	-	602,510	2,539,910	24%	
	34,548,686	362,136,784	552,001,197	66%	
<u>TRANSMISSION</u>					
Independent System Operator					
Grid Management Charge	173,120	3,006,951	3,799,908	79%	
Wheeling Access Charge	7,770,181	67,006,429	74,972,258	89%	(c)
Ancillary Services	413,750	2,338,039	1,421,202	165%	(d)
Other Charges	1,258,943	10,599,689	807,975	1312%	(e)
	9,615,994	82,951,108	81,001,343	102%	

NORTHERN CALIFORNIA POWER AGENCY
REPORT OF BUDGET VS. ACTUAL COST
FOR THE PERIOD ENDED APRIL 30, 2017

PERCENT OF
YEAR ELAPSED
83%

	This Month	Actual Year To-Date	FY 2017 Budget	% Used	
MANAGEMENT SERVICES					
Legislative & Regulatory					
Legislative Representation	151,670	1,328,593	1,896,810	70%	
Regulatory Representation	60,974	643,654	794,328	81%	
Western Representation	50,090	458,482	816,695	56%	
Member Services	25,589	298,777	432,215	69%	
Judicial Action	300	546,111	625,000	87%	(f)
Power Management					
System Control & Load Dispatch	396,628	4,079,543	5,621,941	73%	
Forecasting, Planning, Prescheduling & Trading	160,658	1,724,109	2,554,949	67%	
Industry Restructuring & Regulatory Affairs	24,664	244,094	414,128	59%	
Contract Admin, Interconnection Svcs & External Affairs	64,615	681,380	1,136,523	60%	
Green Power Project	159	1,603	17,782	9%	
Gas Purchase Program	4,792	49,681	86,550	57%	
Market Purchase Project	6,621	65,639	127,856	51%	
Energy Risk Management					
Settlements	11,471	138,204	211,925	65%	
Integrated Systems Support	39,857	403,007	861,558	47%	
Participant Pass Through Costs	18,472	101,763	310,532	33%	
Support Services	84,723	1,119,146	1,417,039	79%	
	111,063	213,594	-	N/A	
	1,212,346	12,097,380	17,325,831	70%	
TOTAL ANNUAL BUDGET COST	45,377,026	457,185,272	650,328,371	70%	
LESS: THIRD PARTY REVENUE					
Plant ISO Energy Sales	5,920,216	57,537,970	118,942,685	48%	(g)
Load Aggregation Energy Sales	8,519,513	101,039,569	184,116,660	55%	(h)
Ancillary Services Sales	18,951	2,839,214	3,790,032	75%	
Other ISO Revenue	1,749,272	13,938,653	-	N/A	
Transmission Sales	9,198	91,980	110,376	83%	
Western Credits, Interest and Other Income	2,129,442	19,365,519	14,810,642	131%	
	18,346,592	194,812,905	321,770,395	61%	
NET ANNUAL BUDGET COST TO PARTICIPANTS	\$ 27,030,434	\$ 262,372,367	\$ 328,557,976	80%	

(a) Increase in costs due to greater than projected MWhs of generation. CT1 is at 326% of budgeted MWhs at 4/30/17. Fuel costs, CAISO charges, and other variable costs have all increased as a result of increased generation.

(b) Member Resources Natural Gas budget variance due to unbudgeted gas hedging contract not included in the FY 2017 budget column. Hedging contract with the Department of General Services was executed subsequent to approval of the FY 2017 budget.

(c) Variance due to unbudgeted wheeling access charges related BRT1.

(d) Ancillary Services variance due to higher than budgeted price per MWh.

(e) The large budget to actual variance is caused by unbudgeted CAISO costs including imbalance costs, neutrality allocations, congestion offsets, and other cost allocations. These costs are not budgeted due to their unpredictable nature.

(f) Variance due to ongoing actual costs related to the CVPIA case which are not included in the FY 2017 Budget column.

(g) Variance due to lower than anticipated ISO energy sales for the Lodi Energy Center (LEC). Power values in the CAISO markets remain low. As a result, LEC is at 18% of budgeted generation at 4/30/17.

(h) Market prices down due to increased hydro and solar generation availability in the CAISO markets.

COMBINED STATEMENTS OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

UNAUDITED

	April 30,	
	2017	2016
	(in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 45,539	\$ 39,311
Investments	30,039	29,731
Accounts receivable		
Participants	-	873
Other	252	147
Interest receivable	208	148
Inventory and supplies	9,688	8,907
Prepaid expenses	1,652	130
TOTAL CURRENT ASSETS	87,378	79,247
RESTRICTED ASSETS		
Cash and cash equivalents	37,825	54,709
Investments	190,288	163,287
Interest receivable	570	380
TOTAL RESTRICTED ASSETS	228,683	218,376
ELECTRIC PLANT		
Electric plant in service	1,501,569	1,501,077
Less: accumulated depreciation	(937,593)	(906,891)
	563,976	594,186
Construction work-in-progress	660	106
TOTAL ELECTRIC PLANT	564,636	594,292
OTHER ASSETS		
Regulatory assets	238,789	251,002
Unused vendor credits	54	-
TOTAL ASSETS	1,119,540	1,142,917
DEFERRED OUTFLOWS OF RESOURCES		
Excess cost on refunding of debt	49,673	55,643
Pension deferrals	9,093	5,310
TOTAL DEFERRED OUTFLOWS OF RESOURCES	58,766	60,953
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,178,306	\$ 1,203,870

COMBINED STATEMENTS OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

UNAUDITED

	April 30,	
	2017	2016
	(in thousands)	
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 22,484	\$ 23,048
Member advances	993	993
Operating reserves	20,140	18,637
Current portion of long-term debt	39,090	36,730
Accrued interest payable	13,380	14,280
TOTAL CURRENT LIABILITIES	96,087	93,688
NON-CURRENT LIABILITIES		
Net pension liability	57,774	57,260
Operating reserves and other deposits	141,347	134,194
Interest rate swap liability	16,870	22,373
Long-term debt, net	747,746	787,432
TOTAL NON-CURRENT LIABILITIES	963,737	1,001,259
TOTAL LIABILITIES	1,059,824	1,094,947
DEFERRED INFLOWS OF RESOURCES		
Regulatory credits	71,775	74,327
Pension deferrals	6,599	4,947
TOTAL DEFERRED INFLOWS OF RESOURCES	78,374	79,274
NET POSITION		
Net investment in capital assets	(66,271)	(65,057)
Restricted	75,754	69,662
Unrestricted	30,625	25,044
TOTAL NET POSITION	40,108	29,649
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,178,306	\$ 1,203,870

COMBINED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

UNAUDITED

	Ten Months Ended April 30,	
	2017	2016
	(in thousands)	
OPERATING REVENUES		
Participants	\$ 280,373	\$ 277,182
Other Third-Party	104,859	109,430
TOTAL OPERATING REVENUES	385,232	386,612
OPERATING EXPENSES		
Purchased power	158,665	158,518
Operations	42,251	58,979
Transmission	84,120	68,336
Depreciation	25,629	25,560
Maintenance	12,423	18,195
Administrative and general	15,807	16,209
TOTAL OPERATING EXPENSES	338,895	345,797
NET OPERATING REVENUES	46,337	40,815
OTHER (EXPENSES) REVENUES		
Interest expense	(29,511)	(42,030)
Interest income	1,044	1,879
Other	12,181	5,150
TOTAL OTHER EXPENSES	(16,286)	(35,001)
FUTURE RECOVERABLE AMOUNTS	(10,730)	1,342
REFUNDS TO PARTICIPANTS	(7,176)	(7,497)
INCREASE (DECREASE) IN NET POSITION	12,145	(341)
NET POSITION, Beginning of year	27,963	29,990
NET POSITION, Period ended	\$ 40,108	\$ 29,649

OTHER FINANCIAL INFORMATION

COMBINING STATEMENT OF NET POSITION

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

April 30, 2017

	GENERATING & TRANSMISSION RESOURCES										Other Agency	Combined
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission No. One	Purchased Power & Transmission	Associated Member Services				
ASSETS												
CURRENT ASSETS												
Cash and cash equivalents	\$ 1 \$	- \$	1 \$	1 \$	1 \$	72 \$	- \$	39 \$	45,425 \$	30,039	45,539	30,039
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-
Participants	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-	-	-	-	-
Inventory and supplies	4,478	1,079	642	1,405	2,084	31	47	-	3	130	208	208
Prepaid expenses	526	239	9	26	261	-	-	-	-	-	9,688	1,652
Due from Agency and other programs*	16,573	17,659	2,241	(1,084)	8,419	-	21,348	5,667	(70,823)	-	-	-
TOTAL CURRENT ASSETS	21,578	18,977	2,893	348	10,867	-	21,644	5,719	5,352	-	87,378	87,378
RESTRICTED ASSETS												
Cash and cash equivalents	-	15,649	-	-	42	-	22,134	-	-	-	37,825	37,825
Investments	26,460	38,707	4,971	-	39,107	-	-	-	81,043	190,288	-	-
Interest receivable	98	135	11	-	37	-	-	-	289	570	-	-
TOTAL RESTRICTED ASSETS	26,558	54,491	4,982	-	39,186	-	22,134	-	81,332	228,683	-	-
ELECTRIC PLANT												
Electric plant in service	568,958	394,214	64,826	36,245	423,640	7,736	-	663	5,287	1,501,569	-	-
Less: accumulated depreciation	(531,282)	(250,967)	(45,788)	(34,265)	(64,507)	(7,736)	-	(353)	(2,695)	(937,593)	-	-
	37,676	143,247	19,038	1,980	359,133	-	-	310	2,592	563,976	-	-
Construction work-in-progress	508	-	-	-	107	-	-	-	45	660	-	-
TOTAL ELECTRIC PLANT	38,184	143,247	19,038	1,980	359,240	-	-	310	2,637	564,636	-	-
OTHER ASSETS												
Regulatory assets	710	148,738	11,739	-	21,237	-	-	-	56,365	238,789	-	-
Unused vendor credits	44	-	-	-	-	-	-	-	10	54	-	-
TOTAL ASSETS	87,074	365,453	38,652	2,328	430,530	-	43,778	6,029	145,696	1,119,540	-	-
DEFERRED OUTFLOWS OF RESOURCES												
Excess cost on refunding of debt	2,052	45,535	2,086	-	-	-	-	-	-	49,673	-	-
Pension deferrals	-	-	-	-	-	-	-	-	9,093	9,093	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,052	45,535	2,086	-	-	-	-	-	9,093	58,766	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 89,126 \$	\$ 410,988 \$	\$ 40,738 \$	\$ 2,328 \$	\$ 430,530 \$	\$ - \$	\$ 43,778 \$	\$ 6,029 \$	\$ 154,789 \$	\$ 1,178,306	-	-

* Eliminated in Combination

OTHER FINANCIAL INFORMATION

COMBINING STATEMENT OF NET POSITION

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

April 30, 2017

	GENERATING & TRANSMISSION RESOURCES										Other Agency	Combined
	Multiple Capital Facilities					Purchased Power & Transmission						
	Geothermal	Hydroelectric	CT No. One	Lodi Energy Center	Transmission	Geothermal	Hydroelectric	CT No. One	Lodi Energy Center	Transmission		
LIABILITIES												
CURRENT LIABILITIES												
Accounts payable and accrued expenses	\$ 140	\$ 252	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,169	\$ 22,484
Member advances	791	-	-	-	-	-	-	-	-	-	-	993
Operating reserves	6,213	250	513	556	12,608	-	-	-	-	-	-	20,140
Current portion of long-term debt	3,995	21,385	3,760	-	9,950	-	-	-	-	-	-	39,090
Accrued interest payable	368	5,718	463	-	6,831	-	-	-	-	-	-	13,380
TOTAL CURRENT LIABILITIES	11,507	27,605	4,736	557	29,389	-	-	17,922	202	-	4,169	96,087
NON-CURRENT LIABILITIES												
Net pension liability	-	-	-	-	-	-	-	-	-	-	57,774	57,774
Operating reserves and other deposits	17,390	15,703	-	-	1,715	-	-	22,180	1,941	-	82,418	141,347
Interest rate swap liability	-	16,870	-	-	-	-	-	-	-	-	-	16,870
Long-term debt, net	28,770	333,167	34,435	-	351,374	-	-	-	-	-	-	747,746
TOTAL NON-CURRENT LIABILITIES	46,160	365,740	34,435	-	353,089	-	-	22,180	1,941	-	140,192	963,737
TOTAL LIABILITIES	57,667	393,345	39,171	557	382,478	-	-	40,102	2,143	-	144,361	1,059,824
DEFERRED INFLOWS OF RESOURCES												
Regulatory credits	19,469	3,818	991	2,108	42,318	-	-	-	310	-	2,761	71,775
Pension deferrals	-	-	-	-	-	-	-	-	-	-	6,599	6,599
TOTAL DEFERRED INFLOWS OF RESOURCES	19,469	3,818	991	2,108	42,318	-	-	-	310	-	9,360	78,374
NET POSITION												
Net investment in capital assets	(5,934)	(32,201)	(6,296)	-	(21,840)	-	-	-	-	-	-	(66,271)
Restricted	7,924	44,738	4,518	-	19,660	-	-	-	-	-	(1,086)	75,754
Unrestricted	10,000	1,288	2,354	(337)	7,914	-	-	3,676	3,576	-	2,154	30,625
TOTAL NET POSITION	11,990	13,825	576	(337)	5,734	-	-	3,676	3,576	-	1,068	40,108
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 89,126	\$ 410,988	\$ 40,738	\$ 2,328	\$ 430,530	\$ -	\$ -	\$ 43,778	\$ 6,029	\$ -	\$ 154,789	\$ 1,178,306

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 Ten Months Ended April 30, 2017

	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
OPERATING REVENUES										
Participants	\$ 5,851	\$ 26,051	\$ 6,071	\$ 2,266	\$ 29,220	\$ -	\$ 196,944	\$ 13,657	\$ 313	\$ 280,373
Other Third-Party	22,381	24,579	149	593	12,865	-	44,283	9	-	104,859
TOTAL OPERATING REVENUES	28,232	50,630	6,220	2,859	42,085		241,227	13,666	313	385,232
OPERATING EXPENSES										
Purchased power	-	-	-	-	2,557	-	156,108	-	-	158,665
Operations	12,103	2,723	1,141	1,021	14,186	-	4,284	6,766	27	42,251
Transmission	636	2,180	46	94	337	-	80,823	4	-	84,120
Depreciation	3,183	7,987	1,844	149	12,172	5	-	42	247	25,629
Maintenance	3,900	3,496	482	1,162	3,288	-	-	95	-	12,423
Administrative and general	3,476	2,573	445	528	3,449	-	-	5,367	(31)	15,807
Intercompany (sales) purchases, net*	(462)	170	45	93	213	-	-	(59)	-	-
TOTAL OPERATING EXPENSES	22,836	19,129	4,003	3,047	36,202	5	241,215	12,215	243	338,895
NET OPERATING REVENUES	5,396	31,501	2,217	(188)	5,883	(5)	12	1,451	70	46,337
OTHER (EXPENSES) REVENUES										
Interest expense	(711)	(13,952)	(1,571)	-	(13,277)	-	-	-	-	(29,511)
Interest income	241	42	(35)	-	194	-	251	30	321	1,044
Other	768	27	1,000	-	8,165	-	1,959	41	221	12,181
TOTAL OTHER EXPENSES	298	(13,883)	(606)	-	(4,918)	-	2,210	71	542	(16,286)
FUTURE RECOVERABLE AMOUNTS	(1,202)	(10,274)	(1,338)	-	2,079	5	-	-	-	(10,730)
REFUNDS TO PARTICIPANTS	(651)	(2,755)	97	33	(277)	-	(530)	(2,572)	(521)	(7,176)
INCREASE (DECREASE) IN NET POSITION	3,841	4,589	370	(155)	2,767	-	1,692	(1,050)	91	12,145
NET POSITION, Beginning of year	8,149	9,236	206	(182)	2,967	-	1,984	4,626	977	27,963
NET POSITION, Period ended	\$ 11,990	\$ 13,825	\$ 576	\$ (337)	\$ 5,734	\$ -	\$ 3,676	\$ 3,576	\$ 1,068	\$ 40,108

* Eliminated in Combination

NORTHERN CALIFORNIA POWER AGENCY & ASSOCIATED POWER CORPORATIONS
 AGED ACCOUNTS RECEIVABLE
 April 30, 2017

<u>Status</u>	<u>Participant / Customer</u>	<u>Description</u>	<u>Amount</u>
CURRENT			\$ 251,727
PAST DUE:			
1 - 30			
31 - 60			
61 - 90			
91 - 120			
Over 120 Days			
PARTICIPANT and OTHER RECEIVABLES (net)			<u>\$ 251,727</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.

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

**Schedule of Disbursements
(Unaudited)**

For the Month of April 2017

Operations:

Geothermal	\$ 1,442,250
Hydroelectric	3,281,840
CT#1 Combustion Turbines	154,249
CT#2 STIG	556,013
Lodi Energy Center	2,745,579
NCPA Operating	<u>18,347,032</u>
Total	<u>\$ 26,526,963</u>



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Commission Staff Report

May 12, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: Treasurer's Report for Month Ended April 30, 2017

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"/>	<i>If other, please specify:</i>
<hr/>		
<hr/>		

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 \$37,390,578 of which approximately \$253,949 was applicable to Special and Reserve Fund Deposits, \$69,568 to Debt Service and \$37,067,061 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 \$266,094,024 at month end. The current market value of the portfolio totaled \$264,694,286.

The overall portfolio had a combined weighted average interest rate of 0.972% with a bond equivalent yield (yield to maturity) of 0.985%. Investments with a maturity greater than one year totaled \$145,881,000. April maturities totaled \$4 million and monthly receipts totaled \$28 million. During the month \$10 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 3 basis points (from 0.78% to 0.81%) and rates on one year T-Bills increased 3 basis points (from 1.03% to 1.06%).

To the best of my knowledge and belief, all securities held by NCPA as of April 30, 2017 are in compliance with the Agency's investment policy. There are adequate cash flow and investment maturities to meet next month's cash requirements.

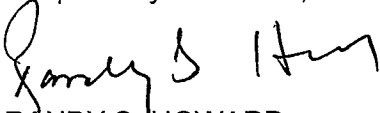
FISCAL IMPACT:

This report has no direct budget impact to the Agency.

ENVIRONMENTAL ANALYSIS:

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

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachment

NORTHERN CALIFORNIA POWER AGENCY

TREASURER'S REPORT

APRIL 30, 2017

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CASH & INVESTMENT BALANCE	1
CASH ACTIVITY SUMMARY	2
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INVESTMENT MATURITIES ANALYSIS	5
DETAIL REPORT OF INVESTMENTS	APPENDIX

Northern California Power Agency
Treasurer's Report
Cash & Investment Balance
April 30, 2017

	CASH	INVESTMENTS	TOTAL	PERCENT
NCPA FUNDS				
Operating	\$ 35,996,773	\$ 60,745,811	96,742,584	31.88%
Special Deposits	1,007,492	1	1,007,493	0.33%
Construction	62,796	4,847,989	4,910,785	1.62%
Debt Service	69,568	45,078,723	45,148,291	14.88%
Special & Reserve	253,949	155,421,500	155,675,449	51.30%
	<u>\$ 37,390,578</u>	<u>\$ 266,094,024</u>	<u>\$ 303,484,602</u>	<u>100.00%</u>

Portfolio Investments at Market Value

\$ 264,694,286

NOTE A - Investment amounts shown at book carrying value.

Northern California Power Agency
Treasurer's Report
Cash Activity Summary
April 30, 2017

	RECEIPTS			EXPENDITURES			CASH
	OPS/CONSTR	INTEREST (NOTE B)	INVESTMENTS (NOTE A)	OPS/CONSTR	INVESTMENTS (NOTE B)	INTER-COMPANY/ FUND TRANSFERS	INCREASE / (DECREASE)
NCPA FUNDS							
Operating	\$ 26,216,118	\$ 80,949	\$ 334,608	\$ (13,522,163)	\$ (106,770)	\$ (11,601,352)	\$ 1,401,390
Special Deposits	1,710,933	5	-	(6,975,547)	-	5,267,857	3,248
Construction	-	-	-	-	-	-	-
Debt Service	-	45	770	-	(5,958,585)	6,024,924	67,154
Special & Reserve	-	98,750	3,307,069	-	(4,392,897)	308,571	(678,507)
	<u>\$ 27,927,051</u>	<u>\$ 179,749</u>	<u>\$ 3,642,447</u>	<u>\$ (20,497,710)</u>	<u>\$ (10,458,252)</u>	<u>\$ -</u>	<u>\$ 793,285</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
April 30, 2017

	PURCHASED	SOLD OR MATURED	(NON-CASH) DISC/(PREM) AMORT	(NON-CASH) GAIN/(LOSS) ON SALE	INVESTMENTS	
					TRANSFERS	INCREASE / (DECREASE)
NCPA FUNDS						
Operating	\$ 106,770	\$ (334,608)	\$ (3,102)	\$ -	\$ -	\$ (230,940)
Special Deposits	-	-	-	-	-	-
Construction	-	-	(704)	-	-	(704)
Debt Service	5,958,585	(770)	19,642	-	-	5,977,457
Special & Reserve	4,392,897	(3,307,069)	(3,272)	-	-	1,082,556
	<u>\$ 10,458,252</u>	<u>\$ (3,642,447)</u>	<u>\$ 12,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,828,369</u>
Less Non- Cash Activity						
Disc/(Prem) Amortization & Gain/(Loss) on Sale						<u>(12,564)</u>
Net Change in Investment --Before Non-Cash Activity						<u>\$ 6,815,805</u>

NOTE A -Investment amounts shown at book carrying value.

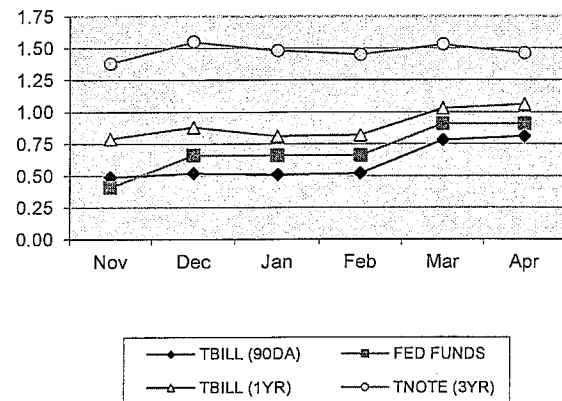
Northern California Power Agency
Interest Rate/Yield Analysis
April 30, 2017

	<u>WEIGHTED AVERAGE INTEREST RATE</u>	<u>BOND EQUIVALENT YIELD</u>
OVERALL COMBINED	<u>0.972%</u>	<u>0.985%</u>
<u>OPERATING FUNDS:</u>	0.984%	0.949%
<u>PROJECTS:</u>		
Geothermal	1.229%	1.238%
Capital Facilities	1.173%	1.170%
Hydroelectric	1.087%	1.070%
Lodi Energy Center	0.862%	0.829%

KEY INTEREST RATES

	<u>CURRENT</u>	<u>PRIOR YEAR</u>
Fed Fds (Ovrnight)	0.91%	0.37%
T-Bills (90da.)	0.81%	0.23%
Agency Disc (90da.)	0.81%	0.32%
T-Bills (1yr.)	1.06%	0.58%
Agency Disc (1yr.)	1.04%	0.54%
T-Notes (3yr.)	1.46%	0.98%

INTEREST RATES



Northern California Power Agency
Total Portfolio
Investment Maturities Analysis
April 30, 2017

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	\$ -	\$ 49,054	\$7,611	\$ -	\$ 4,510	\$ 145,881	\$ -	\$ 207,056	68.57%
US Bank Trust Money Market	3,468							3,468	1.15%
Commercial Paper	5,000							5,000	1.66%
Investment Trusts (LAIF)	50,430							50,430	16.70%
U.S.Treasury Market Acct. *	35,998							35,998	11.92%
U.S.Treasury Bill									0.00%
Certificates of Deposit		10						10	0.00%
Total Dollars	\$ 94,896	\$49,064	\$7,611	\$0	\$4,510	\$145,881	\$0	\$ 301,962	100.00%
Total Percents	31.43%	16.25%	2.52%	0.00%	1.49%	48.31%	0.00%	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

04/30/2017

Page 1

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	9,394,922	0.776	07/01/2013	9,394,922		1	0.776	9,394,922	SYS70000	70000	9,394,922
Union Bank of Calif	UBOC	1,586	0.002	07/01/2013	1,586		1	0.002	1,586	SYS70014	70014	1,586
US Bank	USB	35,996,772	0.001	06/30/2013	35,996,772		1	0.001	35,996,772	SYS70050	70050	35,996,772
US Bank	USB	10,000	0.050	04/07/2017	10,000	07/07/2017	67	0.050	10,000	SYS30303	30303	10,000
Federal Farm Credit	UBOC	3,626,000	1.290	12/21/2015	3,624,948	11/19/2018	567	1.300	3,623,969	3133EFPJ0	26280	3,625,440
Federal Home Loan Mt	UBOC	9,870,000	1.750	06/09/2015	9,983,900	05/30/2019	759	1.450	9,946,690	3137EADG1	26231	9,929,616
Federal Home Loan Ba	UBOC	7,785,000	1.400	07/19/2016	7,781,108	01/19/2021	1,359	1.411	7,650,242	3130A8P80	26355	7,781,785
Federal Home Loan Mt	UBOC	3,500,000	1.500	11/23/2016	3,500,000	08/23/2021	1,575	1.500	3,432,205	3134GAVH4	26385	3,500,000
Federal Home Loan Mt	UBOC	202,000	2.200	01/30/2017	202,000	01/26/2022	1,731	2.200	202,067	3134GAV92	26403	202,000
Fund Total and Average		\$ 75,386,280	0.616		\$ 75,495,236		346	0.579	\$ 75,258,453			\$ 75,442,121

MPP GHG Auction Acct

Local Agency Investm		39,024	0.776	07/01/2013	39,024		1	0.776	39,024	SYS70045	70045	39,024
Fund Total and Average		\$ 39,024	0.776		\$ 39,024		1	0.776	\$ 39,024			\$ 39,024

SCPA Balancing Account

Local Agency Investm	LAIF	2,507,351	0.776	07/01/2013	2,507,351		1	0.776	2,507,351	SYS70022	70022	2,507,351
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	361	1.000	4,504,588	3130A55T2	26223	4,510,000
Federal National Mtg	UBOC	3,982,000	1.625	12/18/2014	4,000,630	11/27/2018	575	1.369	3,983,672	3135GOYT4	26187	3,977,408
Federal National Mtg	UBOC	5,098,000	1.350	04/28/2016	5,098,000	10/28/2019	910	1.350	5,080,820	3135GOJ95	26330	5,098,000
Federal National Mtg	UBOC	5,097,000	1.350	07/28/2016	5,097,000	07/28/2020	1,184	1.350	4,986,160	3136G3T39	26357	5,097,000
Fund Total and Average		\$ 21,174,351	1.259		\$ 21,212,981		689	1.211	\$ 21,042,591			\$ 21,189,759

General Operating Reserve

Local Agency Investm	LAIF	28,075,341	0.776	07/01/2013	28,075,341		1	0.776	28,075,341	SYS70000	70002	28,075,341
Union Bank of Calif	UBOC	0	0.002	07/01/2013	0		1	0.002	0	SYS70019	70019	0
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYS70051	70051	0
Federal Home Loan Ba	UBOC	3,409,000	0.740	04/28/2017	3,407,248	05/23/2017	22	0.750	3,407,466	313365FV7	26431	3,407,458
Federal National Mtg	UBOC	5,970,000	1.625	12/23/2014	6,009,701	11/27/2018	575	1.450	6,002,656	3135GOYT4	26188	5,985,891
Federal National Mtg	UBOC	4,982,000	1.750	08/28/2015	5,047,364	11/26/2019	939	1.430	5,017,920	3135GOZY2	26246	5,021,569
Federal Farm Credit	UBOC	4,285,000	1.440	07/20/2016	4,280,715	07/19/2021	1,359	1.463	4,156,836	3133EGMP7	26356	4,281,459



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General Operating Reserve

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Federal Home Loan Ba	UBOC	16,720,000	1.400	07/19/2016	16,711,640	01/19/2021	1,359	1.411	16,430,577	3130A8P80	26354	16,713,095
Federal National Mtg	UBOC	5,162,000	1.625	05/25/2016	5,162,000	05/25/2021	1,485	1.625	5,053,030	3136G3NL5	26332	5,162,000
Federal National Mtg	UBOC	1,300,000	1.500	08/30/2016	1,300,000	05/28/2021	1,488	1.500	1,265,623	3136G3W3	26368	1,300,000
Federal Farm Credit	UBOC	10,629,000	1.690	06/02/2016	10,629,000	06/02/2021	1,493	1.690	10,539,398	3133EGDH5	26335	10,629,000
Federal Home Loan Mt	UBOC	467,000	2.200	01/30/2017	467,000	01/26/2022	1,731	2.200	467,154	3134GAV92	26402	467,000
Fund Total and Average		\$ 80,999,341	1.255		\$ 81,090,009		778	1.226	\$ 80,416,201			\$ 81,042,813
GRAND TOTALS:		\$ 177,598,996	0.984		\$ 177,837,250		584	0.949	\$ 176,756,269			\$ 177,713,717

*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 04/30/2017

Investment #26330 FNMA Callable quarterly
Investment #26332 FNMA Callable quarterly
Investment #26335 FFCB Callable 6/2/17, then anytime
Investment #26354 FHLB Callable anytime
Investment #26355 FHLB Callable anytime
Investment #26356 FFCB Callable anytime
Investment #26357 FNMA Callable quarterly
Investment #26368 FNMA Callable quarterly
Investment #26402 FHLMC Callable 1/26/18, then quarterly
Investment #26403 FHLMC Callable 1/26/18, then quarterly



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GEO 2012 Construction Fund

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Federal Home Loan Ba	USB	870,000	0.875	05/27/2016	871,305	05/24/2017	23	0.722	870,035	3130A1NN4	26334	870,084
Fund Total and Average		\$ 870,000	0.875		\$ 871,305		23	0.723	\$ 870,035			\$ 870,094

Geothermal Debt Service

Federal Home Loan Ba	USBT	233,000	0.780	03/29/2017	232,551	06/26/2017	56	0.792	232,713	313385HJ8	26415	232,717
Federal Home Loan Mt	USBT	1,409,000	0.525	01/23/2017	1,405,815	06/27/2017	57	0.533	1,407,239	313397HKO	26387	1,407,829
Federal Home Loan Ba	USBT	234,000	0.550	01/27/2017	233,457	06/28/2017	58	0.558	233,703	313385HL3	26393	233,793
Federal Home Loan Ba	USBT	234,000	0.560	03/01/2017	233,560	06/30/2017	60	0.568	233,691	313385HN9	26408	233,782
Federal Home Loan Ba	USBT	234,000	0.790	04/26/2017	233,666	06/30/2017	60	0.802	233,691	313385HN9	26424	233,692
Fund Total and Average		\$ 2,344,000	0.583		\$ 2,339,049		58	0.592	\$ 2,341,037			\$ 2,341,813

Geo 2012A Debt Service

Federal Home Loan Ba	USBT	124,000	0.780	03/29/2017	123,761	06/26/2017	56	0.792	123,847	313385HJ8	26416	123,850
Federal Home Loan Ba	USBT	125,000	0.550	01/27/2017	124,710	06/28/2017	58	0.558	124,841	313385HL3	26394	124,889
Federal Home Loan Ba	USBT	123,000	0.560	03/01/2017	122,768	06/30/2017	60	0.568	122,838	313385HN9	26409	122,885
Federal Home Loan Ba	USBT	123,000	0.790	04/26/2017	122,825	06/30/2017	60	0.802	122,838	313385HN9	26425	122,838
Fund Total and Average		\$ 495,000	0.670		\$ 494,064		58	0.680	\$ 494,364			\$ 494,452

Geo 2016A Debt Service

Federal Home Loan Ba	USBT	125,000	0.780	03/29/2017	125,757	06/26/2017	56	0.792	125,845	313385HJ8	26417	125,847
Federal Home Loan Mt	USBT	63,000	0.504	01/27/2017	62,867	06/27/2017	57	0.513	62,921	313397HKO	26395	62,950
Fund Total and Average		\$ 188,000	0.688		\$ 188,624		56	0.699	\$ 188,766			\$ 188,797

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	02/26/2016	1,500,000	11/26/2018	574	1.150	1,495,935	3134G8KVO	26302	1,500,000
Fund Total and Average		\$ 1,500,000	1.150		\$ 1,500,000		574	1.150	\$ 1,495,935			\$ 1,500,000

Geo Decommissioning Reserve



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Geo Decommissioning Reserve

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Local Agency Investm	LAIF	5,181,959	0.776	07/01/2013	5,181,959		1	0.776	5,181,959	SYS70027	70027	5,181,959
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 National Mig	UBOC	9,700,000	1.500	08/30/2016	9,700,000	05/28/2021	1,488	1.500	9,444,987	3136G33W3	26369	9,700,000
Federal Home Loan Mt	UBOC	941,000	2.200	01/30/2017	941,000	01/26/2022	1,731	2.200	941,311	3134GAV92	26404	941,000
Fund Total and Average		\$ 15,822,959	1.305		\$ 15,822,959		1015	1.305	\$ 15,568,257			\$ 15,822,959

GEO Debt Service Reserve Acct

Federal Home Loan Mt	USBT	907,000	1.750	06/02/2015	920,886	05/30/2019	759	1.354	914,047	3137EADG1	26228	914,233
Federal Home Loan Mt	USBT	2,515,000	1.250	02/27/2015	2,483,839	10/02/2019	884	1.530	2,501,369	3137EADM8	26197	2,498,601
Fund Total and Average		\$ 3,422,000	1.384		\$ 3,404,725		851	1.483	\$ 3,415,416			\$ 3,412,834

Geo 2012A DSR Account

Federal National Mig	USBT	1,517,000	1.625	05/25/2016	1,517,000	05/25/2021	1,485	1.625	1,484,976	3136G3NL5	26333	1,517,000
Fund Total and Average		\$ 1,517,000	1.625		\$ 1,517,000		1485	1.625	\$ 1,484,976			\$ 1,517,000
GRAND TOTALS:		\$ 26,159,959	1.229		\$ 26,137,726		852	1.238	\$ 25,858,786			\$ 26,147,949

*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 04/30/2017

Investment #26302 FHLMC Callable quarterly
Investment #26333 FNMA Callable quarterly
Investment #26369 FNMA Callable quarterly
Investment #26404 FHLMC Callable 1/26/18, then quarterly



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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	469,000	0.810	04/26/2017	467,976	08/01/2017	92	0.823	467,968	313365JW7A	26426	468,029
Federal Home Loan Mt	USBT	939,000	0.595	01/27/2017	936,113	08/01/2017	92	0.605	936,934	313397JW2	26397	937,572
Federal Home Loan Mt	USBT	1,093,000	0.620	02/02/2017	1,089,612	08/01/2017	92	0.630	1,090,595	313397JW2	26405	1,091,268
Federal Home Loan Mt	USBT	470,000	0.609	02/28/2017	468,774	08/01/2017	92	0.620	468,966	313397JW2	26406	469,267
Federal National Mtg	USBT	470,000	0.780	03/29/2017	468,727	08/01/2017	92	0.792	468,966	313589JW4A	26418	469,063
Fund Total and Average		\$ 3,441,000	0.660		\$ 3,431,202		92	0.671	\$ 3,433,429			\$ 3,435,199

Cap. Fac. Debt Svc Reserve

Federal National Mtg	USB	71,000	1.530	07/28/2016	71,000	07/28/2021	1,549	1.530	68,790	3136G3S97	26358	71,000
Federal Home Loan Mt	USB	1,443,000	2.375	02/13/2012	1,447,430	01/13/2022	1,718	2.340	1,471,860	3137EADB2	25845	1,445,100
Fund Total and Average		\$ 1,514,000	2.335		\$ 1,518,430		1710	2.302	\$ 1,540,650			\$ 1,516,100
GRAND TOTALS:		\$ 4,955,000	1.173		\$ 4,949,632		587	1.170	\$ 4,974,079.			\$ 4,951,299

*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 04/30/2017
Investment #26358 FNMA Callable 7/28/17, then quarterly



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Capital Dev. Reserve Hydro

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Local Agency Investm	LAIF	3,115,096	0.776	07/01/2013	3,115,096		1	0.776	3,115,096	SYS70028	70028	3,115,096
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	424	0.950	3,977,268	3134G9A80	26339	3,993,000
Federal Home Loan Mt	UBOC	3,221,000	1.150	02/29/2016	3,221,000	11/26/2018	574	1.150	3,212,271	3134G8KVO	26304	3,221,000
Federal National Mtg	UBOC	5,320,000	1.350	06/30/2016	5,320,000	12/30/2019	973	1.350	5,275,578	3136G3VH5	26340	5,320,000
Fund Total and Average		\$ 15,649,096	1.093		\$ 15,649,096		557	1.093	\$ 15,580,213			\$ 15,649,096

Hydro Initial Facilities

Federal National Mtg	USB	1,529,000	1.625	12/12/2014	1,539,244	11/27/2018	575	1.450	1,537,364	3135GOYT4	26189	1,533,069
Federal Farm Credit	USB	2,437,000	1.250	02/02/2016	2,450,501	01/22/2019	631	1.060	2,432,881	3133EFVQ7	26300	2,444,836
Fund Total and Average		\$ 3,966,000	1.395		\$ 3,989,745		609	1.210	\$ 3,970,245			\$ 3,977,905

Hydro Debt Service

Federal Home Loan Ba	USBT	2,943,000	0.780	03/29/2017	2,937,325	06/26/2017	56	0.792	2,939,380	313385HJ8	26414	2,939,429
Federal Home Loan Mt	USBT	2,944,000	0.538	01/27/2017	2,937,345	06/27/2017	57	0.547	2,940,320	313397HKO	26388	2,941,488
Federal Home Loan Ba	USBT	10,629,000	0.550	01/27/2017	10,604,317	06/28/2017	58	0.558	10,615,501	313385HL3	26396	10,619,582
Federal Home Loan Ba	USBT	3,188,000	0.560	03/01/2017	3,181,999	06/30/2017	60	0.568	3,183,792	313385HN9	26407	3,185,025
Federal Home Loan Ba	USBT	2,938,000	0.790	04/26/2017	2,933,809	06/30/2017	60	0.802	2,934,122	313385HN9	26423	2,934,132
Fund Total and Average		\$ 22,642,000	0.611		\$ 22,594,795		58	0.621	\$ 22,613,115			\$ 22,619,656

Hydro Debt Service Resrv 2010A

Federal Farm Credit	USB	5,528,000	1.750	08/28/2015	5,546,187	08/04/2020	1,191	1.680	5,497,430	3133EE5Z9	26243	5,540,012
Fund Total and Average		\$ 5,528,000	1.750		\$ 5,546,187		1191	1.680	\$ 5,497,430			\$ 5,540,012

Hydro 2012A Rebate Account

Federal Home Loan Mt	USB	689,000	1.875	04/28/2017	691,391	08/09/2021	1,561	1.790	682,910	3134G93A3	26432	694,221
Fund Total and Average		\$ 689,000	1.875		\$ 691,391		1561	1.790	\$ 692,910			\$ 694,221

Hydro Special Reserve

Local Agency Investm	LAIF	0	0.377	07/01/2013	0		1	0.377	0	SYS70000	70003	0
Fund Total and Average		\$ 0	0.377		\$ 0		1	0.377	\$ 0			\$ 0



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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
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
Federal Home Loan Mt	UBOC	1,500,000	1.150	02/26/2016	1,500,000	11/26/2018	574	1.150	1,495,935	3134G8KVO	26303	1,500,000
Fund Total and Average		\$ 1,500,000	1.150		\$ 1,500,000		574	1.150	\$ 1,495,935			\$ 1,500,000

Hydro 2012 DSRA

Federal Farm Credit	USB	100,000	1.750	08/28/2015	100,329	08/04/2020	1,191	1.660	99,447	3133EE5Z9	26244	100,217
Federal National Mtg	USB	94,000	1.530	07/28/2016	94,000	07/28/2021	1,549	1.530	91,075	3136G3S97	26359	94,000
Federal Home Loan Mt	USB	3,928,000	2.375	02/09/2012	3,926,232	01/13/2022	1,718	2.380	4,006,560	3137EADB2	25852	3,927,163
Fund Total and Average		\$ 4,122,000	2.341		\$ 4,120,561		1701	2.344	\$ 4,197,082			\$ 4,121,380

GRAND TOTALS:		\$ 54,096,096	1.087		\$ 54,091,775		518	1.070	\$ 54,046,930.			\$ 54,102,270
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Current Market Value is based on prices from Trustee/ Custodian Statements or bid prices from the Wall Street Journal as of 04/30/2017

Investment #26303 FHLMC Callable quarterly
Investment #26339 FHLMC Callable quarterly
Investment #26340 FNMA Callable quarterly
Investment #26359 FNMA Callable 7/28/17, then quarterly



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LEC GHG Auction Acct

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Local Agency Investm		71,678	0.776	07/01/2013	71,678		1	0.776	71,678	SYS70046	70046	71,678
Fund Total and Average		\$ 71,678	0.776		\$ 71,678		1	0.776	\$ 71,678			\$ 71,678

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	363	0.100	07/01/2013	363		1	0.100	363	SYS79003	79003	363
Federal Home Loan Ba	USBT	695,000	0.535	01/27/2017	693,719	05/31/2017	30	0.543	694,569	313385GG5	26398	694,690
Federal Home Loan Ba	USBT	694,000	0.540	03/01/2017	693,053	05/31/2017	30	0.548	693,570	313385GG5	26410	693,688
Federal Home Loan Ba	USBT	695,000	0.760	03/29/2017	694,061	06/01/2017	31	0.771	694,527	313385GH3	26419	694,545
Federal Home Loan Ba	USBT	694,000	0.755	04/26/2017	693,476	06/01/2017	31	0.766	693,528	313385GH3	26427	693,549
Federal National Mitg	USBT	3,385,000	0.520	01/23/2017	3,378,693	06/01/2017	31	0.528	3,382,698	313589GHO	26389	3,383,484
Fund Total and Average		\$ 6,163,363	0.577		\$ 6,163,365		31	0.586	\$ 6,159,255			\$ 6,160,319

LEC Issue #1 2010B DS Fund

US Bank Trust	USB	972	0.100	07/01/2013	972		1	0.100	972	SYS79004	79004	972
Federal Home Loan Ba	USBT	725,000	0.534	01/27/2017	723,664	05/31/2017	30	0.543	724,551	313385GG5	26399	724,677
Federal Home Loan Ba	USBT	726,000	0.540	03/01/2017	725,009	05/31/2017	30	0.548	725,550	313385GG5	26411	725,673
Federal Home Loan Ba	USBT	725,000	0.760	03/29/2017	724,020	06/01/2017	31	0.771	724,507	313385GH3	26420	724,526
Federal Home Loan Ba	USBT	724,000	0.755	04/26/2017	723,453	06/01/2017	31	0.766	723,508	313385GH3	26428	723,529
Federal National Mitg	USBT	727,000	0.536	01/27/2017	725,645	06/01/2017	31	0.545	726,506	313589GHO	26390	726,664
Fund Total and Average		\$ 3,627,972	0.625		\$ 3,622,763		31	0.635	\$ 3,625,594			\$ 3,626,041

LEC Issue #2 2010A DS Fund

US Bank Trust	USB	263	0.100	07/01/2013	263		1	0.100	263	SYS79011	79011	263
Federal Home Loan Ba	USBT	434,000	0.535	01/27/2017	433,200	05/31/2017	30	0.543	433,731	313385GG5	26400	433,807
Federal Home Loan Ba	USBT	435,000	0.540	03/01/2017	434,406	05/31/2017	30	0.548	434,730	313385GG5	26412	434,804
Federal Home Loan Ba	USBT	434,000	0.760	03/29/2017	433,414	06/01/2017	31	0.771	433,705	313385GH3	26421	433,716
Federal Home Loan Ba	USBT	435,000	0.755	04/26/2017	434,672	06/01/2017	31	0.766	434,704	313385GH3	26429	434,717
Federal National Mitg	USBT	2,734,000	0.536	01/27/2017	2,728,906	06/01/2017	31	0.545	2,732,141	313589GHO	26391	2,732,737



Northern California Power Agency
Treasurer's Report
04/30/2017

LEC Issue #2 2010A 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
Fund Total and Average												
		\$ 4,472,263	0.580		\$ 4,464,861		31	0.589	\$ 4,469,274			\$ 4,470,044

LEC Issue #2 2010B DS Fund

US Bank Trust	USB	323	0.100	07/01/2013	323		1	0.100	323	SYS79012	79012	323
Federal Home Loan Ba	USBT	349,000	0.535	01/27/2017	348,357	05/31/2017	30	0.543	348,784	313385GG5	26401	348,844
Federal Home Loan Ba	USBT	348,000	0.540	03/01/2017	347,525	05/31/2017	30	0.548	347,784	313385GG5	26413	347,843
Federal Home Loan Ba	USBT	349,000	0.760	03/29/2017	348,528	05/01/2017	31	0.771	348,763	313385GH3	26422	348,772
Federal Home Loan Ba	USBT	348,000	0.755	04/26/2017	347,737	05/01/2017	31	0.766	347,763	313385GH3	26430	347,774
Federal National Mtg	USBT	349,000	0.536	01/27/2017	348,350	05/01/2017	31	0.545	348,763	313589GHO	26392	348,839

Fund Total and Average												
		\$ 1,743,323	0.625		\$ 1,740,820		31	0.635	\$ 1,742,180			\$ 1,742,395

LEC Issue #1 2010 DSR Fund

US Bank Trust	USB	113,569	0.100	07/01/2013	113,569		1	0.100	113,569	SYS79005	79005	113,569
Federal National Mtg	USB	4,170,000	0.875	05/30/2014	4,171,960	08/28/2017	119	0.977	4,168,749	3135GOMZ3	26136	4,170,196
Federal Farm Credit	USB	4,360,000	1.660	05/08/2016	4,360,000	05/25/2021	1,485	1.659	4,317,577	3133EGEBZ7	26337	4,360,000
Fund Total and Average												
		\$ 8,643,569	1.261		\$ 8,645,529		806	1.310	\$ 8,599,895			\$ 8,643,765

LEC Iss#1 2010B BABS Subs Resv

US Bank Trust	USB	2,264,431	0.100	07/01/2013	2,264,431		1	0.100	2,264,431	SYS79006	79006	2,264,431
Fund Total and Average												
		\$ 2,264,431	0.100		\$ 2,264,431		1	0.100	\$ 2,264,431			\$ 2,264,431

LEC Issue #2 2010B DSR BABS

US Bank Trust	USB	1,088,112	0.100	07/01/2013	1,088,112		1	0.100	1,088,112	SYS79013	79013	1,088,112
Fund Total and Average												
		\$ 1,088,112	0.100		\$ 1,088,112		1	0.100	\$ 1,088,112			\$ 1,088,112

LEC O & M Reserve

Local Agency Investm		2,044,966	0.776	07/01/2013	2,044,966		1	0.776	2,044,966	SYS70047	70047	2,044,966
Union Bank of Calif	UBOC	0	0.002	07/18/2013	0		1	0.002	0	SYS70041	70041	0
Federal Home Loan Ba	UBOC	3,100,000	0.625	06/27/2016	3,099,380	06/27/2017	57	0.645	3,099,070	3130A8LC5	26338	3,099,904
Federal National Mtg	UBOC	2,933,000	1.875	08/28/2015	2,998,142	02/19/2019	659	1.220	2,960,248	3135G0ZA4	26248	2,966,743
Federal National Mtg	UBOC	3,000,000	1.300	06/30/2016	3,000,000	06/30/2020	1,156	1.300	2,933,130	3136G3UJ2	26341	3,000,000
Fund Total and Average												
		\$ 11,077,966	1.169		\$ 11,142,488		504	1.000	\$ 11,037,414			\$ 11,111,613

GRAND TOTALS:	\$ 39,152,678	0.862	\$ 39,194,048	334	0.829	\$ 39,057,834.	\$ 39,178,399
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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 04/30/2017
Investment #26337 FFCB Callable 5/25/17, then anytime
Investment #26341 FNMA Callable on 6/30/17 only



12


Commission Staff Report

May 12, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: Sale or Disposal of Surplus Property

AGENDA CATEGORY: Consent

FROM: Sondra Ainsworth  **METHOD OF SELECTION:**
Treasurer-Controller
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"/>	<i>If other, please specify.</i>

RECOMMENDATION:

Note and file report by all members for the disposal of scrap metal.

BACKGROUND:

The NCPA Policy for the Disposal or Destruction of Surplus Supplies, Materials, or Equipment requires that such disposal or destruction be reported to the NCPA Commission within 60 days of such action.

In accordance with that policy, the following disposal or destruction is hereby reported:

<u>Property Description</u>	<u>Quantity</u>	<u>*Method of Disposal</u>	<u>Net Cost From Disposal</u>	
Scrap metal	1	S	\$	163.00
		Total	\$	163.00

FISCAL IMPACT:

This report has no direct budget impact to the Agency.

ENVIRONMENTAL ANALYSIS:

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

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachments

* Note: Public Sale (PS); Private Sale (P), Disposal – Net Scrap Value (S)



NORTHERN CALIFORNIA POWER AGENCY
DECLARATION OF EXCESS

Date: 4/10/17

QTY	U/M*	DESCRIPTION (Including All Applicable Model #'s, LCNs & VINs)	COND**	ESTIMATED VALUE		NCPA Property# / Stock # / Fleet # or Project #	SITE LOCATION
				UNIT	TOTAL		LEC
1.	1	Scrap Metal	S				
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							

JUSTIFICATION FOR EXCESS/DISPOSAL: Scrap Metal

RECOMMENDED DISPOSITION: Disposal

PREPARED BY: Melissa Philnot / Michael DeBortoli
ORG. Steel SPEEL CODE: Michael DeBortoli
APPROVED BY: Gary S. Varn (ASST. GEN. MANAGER)
AUTHORIZATION TO PROCEED: Gary S. Varn DATE: 4/17/17
(GENERAL MANAGER)

PUBLIC SALE
X DISPOSAL - NO NET SCRAP VALUE

*U/M = UNIT OF MEASURE

** CONDITION: EXCELLENT (E), GOOD (G), AVERAGE
POOR (P), SCRAP (S)

ORIGINAL TO TREASURER-CONTROLLER



13

Commission Staff Report

May 12, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: Approval of Revised Debt and Interest Rate Management Policy

AGENDA CATEGORY: Consent

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

IMPACTED MEMBERS:		
All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of 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"/>	<i>If other, please specify.</i>
 <hr/> <hr/>		

RECOMMENDATION:

The Finance Committee recommends adoption of Resolution 17-38, which approves the revised Debt and Interest Rate Management Policy, dated May 2017.

BACKGROUND:

NCPA has a debt portfolio that includes almost \$775 million in long-term debt, including \$87 million of outstanding interest rate swap exposure. The Commission has approved a Debt and Interest Rate Management Policy (Policy) to guide the Agency (staff, Commission, Finance Committee, legal counsel, financial advisors, and banking team) in the development, implementation and administration of the NCPA debt portfolio. The Policy includes guidance on interest rate swaps, variable rate debt exposure for the Agency and its members, credit risk mitigation with the banks and other debt related matters. The Finance Committee reviews and discusses possible changes to the Policy every two years, and has now finished the latest biennial review.

This report outlines the addition of a new section (inserted as Section 23) to The Policy in accordance with SB 1029. That regulation requires inclusion of certain language in Agency policy related to external reporting to the California Debt and Investment Advisory Commission (CDIAC). The CDIAC reporting includes notification prior to the sale of any new debt with a final sale date on or after Jan. 21, 2017, subsequent reporting of the final sale within 21 days of that debt issuance, certification to CDIAC that the Agency has adopted a local debt policy and has issued debt in compliance with that policy, and annual reporting of debt issued during the course of the fiscal year. Where SB 1029 regulatory requirements have been fulfilled in existing policy verbiage, the respective policy sections have been referenced.

The recommended new section of the policy (Section 23) is as follows:

1. Compliance with Senate Bill No. 1029

SEC. 2. (i)

NCPA, no later than 30 days prior to the sale of any debt issue, submits a report of the proposed issuance to the California Debt and Investment Advisory Commission ("CDIAC" or the "commission") by any method approved by the commission. Under Senate Bill 1029 (SB 1029 or the bill), NCPA will include a certification to CDIAC that NCPA has adopted a local debt policy concerning the use of debt and that the contemplated debt issuance is consistent with the local debt policy. NCPA's adopted Debt and Interest Rate Management Policy addresses all of the following requirements:

- The purposes for which the debt proceeds may be used.
 - NCPA's adopted Debt and Interest Rate Management Policy addresses this as can be seen in language contained in "2. Use of Fixed Rate Debt."
- The types of debt that may be issued.
 - NCPA's adopted Debt and Interest Rate Management Policy addresses this as can be seen in language contained in "2. Use of Fixed Rate Debt" and "3. Use of Variable Rate Debt."

- The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable.
 - NCPA's adopted Debt and Interest Rate Management Policy addresses this as can be seen in language contained in "2. Use of Fixed Rate Debt," "16. Authority for Fixed Rate Debt, Variable Rate Debt and Swap Agreements" and "21. Accounting and Budget Treatment."
- Policy goals related to the issuer's planning goals and objectives.
 - NCPA's adopted Debt and Interest Rate Management Policy addresses this as can be seen in language contained in "2. Use of Fixed Rate Debt," "3. Use of Variable Rate Debt" and "16. Authority for Fixed Rate Debt, Variable Rate Debt and Swap Agreements."
- The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.
 - NCPA's adopted Debt and Interest Rate Management Policy addresses this as can be seen in language contained in "16. Authority for Fixed Rate Debt, Variable Rate Debt and Swap Agreements," "20. Monitoring and Reporting Requirements" and "21. Accounting and Budget Treatment."

SEC. 2. (j)

NCPA will not later than 21 days after the sale of the debt, submit a report of final sale to the commission by any method approved by the commission.

SEC. 2. (k)

NCPA will submit an annual report for any issue of debt for which it has submitted a report of final sale pursuant to subdivision (j) on or after January 21, 2017. The annual report shall cover a reporting period from July 1 to June 30, inclusive, and shall be submitted no later than seven months after the end of the reporting period by any method approved by the commission. The annual report shall consist of the following information:

- Debt authorized during the reporting period
 - Debt authorization as of July 1
 - New debt authorized and issued during the reporting period
 - New debt authorized but not issued as of June 30 of the following year
 - Debt authority that has lapsed during the reporting period
- Debt outstanding during the reporting period
 - Principal balance as of July 1
 - Principal paid during the reporting period
 - Principal balance as of June 30 of the following year
- Use of proceeds for debt issued during the reporting period
 - Debt proceeds available at July 1
 - Debt proceeds spent, including the purpose, during the reporting period
 - Debt proceeds remaining as of June 30 of the following year

A copy of the revised Policy is attached to the staff report.

FISCAL IMPACT:

Adoption of this revised Policy will ensure that NCPA is compliant with recent regulations regarding the inclusion of language in the Agency's Debt and Interest Rate Management Policy and reporting of sale of debt to CDIAC and the Agency Commission. NCPA will incur additional reporting costs when debt is issued which cannot currently be quantified.

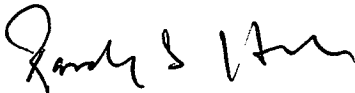
ENVIRONMENTAL ANALYSIS:

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

COMMITTEE REVIEW:

The recommendation was reviewed by the Finance Committee on May 10, 2017 and was unanimously recommended for Commission approval.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy S. Howard", is written over the printed name.

RANDY S. HOWARD
General Manager

Attachments: Debt and Interest Rate Policy
Resolution No. 17-38

RESOLUTION 17-38

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY
TO APPROVE A REVISED DEBT AND INTEREST RATE MANAGEMENT POLICY

(reference Staff Report #152:17)

WHEREAS, NCPA has a debt portfolio of almost \$775 million in long-term debt, including over \$87 million of outstanding interest rate swap exposure; and

WHEREAS, NCPA and its members benefit from the use of interest rate management tools, such as interest rate swaps as part of its overall debt management program; and

WHEREAS, prudent debt management practice supports the establishment of policies that establish parameters for the proper use of interest rate swaps and proper administration of the NCPA debt portfolio; and

WHEREAS, the NCPA Commission last reviewed and approved the "Debt and Interest Rate Management Policy" (Policy) in May 2015; and

WHEREAS, the Policy requires biennial review of the Policy to update for changes in bond markets, regulations and new financial products; and

WHEREAS, certain revisions, clarifications and other changes related to SB 1029 effective for any issuance of debt for which it has submitted a report of final sale on or after Jan. 21, 2017 are needed to bring the Policy up-to-date with current best practices in this area; 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

WHEREAS, the Finance Committee has reviewed the proposed revisions to the Policy and recommends approval; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency adopts the Debt and Interest Rate Management Policy dated May 2017 as presented.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2017 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	_____	_____	_____

BOB LINGL
CHAIR

ATTEST: CARY A. PADGETT
ASSISTANT SECRETARY



Debt and Interest Rate Management Policy

May 2017

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1. Introduction

The purpose of this document ("the Policy") is to set forth the policies that govern the Northern California Power Agency's ("NCPA" or "the Agency") implementation or use of any Fixed Rate Debt, Variable Rate Debt or interest rate Swaps and/or other interest rate Derivative-type transactions. NCPA's debt and investment portfolio involves, and will continue to involve, different interest rate payments and interest rate risks. A variety of financial instruments are available to offset, hedge, or reduce those interest rate risks or provide a lower net cost of borrowing with respect to the Agency's debt. The Policy governs the use of such hedging instruments and debt financing structures. It should be noted that the Policy limits and guidelines included in this document are based on financial circumstances as of the Policy's most recent update and shall be subject to change as circumstances change, upon approval of the NCPA Finance Committee and the NCPA Commission ("Commission"). It should also be noted that the Policy is not intended to address commodity derivatives or other agreements, which the Agency might utilize as part of resource hedging for power supply management.

2. Use of Fixed Rate Debt

NCPA has historically utilized Fixed Rate Debt issuances to finance the majority of the capital requirements. As it relates to using Fixed Rate Debt structures, NCPA will follow guidelines consistent with the Government Finance Officers Association Best Practices for Governmental Debt Management. Additionally, NCPA will carefully consider the regulations, risks, and benefits of various kinds of Fixed Rate Debt such as traditional tax-exempt municipal bonds, taxable bonds, Build America Bonds, or other forms of Fixed Rate Debt. NCPA will also apply several guidelines specifically to the use of Fixed Rate Debt for refinancing existing debt obligations. Those include:

- For a Fixed Rate Debt refinancing of existing Fixed Rate Debt, NCPA will generally apply a minimum 5% Net Present Value Savings target for transactions which are expected to maintain the same level of risk related to the debt.
- For a Fixed Rate Debt refinancing of existing Synthetic Fixed Rate Debt, Variable Rate Debt or Synthetic Variable Rate Debt transactions which are believed and expected to reduce the risk related to the debt, NCPA will generally attempt to complete transactions that do not result in a Net Present Value Savings of less than 0%; however, the Policy does not preclude NCPA from executing a transaction that results in a Net Present Value Savings of less than 0% if the risk mitigation benefits are deemed to merit the cost.

As it relates to the risk and benefit tradeoffs of different Fixed Rate Debt structures, methods of sale, timing, detailed deal structure considerations and other factors, NCPA will rely on the expertise of the NCPA Finance Committee ("Finance Committee"), NCPA's Financial Advisor and NCPA's Bond Counsel. Moreover, notwithstanding the guidelines above, the Agency will not be precluded from issuing Fixed Rate Debt if so approved by the Commission.

3. Use of Variable Rate Debt

As it relates to using Variable Rate Debt structures, NCPA will follow guidelines consistent with the Government Finance Officers Association Best Practices for Governmental Debt Management. Additionally, NCPA shall use an overall asset/liability approach to management of its debt portfolio. As part of this management, NCPA shall attempt to manage its Unhedged Variable Rate Debt exposure to no more than the greater of 20% or \$100 million of the outstanding revenue bond obligations per project. For purposes of this limitation, Unhedged Variable Rate Debt exposure shall include both the principal amount of direct issue Variable Rate Debt and the notional amount of Synthetic Variable Rate Debt less:

- The amount of direct Variable Rate Debt for which variable interest rate exposure has been eliminated or reduced by interest rate Swaps or interest rate Caps, Collars or other hedging instruments.
- The amount of short-term assets held in reserves at NCPA, i.e., cash accounts, which provide a natural hedge against the Variable Rate Debt.

NCPA shall also attempt to manage its total Variable Rate Debt (both Hedged and Unhedged) exposure to no more than the greater of 50% or \$250 million of the outstanding revenue bond obligations per project.

NCPA may consider various structures for the issuance of Variable Rate Debt and, under appropriate market conditions as determined by the Finance Committee, Synthetic Variable Rate Debt. Decisions about which debt structure or Swap instrument to utilize at any point in time shall be based on a number of factors including the relative costs, benefits, and risks to NCPA and its members.

When applicable and possible, NCPA will attempt to stagger the renewal or remarketing risks associated with different kinds of Variable Rate Debt. NCPA will do so with the objective of limiting the risk that multiple series or significant dollar amounts of Variable Rate Debt might become subject to unanticipated redemption within a similar period of time.

4. Variable Rate Debt with Credit Enhancement

The use of Variable Rate Debt by NCPA has typically required use of credit facilities such as a direct pay Letters of Credit ("LOC") primarily to ensure that the Variable Rate Debt has one of the two highest short-term ratings. Such short-term ratings are important to obtaining the lowest cost to NCPA and are necessary for the marketing of Variable Rate Demand Obligations ("VRDOs") to money market and other short-term investors.

For the purposes of the Policy, Variable Rate Debt products, which require Credit Enhancement shall include VRDOs, which require either a Letter of Credit or Line of Credit (Standby Bond Purchase Agreement or "SBPA") and not Direct Purchase Variable Rate Debt (Variable Rate Debt which does not have bank rating exposure but which still has similar credit terms as VRDOs with Credit Enhancement). Direct Purchase Variable Rate Debt will be tracked as Variable Rate Debt without Credit Enhancement, the guidelines for which are given in Section 5.

NCPA recognizes that concentration with a Credit Enhancement provider on Variable Rate Debt exposes NCPA to substantial risk. Given the risks associated with Credit Enhancement providers, NCPA should adhere to the following policies with regard to Variable Rate Debt structures, which require Credit Enhancement:

- The amount of bond insurance by any one bond insurer on NCPA's VRDOs should not exceed the greater of 30% or \$150 million outstanding revenue bond obligations on any NCPA project;
- The amount of credit capacity provided by any one banking institution should not exceed the greater of 30% or \$150 million outstanding revenue bond obligations on any NCPA project;
- The ratings of any bond insurer for insured VRDOs must be no less than A1, A+ or equivalent by any two of the national recognized rating agencies (i.e., Moody's Investors Service, Standard and Poor's, or Fitch Ratings) at the time of procurement and implementation of the bond insurance; and
- The long-term credit ratings of any LOC or SBPA providers must be no less than A2, A or equivalent by any two of the national recognized rating agencies (i.e., Moody's Investors Service, Standard and Poor's, or Fitch Ratings) and the short-term credit ratings and must have no less than P1, A-1, or equivalent short-term ratings by any two of the national recognized rating agencies (i.e., Moody's Investors Service, Standard and Poor's, or Fitch Ratings) at the time of procurement and implementation of the LOC or SBPA. If credit ratings fall below the above levels at any time during the term of the credit enhancement, the financial situation of the banking institution and the downgrade impact on NCPA shall be monitored. In addition, consideration shall be given to the

possible replacement of the banking institution or other possible options for replacement products if the situation warrants such change.

NCPA will also attempt to limit the amount of Variable Rate Debt which requires Credit Enhancement to no more than the greater of 30% or \$150 million of the outstanding revenue bond obligations per project.

The Commission should approve any increases in exposure above the limits set above for Credit Enhancement providers.

5. Variable Rate Debt without Credit Enhancement

In recent years numerous structures have emerged to allow debt issuers to borrow funds without Credit Enhancement using bonds or notes which function as Variable Rate Debt the interest cost of which fluctuate from time to time. Such structures may be subject to remarketing and therefore not pegged to a particular index or may be indexed for a period of time to a published index such as LIBOR or SIFMA. Such structures are characterized by the lack of Credit Enhancement requirement but which have a different risk profile. "Direct Purchase" structures are to be considered under these guidelines instead of the guidelines applying to Variable Rate Debt with Credit Enhancement.

For the purposes of the Policy, NCPA will limit the issuance of Variable Rate Debt structures without Credit Enhancement to structures which have the following characteristics:

- The amount of Variable Rate Debt which is subject to a mandatory tender with the penalty of a failed mandatory tender being an immediate Event of Default will be limited to the greater of 10% or \$50 million outstanding revenue bond obligations on any NCPA project;
- The amount of Variable Rate Debt which is subject to a mandatory tender with the penalty of a failed mandatory tender being an Event of Default subsequent to a penalty rate period of 180 days or less will be limited to the greater of 20% or \$100 million outstanding revenue bond obligations on any NCPA project;
- In all cases, NCPA will favor Variable Rate Debt structures for which acceleration of principal repayment occurs over a period of not less than 3 years; and
- NCPA will attempt whenever possible to match the trading levels or index of the Variable Rate Debt with the appropriate receipt or payment leg of interest rate Swaps (if applicable).

NCPA will also attempt to limit the amount of Variable Rate Debt without Credit Enhancement to no more than the greater of 30% or \$150 million of the outstanding revenue bond obligations per project.

6. Consideration of Financial Proposals

In order to facilitate NCPA's receipt of financing proposals associated with existing or contemplated debt, NCPA shall retain internal expertise and utilize an Independent Registered Municipal Advisor ("IRMA") as necessary, to provide advice to NCPA on proposals from broker-dealers or banks. NCPA's IRMA will be required to be registered as a Municipal Advisor with the Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB").

7. Use of Interest Rate Swaps

NCPA will determine if interest rate Swaps are appropriate in accordance with the provisions of Section 5922(a) of the Government Code and the Agency may execute interest rate Swaps only if the transaction can be reasonably expected to achieve one or more of the following objectives:

- Result in a lower net cost of borrowing with respect to the Agency's debt, or achieve a higher net rate of return on the investment of Agency moneys;
- Reduce exposure to changes in interest rates either in connection with a particular debt financing or investment transaction or in the management of interest rate risk with respect to the Agency's overall debt and investment portfolios;

- Manage variable interest rate exposure consistent with prudent practices and guidelines approved by the Commission; or
- Manage other financial risks or counterparty exposures in a manner consistent with prudent practices and guidelines approved by the Commission.

NCPA may utilize the following interest rate Swaps, on a either current or forward basis, after identifying the objectives to be realized and assessing the attendant risks:

- Interest rate Swaps, including fixed, floating and/or basis Swaps;
- Interest rate caps, floors and collars; or
- Options, including on Swaps, caps, floors and/or collars and/or cancellation or index-based features.

NCPA shall not execute interest rate Swaps under the following circumstances:

- When a financial instrument is used for speculative purposes rather than for managing and controlling interest rate risk in connection with Agency debt or investments;
- When the financial instrument creates extraordinary leverage or financial risk; or
- When there is insufficient price “transparency” to permit the Agency and its advisors to reasonably value the instrument, as a result, for example of the use of unusual structures or terms.

In addition, review of any proposed interest rate Swap shall consider the following:

- Identify the proposed benefit and potential risks as outlined in the Policy;
- Prepare an independent analysis of potential savings from a proposed transaction, on a Project and per participant basis;
- Prepare an analysis of the Fixed Rate Debt versus Variable Rate Debt and Swap exposure on a Project and per participant basis before and after the proposed transaction;
- Prepare a cash flow sensitivity analysis using parameters recommended by Standard & Poor’s of 7.0% of LIBOR and BMA/LIBOR ratio at 75% to determine worst case impacts of LIBOR based Swaps; and
- Consider views of rating agencies based on published reports or criteria used by rating agencies.

8. Interest Rate Swaps – Term and Notional Amounts

NCPA shall determinate the appropriate term for an interest rate Swap agreement on a case-by-case basis. Any Swap shall not extend beyond the greater of: the final maturity date of existing debt of NCPA, or in the case of a refunding transaction, beyond the final maturity date of the refunding bonds or the termination of the related Third Phase Agreement for the relevant NCPA project. No new interest rate Swap transaction shall be approved that causes the notional amount of all interest rate Swaps to exceed 50% or \$250 million of the total amount of outstanding revenue bonds, or liquid assets on a project basis—except to the extent that an interest rate Swap is intended as a modification to another interest rate Swap (i.e., a basis Swap executed to modify the terms of an existing fixed payer Swap may not be counted as an interest rate Swap on its own so long as the fixed payer Swap which it modifies remains in place).

9. Interest Rate Swaps – Counterparty Ratings

NCPA shall be authorized to enter into interest rate Swap transactions only with Qualified Swap Counterparties (or their guarantors) which must have no less than A1, A+, or equivalent long-term ratings by any two of the national recognized rating agencies (i.e., Moody’s Investors Services, Standard and Poor’s, or Fitch Ratings) at the time that the interest rate Swap is executed. In addition, the counterparty must have a demonstrated record of successfully executing Swap transactions. Each counterparty shall have a minimum capitalization of at least \$250 million.

10. Interest Rate Swaps – Counterparty Exposure Limits

In order to diversify the Agency's counterparty credit risk and to limit the Agency's credit exposure to any one counterparty, the following limits are established on termination exposure for any one counterparty. These limits shall only apply at the time a Swap and/or related transaction is entered into, and thus may be exceeded during the term of a Swap or Swaps with the same counterparty. Upon approval by the Commission, exceptions may be made to these limits to the extent that the execution of a Swap achieves one or more of the objectives outlined herein.

For the purposes of these limits, "Maximum Net Termination Exposure" shall mean an amount equal to the aggregate maximum reasonably anticipated net termination payment exposure for all of the Agency's existing and proposed Swap agreements with such counterparty as determined by the Agency's financial advisor, bond counsel, in-house counsel and finance staff ("Finance Team"). At any given time, maximum reasonably anticipated net termination payment exposure shall be calculated based on market conditions and at assumed market conditions representing a change in taxable rates both up and down by 200 basis points. Prior to entering a new Swap with a counterparty, the maximum reasonable anticipated net termination payment exposure should be less than the Maximum Net Termination Exposures listed below or as changed from time to time by the Finance Committee due to changing financial circumstances.

The established limits vary based upon the credit rating of the counterparty. If the counterparty has more than one rating, the lowest rating will govern for purposes of calculating the permissible levels of exposure. The limits are as follows:

Counterparty Credit Exposure Limits			
Credit Rating	Maximum Collateralized Exposure	Maximum Uncollateralized Exposure	Maximum Total Termination Exposure
AA Category	\$50 million	\$25 million	\$50 million
A Category	\$25 million	\$10 million	\$25 million
Below A	\$10 million	\$0	\$10 million

In addition, the sum total notional amount per Swap counterparty may not exceed 35% of NCPA's total revenue bond indebtedness on a project basis.

Individual Swap contract limits will determine collateral and terminations provisions. When possible, these documents shall be drafted to so as not to conflict with NCPA's policies.

If any exposure limit is exceeded by a counterparty during the term of a Swap agreement, the General Manager shall consult with the Agency's Finance Team regarding appropriate strategies, if any, to mitigate this exposure.

11. Interest Rate Swaps – Maximum Termination Exposure

As of the date of execution of any Swap agreement and/or related instrument, the aggregate maximum reasonably anticipated net termination payment exposure for all of the Agency's existing and proposed Swap agreements, as determined by the Agency's Finance Team, shall not exceed \$75,000,000 or amounts as determined from time to time by the Finance Committee based on currently available financial data for the Agency.

12. Interest Rate Swaps – Collateral Requirements

As part of any Swap agreement, NCPA may require collateralization or other Credit Enhancement to secure any or all Swap payment obligations of the counterparty. As appropriate, the General Manager may require collateral or other Credit Enhancement to be posted by each Swap counterparty under the following circumstances:

- Each counterparty may be required to post collateral if the credit rating of the counterparty or its guarantor falls below the A2, A or equivalent by any two of the national recognized rating agencies (i.e., Moody's Investors Service, Standard and Poor's or Fitch Ratings). The amount of collateral posted shall be equal to the positive termination value of the Swap agreement to the Agency from time to time.
- Collateral shall consist of cash, U.S. Treasury securities and U.S. Agency securities.
- Collateral shall be deposited with a custodian, acting as agent for the Agency, or as mutually agreed upon between the Agency and each counterparty.
- A list of acceptable securities that may be posted as collateral and the valuation of such collateral will be determined and mutually agreed upon during negotiation of the Swap agreement with each Swap counterparty.
- The market value of the collateral shall be determined on at least a monthly basis.
- The General Manager will determine reasonable threshold limits for the initial deposit and for increments of collateral posted thereafter.
- The General Manager shall determine on a case-by-case basis whether other forms of Credit Enhancement are more beneficial to the Agency.

In connection with any collateralization requirements that may be imposed upon the Agency in connection with a Swap agreement, the Agency may post collateral or it may seek to obtain Swap insurance in lieu of posting collateral. The General Manager shall recommend a preferred approach to the Agency on a case-by-case basis.

13. Interest Rate Swaps – Termination Provisions

All interest rate Swap transactions shall contain provisions granting the Agency the right to optionally terminate a Swap agreement at any time over the term of the agreement.

A termination payment to or from the Agency may be required in the event of termination of a Swap agreement due to a default by or a decrease in the credit rating of either NCPA or the counterparty. Prior to entering into the Swap agreement or making any such termination payment, as appropriate, the General Manager shall evaluate whether it would be financially advantageous for the Agency to enter into a replacement Swap as a means of offsetting any such termination payment. Any such Swap would be subject to Commission and other approvals as set forth herein.

Any Swap termination payment due from the Agency shall be made from legally available Agency monies and shall be billed to each participant in accordance with member contracts. Any such termination payments shall be reported to the Commission at the next Commission meeting.

NCPA shall consider the extent of its exposure to termination payment liability in connection with each Swap transaction, and the availability of sufficient liquidity to make any such payments that may become due.

14. Form of Interest Rate Swap Agreements

Each interest rate Swap executed by the Agency shall contain terms and conditions as set forth in the International Swap and Derivatives Association, Inc. ("ISDA") Master Agreement, including the Schedule to the Master Agreement and a Credit Support Annex, as supplemented and amended in accordance with the recommendations of the Agency's Finance Team. Each Swap agreement between the Agency and each Qualified Swap Counterparty (as detailed below) shall include payment, term security, collateral, default, remedy, termination, and other terms, conditions and provisions as the Finance Team deem necessary or desirable.

Subject to the provisions contained herein, the terms of any NCPA interest rate Swap shall use the following guidelines:

- Downgrade provision triggering termination shall in no event be worse than those affecting the counterparty;
- Preferred governing law for Swaps shall be in California; and
- Termination value should be set by a "market quotation" methodology, unless NCPA deems an alternate method appropriate.

15. Compliance with Regulatory Requirements for Interest Rate Swap Transactions

NCPA qualifies as a "Special Entity" as defined in Section 1a (50) of the Commodity Exchange Act and Commodity Futures Trading Commission ("CFTC") Regulation 23.401(c). As such, NCPA will not be a "Reporting Counterparty" which would be subject to certain obligations. NCPA, however, will comply with Schedule IV, Part 1 of the ISDA Protocol in order to be covered under the Safe Harbor in Dodd-Frank. Schedule IV, Part 1 requires that NCPA meet several requirements:

- NCPA will not rely on Swap recommendations (if any) provided by Swap Dealers;
- NCPA will rely on advice from a Designated QIR as defined in Dodd-Frank;
- NCPA will comply with written policies and procedures reasonably designed to ensure that the Designated QIR selected by NCPA satisfies the applicable requirements of CFTC Regulation 23.405(b)(1) and that such policies and procedures provide for ongoing monitoring of the performance of such representative consistent with the requirements of CFTC Regulation 23.450(b)(1); and
- NCPA will exercise independent judgment in consultation with a Designated QIR, in evaluating all Swap recommendations (if any) of Swap dealers that are presented to NCPA with respect to Swaps to be executed by NCPA on its own behalf.

NCPA will comply with all regulatory requirements, as applicable to NCPA, associated with the execution of new interest rate swaps or the maintenance of existing interest rate swaps.

16. Authority for Fixed Rate Debt, Variable Rate Debt and Swap Agreements

The Commission may adopt resolutions from time to time authorizing the issuance of Fixed Rate Debt, Variable Rate Debt or execution of interest rate Swaps, which will be executed by NCPA's General Manager.

Prior to seeking Commission approval of a proposed Fixed Rate Debt, Variable Rate Debt, or interest rate Swap transaction, NCPA will invite to a Finance Committee meeting, all participants in the Project subject to the proposed transaction to express their views as to whether to recommend the proposed transaction to the Commission for its consideration. Any objection by a participant shall be considered.

The General Manager must obtain the approval of the Finance Committee and the Commission prior to the issuance of Fixed Rate Debt or Variable Rate Debt or execution of any interest rate Swap transaction. The General Manager, with the concurrence of outside Bond Counsel, shall determine whether a proposed debt transaction or interest rate Swap agreement is legally valid and complies with any applicable provisions of the Agency's legal agreements.

NCPA recognizes that changes in the capital markets, Agency programs, financial circumstances and other unforeseen circumstances may from time to time produce situations that are not covered by this policy and will require modifications or exceptions to achieve policy goals. In these cases management flexibility is appropriate, provided specific authorization from the Finance Committee and the Commission is obtained prior to execution of a transaction.

17. Identification and Evaluation of Financial and Other Risks

Prior to obtaining Commission approval of the issuance of Fixed Rate Debt or Variable Rate Debt or execution of interest rate Swaps, the Finance Committee shall identify and evaluate the financial risks associated with the proposed transaction, and summarize them clearly and concisely for the Commission, along with any measures that will be taken to mitigate those risks. The following types of risks shall be evaluated in connection with each proposed transaction:

- **Market or Interest Rate Risk:** Does the proposed transaction hedge or create exposure to fluctuations in interest rates? If so, what factors might affect such rates?
- **Tax Law Risk:** Is the proposed transaction subject to rate adjustments, extraordinary payments, termination or other adverse consequences in the event of a future change in Federal Income Tax Policy? Is the proposed transaction subject to receipt of funds from the federal government?
- **Termination Risk:** Under what circumstances might the proposed transaction be terminated? At what cost? Does the Agency have sufficient liquidity to cover this exposure? Does the financing structure have elements to deal with unanticipated termination?
- **Risk of Uncommitted Funding (Put Risk):** Does the transaction require or anticipate a future financing action? Is that action dependent upon third party participation? What commitments can be or have been secured for such participation? What policies or procedures does the Agency have in place to deal with this risk?
- **Legal Authority:** Is there any uncertainty regarding the legal authority of any party to participate in the transaction?
- **Counterparty Credit Risk:** What is the creditworthiness of the counterparty? What provisions have been made to mitigate exposure to adverse changes in their credit standing?
- **Ratings Risk:** What exposure does the Agency have to ratings of third parties? What effect would a change in an Agency project debt rating have on the transaction? Will the execution of the transaction have a negative impact on any one participant's credit rating?
- **Basis Risk:** Does the anticipated payments that the Agency would make or receive under the interest rate Swap match the payments or receipts that it seeks to hedge?
- **Tax Status of Agency Debt:** Does the transaction comply with all tax law requirements with respect to the Agency's outstanding bonds?
- **Accounting Risk:** Does the proposed transaction create any accounting issues that could have a detrimental effect on the Agency's financial statements? Would the proposed transaction have any effect on compliance with bond covenants? How are any such effects addressed or mitigated?
- **Administrative Risk:** Can the proposed transaction be readily administered and monitored by the Agency's finance staff or team consistent with the requirements outlined in this policy?
- **Subsequent Business Conditions:** Does the proposed transaction or its benefits depend upon the continuation or realization of specific industry or business conditions?
- **Credit Enhancement Provider Risk:** Does the financial strength and credit ratings of the Credit Enhancement provider (if any) affect the business terms of the Fixed Rate Debt, Variable Rate Debt or interest rate Swap? Does a credit downgrade trigger events that affect the economics of the Fixed Rate Debt, Variable Rate Debt or interest rate Swap?
- **Credit Risk:** Is it expected that credit support, if needed, will be available and exist at a reasonable cost over the term of any Fixed Rate Debt, Variable Rate Debt or interest rate Swap?
- **Amortization Risk:** Is the Fixed Rate Debt or Variable Rate Debt amortization appropriate for the life of the project, assets and Third Phase Agreements to which it is related? Does the amortization of the underlying debt or assets, match a proposed interest rate Swap agreement?

18. Anticipated Value Thresholds and Criteria

Any proposed Variable Rate Debt or Swap transactions under the Policy not having tax risk should be anticipated to generate at least 7% Net Present Value Savings or at least 2% incremental benefit above

a traditional Fixed Rate Debt refunding transaction when compared to the notional amount of the Swap. Any proposed transactions under this policy having tax risk (i.e., a LIBOR Swap) should be anticipated to generate at least 10% Net Present Value Savings or at least 5% incremental benefit above a traditional Fixed Rate Debt refunding transaction when compared to the notional amount of the Swap, as determined by the General Manager. All transaction related fees should be included in the calculation to determine the net present value benefit of the transaction. NCPA should also consider the potential for fees to increase from assumed levels. Also, the renewal risk associated with credit facilities should be incorporated in the analysis. This threshold shall be a guideline and is subject to override by the Commission, should the transaction, in the Commission's sole judgment, help to meet any of the other objectives outlined herein.

Notwithstanding the net present value thresholds described, the Finance Team may consider and the Commission may authorize Swap or Variable Rate Debt transactions which, in the determination of the Finance Team are risk neutral to the Agency's financial obligations or which result in risk reduction and not net present value benefit.

19. Procurement Process Requirements

NCPA may either negotiate or competitively bid its Fixed Rate Debt, Variable Rate Debt or interest rate Swap transactions.

20. Monitoring and Reporting Requirements

The Finance Team will monitor any Fixed Rate Debt, Variable Rate Debt and interest rate Swaps that the Agency has outstanding on at least a monthly basis. The Finance Team will provide a written report the Commission regarding the status of all Variable Rate Debt and interest rate Swaps at least on a semi-annual basis to the Finance Committee and to the Commission. Such reports shall include the following information:

- Highlights of all material changes to Fixed Rate Debt, Variable Rate Debt and interest rate Swaps entered into by the Agency since the last report;
- Highlight any changes to Fixed Rate Debt, including any subsidy considerations, material bond proceeds fund investment issues, continuing obligation considerations, escrow considerations, rating triggers, or other developments which might affect the expected continuity and performance of the Fixed Rate Debt;
- The performance of Variable Rate Debt compared to relevant indices since the last report;
- Tracking of future put dates, remarketings, Credit Enhancement renewals, and other pending dates of importance for the continuation of Variable Rate Debt structures;
- Changes to any fees paid to any third parties including Credit Enhancement providers, remarketing agents, etc.;
- Market value of each of the Agency's interest rate Swaps;
- The net impact to the Agency of a 50 basis point movement (up and down) in the appropriate taxable Swap market curves, and a tax/market adjusted movement in tax-exempt market Swap curves;
- For each counterparty, the Agency shall provide the total notional amount position, the average life of each interest rate Swap agreement, and the remaining term of each interest rate Swap agreement;
- Separately for each Variable Rate Debt structure or interest rate Swap, the actual cumulative cost or benefit versus the projected cost or benefit of the transaction;
- The credit ratings and outlooks (making particular note of any rating changes) for each interest rate Swap counterparty and credit enhancer associated with a Variable Rate Debt structure or interest rate Swap;
- The credit ratings and outlooks (if applicable) for any Variable Rate Debt with Credit Enhancement or any Variable Rate Debt without Credit Enhancement;

- Actual collateral posting by each interest rate Swap counterparty;
- A summary of each interest rate Swap, including, but not limited to, the type of interest rate Swap, the rates and dollar amounts paid by the Agency and received by the Agency, and other terms;
- Information concerning any default by an interest rate Swap counterparty under an agreement with the Agency, and the results of the default, including but not limited to the financial impact to the Agency and its members, if any;
- A summary of any planned Fixed Rate Debt, Variable Rate Debt and interest rate Swaps and the projected impact of such Variable Rate Debt and interest rate Swaps on the Agency and its members; and
- A summary of any Fixed Rate Debt, Variable Rate Debt and interest rate Swaps that were refinanced or terminated.

21. Accounting and Budget Treatment

NCPA shall comply with any applicable accounting standards for the treatment of Fixed Rate Debt, Variable Rate Debt, interest rate Swaps and related financial instruments. On an annual basis the budget treatment for debt and Swaps shall be reviewed and recommendations made as to the treatment for each annual operating budget, as determined by the project participants.

22. Commission Authorization to Control

Nothing in this Policy shall affect the validity or enforceability of any agreement by the Agency pursuant to authorization by the Commission.

23. Compliance with Senate Bill No. 1029

SEC. 2. (i)

NCPA, no later than 30 days prior to the sale of any debt issue, submits a report of the proposed issuance to the California Debt and Investment Advisory Commission ("CDIAC" or the "commission") by any method approved by the commission. Under Senate Bill 1029 (SB 1029 or the bill), NCPA will include a certification to CDIAC that NCPA has adopted a local debt policy concerning the use of debt and that the contemplated debt issuance is consistent with the local debt policy. NCPA's adopted Debt and Interest Rate Management Policy addresses all of the following requirements:

- The purposes for which the debt proceeds may be used.
 - NCPA's adopted Debt and Interest Rate Management Policy addresses this as can be seen in language contained in "2. Use of Fixed Rate Debt."
- The types of debt that may be issued.
 - NCPA's adopted Debt and Interest Rate Management Policy addresses this as can be seen in language contained in "2. Use of Fixed Rate Debt" and "3. Use of Variable Rate Debt."
- The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable.
 - NCPA's adopted Debt and Interest Rate Management Policy addresses this as can be seen in language contained in "2. Use of Fixed Rate Debt," "16. Authority for Fixed Rate Debt, Variable Rate Debt and Swap Agreements" and "21. Accounting and Budget Treatment."
- Policy goals related to the issuer's planning goals and objectives.
 - NCPA's adopted Debt and Interest Rate Management Policy addresses this as can be seen in language contained in "2. Use of Fixed Rate Debt," "3. Use of Variable Rate

Debt” and “16. Authority for Fixed Rate Debt, Variable Rate Debt and Swap Agreements.”

- The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.
 - NCPA’s adopted Debt and Interest Rate Management Policy addresses this as can be seen in language contained in “16. Authority for Fixed Rate Debt, Variable Rate Debt and Swap Agreements,” “20. Monitoring and Reporting Requirements” and “21. Accounting and Budget Treatment.”

SEC. 2. (j)

NCPA will not later than 21 days after the sale of the debt, submit a report of final sale to the commission by any method approved by the commission.

SEC. 2. (k)

NCPA will submit an annual report for any issue of debt for which it has submitted a report of final sale pursuant to subdivision (j) on or after January 21, 2017. The annual report shall cover a reporting period from July 1 to June 30, inclusive, and shall be submitted no later than seven months after the end of the reporting period by any method approved by the commission. The annual report shall consist of the following information:

- Debt authorized during the reporting period
 - Debt authorization as of July 1
 - New debt authorized and issued during the reporting period
 - New debt authorized but not issued as of June 30 of the following year
 - Debt authority that has lapsed during the reporting period
- Debt outstanding during the reporting period
 - Principal balance as of July 1
 - Principal paid during the reporting period
 - Principal balance as of June 30 of the following year
- Use of proceeds for debt issued during the reporting period
 - Debt proceeds available at July 1
 - Debt proceeds spent, including the purpose, during the reporting period
 - Debt proceeds remaining as of June 30 of the following year

24. Biennial Review of Policy

The Finance Committee shall review the Agency’s Debt and Interest Rate Management Policy on a biennial basis and recommend appropriate changes to the Commission.

25. Glossary

- **Asset/Liability Matching:** Matching the term and amount of assets and liabilities in order to mitigate the impact of changes in interest rates.
- **Call Option:** The right to buy an underlying asset after a certain date and at a certain price. A call option is frequently embedded in a municipal; bond, giving the issuer the right to buy, or redeem, the bonds at a certain price.
- **Cap:** A ceiling on the interest rate paid.

- **Collar:** The combination of owning a Cap and selling a Floor. General structured so the net cost of a collar is close to zero, i.e., the expense for the Cap premium is offset by the credit received for the floor premium.
- **Collateral:** Assets pledged to secure an obligation. The assets are potentially subject to seizure in the event of a default.
- **Credit Enhancement:** Any one of the variety of third party offerings, including bond insurance, Letters-of-Credit, Standby Bond Purchase Agreement and other comparable products, which provide of rating enhancing security or additional liquidity.
- **Derivative:** A financial product that is based upon another product. Generally derivatives are risk mitigation tools.
- **Downgrade:** A negative change in credit ratings.
- **Floor:** A lower limit on the interest rate that may be paid.
- **Forward Starting Swap:** Interest rate Swaps that start at some time in the future.
- **Hedge:** A transaction that reduces the interest rate risk of an underlying security.
- **Interest rate Swap:** The exchange of a fixed interest rate and a floating interest rate between counterparties.
- **Hedged:** Debt obligations which are associated with an interest rate Swap intended to reduce the volatility of the cost and risk of other obligations.
- **ISDA:** The International Swaps and Derivatives Association, a global trade association representing participants in the derivatives industry.
- **Liquidity Support:** An agreement by a bank to make payment on a variable rate security to assure investors that the security can be sold.
- **Letter of Credit:** An agreement by a bank to provide both long-term and irrevocable short-term Credit Enhancement.
- **LIBOR:** The London Interbank Offer Rate. Used as an index to compute the variable rates for certain interest rate Swaps.
- **Notional Amount:** The agreed upon principal amount used to determine the interest payments in a Swap transaction.
- **Net Present Value Savings:** The savings derived from a refinancing by discounting the net cashflow savings of the refunding transaction when compared to the refunded transaction inclusive of estimates of all costs, fund earnings, etc., at the yield estimated for tax purposes, to the estimated date of issuance of the refunding bonds, divided by the par amount of the refunded bonds.
- **Option:** There are two primary types of options, put and call. An option is considered a wasting asset because it has a stipulated life and may expire worthless.
- **Put Option:** A contract that grants the purchaser the right, but not the obligation to exercise.
- **SIFMA Index:** The Securities Industry and Financial Markets Association Municipal Swap Index, the principal benchmark for floating rate payments of tax-exempt issuers. The SIFMA Index is a national composite of approximately 200, high-grade seven day tax-exempt variable rate issues of \$10 million or more.
- **Swap:** An immediate or forward starting contractual agreement between two parties to exchange future net cash flows based on predetermined indices calculated on an agreed notional amount. May include a "Swaption" or a Swap option, which is an agreement that provides one party with the right to begin, terminate or extend a Swap, based on certain agreed upon parameters.
- **Swaption:** An option on an interest rate Swap that gives the purchaser the right, but not the obligation to enter into an interest rate Swap.
- **Synthetic Fixed Rate:** Variable rate debt, which by virtue of an associated Swap hedge, which has a variable rate receipt leg and a fixed payment leg, which approximates the variable rates on the debt, has an expected fixed cost profile which (together with the associated Swap) approximates that of Fixed Rate Debt.

- **Synthetic Variable Rate:** Fixed rate debt which by virtue of an associated Swap hedge which has a fixed rate receipt leg and a variable payment leg which approximates the rates on the debt, has an expected variable cost profile which (together with the associated Swap) approximates that of Variable Rate Debt.
- **Termination Payment:** A payment made by a counterparty that is required to terminate the Swap agreement. The payment is commonly based on the market value of the Swap, which is computed using the rate on the initial Swap and the rate of a replacement Swap.
- **Unhedged:** Debt obligations, which are not associated with an interest rate Swap intended to reduce the volatility of the cost of those obligations.
- **Yield Curve:** The graphic or tabular representation of interest rates across different maturities (i.e., short-term to long-term).



Debt and Interest Rate Management Policy

May 2017⁵

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1. Introduction

The purpose of this document ("the Policy") is to set forth the policies that govern the Northern California Power Agency's ("NCPA" or "the Agency") implementation or use of any Fixed Rate Debt, Variable Rate Debt or interest rate Swaps and/or other interest rate Derivative-type transactions. NCPA's debt and investment portfolio involves, and will continue to involve, different interest rate payments and interest rate risks. A variety of financial instruments are available to offset, hedge, or reduce those interest rate risks or provide a lower net cost of borrowing with respect to the Agency's debt. The Policy governs the use of such hedging instruments and debt financing structures. It should be noted that the Policy limits and guidelines included in this document are based on financial circumstances as of the Policy's most recent update and shall be subject to change as circumstances change, upon approval of the NCPA Finance Committee and the NCPA Commission ("Commission"). It should also be noted that the Policy is not intended to address commodity derivatives or other agreements, which the Agency might utilize as part of resource hedging for power supply management.

2. Use of Fixed Rate Debt

NCPA has historically utilized Fixed Rate Debt issuances to finance the majority of the capital requirements. As it relates to using Fixed Rate Debt structures, NCPA will follow guidelines consistent with the Government Finance Officers Association Best Practices for Governmental Debt Management. Additionally, NCPA will carefully consider the regulations, risks, and benefits of various kinds of Fixed Rate Debt such as traditional tax-exempt municipal bonds, taxable bonds, Build America Bonds, or other forms of Fixed Rate Debt. NCPA will also apply several guidelines specifically to the use of Fixed Rate Debt for refinancing existing debt obligations. Those include:

- For a Fixed Rate Debt refinancing of existing Fixed Rate Debt, NCPA will generally apply a minimum 5% Net Present Value Savings target for transactions which are expected to maintain the same level of risk related to the debt.
- For a Fixed Rate Debt refinancing of existing Synthetic Fixed Rate Debt, Variable Rate Debt or Synthetic Variable Rate Debt transactions which are believed and expected to reduce the risk related to the debt, NCPA will generally attempt to complete transactions that do not result in a Net Present Value Savings of less than 0%; however, the Policy does not preclude NCPA from executing a transaction that results in a Net Present Value Savings of less than 0% if the risk mitigation benefits are deemed to merit the cost.

As it relates to the risk and benefit tradeoffs of different Fixed Rate Debt structures, methods of sale, timing, detailed deal structure considerations and other factors, NCPA will rely on the expertise of the NCPA Finance Committee ("Finance Committee"), NCPA's Financial Advisor and NCPA's Bond Counsel. Moreover, notwithstanding the guidelines above, the Agency will not be precluded from issuing Fixed Rate Debt if so approved by the Commission.

3. Use of Variable Rate Debt

As it relates to using Variable Rate Debt structures, NCPA will follow guidelines consistent with the Government Finance Officers Association Best Practices for Governmental Debt Management. Additionally, NCPA shall use an overall asset/liability approach to management of its debt portfolio. As part of this management, NCPA shall attempt to manage its Unhedged Variable Rate Debt exposure to no more than the greater of 20% or \$100 million of the outstanding revenue bond obligations per project. For purposes of this limitation, Unhedged Variable Rate Debt exposure shall include both the principal amount of direct issue Variable Rate Debt and the notional amount of Synthetic Variable Rate Debt less:

- The amount of direct Variable Rate Debt for which variable interest rate exposure has been eliminated or reduced by interest rate Swaps or interest rate Caps, Collars or other hedging instruments.
- The amount of short-term assets held in reserves at NCPA, i.e., cash accounts, which provide a natural hedge against the Variable Rate Debt.

NCPA shall also attempt to manage its total Variable Rate Debt (both Hedged and Unhedged) exposure to no more than the greater of 50% or \$250 million of the outstanding revenue bond obligations per project.

NCPA may consider various structures for the issuance of Variable Rate Debt and, under appropriate market conditions as determined by the Finance Committee, Synthetic Variable Rate Debt. Decisions about which debt structure or Swap instrument to utilize at any point in time shall be based on a number of factors including the relative costs, benefits, and risks to NCPA and its members.

When applicable and possible, NCPA will attempt to stagger the renewal or remarketing risks associated with different kinds of Variable Rate Debt. NCPA will do so with the objective of limiting the risk that multiple series or significant dollar amounts of Variable Rate Debt might become subject to unanticipated redemption within a similar period of time.

4. Variable Rate Debt with Credit Enhancement

The use of Variable Rate Debt by NCPA has typically required use of credit facilities such as a direct pay Letters of Credit ("LOC") primarily to ensure that the Variable Rate Debt has one of the two highest short-term ratings. Such short-term ratings are important to obtaining the lowest cost to NCPA and are necessary for the marketing of Variable Rate Demand Obligations ("VRDOs") to money market and other short-term investors.

For the purposes of the Policy, Variable Rate Debt products, which require Credit Enhancement shall include VRDOs, which require either a Letter of Credit or Line of Credit (Standby Bond Purchase Agreement or "SBPA") and not Direct Purchase Variable Rate Debt (Variable Rate Debt which does not have bank rating exposure but which still has similar credit terms as VRDOs with Credit Enhancement). Direct Purchase Variable Rate Debt will be tracked as Variable Rate Debt without Credit Enhancement, the guidelines for which are given in Section 5.

NCPA recognizes that concentration with a Credit Enhancement provider on Variable Rate Debt exposes NCPA to substantial risk. Given the risks associated with Credit Enhancement providers, NCPA should adhere to the following policies with regard to Variable Rate Debt structures, which require Credit Enhancement:

- The amount of bond insurance by any one bond insurer on NCPA's VRDOs should not exceed the greater of 30% or \$150 million outstanding revenue bond obligations on any NCPA project;
- The amount of credit capacity provided by any one banking institution should not exceed the greater of 30% or \$150 million outstanding revenue bond obligations on any NCPA project;
- The ratings of any bond insurer for insured VRDOs must be no less than A1, A+ or equivalent by any two of the national recognized rating agencies (i.e., Moody's Investors Service, Standard and Poor's, or Fitch Ratings) at the time of procurement and implementation of the bond insurance; and
- The long-term credit ratings of any LOC or SBPA providers must be no less than A2, A or equivalent by any two of the national recognized rating agencies (i.e., Moody's Investors Service, Standard and Poor's, or Fitch Ratings) and the short-term credit ratings must have no less than P1, A-1, or equivalent short-term ratings by any two of the national recognized rating agencies (i.e., Moody's Investors Service, Standard and Poor's, or Fitch Ratings) at the time of procurement and implementation of the LOC or SBPA. If credit ratings fall below the above levels at any time during the term of the credit enhancement, the financial situation of the banking institution and the downgrade impact on NCPA shall be monitored. In addition, consideration shall be given to the

possible replacement of the banking institution or other possible options for replacement products if the situation warrants such change.

NCPA will also attempt to limit the amount of Variable Rate Debt which requires Credit Enhancement to no more than the greater of 30% or \$150 million of the outstanding revenue bond obligations per project.

The Commission should approve any increases in exposure above the limits set above for Credit Enhancement providers.

5. Variable Rate Debt without Credit Enhancement

In recent years numerous structures have emerged to allow debt issuers to borrow funds without Credit Enhancement using bonds or notes which function as Variable Rate Debt the interest cost of which fluctuate from time to time. Such structures may be subject to remarketing and therefore not pegged to a particular index or may be indexed for a period of time to a published index such as LIBOR or SIFMA. Such structures are characterized by the lack of Credit Enhancement requirement but which have a different risk profile. "Direct Purchase" structures are to be considered under these guidelines instead of the guidelines applying to Variable Rate Debt with Credit Enhancement.

For the purposes of the Policy, NCPA will limit the issuance of Variable Rate Debt structures without Credit Enhancement to structures which have the following characteristics:

- The amount of Variable Rate Debt which is subject to a mandatory tender with the penalty of a failed mandatory tender being an immediate Event of Default will be limited to the greater of 10% or \$50 million outstanding revenue bond obligations on any NCPA project;
- The amount of Variable Rate Debt which is subject to a mandatory tender with the penalty of a failed mandatory tender being an Event of Default subsequent to a penalty rate period of 180 days or less will be limited to the greater of 20% or \$100 million outstanding revenue bond obligations on any NCPA project;
- In all cases, NCPA will favor Variable Rate Debt structures for which acceleration of principal repayment occurs over a period of not less than 3 years; and
- NCPA will attempt whenever possible to match the trading levels or index of the Variable Rate Debt with the appropriate receipt or payment leg of interest rate Swaps (if applicable).

NCPA will also attempt to limit the amount of Variable Rate Debt without Credit Enhancement to no more than the greater of 30% or \$150 million of the outstanding revenue bond obligations per project.

6. Consideration of Financial Proposals

In order to facilitate NCPA's receipt of financing proposals associated with existing or contemplated debt, NCPA shall retain internal expertise and utilize an Independent Registered Municipal Advisor ("IRMA") as necessary, to provide advice to NCPA on proposals from broker-dealers or banks. NCPA's IRMA will be required to be registered as a Municipal Advisor with the Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB").

7. Use of Interest Rate Swaps

NCPA will determine if interest rate Swaps are appropriate in accordance with the provisions of Section 5922(a) of the Government Code and the Agency may execute interest rate Swaps only if the transaction can be reasonably expected to achieve one or more of the following objectives:

- Result in a lower net cost of borrowing with respect to the Agency's debt, or achieve a higher net rate of return on the investment of Agency moneys;
- Reduce exposure to changes in interest rates either in connection with a particular debt financing or investment transaction or in the management of interest rate risk with respect to the Agency's overall debt and investment portfolios;

- Manage variable interest rate exposure consistent with prudent practices and guidelines approved by the Commission; or
- Manage other financial risks or counterparty exposures in a manner consistent with prudent practices and guidelines approved by the Commission.

NCPA may utilize the following interest rate Swaps, on a either current or forward basis, after identifying the objectives to be realized and assessing the attendant risks:

- Interest rate Swaps, including fixed, floating and/or basis Swaps;
- Interest rate caps, floors and collars; or
- Options, including on Swaps, caps, floors and/or collars and/or cancellation or index-based features.

NCPA shall not execute interest rate Swaps under the following circumstances:

- When a financial instrument is used for speculative purposes rather than for managing and controlling interest rate risk in connection with Agency debt or investments;
- When the financial instrument creates extraordinary leverage or financial risk; or
- When there is insufficient price "transparency" to permit the Agency and its advisors to reasonably value the instrument, as a result, for example of the use of unusual structures or terms.

In addition, review of any proposed interest rate Swap shall consider the following:

- Identify the proposed benefit and potential risks as outlined in the Policy;
- Prepare an independent analysis of potential savings from a proposed transaction, on a Project and per participant basis;
- Prepare an analysis of the Fixed Rate Debt versus Variable Rate Debt and Swap exposure on a Project and per participant basis before and after the proposed transaction;
- Prepare a cash flow sensitivity analysis using parameters recommended by Standard & Poor's of 7.0% of LIBOR and BMA/LIBOR ratio at 75% to determine worst case impacts of LIBOR based Swaps; and
- Consider views of rating agencies based on published reports or criteria used by rating agencies.

8. Interest Rate Swaps – Term and Notional Amounts

NCPA shall determinate the appropriate term for an interest rate Swap agreement on a case-by-case basis. Any Swap shall not extend beyond the greater of: the final maturity date of existing debt of NCPA, or in the case of a refunding transaction, beyond the final maturity date of the refunding bonds or the termination of the related Third Phase Agreement for the relevant NCPA project. No new interest rate Swap transaction shall be approved that causes the notional amount of all interest rate Swaps to exceed 50% or \$250 million of the total amount of outstanding revenue bonds, or liquid assets on a project basis—except to the extent that an interest rate Swap is intended as a modification to another interest rate Swap (i.e., a basis Swap executed to modify the terms of an existing fixed payer Swap may not be counted as an interest rate Swap on its own so long as the fixed payer Swap which it modifies remains in place).

9. Interest Rate Swaps – Counterparty Ratings

NCPA shall be authorized to enter into interest rate Swap transactions only with Qualified Swap Counterparties (or their guarantors) which must have no less than A1, A+, or equivalent long-term ratings by any two of the national recognized rating agencies (i.e., Moody's Investors Services, Standard and Poor's, or Fitch Ratings) at the time that the interest rate Swap is executed. In addition, the counterparty must have a demonstrated record of successfully executing Swap transactions. Each counterparty shall have a minimum capitalization of at least \$250 million.

10. Interest Rate Swaps – Counterparty Exposure Limits

In order to diversify the Agency's counterparty credit risk and to limit the Agency's credit exposure to any one counterparty, the following limits are established on termination exposure for any one counterparty. These limits shall only apply at the time a Swap and/or related transaction is entered into, and thus may be exceeded during the term of a Swap or Swaps with the same counterparty. Upon approval by the Commission, exceptions may be made to these limits to the extent that the execution of a Swap achieves one or more of the objectives outlined herein.

For the purposes of these limits, "Maximum Net Termination Exposure" shall mean an amount equal to the aggregate maximum reasonably anticipated net termination payment exposure for all of the Agency's existing and proposed Swap agreements with such counterparty as determined by the Agency's financial advisor, bond counsel, in-house counsel and finance staff ("Finance Team"). At any given time, maximum reasonably anticipated net termination payment exposure shall be calculated based on market conditions and at assumed market conditions representing a change in taxable rates both up and down by 200 basis points. Prior to entering a new Swap with a counterparty, the maximum reasonable anticipated net termination payment exposure should be less than the Maximum Net Termination Exposures listed below or as changed from time to time by the Finance Committee due to changing financial circumstances.

The established limits vary based upon the credit rating of the counterparty. If the counterparty has more than one rating, the lowest rating will govern for purposes of calculating the permissible levels of exposure. The limits are as follows:

Counterparty Credit Exposure Limits			
Credit Rating	Maximum Collateralized Exposure	Maximum Uncollateralized Exposure	Maximum Total Termination Exposure
AA Category	\$50 million	\$25 million	\$50 million
A Category	\$25 million	\$10 million	\$25 million
Below A	\$10 million	\$0	\$10 million

In addition, the sum total notional amount per Swap counterparty may not exceed 35% of NCPA's total revenue bond indebtedness on a project basis.

Individual Swap contract limits will determine collateral and terminations provisions. When possible, these documents shall be drafted to so as not to conflict with NCPA's policies.

If any exposure limit is exceeded by a counterparty during the term of a Swap agreement, the General Manager shall consult with the Agency's Finance Team regarding appropriate strategies, if any, to mitigate this exposure.

11. Interest Rate Swaps – Maximum Termination Exposure

As of the date of execution of any Swap agreement and/or related instrument, the aggregate maximum reasonably anticipated net termination payment exposure for all of the Agency's existing and proposed Swap agreements, as determined by the Agency's Finance Team, shall not exceed \$75,000,000 or amounts as determined from time to time by the Finance Committee based on currently available financial data for the Agency.

12. Interest Rate Swaps – Collateral Requirements

As part of any Swap agreement, NCPA may require collateralization or other Credit Enhancement to secure any or all Swap payment obligations of the counterparty. As appropriate, the General Manager may require collateral or other Credit Enhancement to be posted by each Swap counterparty under the following circumstances:

- Each counterparty may be required to post collateral if the credit rating of the counterparty or its guarantor falls below the A2, A or equivalent by any two of the national recognized rating agencies (i.e., Moody's Investors Service, Standard and Poor's or Fitch Ratings). The amount of collateral posted shall be equal to the positive termination value of the Swap agreement to the Agency from time to time.
- Collateral shall consist of cash, U.S. Treasury securities and U.S. Agency securities.
- Collateral shall be deposited with a custodian, acting as agent for the Agency, or as mutually agreed upon between the Agency and each counterparty.
- A list of acceptable securities that may be posted as collateral and the valuation of such collateral will be determined and mutually agreed upon during negotiation of the Swap agreement with each Swap counterparty.
- The market value of the collateral shall be determined on at least a monthly basis.
- The General Manager will determine reasonable threshold limits for the initial deposit and for increments of collateral posted thereafter.
- The General Manager shall determine on a case-by-case basis whether other forms of Credit Enhancement are more beneficial to the Agency.

In connection with any collateralization requirements that may be imposed upon the Agency in connection with a Swap agreement, the Agency may post collateral or it may seek to obtain Swap insurance in lieu of posting collateral. The General Manager shall recommend a preferred approach to the Agency on a case-by-case basis.

13. Interest Rate Swaps – Termination Provisions

All interest rate Swap transactions shall contain provisions granting the Agency the right to optionally terminate a Swap agreement at any time over the term of the agreement.

A termination payment to or from the Agency may be required in the event of termination of a Swap agreement due to a default by or a decrease in the credit rating of either NCPA or the counterparty. Prior to entering into the Swap agreement or making any such termination payment, as appropriate, the General Manager shall evaluate whether it would be financially advantageous for the Agency to enter into a replacement Swap as a means of offsetting any such termination payment. Any such Swap would be subject to Commission and other approvals as set forth herein.

Any Swap termination payment due from the Agency shall be made from legally available Agency monies and shall be billed to each participant in accordance with member contracts. Any such termination payments shall be reported to the Commission at the next Commission meeting.

NCPA shall consider the extent of its exposure to termination payment liability in connection with each Swap transaction, and the availability of sufficient liquidity to make any such payments that may become due.

14. Form of Interest Rate Swap Agreements

Each interest rate Swap executed by the Agency shall contain terms and conditions as set forth in the International Swap and Derivatives Association, Inc. ("ISDA") Master Agreement, including the Schedule to the Master Agreement and a Credit Support Annex, as supplemented and amended in accordance with the recommendations of the Agency's Finance Team. Each Swap agreement between the Agency and each Qualified Swap Counterparty (as detailed below) shall include payment, term security, collateral, default, remedy, termination, and other terms, conditions and provisions as the Finance Team deem necessary or desirable.

Subject to the provisions contained herein, the terms of any NCPA interest rate Swap shall use the following guidelines:

- Downgrade provision triggering termination shall in no event be worse than those affecting the counterparty;
- Preferred governing law for Swaps shall be in California; and
- Termination value should be set by a "market quotation" methodology, unless NCPA deems an alternate method appropriate.

15. Compliance with Regulatory Requirements for Interest Rate Swap Transactions

NCPA qualifies as a "Special Entity" as defined in Section 1a (50) of the Commodity Exchange Act and Commodity Futures Trading Commission ("CFTC") Regulation 23.401(c). As such, NCPA will not be a "Reporting Counterparty" which would be subject to certain obligations. NCPA, however, will comply with Schedule IV, Part 1 of the ISDA Protocol in order to be covered under the Safe Harbor in Dodd-Frank. Schedule IV, Part 1 requires that NCPA meet several requirements:

- NCPA will not rely on Swap recommendations (if any) provided by Swap Dealers;
- NCPA will rely on advice from a Designated QIR as defined in Dodd-Frank;
- NCPA will comply with written policies and procedures reasonably designed to ensure that the Designated QIR selected by NCPA satisfies the applicable requirements of CFTC Regulation 23.405(b)(1) and that such policies and procedures provide for ongoing monitoring of the performance of such representative consistent with the requirements of CFTC Regulation 23.450(b)(1); and
- NCPA will exercise independent judgment in consultation with a Designated QIR, in evaluating all Swap recommendations (if any) of Swap dealers that are presented to NCPA with respect to Swaps to be executed by NCPA on its own behalf.

NCPA will comply with all regulatory requirements, as applicable to NCPA, associated with the execution of new interest rate swaps or the maintenance of existing interest rate swaps.

16. Authority for Fixed Rate Debt, Variable Rate Debt and Swap Agreements

The Commission may adopt resolutions from time to time authorizing the issuance of Fixed Rate Debt, Variable Rate Debt or execution of interest rate Swaps, which will be executed by NCPA's General Manager.

Prior to seeking Commission approval of a proposed Fixed Rate Debt, Variable Rate Debt, or interest rate Swap transaction, NCPA will invite to a Finance Committee meeting, all participants in the Project subject to the proposed transaction to express their views as to whether to recommend the proposed transaction to the Commission for its consideration. Any objection by a participant shall be considered.

The General Manager must obtain the approval of the Finance Committee and the Commission prior to the issuance of Fixed Rate Debt or Variable Rate Debt or execution of any interest rate Swap transaction. The General Manager, with the concurrence of outside Bond Counsel, shall determine whether a proposed debt transaction or interest rate Swap agreement is legally valid and complies with any applicable provisions of the Agency's legal agreements.

NCPA recognizes that changes in the capital markets, Agency programs, financial circumstances and other unforeseen circumstances may from time to time produce situations that are not covered by this policy and will require modifications or exceptions to achieve policy goals. In these cases management flexibility is appropriate, provided specific authorization from the Finance Committee and the Commission is obtained prior to execution of a transaction.

17. Identification and Evaluation of Financial and Other Risks

Prior to obtaining Commission approval of the issuance of Fixed Rate Debt or Variable Rate Debt or execution of interest rate Swaps, the Finance Committee shall identify and evaluate the financial risks associated with the proposed transaction, and summarize them clearly and concisely for the Commission, along with any measures that will be taken to mitigate those risks. The following types of risks shall be evaluated in connection with each proposed transaction:

- **Market or Interest Rate Risk:** Does the proposed transaction hedge or create exposure to fluctuations in interest rates? If so, what factors might affect such rates?
- **Tax Law Risk:** Is the proposed transaction subject to rate adjustments, extraordinary payments, termination or other adverse consequences in the event of a future change in Federal Income Tax Policy? Is the proposed transaction subject to receipt of funds from the federal government?
- **Termination Risk:** Under what circumstances might the proposed transaction be terminated? At what cost? Does the Agency have sufficient liquidity to cover this exposure? Does the financing structure have elements to deal with unanticipated termination?
- **Risk of Uncommitted Funding (Put Risk):** Does the transaction require or anticipate a future financing action? Is that action dependent upon third party participation? What commitments can be or have been secured for such participation? What policies or procedures does the Agency have in place to deal with this risk?
- **Legal Authority:** Is there any uncertainty regarding the legal authority of any party to participate in the transaction?
- **Counterparty Credit Risk:** What is the creditworthiness of the counterparty? What provisions have been made to mitigate exposure to adverse changes in their credit standing?
- **Ratings Risk:** What exposure does the Agency have to ratings of third parties? What effect would a change in an Agency project debt rating have on the transaction? Will the execution of the transaction have a negative impact on any one participant's credit rating?
- **Basis Risk:** Does the anticipated payments that the Agency would make or receive under the interest rate Swap match the payments or receipts that it seeks to hedge?
- **Tax Status of Agency Debt:** Does the transaction comply with all tax law requirements with respect to the Agency's outstanding bonds?
- **Accounting Risk:** Does the proposed transaction create any accounting issues that could have a detrimental effect on the Agency's financial statements? Would the proposed transaction have any effect on compliance with bond covenants? How are any such effects addressed or mitigated?
- **Administrative Risk:** Can the proposed transaction be readily administered and monitored by the Agency's finance staff or team consistent with the requirements outlined in this policy?
- **Subsequent Business Conditions:** Does the proposed transaction or its benefits depend upon the continuation or realization of specific industry or business conditions?
- **Credit Enhancement Provider Risk:** Does the financial strength and credit ratings of the Credit Enhancement provider (if any) affect the business terms of the Fixed Rate Debt, Variable Rate Debt or interest rate Swap? Does a credit downgrade trigger events that affect the economics of the Fixed Rate Debt, Variable Rate Debt or interest rate Swap?
- **Credit Risk:** Is it expected that credit support, if needed, will be available and exist at a reasonable cost over the term of any Fixed Rate Debt, Variable Rate Debt or interest rate Swap?
- **Amortization Risk:** Is the Fixed Rate Debt or Variable Rate Debt amortization appropriate for the life of the project, assets and Third Phase Agreements to which it is related? Does the amortization of the underlying debt or assets, match a proposed interest rate Swap agreement?

18. Anticipated Value Thresholds and Criteria

Any proposed Variable Rate Debt or Swap transactions under the Policy not having tax risk should be anticipated to generate at least 7% Net Present Value Savings or at least 2% incremental benefit above

a traditional Fixed Rate Debt refunding transaction when compared to the notional amount of the Swap. Any proposed transactions under this policy having tax risk (i.e., a LIBOR Swap) should be anticipated to generate at least 10% Net Present Value Savings or at least 5% incremental benefit above a traditional Fixed Rate Debt refunding transaction when compared to the notional amount of the Swap, as determined by the General Manager. All transaction related fees should be included in the calculation to determine the net present value benefit of the transaction. NCPA should also consider the potential for fees to increase from assumed levels. Also, the renewal risk associated with credit facilities should be incorporated in the analysis. This threshold shall be a guideline and is subject to override by the Commission, should the transaction, in the Commission's sole judgment, help to meet any of the other objectives outlined herein.

Notwithstanding the net present value thresholds described, the Finance Team may consider and the Commission may authorize Swap or Variable Rate Debt transactions which, in the determination of the Finance Team are risk neutral to the Agency's financial obligations or which result in risk reduction and not net present value benefit.

19. Procurement Process Requirements

NCPA may either negotiate or competitively bid its Fixed Rate Debt, Variable Rate Debt or interest rate Swap transactions.

20. Monitoring and Reporting Requirements

The Finance Team will monitor any Fixed Rate Debt, Variable Rate Debt and interest rate Swaps that the Agency has outstanding on at least a monthly basis. The Finance Team will provide a written report to the Commission regarding the status of all Variable Rate Debt and interest rate Swaps at least on a semi-annual basis to the Finance Committee and to the Commission. Such reports shall include the following information:

- Highlights of all material changes to Fixed Rate Debt, Variable Rate Debt and interest rate Swaps entered into by the Agency since the last report;
- Highlight any changes to Fixed Rate Debt, including any subsidy considerations, material bond proceeds fund investment issues, continuing obligation considerations, escrow considerations, rating triggers, or other developments which might affect the expected continuity and performance of the Fixed Rate Debt;
- The performance of Variable Rate Debt compared to relevant indices since the last report;
- Tracking of future put dates, remarketings, Credit Enhancement renewals, and other pending dates of importance for the continuation of Variable Rate Debt structures;
- Changes to any fees paid to any third parties including Credit Enhancement providers, remarketing agents, etc.;
- Market value of each of the Agency's interest rate Swaps;
- The net impact to the Agency of a 50 basis point movement (up and down) in the appropriate taxable Swap market curves, and a tax/market adjusted movement in tax-exempt market Swap curves;
- For each counterparty, the Agency shall provide the total notional amount position, the average life of each interest rate Swap agreement, and the remaining term of each interest rate Swap agreement;
- Separately for each Variable Rate Debt structure or interest rate Swap, the actual cumulative cost or benefit versus the projected cost or benefit of the transaction;
- The credit ratings and outlooks (making particular note of any rating changes) for each interest rate Swap counterparty and credit enhancer associated with a Variable Rate Debt structure or interest rate Swap;
- The credit ratings and outlooks (if applicable) for any Variable Rate Debt with Credit Enhancement or any Variable Rate Debt without Credit Enhancement;

- Actual collateral posting by each interest rate Swap counterparty;
- A summary of each interest rate Swap, including, but not limited to, the type of interest rate Swap, the rates and dollar amounts paid by the Agency and received by the Agency, and other terms;
- Information concerning any default by an interest rate Swap counterparty under an agreement with the Agency, and the results of the default, including but not limited to the financial impact to the Agency and its members, if any;
- A summary of any planned Fixed Rate Debt, Variable Rate Debt and interest rate Swaps and the projected impact of such Variable Rate Debt and interest rate Swaps on the Agency and its members; and
- A summary of any Fixed Rate Debt, Variable Rate Debt and interest rate Swaps that were refinanced or terminated.

21. Accounting and Budget Treatment

NCPA shall comply with any applicable accounting standards for the treatment of Fixed Rate Debt, Variable Rate Debt, interest rate Swaps and related financial instruments. On an annual basis the budget treatment for debt and Swaps shall be reviewed and recommendations made as to the treatment for each annual operating budget, as determined by the project participants.

22. Commission Authorization to Control

Nothing in this Policy shall affect the validity or enforceability of any agreement by the Agency pursuant to authorization by the Commission.

23. Compliance with Senate Bill No. 1029

SEC. 2. (i)

NCPA, no later than 30 days prior to the sale of any debt issue, submits a report of the proposed issuance to the California Debt and Investment Advisory Commission ("CDIAC" or the "commission") by any method approved by the commission. Under Senate Bill 1029 (SB 1029 or the bill), NCPA will include a certification to CDIAC that NCPA has adopted a local debt policy concerning the use of debt and that the contemplated debt issuance is consistent with the local debt policy. NCPA's adopted Debt and Interest Rate Management Policy addresses all of the following requirements:

- The purposes for which the debt proceeds may be used.
 - o NCPA's adopted Debt and Interest Rate Management Policy addresses this as can be seen in language contained in "2. Use of Fixed Rate Debt."
- The types of debt that may be issued.
 - o NCPA's adopted Debt and Interest Rate Management Policy addresses this as can be seen in language contained in "2. Use of Fixed Rate Debt" and "3. Use of Variable Rate Debt."
- The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable.
 - o NCPA's adopted Debt and Interest Rate Management Policy addresses this as can be seen in language contained in "2. Use of Fixed Rate Debt," "16. Authority for Fixed Rate Debt, Variable Rate Debt and Swap Agreements" and "21. Accounting and Budget Treatment."
- Policy goals related to the issuer's planning goals and objectives.
 - o NCPA's adopted Debt and Interest Rate Management Policy addresses this as can be seen in language contained in "2. Use of Fixed Rate Debt," "3. Use of Variable Rate

Debt" and "16. Authority for Fixed Rate Debt, Variable Rate Debt and Swap Agreements."

- The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.
 - NCPA's adopted Debt and Interest Rate Management Policy addresses this as can be seen in language contained in "16. Authority for Fixed Rate Debt, Variable Rate Debt and Swap Agreements," "20. Monitoring and Reporting Requirements" and "21. Accounting and Budget Treatment."

SEC. 2. (j)

NCPA will not later than 21 days after the sale of the debt, submit a report of final sale to the commission by any method approved by the commission.

SEC. 2. (k)

NCPA will submit an annual report for any issue of debt for which it has submitted a report of final sale pursuant to subdivision (j) on or after January 21, 2017. The annual report shall cover a reporting period from July 1 to June 30, inclusive, and shall be submitted no later than seven months after the end of the reporting period by any method approved by the commission. The annual report shall consist of the following information:

- Debt authorized during the reporting period
 - Debt authorization as of July 1
 - New debt authorized and issued during the reporting period
 - New debt authorized but not issued as of June 30 of the following year
 - Debt authority that has lapsed during the reporting period
- Debt outstanding during the reporting period
 - Principal balance as of July 1
 - Principal paid during the reporting period
 - Principal balance as of June 30 of the following year
- Use of proceeds for debt issued during the reporting period
 - Debt proceeds available at July 1
 - Debt proceeds spent, including the purpose, during the reporting period
 - Debt proceeds remaining as of June 30 of the following year

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23.24. Biennial Review of Policy

The Finance Committee shall review the Agency's Debt and Interest Rate Management Policy on a biennial basis and recommend appropriate changes to the Commission.

24.25. Glossary

- **Asset/Liability Matching:** Matching the term and amount of assets and liabilities in order to mitigate the impact of changes in interest rates.
- **Call Option:** The right to buy an underlying asset after a certain date and at a certain price. A call option is frequently embedded in a municipal; bond, giving the issuer the right to buy, or redeem, the bonds at a certain price.
- **Cap:** A ceiling on the interest rate paid.

- **Collar:** The combination of owning a Cap and selling a Floor. General structured so the net cost of a collar is close to zero, i.e., the expense for the Cap premium is offset by the credit received for the floor premium.
- **Collateral:** Assets pledged to secure an obligation. The assets are potentially subject to seizure in the event of a default.
- **Credit Enhancement:** Any one of the variety of third party offerings, including bond insurance, Letters-of-Credit, Standby Bond Purchase Agreement and other comparable products, which provide of rating enhancing security or additional liquidity.
- **Derivative:** A financial product that is based upon another product. Generally derivatives are risk mitigation tools.
- **Downgrade:** A negative change in credit ratings.
- **Floor:** A lower limit on the interest rate that may be paid.
- **Forward Starting Swap:** Interest rate Swaps that start at some time in the future.
- **Hedge:** A transaction that reduces the interest rate risk of an underlying security.
- **Interest rate Swap:** The exchange of a fixed interest rate and a floating interest rate between counterparties.
- **Hedged:** Debt obligations which are associated with an interest rate Swap intended to reduce the volatility of the cost and risk of other obligations.
- **ISDA:** The International Swaps and Derivatives Association, a global trade association representing participants in the derivatives industry.
- **Liquidity Support:** An agreement by a bank to make payment on a variable rate security to assure investors that the security can be sold.
- **Letter of Credit:** An agreement by a bank to provide both long-term and irrevocable short-term Credit Enhancement.
- **LIBOR:** The London Interbank Offer Rate. Used as an index to compute the variable rates for certain interest rate Swaps.
- **Notional Amount:** The agreed upon principal amount used to determine the interest payments in a Swap transaction.
- **Net Present Value Savings:** The savings derived from a refinancing by discounting the net cashflow savings of the refunding transaction when compared to the refunded transaction inclusive of estimates of all costs, fund earnings, etc., at the yield estimated for tax purposes, to the estimated date of issuance of the refunding bonds, divided by the par amount of the refunded bonds.
- **Option:** There are two primary types of options, put and call. An option is considered a wasting asset because it has a stipulated life and may expire worthless.
- **Put Option:** A contract that grants the purchaser the right, but not the obligation to exercise.
- **SIFMA Index:** The Securities Industry and Financial Markets Association Municipal Swap Index, the principal benchmark for floating rate payments of tax-exempt issuers. The SIFMA Index is a national composite of approximately 200, high-grade seven day tax-exempt variable rate issues of \$10 million or more.
- **Swap:** An immediate or forward starting contractual agreement between two parties to exchange future net cash flows based on predetermined indices calculated on an agreed notional amount. May include a "Swaption" or a Swap option, which is an agreement that provides one party with the right to begin, terminate or extend a Swap, based on certain agreed upon parameters.
- **Swaption:** An option on an interest rate Swap that gives the purchaser the right, but not the obligation to enter into an interest rate Swap.
- **Synthetic Fixed Rate:** Variable rate debt, which by virtue of an associated Swap hedge, which has a variable rate receipt leg and a fixed payment leg, which approximates the variable rates on the debt, has an expected fixed cost profile which (together with the associated Swap) approximates that of Fixed Rate Debt.

- **Synthetic Variable Rate:** Fixed rate debt which by virtue of an associated Swap hedge which has a fixed rate receipt leg and a variable payment leg which approximates the rates on the debt, has an expected variable cost profile which (together with the associated Swap) approximates that of Variable Rate Debt.
- **Termination Payment:** A payment made by a counterparty that is required to terminate the Swap agreement. The payment is commonly based on the market value of the Swap, which is computed using the rate on the initial Swap and the rate of a replacement Swap.
- **Unhedged:** Debt obligations, which are not associated with an interest rate Swap intended to reduce the volatility of the cost of those obligations.
- **Yield Curve:** The graphic or tabular representation of interest rates across different maturities (i.e., short-term to long-term).

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Commission Staff Report

May 12, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: Selection of Audit Service Provider and Award of Contract

AGENDA CATEGORY: Consent

FROM:	Sondra Ainsworth 	METHOD OF SELECTION:
	Treasurer-Controller	Competitive Pricing Process
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"/>	<i>If other, please specify.</i>

RECOMMENDATION:

Approve Resolution 17-39 authorizing award of Audit Services for up to nine years and the General Manager or his designee to enter into a Multi-Task Consulting Services Agreement with Baker Tilly Virchow Krause, LLP for annual audit services, with any non-substantial changes recommended and approved by NCPA Assistant General Counsel, which shall not exceed \$300,000 over three years. At the Agency's option, the term of the Agreement may be extended for two additional three-year terms, which options may be exercised by the Agency by providing written notice to the Consultant no less than four (4) months in advance of expiration of the agreement.

BACKGROUND:

The independent audit agreement to perform the annual audit for the Agency has expired. The certified public accounting firm Moss Adams has successfully performed the annual audit under this agreement for the last nine (9) years. The Agency preference is for an audit team to serve the Agency for no more than (9) years, and as such, a Request for Proposal for Audit Services (RFP) was required for the FY 17 audit of NCPA's financial statements and the following two years.

Staff issued an RFP on March 23, 2017 to solicit audit services and received responses from six audit firms as follows:

- Moss Adams LLP
- Baker Tilly Virchow Krause, LLP
- KPMG LLP
- Macias Gini & O'Connell LLP (MGO)
- Maze & Associates
- Vavrinek, Trine, Day & Co., LLP (VTD)

A selection panel comprised of NCPA and member staff recommended and agreed upon by the Finance Committee evaluated the responses and interviewed the top three responding firms.

FISCAL IMPACT:

The total three-year cost of this agreement is \$300,000. The audit fee for last fiscal year (FY 16) was \$75,000 including expenses. The proposed audit fee for FY 2016-2017 is \$68,000 including out-of-pocket expenses. Costs for fiscal years 2018 and 2019 are \$70,000 and \$72,100, respectively. The proposed agreement contains a contingency of \$89,900 for additional services such as the biennial Commercial Compliance Audit, OMB A-133 audit for Federal Grants received in excess of \$750,000, and other miscellaneous services as needed. Upon extension of the agreement for the two subsequent three year periods, the audit fees would be subject to annual escalation based on the consumer Price Index for All Urban Consumers, U.S. City Average, with a cap of 5%.

This agreement was included in the current fiscal year budget, and funds are available in General Allocations-Related to All Programs portion of the Annual Budget and Ten-Year Forecast. Such General Costs are proportionally allocated to all programs (equalized for debt service, property taxes, and other costs that would otherwise unfairly skew the results of the allocation).

SELECTION PROCESS:

This vendor was selected as a result of Formal Bidding done in accordance with NCPA's procurement policies and procedures. The Audit Services Request for Proposal was released on March 23, 2017 and was distributed to 17 potential vendors on March 25, 2017, including all members' FY 16 audit firms. After due consideration of each firm's qualifications, responses to the RFP, interview results and price quotes, staff recommends the appointment of Baker Tilly Virchow Krause, LLP, as the Agency's auditors and approval of a contract for three years (with two possible extensions of up to 9 years total). This vendor is recommended to provide this service because it provided the best value and most responsive bid to the Agency.

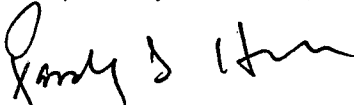
ENVIRONMENTAL ANALYSIS:

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

COMMITTEE REVIEW:

The recommendation was reviewed by the Finance Committee on May 10, 2017 and was unanimously recommended for Commission approval.

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachments: Multi-Task Consulting Services Agreement between NCPA and Baker Tilly
Resolution No. 17-39

RESOLUTION 17-39

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY
AWARDING MULTI-TASK CONSULTING SERVICES AGREEMENT

(reference Staff Report #154:17)

WHEREAS, the Northern California Power Agency requires an independent annual audit by a certified public accounting firm of national renown; and

WHEREAS, the current audit contract has expired and the Request for Proposal (RFP) process has been completed; and

WHEREAS, Baker Tilly Virchow Krause, LLP is a qualified certified public accounting firm and has been selected by staff and recommended by the NCPA Finance Committee as the most responsive proposer during the RFP process; and

WHEREAS, the proposed Multi-Task Consulting Services Agreement Between The Northern California Power Agency And Baker Tilly Virchow Krause, LLP is for audit services for fiscal years ended June 30 of 2017, 2018, and 2019. The term of the Agreement shall begin on the Effective Date and shall end when Consultant completes the services, or no later than three (3) years from the date the Agreement was signed by the Agency, whichever is shorter. At the Agency's option, the term of the Agreement may be extended for two additional three-year terms, which options may be exercised by the Agency by providing written notice to the Consultant no less than four (4) months in advance of expiration of the agreement;

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency adopts the Multi-Task Consulting Services Agreement to retain the certified public accounting firm Baker Tilly Virchow Krause, LLP as independent auditors for the Northern California Power Agency; for the fiscal year 2017 audit and the following two years and further hereby directs the General Manager or his designee to execute said Agreement.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2017 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	_____	_____	_____

BOB LINGL
CHAIR

ATTEST: _____
CARY A. PADGETT
ASSISTANT SECRETARY



**MULTI-TASK CONSULTING SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
BAKER TILLY VIRCHOW KRAUSE, LLP**

This Consulting Services Agreement ("Agreement") is made by and between the Northern California Power Agency, a joint powers agency with its main office located at 651 Commerce Drive, Roseville, CA 95678-6420 ("Agency") and Baker Tilly Virchow Krause, LLP, a limited liability partnership with its office located at 10 Terrace Court, Madison, WI 53718 ("Consultant") (together sometimes referred to as the "Parties") as of _____, 2017 ("Effective Date") in Roseville, California.

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

- 1.1 Term of Agreement.** The term of this Agreement shall begin on the Effective Date and shall end when Consultant completes the services, or no later than three (3) years from the date this Agreement was signed by the Agency, whichever is shorter. At the Agency's option, the term of the Agreement may be extended for two additional three-year terms, which options may be exercised by the Agency by providing written notice to the Consultant no less than four (4) months in advance of expiration of the agreement.
- 1.2 Standard of Performance.** Consultant shall perform the Services in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged and for which Consultant is providing the Services. Consultant represents that it is licensed, qualified and experienced to provide the Services set forth herein.
- 1.3 Assignment of Personnel.** Consultant shall assign only competent personnel to perform the Services. In the event that Agency, in its sole discretion, at any time during the term of this Agreement, requests the reassignment of any such personnel, Consultant shall, immediately upon receiving written notice from Agency of such request, reassign such personnel.
- 1.4 Request for Services.** At such time that Agency determines to use Consultant's Services under this Agreement, Agency shall issue a Purchase Order. The Purchase Order shall identify the specific services to be performed ("Requested Services"), may include a not-to-exceed monetary cap on Requested Services and expenditures authorized by that Purchase Order, and a time by which the Requested Services shall be completed. Consultant shall have seven calendar days from the date of the Agency's issuance of the Purchase Order in which to respond in writing that Consultant chooses not to perform the Requested Services. If Consultant agrees to perform the Requested Services, begins to perform the Requested Services, or does not respond within the seven day period specified, then Consultant will have agreed to perform the Requested

Services on the terms set forth in the Purchase Order, this Agreement and its Exhibits.

Section 2. COMPENSATION. Agency hereby agrees to pay Consultant an amount **NOT TO EXCEED** three hundred thousand dollars (\$300,000) for the Services, which shall include all fees, costs, expenses and other reimbursables, as set forth in Consultant's fee schedule, attached hereto and incorporated herein as Exhibit B. This dollar amount is not a guarantee that Agency will pay that full amount to the Consultants, but is merely a limit of potential Agency expenditures under this Agreement.

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

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

Invoices shall be sent to:

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

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

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

2.4 **Authorization to Perform Services.** The Consultant is not authorized to perform any Services or incur any costs whatsoever under the terms of this Agreement until receipt of written authorization from the Contract Administrator.

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

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

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

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

4.2 **Commercial General and Automobile Liability Insurance.**

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

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

mobile equipment to the extent coverage may be excluded from general liability insurance.

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

4.3 Professional Liability Insurance. Consultant shall maintain professional liability insurance appropriate to Consultant's profession performing work in connection with this Agreement in an amount not less than one million dollars (\$1,000,000.00) and two million dollars (\$2,000,000) aggregate covering the Consultant's errors and omissions. Any deductible or self-insured retention shall not exceed two hundred fifty thousand dollars (\$250,000) per claim. Such insurance shall be on a "claims-made" basis, subject to the following conditions: (1) the retroactive date of the policy shall be on or before the Effective Date of this Agreement; (2) the policy shall be maintained for at least five (5) years after completion of the Services and, if requested by Agency, evidence of coverage shall be provided during this period; and (3) if, within five (5) years of completion of the Services, coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Effective Date of this Agreement, Consultant shall purchase "extended reporting" coverage for a minimum of five (5) years after completion of the Services and, if requested by Agency, provide evidence of coverage during this period.

4.4 All Policies Requirements.

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

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

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

4.5 Waiver of Subrogation. Consultant agrees to waive subrogation which any insurer of Consultant may acquire from Consultant by virtue of the payment of any loss. Consultant agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. The Workers' Compensation policy shall be

endorsed with a waiver of subrogation in favor of Agency for all work performed by Consultant, its employees, agents and subcontractors.

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

Section 5. INDEMNIFICATION AND CONSULTANT'S RESPONSIBILITIES.

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

Section 6. STATUS OF CONSULTANT.

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

contribution to be paid by Agency for employer contributions and/or employee contributions for PERS benefits.

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

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

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

- 6.2 Consultant Not Agent.** Except as Agency may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of Agency in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied, pursuant to this Agreement to bind Agency to any obligation whatsoever.
- 6.3 Assignment and Subcontracting.** This Agreement contemplates personal performance by Consultant and is based upon a determination of Consultant's unique professional competence, experience, and specialized professional knowledge. A substantial inducement to Agency for entering into this Agreement was and is the personal reputation and competence of Consultant. Consultant may not assign this Agreement or any interest therein without the prior written approval of the Agency. Consultant shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors identified in Exhibit A, without prior written approval of the Agency. Where written approval is granted by the Agency, Consultant shall supervise all work subcontracted by Consultant in performing the services and shall be responsible for all work performed by a subcontractor as if Consultant itself had performed such work. The subcontracting of any work to subcontractors shall not relieve Consultant from any of its obligations under this Agreement with respect to the services and Consultant is obligated to ensure that

any and all subcontractors performing any services shall be fully insured in all respects and to the same extent as set forth under Section 4, to Agency's satisfaction.

- 6.4 **Certification as to California Energy Commission.** If requested by the Agency, Consultant shall, at the same time it executes this Agreement, execute Exhibit C.

Section 7. LEGAL REQUIREMENTS.

- 7.1 **Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 **Compliance with Applicable Laws.** Consultant and its subcontractors and agents, if any, shall comply with all laws applicable to the performance of the work hereunder.
- 7.3 **Licenses and Permits.** Consultant represents and warrants to Agency that Consultant and its employees, agents, and subcontractors (if any) have and will maintain at their sole expense during the term of this Agreement all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice their respective professions.

Section 8. TERMINATION AND MODIFICATION.

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

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

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

8.4.1 Immediately terminate the Agreement;

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

Section 9. KEEPING AND STATUS OF RECORDS.

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

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

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

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

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

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

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

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

Receiving Party's employees, agents, Consultant's contractors and subcontractors who have a need to know in connection with this Agreement.

Section 10. MISCELLANEOUS PROVISIONS.

- 10.1 Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.
- 10.2 Venue.** In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.
- 10.3 Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
- 10.4 No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.
- 10.5 Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.
- 10.6 Conflict of Interest.** Consultant may serve other clients, but none whose activities within the corporate limits of Agency or whose business, regardless of location, would place Consultant in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*
- Consultant shall not employ any Agency official in the work performed pursuant to this Agreement. No officer or employee of Agency shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*
- 10.7 Contract Administrator.** This Agreement shall be administered by Monty Hanks, Assistant General Manager, or his/her designee, who shall act as the Agency's representative. All correspondence shall be directed to or through the representative.

10.8 Notices. Any written notice to Consultant shall be sent to:

Russ Hissom
Partner
Baker Tilly Virchow Krause, LLP
10 Terrace Court
Madison, WI 53718

Any written notice to Agency shall be sent to:

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

With a copy to:

General Counsel
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

10.9 Professional Seal. Where applicable in the determination of the Agency, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation.

10.10 Integration; Incorporation. This Agreement, including all the exhibits attached hereto, represents the entire and integrated agreement between Agency and Consultant and supersedes all prior negotiations, representations, or agreements, either written or oral. All exhibits attached hereto are incorporated by reference herein.

10.11 Alternative Dispute Resolution. If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Agency and Consultant agree to resolve the dispute in accordance with the following:

10.11.1 Each party shall designate a senior management or executive level representative to negotiate any dispute;

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

- 10.11.3** If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiation between legal counsel. If the above process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.
- 10.11.4** The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.
- 10.11.5** The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.
- 10.11.6** The alternative dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative prior to either Party initiating legal action. This alternative dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 *et seq.*

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

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

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

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

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

NORTHERN CALIFORNIA POWER AGENCY

BAKER TILLY VIRCHOW KRAUSE, LLP

Date _____

Date _____

RANDY S. HOWARD, General Manager

Attest:

[NAME, TITLE]

Assistant Secretary of the Commission

Approved as to Form:

Assistant General Counsel

EXHIBIT A

SCOPE OF SERVICES

Baker Tilly Virchow Krause, LLP (referred to as "Consultant" or "Auditor") shall provide annual audit of the financial statements, including associated reporting for the Agency, for fiscal years ended June 30, 2017, 2018, and 2019, as set forth below. In addition, Consultant shall provide additional services, as requested by the Agency.

Required Audit Products

For each fiscal year end, June 30, the Consultant shall provide the Agency with the following formal documents:

- Report on the Combined Financial Statements
- Negative assurance for Supplementary Combining Information
- Report on Internal Control/No Material Weaknesses/Management Letter
- Negative assurance for Certain Bond Indenture of Trust Provisions (No Default)
- Report on Compliance with the Agency's Investment Policy
- Report and discussion on audit with Finance Committee
- Consent to use audited financial statements in bond offerings and on the Agency's Website.

Consultant and NCPA will exercise their best efforts to complete the audit by October 10th of each year.

Each year following completion and delivery of all required reports hereunder, Consultant may elect to resign by providing written notice prior to January 31.

Audit Role of Agency

NCPA recognizes that assistance from its Treasurer-Controller staff during an audit conducted by an external auditor will reduce the cost of an audit. Agency staff will provide the normal Prepared by Client work papers in the same format provided to the current auditor in past years. NCPA Treasurer-Controller staff members write both the Management Discussion and Analysis (MD&A) and footnotes to the financial statements.

Prior Year Audit Working Papers

Moss Adams, LLP is the auditor for the Agency for FY 2016. Consultant will be responsible for arranging any review of the prior year's work papers, which the Agency will approve in advance.

Bond Indenture Requirements

The Agency's Indentures of Trust require an independent annual audit and no default letter to be filed with the Trustee within 120 days after the close of the fiscal year. To meet this schedule and the schedule for the production of the Agency's Annual Report requires that the reports of independent auditors, which includes the audited combined financial statements, be issued by October 10th of each year.

Additional Services

Consulting or Other Work

Consultant will not perform any direct consulting or other work for the Agency unless the Agency separately requests it. However, Consultant may be retained by the Agency's underwriters, or other parties working on behalf of the Agency in regard to verification of bond defeasance escrows or similar work, which must be pre-approved by the Agency.

Federal Awards

From time to time the Agency receives Federal awards for various reasons. Under current Federal law, in any fiscal year those awards total \$750,000 or more, the Agency is required to obtain the following or similar reports from its Auditors in conjunction with the annual audit:

- Audit of Schedule of Expenditures of Federal Awards--OMB Circular A-133
- Completed U.S. Department of Commerce—Bureau of Census Form SF-SAC

While the Agency does not specifically anticipate Federal Awards of \$750,000 or more in any given year, IF REQUIRED, the additional audit fee for compliance with the aforementioned will be determined, if and when required, by mutual agreement.

Project Financing Activities

In addition to the auditors' consent to use audited financial statements for bond offerings, at the sole option of the Agency, the Agency may need review work in connection with bond offerings during the term of this Agreement. The cost of issuing a comfort letter in connection with a project financing may vary depending on the requirements associated with the financing. The cost of an individual comfort letter, if required, will be separately determined and agreed upon prior to the commencement of that work. Such comfort letters will be billed separately as part of the associated cost of financing and not as part of the audit.

Commercial Compliance Audit

It is the policy of NCPA to conduct its business in compliance with laws and regulations that govern NCPA's commercial interactions in energy markets, including applicable provisions of the Federal Power Act, the Commodity Exchange Act and the antitrust laws. To ensure this result, NCPA has adopted a compliance program that includes this Commercial Compliance Policy, a Compliance Officer, a Commercial Compliance Policy Training Manual, compliance training and certification, a document retention policy, and ongoing monitoring and auditing. On a biennial basis, the Agency will require a compliance audit to be billed separately and not as part of the audit.

Other

Consultant shall perform such other services as may be requested by the Agency in writing.

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

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

Fixed Price, Not-To-Exceed Amount for Annual Audit Services

Audit services for fiscal years ended June 30 of 2017, 2018, and 2019 will be based on a fixed not-to-exceed fee for the audit services. As such, any cost overruns incurred by the audit firm will be its sole responsibility. In addition, at the sole option of the Agency, the Agreement is subject to two additional three year renewals for which fees are subject to annual escalation based on the consumer Price Index for All Urban Consumers, U.S. City Average, with a cap of 5%.

Service	2017	2018	2019
Annual financial audit	\$68,000	\$70,000	\$72,100

Agency will not be charged for first year audit start-up hours, which are estimated at 60 hours. Additionally, Consultant will provide up to 40 hours annually of accounting services to the Agency for research, business process evaluations and other financial services. Consultant will also provide eight hours annually of certified professional education at no charge to Agency on a variety of financial and operational topics.

Hourly Fees for Additional Services

For additional services requested by the Agency, Consultant's hourly fee schedule is as follows:

Hourly fee schedule	Quoted hourly rates
Partners	\$250
Managers	\$180
Senior accountants	\$155
Staff accountants	\$125

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

EXHIBIT C

CERTIFICATION

Affidavit of Compliance for Contractors

I, _____
(Name of person signing affidavit)(Title)

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

(Company name)

for contract work at:

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

(Project name and location)

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

(Signature of officer or agent)

Dated this _____ day of _____, 20 _____.

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




Commission Staff Report

May 18, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: First Amendment to Consulting Services Agreement Between NCPA and Public Financial Management, Inc.

AGENDA CATEGORY: Consent

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

IMPACTED MEMBERS:		
All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of 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"/>	<i>If other, please specify.</i>
<hr/> <hr/>		

RECOMMENDATION:

The Finance Committee recommends adoption of Resolution 17-40 authorizing the General Manager or his designee to enter into a First Amendment to Consulting Services Agreement Between the Northern California Power Agency (NCPA) and Public Financial Management, Inc. (PFM) extending the term of services to expire no later than September 1, 2017.

BACKGROUND:

NCPA has determined that it is desirable and necessary to retain the services of a financial advisor on an on-going basis to assist the NCPA Staff and the Commission with the management of NCPA's debt portfolio, communication with the investment community and rating agencies in addition to the evaluation and monitoring of market conditions to reduce the debt service costs of the projects. PFM has been NCPA's Financial Advisor for several years and the current contract for Financial Advisory Services with PFM will expire on May 31, 2017.

Over the next few months, NCPA will meet with rating agencies to present current member and Agency financial information to illustrate their individual and collective financial strength for purposes of obtaining rating upgrades for NCPA projects. The PFM team is very knowledgeable and familiar with NCPA's financial strength, financing history, and current debt profile. It is important to retain that knowledge and expertise through the rating process. In addition, this requested extension will provide staff with sufficient time to issue a new Request for Proposal (RFP) for Financial Advisory Services, interview short-listed proposing firms, recommend selection of the most responsive responsible firm, and submit that recommendation to the Commission for award of RFP and contract.

As such, staff recommends amendment of the current agreement to extend the term for three months. The compensation rate will remain the same for all work as set forth in Exhibit A of the current Agreement.

FISCAL IMPACT:

Maximum costs under this First Amendment are set at an amount not to exceed \$16,750.

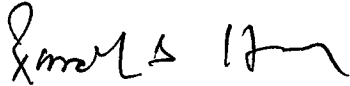
ENVIRONMENTAL ANALYSIS:

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

COMMITTEE REVIEW:

The recommendation was reviewed by the Finance Committee on May 10, 2017 and was unanimously recommended for Commission approval.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy S. Howard", written in a cursive style.

RANDY S. HOWARD
General Manager

Attachments: First Amendment to Consulting Services Agreement between NCPA and PFM
Resolution No. 17-40

RESOLUTION 17-40

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY
APPROVING THE FIRST AMENDMENT TO THE THREE YEAR SERVICES AGREEMENT WITH
PUBLIC FINANCIAL MANAGEMENT, INC.

(reference Staff Report #155:17)

WHEREAS, NCPA retains the services of a financial advisor to provide assistance in the management of NCPA's \$775 million debt portfolio; and

WHEREAS, Public Financial Management, Inc. is a well qualified financial advisory firm and is the provider of these services; and

WHEREAS, NCPA and Public Financial Management, Inc. entered into a five year Consulting Services Agreement, including two possible one-year extensions effective June 1, 2012; and

WHEREAS, NCPA seeks to extend the Consulting Services Agreement term for a three month period to expire no later than September 1, 2017; 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

WHEREAS, the Finance Committee has reviewed the proposed Consulting Services Agreement extension and recommends approval; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager or his designee to enter into a First Amendment To Consulting Services Agreement with Public Financial Management, Inc. to extend the service period to expire no later than September 1, 2017 for a not to exceed price of \$16,750.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2017 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	_____	_____	_____

BOB LINGL
CHAIR

ATTEST: CARY A. PADGETT
ASSISTANT SECRETARY



**FIRST AMENDMENT TO CONSULTING SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND PUBLIC FINANCIAL MANAGEMENT, INC.**

This First Amendment ("Amendment") to Consulting Services Agreement is entered into by and between the Northern California Power Agency ("Agency") and PUBLIC FINANCIAL MANAGEMENT, INC. ("PFM"), a Corporation with offices located at 50 California Street, Suite 2300, San Francisco, CA 94111 ("Consultant") (collectively referred to as "the Parties") and is effective as of June 1, 2017.

WHEREAS, the Parties entered into a Consulting Services Agreement dated effective June 1, 2012, (the "Agreement") for PFM to provide financial advisor consulting services to assist with management of NCPA's debt portfolio, communication with the investment community and rating agencies, evaluation and monitoring of market conditions to reduce the debt service costs of the projects, and other services as necessary; and

WHEREAS, the Agreement provided an initial three year term and included the option for two one-year extensions. On March 6, 2015, Agency exercised its option to extend the agreement for one-year. On March 11, 2016, Agency exercised its second option to extend the agreement for an additional one-year through June 1, 2017; and

WHEREAS, the Agency now desires to amend the Agreement to extend the term of the Agreement for an additional three-month period from the original expiration date of June 1, 2017 to a new date of September 1, 2017; and

WHEREAS, the Parties have agreed to modify the Agreement as set forth above; and

WHEREAS, in accordance with Section 8.3 all changes to the Agreement must be in writing and signed by all the Parties; and

NOW, THEREFORE, the Parties agree as follows:

1. **Section 1.1—Term of Services** of the Agreement is amended and restated to read in full as follows:

This term of this Agreement shall begin on the Effective Date and shall expire no later than September 1, 2017, unless the term of the Agreement is otherwise terminated or modified, as provided for herein.

2. **Section 2 – Compensation.** Agency agrees to pay Consultant an amount not to exceed sixteen thousand seven hundred fifty dollars (\$16,750) for all work set forth in Exhibit A of the Agreement.

3. This Amendment in no way alters the terms and conditions of the Agreement except as specifically set forth herein.

Date: _____

NORTHERN CALIFORNIA POWER AGENCY

RANDY S. HOWARD, General Manager

Date: _____

PUBLIC FINANCIAL MANAGEMENT, INC.

Michael Berwanger, Managing Director

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Assistant General Counsel



Commission Staff Report

May 18, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: First Amendment to Consulting Services Agreement Between NCPA and Public Financial Management, Inc.

AGENDA CATEGORY: Consent

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

IMPACTED MEMBERS:		
All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of 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"/>	<i>If other, please specify.</i>
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RECOMMENDATION:

The Finance Committee recommends adoption of Resolution 17-40 authorizing the General Manager or his designee to enter into a First Amendment to Consulting Services Agreement Between the Northern California Power Agency (NCPA) and Public Financial Management, Inc. (PFM) extending the term of services to expire no later than September 1, 2017.

BACKGROUND:

NCPA has determined that it is desirable and necessary to retain the services of a financial advisor on an on-going basis to assist the NCPA Staff and the Commission with the management of NCPA's debt portfolio, communication with the investment community and rating agencies in addition to the evaluation and monitoring of market conditions to reduce the debt service costs of the projects. PFM has been NCPA's Financial Advisor for several years and the current contract for Financial Advisory Services with PFM will expire on May 31, 2017.

Over the next few months, NCPA will meet with rating agencies to present current member and Agency financial information to illustrate their individual and collective financial strength for purposes of obtaining rating upgrades for NCPA projects. The PFM team is very knowledgeable and familiar with NCPA's financial strength, financing history, and current debt profile. It is important to retain that knowledge and expertise through the rating process. In addition, this requested extension will provide staff with sufficient time to issue a new Request for Proposal (RFP) for Financial Advisory Services, interview short-listed proposing firms, recommend selection of the most responsive responsible firm, and submit that recommendation to the Commission for award of RFP and contract.

As such, staff recommends amendment of the current agreement to extend the term for three months. The compensation rate will remain the same for all work as set forth in Exhibit A of the current Agreement.

FISCAL IMPACT:

Maximum costs under this First Amendment are set at an amount not to exceed \$16,750.

ENVIRONMENTAL ANALYSIS:

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

COMMITTEE REVIEW:

The recommendation was reviewed by the Finance Committee on May 10, 2017 and was unanimously recommended for Commission approval.

Respectfully submitted,

RANDY S. HOWARD
General Manager

Attachments: First Amendment to Consulting Services Agreement between NCPA and PFM
Resolution No. 17-40



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Commission Staff Report

DATE: May 15, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: Andritz Hydro – Five Year Equipment Supply Agreement for OEM equipment and supplies at Collierville Power House; Applicable to the following projects:
NCPA Hydroelectric facilities

AGENDA CATEGORY: Consent

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

IMPACTED MEMBERS:		
All Members <input type="checkbox"/>	City of Lodi <input checked="" type="checkbox"/>	City of Ukiah <input checked="" type="checkbox"/>
Alameda Municipal Power <input checked="" type="checkbox"/>	City of Lompoc <input checked="" type="checkbox"/>	Plumas-Sierra REC <input checked="" type="checkbox"/>
Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input checked="" 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 checked="" type="checkbox"/>	Other <input type="checkbox"/>
City of Healdsburg <input checked="" type="checkbox"/>	City of Santa Clara <input checked="" type="checkbox"/>	<i>If other, please specify.</i>
<hr/> <hr/>		

RECOMMENDATION:

Approve Resolution 17-41 authorizing the General Manager or his designee to enter into a multiple year Amended Terms and Conditions Agreement with Andritz Hydro for electromechanical parts and equipment for the Collierville powerhouse, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$2,500,000 over five years for use at the hydroelectric facilities owned and/or operated by NCPA.

BACKGROUND:

Andritz Hydro is the original equipment designer, manufacturer, and supplier (OEM) for the major electromechanical components of the Collierville powerhouse. OEM equipment supply (spare and replacement parts) and consulting services (design review, root cause investigation, troubleshooting, upgrade integration) are routinely needed at the hydroelectric facilities in order to maintain the reliability of the facilities. Terms and Conditions for Limited Scope of Equipment Supply Rev2012.08.22 supersedes prior terms and conditions agreement Rev2009.07.03 signed May 9, 2012.

FISCAL IMPACT:

Upon execution, the total cost of the agreement is not to exceed \$2,500,000 over five years to be used out of NCPA approved budgets as services are rendered. Purchase orders referencing the terms and conditions of the agreement will be issued following NCPA procurement policies and procedures.

SELECTION PROCESS:

This enabling agreement does not commit NCPA to any expenditure of funds. At the time services are required, NCPA will bid the specific scope of work consistent with NCPA procurement policies and procedures. As Andritz Hydro is the original equipment provider, there are no other enabling agreements of this exact nature; however, third-party fabrication of custom parts can be sought from other vendors. Bids are awarded to the lowest cost provider. NCPA will issue purchase orders based on cost and availability of the services needed at the time the service is required.

ENVIRONMENTAL ANALYSIS:

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

COMMITTEE REVIEW:

The recommendation above was reviewed by the Facilities Committee on May 3, 2017 and was recommended for Commission approval.

Respectfully submitted,

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

RANDY S. HOWARD
General Manager

Attachments (2):

- Resolution
- Multiple year terms and conditions agreement with Andritz Hydro

RESOLUTION 17-41

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY
APPROVING AN EQUIPMENT SUPPLY AGREEMENT WITH ANDRITZ HYDRO

(reference Staff Report #156:17)

WHEREAS, the Northern California Power Agency (NCPA) requires periodic equipment supply such as spare and replacement parts for the hydroelectric generation facilities in order to maintain the reliability of the facilities; and

WHEREAS, Andritz Hydro is the original equipment designer, manufacturer, and supplier for many of the major electromechanical components of the hydroelectric facilities; and

WHEREAS, NCPA seeks to enter into a five year terms and conditions enabling agreement with Andritz Hydro, in an amount not to exceed \$2,500,000 over five years; and

WHEREAS, NCPA will use purchase orders associated with this Services Agreement and utilize approved Generation Services budgets and procurement procedures; and

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

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager or his designee to enter into a Terms and Conditions Agreement with Andritz Hydro with any non-substantial changes approved by NCPA General Counsel, which shall not exceed \$2,500,000 over five years.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2017 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	_____	_____	_____

BOB LINGL
CHAIR

ATTEST: CARY A. PADGETT
ASSISTANT SECRETARY

Amendment to

Terms and Conditions for Limited Scope of Equipment Supply Rev 20120822

Between Andritz Hydro and Northern California Power Agency

This Amendment is entered into by and between Andritz Hydro ("Andritz") and Northern California Power Agency ("NCPA" or "Client"), as of _____, 2017, to amend Andritz Hydro Terms and Conditions for Limited Scope of Equipment Supply Rev 20120822 ("Base Contract"), to which the Amendment is attached. Andritz and NCPA agree as follows:

1. **Duration of Agreement.**

The Base Contract and this Amendment (collectively, "the Amended Contract") shall begin on the Effective Date and shall end five (5) years from the date indicated in the paragraph above, unless the term of the Amended Contract is otherwise terminated or modified in writing, as provided for herein. If the providing the Equipment (as defined in the Base Contract) under a specific Purchase Order extends beyond the five (5) year term of the Amended Contract, then the term of the Amended Contract shall be extended solely for and until provision of the Equipment under that Purchase Order.

2. **Applicability.**

Notwithstanding any other provisions of the Base Contract, in the case of any conflict or inconsistency between this Amendment, the Base Contract, the Quote from Andritz and the Purchase Order issued by NCPA, then the following Order of Precedence shall control (number "1" being the highest hierarchy of the documents): (1) the terms and conditions of this Amendment; (2) the terms and conditions of the Base Contract; (3) NCPA's Purchase Order.; and (4) Andritz Quote to supply;

3. **Compensation.** Agency hereby agrees to pay Andritz for the Scope of Services under the Amended Contract, whether by fixed price, hourly rates subject to a fixed rate schedule with a not to exceed amount, or other basis as may be described in the applicable Base Contract. Total compensation for Services provided, including equipment and supplies, costs and any other expenses under this Amended Contract, NOT TO EXCEED TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000). The compensation amount set forth is not a guarantee that Agency will pay the full amount to Andritz but, instead, a limitation of the total expenditures authorized by this Amended Contract.

4. **Risk of Loss.**

A. All risk of loss or damage to the Equipment will pass from Andritz to Client upon delivery of the Equipment DDP to Client's site, located at 477 Bret Harte Dr., Murphys, CA, regardless of whether title has passed to the Client, transportation is arranged or supervised by Andritz, or erection or start-up is carried out under Andritz' supervision or direction.

B. If Equipment delivery is delayed due to any of the reasons described in Article 3 of the Base Contract, the risk of loss shall not pass to Client until actual delivery is made DDP and Client shall have no responsibility or liability for the Equipment, whether as to storing, insuring or any related costs, until actual delivery DDP.

5. **Instruments of Service.**

Any reports, drawings, specifications, filed data and other documents, including those in electronic form prepared and/or submitted by Andritz to Client ("Instruments of Service") on which Andritz wishes to maintain confidentiality or otherwise restrict Client's ability to copy, reproduce or disclose to third parties shall be marked as Confidential by Andritz prior to Andritz providing such Instruments of Service to Client. Client shall endeavor to maintain the confidentiality of such duly marked Instruments of Service consistent with applicable law.

6. **Dispute Resolution, Mediation, Governing Law, Jurisdiction, Venue, Limitations Period.**

In the event of any Dispute, the Parties shall attempt in the first instance to resolve such Dispute through good faith negotiations between the Parties. If such consultations do not result in a resolution of the Dispute within thirty (30) days after written notice of a Dispute is delivered by either Party, then the parties agree that all claims properly raised be submitted to Mediation. The parties will select an impartial Mediator together who is a licensed attorney. This Mediation is to be held at a neutral site and the costs of the Mediator and Mediation shared equally by the parties. The Mediation shall be conducted within 45 days after written demand by one of the parties. Only after an impasse is reached at mediation is either party entitled to initiate an action to enforce this Amended Contract as provided below. The Parties agree to attempt to resolve all Disputes arising hereunder promptly, equitably and in a good faith manner. The Base Contract and this Amendment shall be governed by the laws, substantive and procedural, of the State of California. Exclusive jurisdiction and venue for any mediation, litigation or other disputes shall lie in Placer County Superior Court and/or in the United States District Court, Eastern District of California or such state and federal court in which Client's facility is located. Any causes of action between the Parties will have accrued and the applicable statute of limitations will commence to run not later than the earlier of (1) the Delivery Date as extended under Article 3 of the Base Contract; (2) the date on which the Equipment is delivered to the Client DDP; (3) the date on which the Base Contract and/or this Amendment is breached; or (4) the date on which the Amended Contract is terminated.

7. **Indemnification.**

A. Client shall indemnify and hold harmless Andritz from any and all claims, damages, losses and expenses (including attorneys' and consultants' fees) to the extent caused by Client's negligence and arising out of or related to the Equipment, including but not limited to any claims for bodily injury, sickness, disease, or death, or to injuries or claims related to the removal, handling or use of any hazardous materials, except to the extent that such claims, damages, losses or expenses are caused by Andritz' sole or gross negligence.

B. Andritz shall indemnify and hold harmless Client from any and all claims, damages, losses and expenses (including attorneys' and consultants' fees) to the extent caused by Andritz' negligence and arising out of or related to the Equipment, including but not limited to any claims for bodily injury, sickness, disease, or death, or to injuries or claims related to the removal, handling or use of any hazardous materials, except to the extent that such claims, damages, losses or expenses are caused by Client's sole or gross negligence.

8. Insurance.

Andritz shall maintain commercial general liability insurance for the term of the Base Contract and Amendment, including products liability, covering any loss or liability, including the cost of defense of any action for bodily injury, death, personal injury and property damage which may arise out of the performance of the underlying Purchase Order. The policy shall provide a minimum limit of \$1,000,000 per occurrence/\$2,000,000 aggregate.

The Parties have executed this Amendment as of the date indicated on the 1st page of this Amendment.

NORTHERN CALIFORNIA POWER AGENCY

Date: _____

Randy S. Howard, General Manager

ANDRITZ HYDRO CORP.

Date: 3/30/2017



CARLOS TORRES, Co-President

Attest:

Assistant Secretary to the Commission

Approved as to Form:

General Counsel



ANDRITZ HYDRO TERMS AND CONDITIONS FOR LIMITED SCOPE OF EQUIPMENT SUPPLY

Rev Aug 22, 2012

Page 1 of 2

ARTICLE 1 THE CONTRACT

1.1 Definition. The Contract consists of the following documents: (1) these Terms and Conditions; (2) the terms and conditions specified in Andritz' Offer; (3) the plans, specifications, or other documents, if any, incorporated by reference in Andritz' Offer; and (4) additional terms, if any, that Andritz approves in writing.

1.2 Varying Terms. Andritz hereby gives notice of its objection to and rejection of any terms that are different from or in addition to those described in Paragraph 1.1.

ARTICLE 2 EQUIPMENT AND PRICE

2.1 Equipment. The "Equipment" consists of the products, goods, materials, and equipment specified in Andritz' Offer.

2.2 Price. The "Price" is specified in Andritz' Offer and is the compensation that the Client must pay to Andritz in exchange for the Equipment. Unless stated otherwise in Andritz' Offer, the monetary units of the Contract are U.S. Dollars and exclusive of all State or Local taxes which must be collected from Client.

ARTICLE 3 DELIVERY DATE

3.1 Definition. The date(s) for delivery of the Equipment ("Delivery Date") specified in Andritz' Offer is approximate and will be extended on account of delays arising from: (1) the Client's failure to timely provide information required by Andritz to perform the Contract; (2) hindrances beyond Andritz' control such as those occurring in the works of Andritz' suppliers or third parties, epidemics, acts of civil or military authority, mobilization of armed services, war, riots, strikes, boycotts, picketing, lock-outs or other disturbances, breakdowns, accidents, labor conflicts, delayed or deficient delivery of necessary raw materials or semi-manufactured and manufactured products, scraping of components due to defective casting, official or other measures of whatever kind, transport difficulties, natural catastrophes, and acts of God; (3) the Client's failure to timely fulfill any of its obligations under the Contract; or (4) as agreed by Andritz and the Client.

ARTICLE 4 TERMINATION

4.1 Client's Right to Terminate. The Client may terminate the Contract in whole or in part, for any or no reason, by giving written notice of the termination to Andritz. Within three business days after receipt of the Client's notice, Andritz must stop performance of the Contract except as otherwise directed by Client.

4.2 Andritz' Right to Terminate. Andritz may terminate the Contract upon three-days' notice to the Client if: (1) the Client fails to timely perform any obligation under the Contract; or (2) any proceeding is brought against the Client, voluntarily or involuntarily, under applicable bankruptcy or any insolvency laws. Andritz' rights under this Article 5 are in addition to its rights at law or in equity.

4.3 Termination Payment. If the Contract is terminated, the Client must pay to Andritz immediately upon the presentation of an invoice: (1) the agreed unit prices for Equipment (or components or units of components) delivered and work completed prior to the date of termination; (2) *15% Overhead + 10% Profit* of the difference between the Price and the sum of payments (if any) made prior to the date of termination plus the amount specified in item (1); and (3) the other costs and expenses, including cancellation charges under subcontracts, that Andritz incurs on account of the termination.

ARTICLE 5 RISK OF LOSS

5.1 General Provision. All risk of loss of or damage to the Equipment will pass from Andritz to the Client upon delivery of the Equipment at the FOB point specified in Andritz' Offer, regardless of whether (1) title has passed to the Client, (2) transportation is arranged or supervised by Andritz, or (3) erection or

start-up is carried out under Andritz' direction or supervision.

5.2 Delayed Deliveries. If Equipment delivery is delayed due to any of the reasons described in Article 3, the risk of loss will pass to the Client as of the original Delivery Date. From the original Delivery Date forward, the Client is solely responsible for storing and insuring the Equipment and paying all related costs.

ARTICLE 6 WARRANTY

6.1 Limited Warranty. Andritz warrants that for a period of one year ("Warranty Period"), the Equipment will be the kind and quality described in the Contract and will be free of defects in workmanship or material that are not inherent in the quality of workmanship or material required or permitted under the Contract. The one-year period will begin not later than the earlier of (1) the Delivery Date as extended under Article 3; (2) the date on which the Equipment is delivered at the FOB point specified in Andritz' Offer, (3) the Contract is breached, or (4) the Contract is terminated. **THIS WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE AND MERCHANTABILITY.**

6.2 Warranty Obligation. If any failure to conform to the Warranty appears during the Warranty Period, the Client must give prompt written notice of the nonconformity to Andritz. After receiving the written notice, Andritz will, in its sole discretion, either repair or replace the Equipment. Andritz has no responsibility for the disassembly, removal, or reinstallation of the Equipment or any other equipment components, or for damage to or destruction of adjacent equipment or premises. The Client must provide free access to the Equipment. The original Warranty Period will be extended to 18 months for any Equipment repaired or replaced under the Warranty.

6.3 Termination of the Warranty. The Warranty will terminate immediately if (1) the Client fails to properly store, install, maintain, or use the Equipment; (2) the Client or any third party undertakes any inappropriate or improper modification or repairs of the Equipment; or (3) the Client, in case of a defect, does not immediately take all appropriate steps to mitigate damages and promptly notify Andritz as required under Paragraph 6.2.

ARTICLE 7 INSTRUMENTS OF SERVICE

7.1 Definition. All reports, drawings, specifications, field data, and other documents, including those in electronic form, that Andritz prepares are Instruments of Service for use solely with respect to the Contract. Andritz is the author and owner of the Instruments of Service and retains all common law, statutory, and other reserved rights, including copyrights. Submission or distribution of Instruments of Service to perform the Contract or to meet official regulatory requirements or for similar purposes in connection with the Contract is not to be construed as publication in derogation of Andritz' reserved rights. All information in the Instruments of Service is approximate only.

7.2 Use Limitation and Confidentiality. The Client must not copy, otherwise reproduce, or disclose the Instruments of Service to any third party without first obtaining Andritz' written consent.

7.3 Return of Instruments of Service. Immediately upon termination of the Contract as provided under Article 4, the Client must deliver to Andritz all Instruments of Service and copies and reproductions of them that are under the Client's control.

ARTICLE 8 PATENTS

8.1 Patent Warranty. Andritz warrants that the Equipment in the particular form sold by Andritz, is free of any rightful claim of any third party for infringement of any United States patent. If notified promptly in writing and given appropriate authority, information, and assistance, Andritz will defend or may settle, at its expense, any suit or proceeding against the Client that is based on a claimed patent infringement in breach of this warranty. The foregoing sentence states

Andritz' entire liability for patent infringement.

8.2 Limitation of Patent Warranty. Paragraph 8.1 does not apply to any Equipment or component part manufactured to the Client's design, or to the use of any Equipment in conjunction with any other product in a combination not furnished by Andritz. As to any such Equipment, component part, or use in such combination, Andritz has no liability whatsoever for patent infringement, and the Client must indemnify and defend Andritz from and against any such infringement claims.

ARTICLE 9 EQUAL EMPLOYMENT OPPORTUNITY

9.1 General. The Contract incorporates by reference applicable provisions and requirements of Executive Order 11246 and the Federal Acquisition Regulations including FAR § 52.222-26 (covering race, color, religion, sex and national origin); the Vietnam Era Veterans Readjustment Assistance Act of 1974 and FAR § 52.222-35 (covering special disabled and Vietnam era veterans) and; the Rehabilitation Act of 1973 and FAR § 52.222-36 (covering handicapped individuals). The Client certifies that it does not and will not maintain any facilities in a segregated manner, or permit its employees to perform their services at any location under its control where segregated facilities are maintained. The Client further certifies that appropriate physical facilities are maintained for both sexes. The Client must obtain a similar certificate prior to award of any nonexempt lower-tier subcontracts.

ARTICLE 10 GENERAL PROVISIONS

10.1 Andritz. The term "Andritz" includes Andritz Hydro Corp. and its consultants (regardless of tier), agents, officers, employees, successors, assigns, and designated representatives. Only corporate officers of Andritz Hydro Corp. are authorized to bind Andritz.

10.2 Client. The Client is the entity designated as such in the Contract. The term "Client" includes the Client and the Client's agents, officers, employees, successors, assigns, and designated representatives; and, regardless of tier, the Client's consultants, contractors, subcontractors, and suppliers; but does not include Andritz.

10.3 Governing Law; Jurisdiction; Venue; Mediation; Joinder; Limitations Period. The Contract is governed by the substantive laws of the state of North Carolina, USA, without reference to choice-of-law rules. All litigation arising out of or relating to the Contract must be brought and held only in the United States District Court for the Western District of North Carolina, Charlotte Division, or the Superior Court of the 26th Judicial District of North Carolina; and Andritz and the Client consent to the exclusive jurisdiction of and venue in those courts. However, prior to the initiation of any legal proceeding by either party, Andritz, in its sole discretion, may elect that any dispute, controversy or claim arising out of or relating to this Agreement, or the interpretation, performance or breach thereof, shall be first submitted to mediation after written notice of the dispute by the disputing party. If Andritz elects in its sole discretion, to submit the matter to mediation then both parties agree to select a neutral mediator who is a licensed attorney and conduct said mediation promptly. The costs of the mediation, including the compensation of the mediator and all other fees and expenses, shall be borne equally by the parties. The mediation shall be conducted in Charlotte, NC or any other mutually agreed upon venue. Any dispute, controversy or claim arising out of or relating to this Agreement, or the interpretation, performance or breach thereof not resolved through mediation OR any dispute, controversy or claim arising out of or relating to this Agreement, or the interpretation, performance or breach thereof that Andritz elected not to submit to mediation shall be settled through Litigation per this paragraph. Except with Andritz' prior written consent, no litigation arising out of or relating to the Contract will include, by consolidation or joinder or in any other manner, any entities other than the Client and Andritz. Causes of action between the Parties will have accrued and the applicable statute of limitations will commence to run not later than the earlier of (1) the Delivery Date as extended under Article 3; (2) the date on which the Equipment is delivered at the FOB point specified in Andritz' Offer, (3) the date on which the Contract is breached, or (4) the date on which the Contract is terminated.

10.4 Waiver of Subrogation. To the extent damages are covered by property insurance, the Client and Andritz waive all rights against each other for damages, except such right as they may have to the proceeds of such insurance.

10.5 Extent of Contract. Andritz is an independent contractor of the Client and nothing contained in the Contract shall be construed as creating any other relationship between Andritz and the Client. Nothing contained in the Contract creates a contractual relationship with or a cause of action in favor of any third party against either the Client or Andritz.

10.6 Survivability. The terms and conditions of the Contract will survive the delivery of the Equipment and the payment of the Price.

10.7 Modification. This Agreement may not be modified, discharged, or

changed in any respect whatsoever, except by further agreement in writing between the Parties; provided, however, that any consent, waiver, approval, or authorization will be effective if signed by the Party granting or making such consent, waiver, approval, or authorization.

10.8 Waiver. The failure of either Party to insist in any one or more instances upon the strict performance of any one or more of the provisions of the Contract or to exercise any right herein contained or provided by law is not to be construed as a waiver or relinquishment of such provision or right or of the right to subsequently demand such strict performance or exercise such right, and the rights will continue unchanged and remain in full force and effect.

10.9 Captions. The captions of the Contract are for convenience and reference only and in no way define, describe, extend, or limit the scope, meaning, or intent of the Contract.

10.10 Severability. The invalidity of any provision of the Contract will not affect the other provisions, and the Contract will be construed in all respects as if any invalid provision were omitted.

10.11 Successors and Assigns. Each Party, respectively, binds itself, its partners, successors, assigns, and legal representatives to the other Party, and to the partners, successors, assigns, and legal representatives of the other Party with respect to all covenants of the Contract. Neither Party may assign or transfer any interest in the Contract without the written consent of the other. Any assignment or transfer made without the required written consent is void.

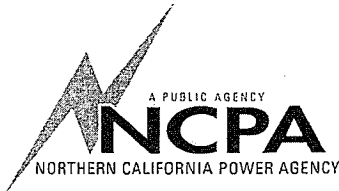
10.12 Integration. The Contract constitutes the entire agreement between the Parties and there exist no other agreements, oral or written, between them relating to any matters covered by the Contract, whether or not within the knowledge or contemplation of either of them at the time of execution of the Contract.

10.13 Time of Essence. Time is of the essence of the Contract.

10.14 Indemnification. To the maximum extent permitted by law, the Client must indemnify and hold harmless Andritz from and against all claims, damages, losses, and expenses, including, but not limited to, attorneys and consultant fees, arising out of or related to the Equipment, including, but not limited to, any claims for bodily injury, sickness, disease, or death, or to injuries or claims related to the removal, handling, or use of any hazardous materials; except to the extent that such claims, damages, losses, and expenses are the result of Andritz' sole negligence.

10.15 Delay Damages. Damages for delayed delivery will not exceed the greater of (1) one-half of one percent of the Price of that portion of the Equipment that was delivered late for every full week of late delivery or (2) an aggregate of five percent of the Price of that portion of the Equipment that was delivered late. Andritz will not be liable for any delay damages on account of the first two full weeks of late delivery.

10.16 LIMITATION OF LIABILITY. Andritz will not be liable, whether in contract or in tort, or under any other legal theory, for loss of use, revenue, or profit, or for cost of capital or of substitute use or performance or for any other incidental, indirect, special or consequential damages, or for any other loss or cost of similar type, or for claims by Client for damages to Client's customers. To the maximum extent permitted by law, the aggregate liability of Andritz to the Client for any and all damages arising or allegedly arising out of or relating to the negligence of Andritz or a breach of the Contract is limited to the amount of the compensation paid by the Client to Andritz on account of the supply of the portion of the Equipment upon which such liability is based.



17

Commission Staff Report

May 15, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: Knights' Electric, Inc. – Five Year Multi-Task General Services Agreement for General Services: Applicable to the following projects: All NCPA Generation Services Plant Locations, Members, SCPPA, and SCPPA Members.

AGENDA CATEGORY: Consent

FROM:	Ken Speer <i>KS</i>	METHOD OF SELECTION:
	Assistant General Manager	N/A
Division:	Generation Services	
Department:	Geothermal	

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"/>	<i>If other, please specify.</i>

RECOMMENDATION:

Approval of Resolution 17-42 authorizing the General Manager or his designee to enter into a Five Year Multi-Task General Services Agreement with Knights' Electric, Inc. with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$750,000 for use at all facilities owned and/or operated by Northern California Power Agency (NCPA), its Members, by the Southern California Public Power Authority ("SCPPA"), or by SCPPA Members.

BACKGROUND:

Northern California Power Agency (NCPA) facilities require general electrical maintenance services, which include but are not limited to miscellaneous termination/demolition of existing equipment, lighting in power plants, steam field and facility buildings, troubleshooting electrical equipment and circuits, and emergency services. Knights' Electric, Inc. is a provider of these services.

FISCAL IMPACT:

Total cost of the agreement is not to exceed \$750,000 over five years to be used out of NCPA approved budgets as services are rendered. Purchase orders referencing the terms and conditions of the agreement will be issued following NCPA procurement policies and procedures.

SELECTION PROCESS:

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

ENVIRONMENTAL ANALYSIS:

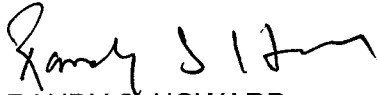
This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation above was reviewed by the Facilities Committee on May 3, 2017 and was recommended for Commission approval.

The recommendation above was reviewed by the Lodi Energy Center Project Participant Committee on May 8, 2017 and was approved.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy S. Howard", written in a cursive style.

RANDY S. HOWARD
General Manager

Attachments (2):

- Resolution
- Multi-Task General Services Agreement with Knights' Electric, Inc.

RESOLUTION 17-42

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY
APPROVING A FIVE-YEAR MULTI-TASK GENERAL SERVICES AGREEMENT WITH
KNIGHTS' ELECTRIC, INC.

(reference Staff Report #157:17)

WHEREAS, general maintenance services which include but are not limited to providing labor and material to perform miscellaneous electrical maintenances services, miscellaneous termination/demolition of existing equipment, lighting in power plants, steam field and facility buildings, troubleshooting electrical equipment and circuits, and emergency services periodically required for plant operations at the facilities owned and/or operated by the Northern California Power Agency (NCPA), its Members, the Southern California Public Power Authority ("SCPPA"), and SCPPA Members; and

WHEREAS, Knights' Electric, Inc. is a provider of these services; and

WHEREAS, on May 8, 2017, the LEC Project Participant Committee approved the agreement with Knights' Electric, Inc. in an amount not to exceed \$750,000 over five years; and

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

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager or his designee to enter into a Five Year Multi-Task General Services Agreement with Knights' Electric, Inc. with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$750,000 for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority ("SCPPA"), or by SCPPA Members.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2017 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	_____	_____	_____

BOB LINGL
CHAIR

ATTEST: CARY A. PADGETT
ASSISTANT SECRETARY



**MULTI-TASK
GENERAL SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
KNIGHTS' ELECTRIC, INC.**

This agreement for general services ("Agreement") is made by and between the Northern California Power Agency, a joint powers agency with its main office located at 651 Commerce Drive, Roseville, CA 95678-6420 ("Agency") and Knights' Electric, Inc., a Corporation with its office located at 11410 Old Redwood Hwy., Windsor, CA ("Contractor") (together sometimes referred to as the "Parties") as of _____, 2017 ("Effective Date") in Roseville, California.

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

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

the Requested Work, begins to perform the Requested Work, or does not respond within the seven day period specified, then Contractor will have agreed to perform the Requested Work on the terms set forth in the Purchase Order, this Agreement and its Exhibits.

Section 2. COMPENSATION. Agency hereby agrees to pay Contractor an amount **NOT TO EXCEED** SEVEN HUNDRED AND FIFTY THOUSAND dollars (\$750,000) for the Work, which shall include all fees, costs, expenses and other reimbursables, as set forth in Contractor's fee schedule, attached hereto and incorporated herein as Exhibit B. This dollar amount is not a guarantee that Agency will pay that full amount to the Contractor, but is merely a limit of potential Agency expenditures under this Agreement.

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

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

Invoices shall be sent to:

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

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

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

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

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

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

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

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

4.2 **Commercial General and Automobile Liability Insurance.**

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

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

- 4.2.3 General Liability/Umbrella Insurance.** The coverage amounts set forth above may be met by a combination of underlying and umbrella policies as long as in combination the limits equal or exceed those stated.
- 4.3 Professional Liability Insurance.** Intentionally Omitted.
- 4.4 Pollution Insurance.** Intentionally Omitted.
- 4.5 All Policies Requirements.**
- 4.5.1 Verification of coverage.** Prior to beginning any work under this Agreement, Contractor shall provide Agency with (1) a Certificate of Insurance that demonstrates compliance with all applicable insurance provisions contained herein and (2) policy endorsements to the policies referenced in Section 4.2 and in Section 4.4, if applicable, adding the Agency as an additional insured and declaring such insurance primary in regard to work performed pursuant to this Agreement.
- 4.5.2 Notice of Reduction in or Cancellation of Coverage.** Contractor shall provide at least thirty (30) days prior written notice to Agency of any reduction in scope or amount, cancellation, or modification adverse to Agency of the policies referenced in Section 4.
- 4.5.3 Higher Limits.** If Contractor maintains higher limits than the minimums specified herein, the Agency shall be entitled to coverage for the higher limits maintained by the Contractor.
- 4.5.4 Additional Certificates and Endorsements.** If Contractor performs Work for Agency members, SCPPA and/or SCPPA members pursuant to this Agreement, Agency shall the right to require Contractor to provide the certificates of insurance and/or policy endorsements, as referenced in Section 4.4.1, naming the specific Agency member, SCPPA and/or SCPPA member for which the Work is to be performed.
- 4.6 Waiver of Subrogation.** Contractor agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of Agency for all work performed by Contractor, its employees, agents and subcontractors.
- 4.7 Contractor's Obligation.** Contractor shall be solely responsible for ensuring that all equipment, vehicles and other items utilized in the performance of Work are operated, provided or otherwise utilized in a manner that ensures they are and remain covered by

the policies referenced in Section 4 during this Agreement. Contractor shall also ensure that all workers involved in the provision of Work are properly classified as employees, agents or independent contractors and are and remain covered by any and all workers' compensation insurance required by applicable law during this Agreement.

Section 5. INDEMNIFICATION AND CONTRACTOR'S RESPONSIBILITIES.

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

Section 6. STATUS OF CONTRACTOR.

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

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

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

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

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

6.5 **Certification as to California Energy Commission Regarding Hazardous Materials Transport Vendors.** If requested by the Agency, Contractor shall, at the same time it executes this Agreement, execute Exhibit D.

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

Section 7. LEGAL REQUIREMENTS.

7.1 **Governing Law.** The laws of the State of California shall govern this Agreement.

7.2 **Compliance with Applicable Laws.** Contractor and its subcontractors and agents, if any, shall comply with all laws applicable to the performance of the work hereunder.

7.3 **Licenses and Permits.** Contractor represents and warrants to Agency that Contractor and its employees, agents, and subcontractors (if any) have and will maintain at their sole expense during the term of this Agreement all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice their respective professions.

7.4 **Monitoring by DIR.** The Work is subject to compliance monitoring and enforcement by the Department of Industrial Relations.

7.5 **Registration with DIR.** During the term of this Agreement, Contractor warrants that it is registered with the Department of Industrial Relations and qualified to perform Work consistent with Labor Code section 1725.5.

7.6 **Prevailing Wage Rates.** In accordance with California Labor Code Section 1771, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the Work is to be performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work as provided in the California Labor Code must be paid to all workers engaged in performing the Work. In accordance with California Labor Code Section 1770 and following, the Director of Industrial Relations has determined the general prevailing wage per diem rates for the locality in which the Work is to be performed; the Agency has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in the locality in which the Work is to be performed for each craft, classification or type of worker needed to perform the project; and copies of the prevailing rate of per diem wages are on file at the Agency and will be made available on request. Throughout the performance of the Work, Contractor must comply with all applicable laws and regulations that apply to wages earned in performance of the Work. Contractor assumes all responsibility for such payments and shall defend, indemnify and hold the Agency harmless from any and all claims made by the State of

California, the Department of Industrial Relations, any subcontractor, any worker or any other third party with regard thereto.

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

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

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

Section 8. TERMINATION AND MODIFICATION.

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

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

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

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

Section 9. KEEPING AND STATUS OF RECORDS.

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

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

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

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

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

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

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

9.4.4 Handling of Confidential Information. Upon conclusion or termination of the Agreement, Receiving Party shall return to Disclosing Party or destroy Confidential Information (including all copies thereof), if requested by Disclosing Party in writing. Notwithstanding the foregoing, the Receiving Party may retain copies of such Confidential Information, subject to the confidentiality provisions of this Agreement: (a) for archival purposes in its computer system; (b) in its legal department files; and (c) in files of Receiving Party's representatives where such

copies are necessary to comply with applicable law. Party shall not disclose the Disclosing Party's Information to any person other than those of the Receiving Party's employees, agents, consultants, contractors and subcontractors who have a need to know in connection with this Agreement.

Section 10. PROJECT SITE.

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

Section 11. WARRANTY.

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

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

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

- 12.4 Agency, or its representatives, may periodically monitor the safety performance of the Contractor performing the Work. Contractors and its subcontractors shall be required to comply with the safety and health obligations as established in the Agreement. Non-compliance with safety, health, or fire requirements may result in cessation of work activities, until items in non-compliance are corrected. It is also expressly acknowledged, understood and agreed that no payment shall be due from Agency to Contractor under this Agreement at any time when, or for any Work performed when, Contractor is not in full compliance with this Section 12.
- 12.5 Contractor shall immediately report any injuries to the Agency site safety representative. Additionally, the Contractor shall investigate and submit to the Agency site safety representative copies of all written accident reports, and coordinate with Agency if further investigation is requested.
- 12.6 Contractor shall take all reasonable steps and precautions to protect the health of its employees and other site personnel with regard to the Work. Contractor shall conduct occupational health monitoring and/or sampling to determine levels of exposure of its employees to hazardous or toxic substances or environmental conditions. Copies of any sampling results will be forwarded to the Agency site safety representative upon request.
- 12.7 Contractor shall develop a plan to properly handle and dispose of any hazardous wastes, if any, Contractor generates in performing the Work.
- 12.8 Contractor shall advise its employees and subcontractors that any employee who jeopardizes his/her safety and health, or the safety and health of others, may be subject to actions including removal from Work.
- 12.9 Contractor shall, at the sole option of the Agency, develop and provide to the Agency a Hazardous Material Spill Response Plan that includes provisions for spill containment and clean-up, emergency contact information including regulatory agencies and spill sampling and analysis procedures. Hazardous Materials shall include diesel fuel used for trucks owned or leased by the Contractor.
- 12.10 If Contractor is providing Work to an Agency Member, SCPPA or SCPPA member (collectively "Member" solely for the purpose of this section) pursuant to Section 1.4 hereof, then that Member shall have the same rights as the Agency under Sections 12.1, 12.2, 12.4, 12.5, and 12.6 hereof.

Section 13 MISCELLANEOUS PROVISIONS.

- 13.1 **Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which

that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.

- 13.2 Venue.** In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.
- 13.3 Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
- 13.4 No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.
- 13.5 Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.
- 13.6 Conflict of Interest.** Contractor may serve other clients, but none whose activities within the corporate limits of Agency or whose business, regardless of location, would place Contractor in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*
- Contractor shall not employ any Agency official in the work performed pursuant to this Agreement. No officer or employee of Agency shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*
- 13.7 Contract Administrator.** This Agreement shall be administered by Ken Speer, Assistant General Manager, or his/her designee, who shall act as the Agency's representative. All correspondence shall be directed to or through the representative.
- 13.8 Notices.** Any written notice to Contractor shall be sent to:

Knights' Electric, Inc.
11410 Old Redwood Hwy.
Windsor, CA 95492

Any written notice to Agency shall be sent to:

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

With a copy to:

General Counsel
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

- 13.9 Professional Seal.** Where applicable in the determination of the Agency, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation.
- 13.10 Integration; Incorporation.** This Agreement, including all the exhibits attached hereto, represents the entire and integrated agreement between Agency and Contractor and supersedes all prior negotiations, representations, or agreements, either written or oral. All exhibits attached hereto are incorporated by reference herein.
- 13.11 Alternative Dispute Resolution.** If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Agency and Contractor agree to resolve the dispute in accordance with the following:
- 13.11.1** Each party shall designate a senior management or executive level representative to negotiate any dispute;
- 13.11.2** The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.
- 13.11.3** If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiation between legal counsel. If the above process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.
- 13.11.4** The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be

commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.

13.11.5 The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.

13.11.6 The alternative dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative remedy prior to either Party initiating legal action. This alternative dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 *et seq.*

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

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

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

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

SIGNATURES ON FOLLOWING PAGE

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

NORTHERN CALIFORNIA POWER AGENCY

KNIGHTS' ELECTRIC, INC.

Date_____

Date_____

RANDY S. HOWARD, General Manager

BARBARA RAGSDALE, President

Attest:

Assistant Secretary of the Commission

Approved as to Form:

General Counsel

EXHIBIT A

SCOPE OF WORK

Knights' Electric, Inc. ("Contractor") shall provide labor and material to perform miscellaneous electrical maintenance services as requested by the Northern California Power Agency ("Agency") at any facilities owned and/or operated by Agency, its Members, Southern California Public Power Authority ("SCPPA") or SCPPA Members.

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

- Miscellaneous termination/demolition of existing equipment
- Lighting in power plants, steamfield and facility buildings
- Troubleshooting to electrical equipment and circuits
- Emergency services

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

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



March 14, 2017

LABOR RATES

Prevailing Wage Rates:

	Straight-Time	Overtime	Double-Time
Journeyman Electrician	\$ 145.00	\$ 185.00	\$ 230.00
Apprentice Electrician	\$ 100.00	\$ 130.00	\$ 175.00

Daily Truck Charge \$100.00

Materials are charged at Trade plus 20%.

These rates apply to any work performed without a prior approved bid. These rates are valid through June 30, 2022.

11410 Old Redwood Hwy., Windsor, CA / 95492 / 707-433-6931 phone / 707-431-0342 fax
WWW.KNIGHTSELECTRIC.COM



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

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

EXHIBIT C

CERTIFICATION

Affidavit of Compliance for Contractors

I,

(Name of person signing affidavit)(Title)

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

(Company name)

for contract work at

(Project name and location)

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

(Signature of officer or agent)

Dated this _____ day of _____, 20 _____.

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

EXHIBIT D – Not Applicable

CERTIFICATION

Affidavit of Compliance for Hazardous Materials Transport Vendors

I, _____,

(Name of person signing affidavit)(Title)

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

(Company name)

for hazardous materials delivery to:

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

(Project name and location)

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

(Signature of officer or agent)

Dated this _____ day of _____, 20 ____.

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

EXHIBIT E

ATTACHMENT A [from MLA]
AGREEMENT TO BE BOUND

MAINTENANCE LABOR AGREEMENT ATTACHMENT
LODI ENERGY CENTER PROJECT

The undersigned hereby certifies and agrees that:

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

DATED: _____

Name of Employer

(Authorized Officer & Title)

(Address)



Commission Staff Report

Date: May 15, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: Sage Engineers, Inc. – First Amendment to the Five Year Multi-Task Professional Services Agreement for Engineering Services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA and SCPPA Members

AGENDA CATEGORY: Consent

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

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"/>	<i>If other, please specify.</i>

RECOMMENDATION:

Approval of Resolution 17-43 authorizing the General Manager or his designee to enter into a First Amendment to the Multi-Task Professional Services Agreement with Sage Engineers, Inc. for engineering consulting services related to project support and plant operations, with any non-substantial changes recommended and approved by the NCPA General Counsel. First amendment seeks to increase the contract value from \$225,000 to a not-to-exceed amount of \$1,000,000 over five years for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority ("SCPPA"), or by SCPPA Members.

BACKGROUND:

On September 9, 2016 NCPA entered into a five year Multi-Task Professional Services Agreement for engineering services with Sage Engineers, Inc. Sage Engineers, Inc. subsequently absorbed California Electrical Services, Inc., another engineering firm with which NCPA had a five year Multi-Task General Services Agreement for not to exceed \$750,000. California Electrical Services has requested that we access their services through Sage Engineers, Inc. As a result, the NCPA Generation Services facilities (Hydro, Geothermal, and Combustion Turbines) have a need of significantly more of Sage's engineering services than originally anticipated by the original contract of \$225,000 over five years. It has been determined that additional funds will be required in order for all facilities to utilize the contract.

FISCAL IMPACT:

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

SELECTION PROCESS:

This enabling agreement does not commit NCPA to any expenditure of funds. At the time services are required, NCPA will bid the specific scope of work consistent with NCPA procurement policies and procedures. NCPA currently has in place other agreements with GHD, Inc., Andritz Hydro, Kestrel Power Engineering, Inc., and Baskin Engineering, Inc., for similar services and seeks bids from multiple qualified providers per NCPA's procurement procedure. Bids are awarded to the best value provider. NCPA will issue purchase orders based on cost and availability of the services needed at the time the service is required.

ENVIRONMENTAL ANALYSIS:

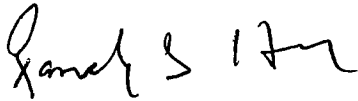
This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 of the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation above was reviewed by the Facilities Committee on May 3, 2017 and was recommended for Commission approval.

The recommendation above was reviewed by the Lodi Energy Center Project Participant Committee on May 8, 2017 and was approved.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy S. Howard", written in a cursive style.

RANDY S. HOWARD
General Manager

Attachments (2):

- Resolution
- First Amendment to Sage Engineers, Inc. MTPSA
- Multi-Task Professional Services Agreement with Sage Engineers, Inc.

RESOLUTION 17-43

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVING A FIRST AMENDMENT TO MULTI-TASK PROFESSIONAL SERVICES AGREEMENT WITH SAGE ENGINEERS, INC.

(reference Staff Report #158:17)

WHEREAS, professional and engineering services related to project support and plant operations are periodically required at the facilities owned and/or operated by Northern California Power Agency (NCPA), its Members, the Southern California Public Power Authority ("SCPPA"), and SCPPA Members; and

WHEREAS, on September 9, 2016, NCPA entered into a five year Multi-Task Professional Services Agreement for engineering services with Sage Engineers, Inc.; and

WHEREAS, on May 8, 2017, the LEC Project Participant Committee approved the first amendment to the agreement with Sage Engineers, Inc., increasing the contract to an amount not to exceed \$1,000,000 over five years; and

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

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager or his designee to enter into a First Amendment to the Multi-Task Professional Services Agreement with Sage Engineers, Inc., with any non-substantial changes as approved by the NCPA General Counsel, which shall increase the not-to-exceed amount from \$225,000 to \$1,000,000 over five years for engineering consulting services related to project support and plant operations for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority ("SCPPA"), or by SCPPA Members.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2017 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	_____	_____	_____

BOB LINGL
COMMISSION CHAIR

ATTEST: _____
CARY A. PADGETT
ASSISTANT SECRETARY



**FIRST AMENDMENT TO MULTI-TASK PROFESSIONAL SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND SAGE ENGINEERS, INC.**

This First Amendment ("Amendment") to Multi-task Professional Services Agreement is entered into by and between the Northern California Power Agency ("Agency") and Sage Engineers, Inc. ("Consultant") (collectively referred to as "the Parties") as of _____, 201_.

WHEREAS, the Parties entered into a Multi-task Professional Services Agreement dated effective September 9, 2016, (the "Agreement") for Sage Engineers, Inc. to provide dam safety engineering and other engineering consulting services for the Agency, Agency Members, the Southern California Public Power Authority (SCPPA), or SCPPA members; and

WHEREAS, the Agency now desires to amend the Agreement to increase the total compensation authorized by the Agreement from a "NOT TO EXCEED" amount of \$225,000 to a 'NOT TO EXCEED' amount of \$1,000,000; and

WHEREAS, the Parties have agreed to modify the Agreement as set forth above; and

WHEREAS, in accordance with Section 8.2 all changes to the Agreement must be in writing and signed by all the Parties; and

NOW, THEREFORE, the Parties agree as follows:

1. **Section 2—Compensation** of the Agreement is amended and restated to read as follows:

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

The remainder of Section 2 of the Agreement is unchanged.

2. This Amendment in no way alters the terms and conditions of the Agreement except as specifically set forth herein.

Date:_____

NORTHERN CALIFORNIA POWER AGENCY

RANDY S. HOWARD, General Manager

Date:_____

SAGE ENGINEERS, INC.

STEVE H. SANDERS, President

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Assistant General Counsel

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all tasks, including hourly fees and expenses, shall not exceed \$1,000,000 subject to Section 2 of the Agreement. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:



SCHEDULE OF CHARGES

NCPA

16-103.00 – 2017 NCPA FERC Part 12D Safety Reports

June 24, 2016

The Schedule of Charges applies to all services provided by and/or through SAGE Engineers, Inc. (SAGE). Charges for our services are divided into three categories: Personnel, Travel/Reimbursables and Outside Services.

PERSONNEL

Personnel charges are for technical work, including technical typing, editing, graphics and support services involved in the preparation of reports and correspondence, and for the time associated with production of such documents. Personnel category per-hour charge rates are as follows:

<u>Personnel Category</u>	<u>Hourly Rate</u>
Senior Principal Engineer/Geologist	\$ 275.00
Principal Electrical Engineer	265.00
Principal Engineer/Geologist	265.00
Senior Associate Engineer/Geologist	220.00
Senior Consultant	210.00
Associate Engineer/Geologist	200.00
Senior Electrical Engineer	200.00
Senior Engineer/Geologist	185.00
Senior Project Engineer/Geologist	165.00
Project Engineer/Geologist	150.00
Senior Staff Engineer/Geologist	135.00
Staff Engineer/Geologist	125.00
Senior CADD/GIS Technician	145.00
CADD/GIS Technician	105.00
Contract Administration/Support Services	105.00

The charge for expert witness services, depositions (4-hour minimum) and court (8-hour minimum) is \$375 per hour.

TRAVEL / REIMBURSABLES

Time spent in travel in the interest of the Client will be charged at the above hourly rates plus mileage at the current IRS rate, except that no more than eight (8) hours of travel time will be charged in any day. When

it is necessary for an employee to be away from the office overnight, all actual costs including out-of-pocket expenses will be charged. Meals will be charged on a per diem basis at \$61.00. Reimbursable items (e.g., airfare, hotel, automobile/equipment rental, supplies etc.) will be charged at cost plus fifteen percent (15%). Specialty design software will be charged at an hourly rate on a per use basis, as follows: I- Site (\$40/hr); Arc GIS, GeoStudios (SEEP/W, SLOPE/W, SIGMA/W), RISA-3D, and SAFE (\$35/hr), SAP 2000 and RockWorks (\$25/hr); Dips, Swedge, RocPlane, and RocFall (\$15/hr). Specialty field equipment will be charged at a daily rate on a per use basis: Trimble GPS Unit+Antenna (\$130/day); Rope Access (\$200/day).

OUTSIDE SERVICES

Outside services will be charged at cost plus fifteen percent (15%). Common outside items to which this 1.15 multiplier applies include, but are not limited to drilling services, laboratory testing, printing and photographic work, special insurance and outside consultants.

2251 Douglas Blvd., Ste. 200, Roseville, CA 95661, (916) 677-4800
1999 Harrison St., Ste. 1800, Oakland, CA 94612, (510) 701-2266
SAGEengineers.com

The rates set forth above are valid from June 24, 2016 and may be subject to an annual escalation of up to 5% per year, effective upon 30 days' prior written notice to NCPA.

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



**MULTI-TASK PROFESSIONAL SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
SAGE ENGINEERS, INC.**

This agreement for professional services ("Agreement") is made by and between the Northern California Power Agency, a joint powers agency with its main office located at 651 Commerce Drive, Roseville, CA 95678-6420 ("Agency") and SAGE Engineers, Inc., a corporation, with its office located at 2251 Douglas Blvd., Roseville, CA 95661 ("Consultant") (together sometimes referred to as the "Parties") as of 9/9, 2016 ("Effective Date") in Roseville, California.

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

- 1.1 **Term of Agreement.** The term of this Agreement shall begin on the Effective Date and shall end when Consultant completes the Services, or no later than five (5) years from the date this Agreement was signed by Agency, whichever is shorter.
- 1.2 **Standard of Performance.** Consultant shall perform the Services in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged and for which Consultant is providing the Services. Consultant represents that it is licensed, qualified and experienced to provide the Services set forth herein.
- 1.3 **Assignment of Personnel.** Consultant shall assign only competent personnel to perform the Services. In the event that Agency, in its sole discretion, at any time during the term of this Agreement, requests the reassignment of any such personnel, Consultant shall, immediately upon receiving written notice from Agency of such request, reassign such personnel.
- 1.4 **Services Provided.** Services provided under this Agreement by Consultant may include Services directly to the Agency or, as requested by the Agency and consistent with the terms of this Agreement, to Agency members, Southern California Public Power Authority ("SCPPA") or SCPPA members.
- 1.5 **Request for Services.** At such time that Agency determines to use Consultant's Services under this Agreement, Agency shall issue a Purchase Order. The Purchase Order shall identify the specific services to be performed ("Requested Services"), may include a not-to-exceed monetary cap on Requested Services and expenditures authorized by that Purchase Order, and a time by which the Requested Services shall be completed. Consultant shall have seven calendar days from the date of the Agency's issuance of the Purchase Order in which to respond in writing that Consultant chooses not to perform the Requested Services. If Consultant agrees to perform the Requested Services, begins to perform the Requested Services or does not respond within the seven (7) day period

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

Section 2.

COMPENSATION. Agency hereby agrees to pay Consultant an amount **NOT TO EXCEED** two hundred twenty-five thousand dollars (\$225,000) for the Services, which shall include all fees, costs, expenses and other reimbursables, as set forth in Consultant's fee schedule, attached hereto and incorporated herein as Exhibit B. This dollar amount is not a guarantee that Agency will pay that full amount to the Consultant, but is merely a limit of potential Agency expenditures under this Agreement.

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

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

Invoices shall be sent to:

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

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

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

2.4 **Authorization to Perform Services.** The Consultant is not authorized to perform any Services or incur any costs whatsoever under the terms of this Agreement until receipt of written authorization from the Contract Administrator.

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

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

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

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

4.2 **Commercial General and Automobile Liability Insurance.**

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

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

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

4.3 Professional Liability Insurance. Consultant shall maintain professional liability insurance appropriate to Consultant's profession performing work in connection with this Agreement in an amount not less than one million dollars (\$1,000,000.00) and two million dollars (\$2,000,000) aggregate covering the Consultant's errors and omissions. Any deductible or self-insured retention shall not exceed two hundred fifty thousand dollars (\$250,000) per claim. Such insurance shall be on a "claims-made" basis, subject to the following conditions: (1) the retroactive date of the policy shall be on or before the Effective Date of this Agreement; (2) the policy shall be maintained for at least five (5) years after completion of the Services and, if requested by Agency, evidence of coverage shall be provided during this period; and (3) if, within five (5) years of completion of the Services, coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Effective Date of this Agreement, Consultant shall purchase "extended reporting" coverage for a minimum of five (5) years after completion of the Services and, if requested by Agency, provide evidence of coverage during this period.

4.4 All Policies Requirements.

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

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

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

4.4.4 Additional Certificates and Endorsements. If Consultant provides services to Agency members, SCPPA and/or SCPPA members, Agency shall have the right to require the Consultant to provide certificates of insurance and/or policy endorsements, as referenced in Section 4.4.1, naming the specific Agency member, SCPPA or Agency member for which the Services are to be performed.

- 4.5 **Waiver of Subrogation.** Consultant agrees to waive subrogation which any insurer of Consultant may acquire from Consultant by virtue of the payment of any loss. Consultant agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of Agency for all work performed by Consultant, its employees, agents and subcontractors.
- 4.6 **Consultant's Obligation.** Consultant shall be solely responsible for ensuring that all equipment, vehicles and other items utilized in the performance of Services are operated, provided or otherwise utilized in a manner that ensures they are and remain covered by the policies referenced in Section 4 during this Agreement. Consultant shall also ensure that all workers involved in the provision of Services are properly classified as employees, agents or independent contractors and are and remain covered by any and all workers' compensation insurance required by applicable law during this Agreement.

Section 5. INDEMNIFICATION AND CONSULTANT'S RESPONSIBILITIES.

- 5.1 **Effect of Insurance.** Agency's acceptance of insurance certificates and endorsements required under this Agreement does not relieve Consultant from liability under this indemnification and hold harmless clause. By execution of this Agreement, Consultant acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.
- 5.2 **Scope.** Consultant shall indemnify and hold harmless the Agency and its officials, commissioners, officers, employees, agents, and volunteers from and against any and all losses, liability, and damages arising out of any personal injury, bodily injury, loss of life, or damage to property, or any violation of any federal, state, or municipal law or ordinance, to the extent caused by the willful misconduct or negligent acts or omissions of Consultant or its employees, subcontractors, or agents, and for acts for which they are liable.

The foregoing obligations of Consultant shall not apply when (1) the injury, loss of life, damage to property, or violation of law arises from the negligence or willful misconduct of the Agency or its officers, employees, or agents, and (2) the actions of Consultant or its employees, subcontractors, or agents have contributed in no part to the injury, loss of life, damage to property, or violation of law.

It is understood that the duty to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Acceptance by Agency of Insurance certificates and endorsements required under this Agreement does not relieve Consultant from liability under this indemnification and hold harmless clause. By execution of this Agreement, Consultant acknowledges and agrees to the provisions of this Section and that it is a material element of consideration. Notwithstanding the

foregoing, in the event Consultant defends the Agency and it is ultimately determined or agreed to that the Consultant was either not negligent or was only partially negligent with respect to the loss, liability, claim, suit, action or damages, the Agency agrees that it shall promptly reimburse Consultant for such proportion of the Consultant's costs incurred in defending the Agency that is not attributable to the negligence of the Consultant.

Consultant's liability shall be limited to the policy limit amounts detailed in Section 4 above, as well as any coverage positions or determinations made or taken by Consultant's insurance carriers, as it relates to specific claims by the Agency, as long as Consultant maintains in effect and applicability the insurance, including but not limited to the amounts, deductibles, and scope, referenced herein.

As to any professional services subject to Civil Code section 2782.8, Consultant's liability shall be further limited as set forth in Section 2782.8 of the California Civil Code.

Section 6. STATUS OF CONSULTANT.

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

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

Consultant shall indemnify, defend, and hold harmless Agency from any lawsuit, administrative action, or other claim for penalties, losses, costs, damages, expense and liability of every kind, nature and description that arise out of, pertain to, or relate to such

claims, whether directly or indirectly, due to Consultant's failure to secure workers' compensation insurance for its employees, agents, or subcontractors.

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

6.2 Consultant Not Agent. Except as Agency may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of Agency in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied, pursuant to this Agreement to bind Agency to any obligation whatsoever.

6.3 Assignment and Subcontracting. This Agreement contemplates personal performance by Consultant and is based upon a determination of Consultant's unique professional competence, experience, and specialized professional knowledge. A substantial inducement to Agency for entering into this Agreement was and is the personal reputation and competence of Consultant. Consultant may not assign this Agreement or any interest therein without the prior written approval of the Agency. Consultant shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors identified in Exhibit A, without prior written approval of the Agency. Where written approval is granted by the Agency, Consultant shall supervise all work subcontracted by Consultant in performing the services and shall be responsible for all work performed by a subcontractor as if Consultant itself had performed such work. The subcontracting of any work to subcontractors shall not relieve Consultant from any of its obligations under this Agreement with respect to the services and Consultant is obligated to ensure that any and all subcontractors performing any services shall be fully insured in all respects and to the same extent as set forth under Section 4, to Agency's satisfaction.

6.4 Certification as to California Energy Commission. If requested by the Agency, Consultant shall, at the same time it executes this Agreement, execute Exhibit C.

Section 7. LEGAL REQUIREMENTS.

7.1 Governing Law. The laws of the State of California shall govern this Agreement.

7.2 Compliance with Applicable Laws. Consultant and its subcontractors and agents, if any, shall comply with all laws applicable to the performance of the work hereunder.

7.3 Licenses and Permits. Consultant represents and warrants to Agency that Consultant and its employees, agents, and subcontractors (if any) have and will maintain at their sole expense during the term of this Agreement all licenses, permits, qualifications, and

approvals of whatever nature that are legally required to practice their respective professions.

Section 8. TERMINATION AND MODIFICATION.

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

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

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

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

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

8.4.1 Immediately terminate the Agreement;

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

8.4.3 Retain a different consultant to complete the Services not finished by Consultant; and/or

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

Section 9. KEEPING AND STATUS OF RECORDS.

- 9.1 Records Created as Part of Consultant's Performance.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Consultant delivers or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the Agency. Consultant hereby agrees to

deliver those documents to the Agency upon termination of the Agreement. Agency and Consultant agree that, unless approved by Agency in writing, Consultant shall not release to any non-parties to this Agreement any data, plans, specifications, reports and other documents.

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

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

9.4 Confidential Information and Disclosure.

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

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

9.4.3 Permitted Disclosure. Notwithstanding the foregoing, the following disclosures of Confidential Information are allowed. Receiving Party shall endeavor to provide

prior written notice to Disclosing Party of any permitted disclosure made pursuant to Section 9.4.3.2 or 9.4.3.3. Disclosing Party may seek a protective order, including without limitation, a temporary restraining order to prevent or contest such permitted disclosure; provided, however, that Disclosing Party shall seek such remedies at its sole expense. Neither party shall have any liability for such permitted disclosures:

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

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

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

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

Section 10. MISCELLANEOUS PROVISIONS.

10.1 **Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.

10.2 **Venue.** In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.

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

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

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

Steven H. Sanders
President
SAGE Engineers, Inc.
2251 Douglas Blvd., Suite 200
Roseville, CA 95661

Any written notice to Agency shall be sent to:

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

With a copy to:

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

- 10.9 Professional Seal.** Where applicable in the determination of the Agency, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation.
- 10.10 Integration; Incorporation.** This Agreement, including all the exhibits attached hereto, represents the entire and integrated agreement between Agency and Consultant and supersedes all prior negotiations, representations, or agreements, either written or oral. All exhibits attached hereto are incorporated by reference herein.
- 10.11 Alternative Dispute Resolution.** If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Agency and Consultant agree to resolve the dispute in accordance with the following:
- 10.11.1** Each party shall designate a senior management or executive level representative to negotiate any dispute;
 - 10.11.2** The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.
 - 10.11.3** If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiation between legal counsel. If the above process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.
 - 10.11.4** The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.
 - 10.11.5** The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.

10.11.6 The alternative dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative prior to either Party initiating legal action. This alternative dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 *et seq.*

10.12 Controlling Provisions. In the case of any conflict between the terms of this Agreement and the Exhibits hereto, and Consultant's Proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and the Consultant's Proposal, the Exhibits shall control.

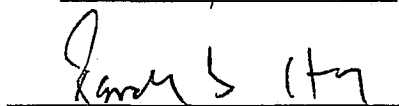
10.13 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

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

10.15 No Third Party Beneficiaries. This Agreement is made solely for the benefit of the parties hereto, with no intent to benefit any non-signator third parties. The Parties have executed this Agreement as of the date signed by the Agency.

NORTHERN CALIFORNIA POWER AGENCY

Date 9/9/14



RANDY S. HOWARD, General Manager

SAGE ENGINEERS, INC.

Date 9/7/16



STEVE H. SANDERS, President

Attest:



Assistant Secretary of the Commission

Approved as to Form:

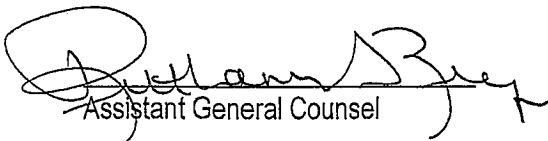

Assistant General Counsel

EXHIBIT A

SCOPE OF SERVICES

As requested by NCPA, Sage Engineers, Inc., ("Consultant") shall provide consulting services to the Northern California Power Agency ("Agency"), Agency Members, the Southern California Public Power Authority (SCPPA), or SCPPA members, including, without limitation:

- Dam Safety Engineering in accordance with 18CFR12D;
- Civil, environmental, geotechnical and structural engineering;
- Consulting related to geology, hydrology or hydraulics;
- Mapping/surveying/GIS;
- Protection relay upgrades and electrical engineering support;
- Engineering inspection and construction observation and testing; and
- Other miscellaneous engineering tasks.

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all tasks, including hourly fees and expenses, shall not exceed \$225,000 subject to Section 2 of the Agreement. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:



SCHEDULE OF CHARGES

NCPA

16-103.00 – 2017 NCPA FERC Part 12D Safety Reports

June 24, 2016

The Schedule of Charges applies to all services provided by and/or through SAGE Engineers, Inc. (SAGE). Charges for our services are divided into three categories: Personnel, Travel/Reimbursables and Outside Services.

PERSONNEL

Personnel charges are for technical work, including technical typing, editing, graphics and support services involved in the preparation of reports and correspondence, and for the time associated with production of such documents. Personnel category per-hour charge rates are as follows:

<u>Personnel Category</u>	<u>Hourly Rate</u>
Senior Principal Engineer/Geologist	\$ 275.00
Principal Electrical Engineer	265.00
Principal Engineer/Geologist	265.00
Senior Associate Engineer/Geologist	220.00
Senior Consultant	210.00
Associate Engineer/Geologist	200.00
Senior Electrical Engineer	200.00
Senior Engineer/Geologist	185.00
Senior Project Engineer/Geologist	165.00
Project Engineer/Geologist	150.00
Senior Staff Engineer/Geologist	135.00
Staff Engineer/Geologist	125.00
Senior CADD/GIS Technician	145.00
CADD/GIS Technician	105.00
Contract Administration/Support Services	105.00

The charge for expert witness services, depositions (4-hour minimum) and court (8-hour minimum) is \$375 per hour.

TRAVEL / REIMBURSABLES

Time spent in travel in the interest of the Client will be charged at the above hourly rates plus mileage at the current IRS rate, except that no more than eight (8) hours of travel time will be charged in any day. When it is necessary for an employee to be away from the office overnight, all actual costs including out-of-pocket expenses will be charged. Meals will be charged on a per diem basis at \$61.00. Reimbursable items (e.g., airfare, hotel, automobile/equipment rental, supplies etc.) will be charged at cost plus fifteen percent (15%). Specialty design software will be charged at an hourly rate on a per use basis, as follows: I- Site (\$40/hr); Arc GIS, GeoStudios (SEEP/W, SLOPE/W, SIGMA/W), RISA-3D, and SAFE (\$35/hr), SAP 2000 and RockWorks (\$25/hr); Dips, Swedge, RocPlane, and RocFall (\$15/hr). Specialty field equipment will be charged at a daily rate on a per use basis: Trimble GPS Unit+Antenna (\$130/day); Rope Access (\$200/day).

OUTSIDE SERVICES

Outside services will be charged at cost plus fifteen percent (15%). Common outside items to which this 1.15 multiplier applies include, but are not limited to drilling services, laboratory testing, printing and photographic work, special insurance and outside consultants.

2251 Douglas Blvd., Ste. 200, Roseville, CA 95661, (916) 677-4800
1999 Harrison St., Ste. 1800, Oakland, CA 94612, (510) 701-2266
SAGEEngineers.com

The rates set forth above are valid from June 24, 2016 and may be subject to an annual escalation of up to 5% per year, effective upon 30 days' prior written notice to NCPA.

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

EXHIBIT C

CERTIFICATION

Affidavit of Compliance for Contractors

I, Steven Sanders

(Name of person signing affidavit)(Title)

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

SAGE Engineers, Inc

(Company name)

for contract work at

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

(Project name and location)

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

[Signature]

(Signature of officer or agent)

Dated this 7th day of September, 20 16.

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

2699527.3



Commission Staff Report

DATE: May 15, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: 2017 Geothermal Facility Operating Protocol – Steam Field Operations Forecast Report April 2017; Applicable to the following projects: Geothermal

AGENDA CATEGORY: Consent

FROM:	Ken Speer <i>KS</i>	METHOD OF SELECTION:
	Assistant General Manager	N/A
Division:	Generation Services	
Department:	Geothermal	

IMPACTED MEMBERS:		
All Members <input type="checkbox"/>	City of Lodi <input checked="" type="checkbox"/>	City of Ukiah <input checked="" type="checkbox"/>
Alameda Municipal Power <input checked="" type="checkbox"/>	City of Lompoc <input checked="" type="checkbox"/>	Plumas-Sierra REC <input checked="" 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 checked="" type="checkbox"/>	City of Redding <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Gridley <input checked="" type="checkbox"/>	City of Roseville <input checked="" type="checkbox"/>	Other <input type="checkbox"/>
City of Healdsburg <input checked="" type="checkbox"/>	City of Santa Clara <input checked="" type="checkbox"/>	<i>If other, please specify.</i>
<hr/> <hr/>		

RECOMMENDATION:

Adopt Resolution 17-45 approving the 2017 Steam Field Operations Forecast Report dated April 2017 as the Geothermal Operating Protocol effective July 1, 2017. This Operating Protocol is to remain in effect until replaced by the Commission.

BACKGROUND:

The Steam Field Operations Forecast Report is an in-depth study of the Geysers reservoir relative to the operation of NCPA's Geothermal facility and provides a generation forecast of the facility. This report will act as the Operating Protocol with the goal of maximizing the generation output.

The Operating Protocol currently uses a two-zone strategy with wells on the west side of the NCPA lease producing to both Plant #1, Units #1 and #2. Wells on the east side of the NCPA lease produce to Plant #2, Unit #4. This Protocol will maximize generation while allowing for scheduling flexibility and reduction of load under the proper economic conditions. The Protocol establishes a 2017 annual generation target of 99.3 gross MW.

FISCAL IMPACT:

The 2017-18 approved Geothermal budget covers the proposed action.

SELECTION PROCESS:

Not Applicable.

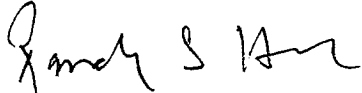
ENVIRONMENTAL ANALYSIS:

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

COMMITTEE REVIEW:

The recommendation above was reviewed by the Facilities Committee on May 3, 2017 and was recommended for Commission approval.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy S. Howard", written in a cursive style.

RANDY S. HOWARD
General Manager

Attachments: (2)

- Resolution
- Steam Field Operations Forecast Report – April 2017

RESOLUTION 17-45

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVING THE 2017 STEAM FIELD OPERATIONS FORECAST REPORT AS THE 2017 GEOTHERMAL OPERATING PROTOCOL

(Reference Staff Report #160:17)

WHEREAS, the Northern California Power Agency (NCPA) operates and maintains on behalf of the project owners a Geothermal Facility near Middletown, CA, consisting of two power plants with containment areas, and 80 steam production and injection wells connected by roads; and

WHEREAS, the 2017 Steam Field Operations Forecast Report is an in-depth study of the Geysers reservoir relative to the operation of NCPA's Geothermal facility and provides a generation forecast of the facility. This report will act as the Operating Protocol with the goal of maximizing the generation output. The Operating Protocol currently uses a two-zone strategy with wells on the west side of the NCPA lease producing to Plant 1, Units #1 and #2. Wells on the east side of the NCPA lease produce to Plant #2, Unit #4. This Protocol will maximize generation while allowing for scheduling flexibility and reduction of load under the proper economic conditions. The Protocol establishes a 2017 annual generation target of 99.3 MW gross; and

WHEREAS, 2017-18 approved budget covers the proposed action; and

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

NOW, THEREFORE BE IT RESOLVED that the Commission of the Northern California Power Agency adopts the Steam Field Operations and Forecast Report dated April 2017 as the Geothermal Operating Protocol effective July 1, 2017, to remain in effect until replaced by the Commission.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2017 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	_____	_____	_____

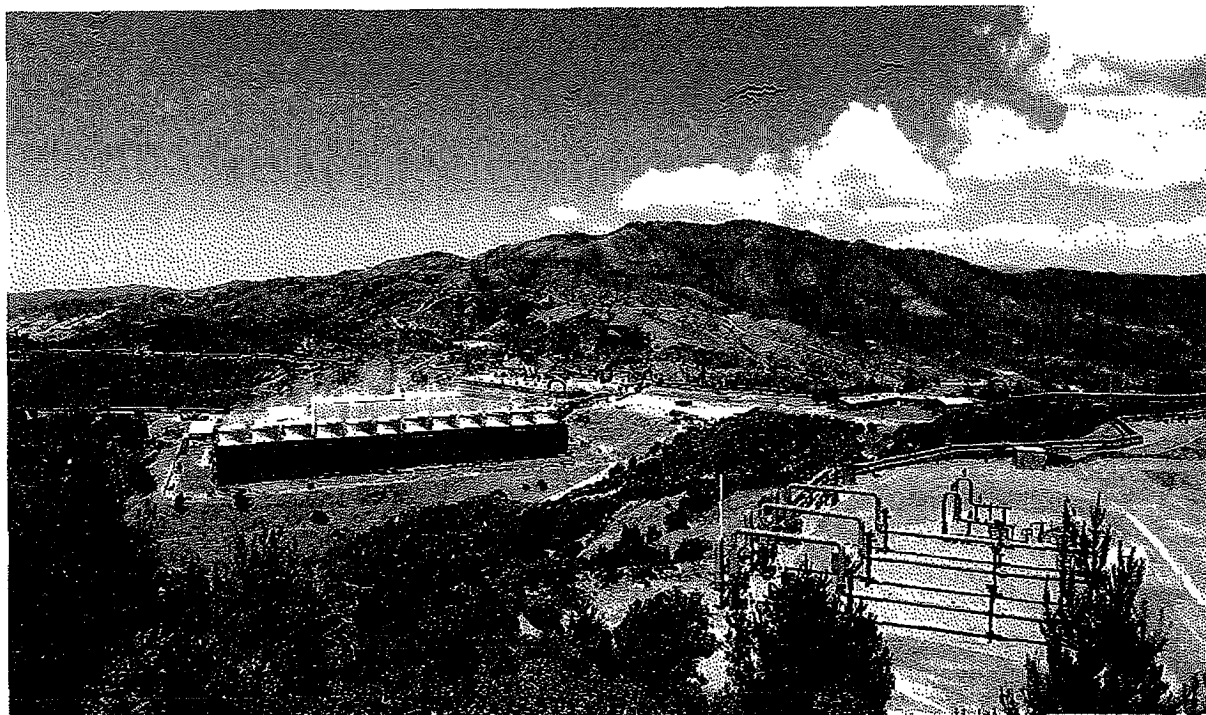
BOB LINGL
CHAIR

ATTEST: CARY A. PADGETT
ASSISTANT SECRETARY



Steam Field Operations

Forecast Report – April 2017



NCPA
Generation Services – Geothermal Facilities
Steam Field Operations and Forecast Report

April 2017
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NCPA
Generation Services Business Unit
Steam Field Operations and Forecast Report

April 2017

Introduction

This report provides an update on the status of the NCPA Geothermal Project. There are three main sections:

- I. A review of steam field operations including annual production and injection volumes, the Geothermal Operating Plan, water injection program, and projects.
- II. A review of 2016 reservoir performance and generation.
- III. A 2017 generation forecast.

Analysis of geothermal reservoir during 2016 indicates a continued 1.9% harmonic decline consistent with prior projections. The average generating capacity for 2016 was 101 MW gross or 93.3 MW net. Gross generation for the year was 887.3 GWhrs with net generation of 820.1 GWhrs.

Water injection continues to be a major contributor to maintaining reservoir pressure and mitigating steam production decline rates. The Southeast Geysers Effluent Pipeline project brings an average of 5,600 gpm of wastewater to The Geysers. NCPA and a nearby power producer share the water, but in late 2015, the Valley Fire damaged several of their power plants and their injection capability. As a result, NCPA received a larger share of the wastewater and water injection rates for the 2016 were up 42% from the previous year averaging 4,836 gpm.

The 2017 generation forecast projects the average generating levels to be 99.3 MW gross or 91.7 MW net for the year. NCPA geothermal facilities are expected to generate 862.2 GWhrs gross or 796.5 GWhrs net in 2017. The 25 year projected gross reserves are estimated to be 18,085 GWhrs or 16,163 GWhrs net.

In terms of the fiscal year, the gross generation is estimated to be 873.2 GWhrs with net generation of 810.9 GWhrs in FY 2017. The respective gross and net generation projected for FY 2018 is 867.8 GWhrs and 800.9 GWhrs.

I. STEAM FIELD OPERATIONS

In This Section

- ▶ Overview of Annual Production and Injection
- ▶ Geothermal Operating Plan
- ▶ Water Injection Program
- ▶ Steam field Projects

A. Overview of 2016 Production and Injection

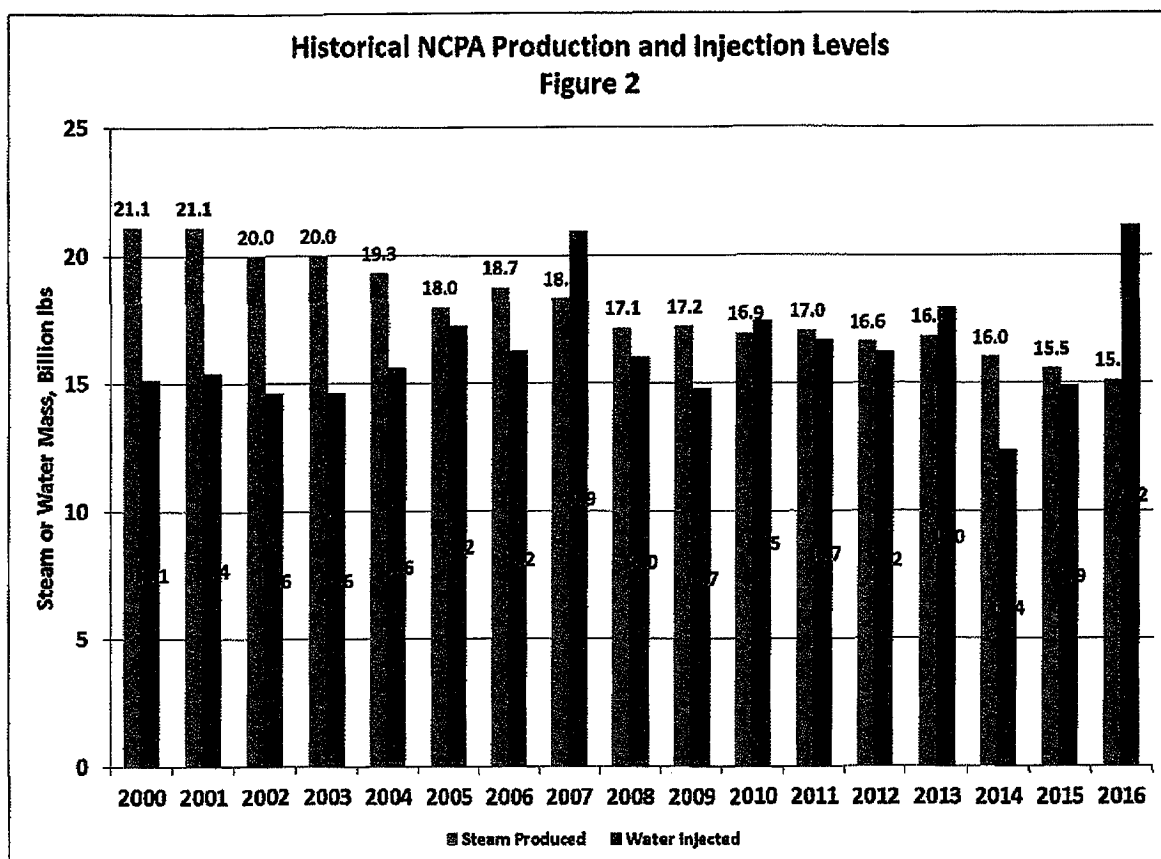
NCPA continued to operate the Geothermal Project as a base load facility in 2016. Steam production for the year was 15.1 Glbs with water injection of 21.2 Glbs for an annual mass replacement ratio of 140%. Water injection on the NCPA lease is a combination of steam condensate recovered from the cooling towers and wastewater from the Southeast Geysers Effluent Pipeline (SEGEP). The water from the SEGEP pipeline is shared between NCPA and a nearby power producer. In late 2015, the Valley Fire damaged several of the nearby producer's power plants resulting in NCPA receiving a larger than normal share of the SEGEP wastewater. As a result, the average injection rate for NCPA increased 42% from the previous year to 4,836 gpm.

The cumulative mass replacement ratio from plant startup in 1983 through 2016 was 65.2% (*Figure 1*). The net mass withdrawal of steam from the reservoir (Mass Produced less Mass Injected) through 2016 is 223.2 billion lbs.

The average annual generation for 2016 was 101.3 MW gross or 93.5 MW net. The average generation is down from 2015 because of continued steam field decline and plant outages. In 2017, generation levels are projected to be 99.3 MW gross or 91.7 MW net.

Production Highlights during 2016 Include:

- ▶ Annual average gross generation in 2016 was 101 MW or 93.3 MW net.
- ▶ Average annual mass replacement (i.e., the percentage of steam production replaced by water injection) was 140% in 2016 compared to 96.1% for 2015. The 2016 average injection rate was 4,836 gpm and was a 42% increase over the previous year. The increase was due to receiving higher than normal amounts of SEGEP wastewater.
- ▶ In 2017, the average generation is projected to be 99.3 MW gross or 91.7 MW net.



B. Geothermal Operating Plan

The Geothermal Project Operating Agreement requires the NCPA Commission to establish an Operating Plan and an annual operating level for the Geothermal Units. The purpose of the plan is to maximize the efficient use of the geothermal resource, protect the power plants and equipment, and meet all regulatory and permitting requirements.

A Geothermal Operating Plan, effective July 1, 2016, was approved and recommended by the Coordinated Operating Group (COG), the Generation Services Business Unit, and the NCPA Commission during the May 26, 2016 meeting. The Plan establishes an Operating Protocol that maintains a Two Zone operation within the NCPA lease. The Two Zone Operation was implemented to improve operational response time during a unit trip at Plant #1 and maximize generation on the NCPA lease while minimizing reservoir communication with nearby competitor operations.

Under the current Protocol, steam production from the west side of the lease, Zone 1, is directed to Units #1 and #2 at Plant #1. Steam production from the east side of the lease, Zone 2, is directed to Plant #2, Unit #4 (*Figure 5*). Combining zones is periodically tested to determine if the overall generation from both plants can be increased, but has generally resulted in a net loss of generation. The current Protocol effectively utilizes steam production, improves performance at the plants, and complies with existing permits and regulations.

While the Protocol maximizes generation, it does allow for scheduling flexibility and reduction of load under the proper economic conditions. Sustained curtailments of Plants #1 and #2 are possible, but not recommended because recovery of the curtailed generation would take an extended number of years.

C. Water Injection Program

NCPA continues to operate the steam field in the manner intended to maximize the recovery of injected water. In order to maximize recovery, it is important to have sufficient water and distribute it over the widest possible area of the field. It is also necessary to inject water at the lowest possible rate to maximize the heat transfer between the reservoir rock and water. Other factors that weigh into water injection strategy are targeting hotter zones of the field and higher gas concentrations within the reservoir. The water injection program discusses NCPA's supplemental water source, the Southeast Geysers Effluent Pipeline (SEGEP), current injection operations, micro-earthquake activity and non-condensable gas trends as a result of the injection.

1. Southeast Geysers Effluent Pipeline (SEGEP)

The Southeast Geysers Effluent Pipeline (SEGEP) project is a pipeline bringing water to The Geysers for the purpose of supplementing water injection in the field. During normal years, NCPA receives an average 2,700 gpm out of 5,600 gpm water that is delivered. Injection of this water into The Geysers reservoir helps mitigate reservoir pressure declines and increases steam reserves. *Figure 6* shows the historical SEGEP deliveries for NCPA and the total for the project.

SEGEP deliveries were at normal levels until the Valley Fire occurred in September 2015. The fire damaged several geothermal power plants that are operated by a nearby independent power producer and they were not able to take their allotted share of wastewater for several months. NCPA had a 30% higher than normal water injection from the SEGEP pipeline as a result. NCPA average flow rate from SEGEP was 3,709 gpm in 2016 versus 2,859 gpm in 2015.

2. Injection Operations

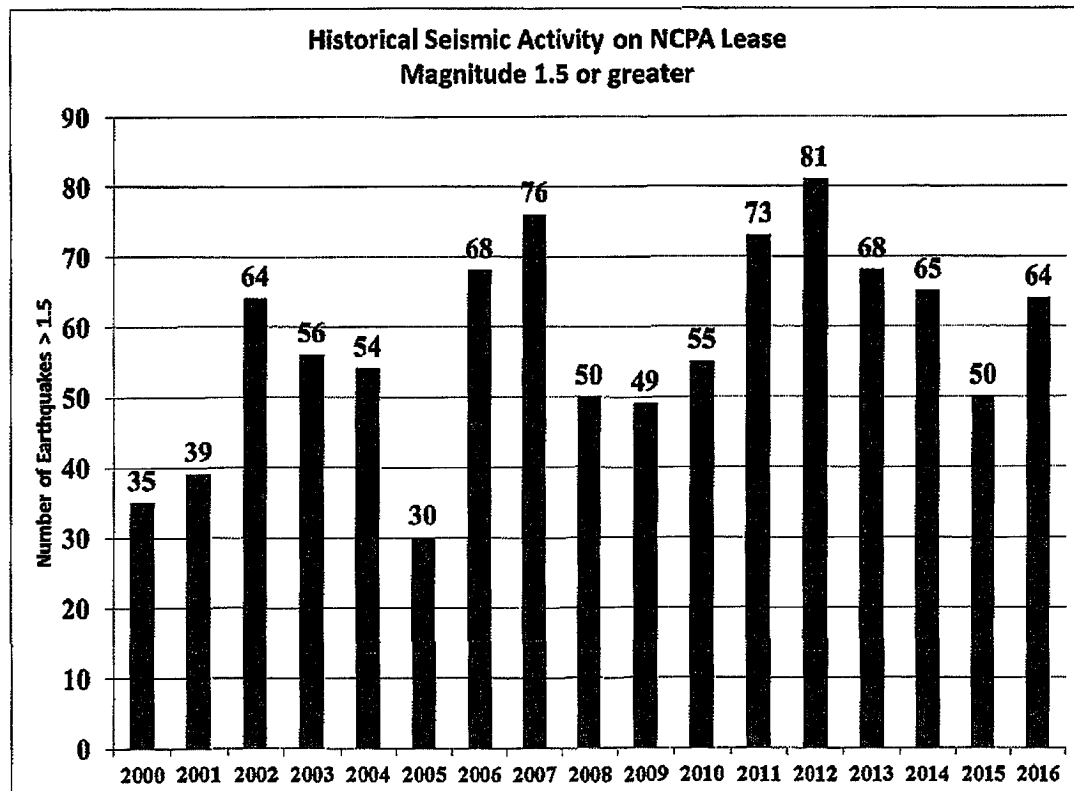
There were 11 different wells used for injection in 2016. The injection strategy continues to be an effort to spread water over large geographic area and limit injection rates down individual wells as much as possible.

Figure 7 shows the relative location of the 11 injection wells on the NCPA lease. Six of these wells, B-6, E-8, H-4, Q-1, Q-4, and Q-10 were only connected to the SEGEP pipeline and therefore received only effluent or wastewater. One well, J-6, is a dedicated condensate injection well receiving water from Plant #2. The remaining four wells received a combination of condensate and wastewater. *Figure 8* and *Table 1* show the relative amounts and type of water each well received in 2016.

3. Micro-earthquake Activity

Studies by the United States Geological Survey (USGS) and others have demonstrated that the steam production and water injection at The Geysers can cause frequent micro seismic events to occur. As a result, NCPA and the other operators are required to continuously monitor and report on the earthquakes that occur within The Geysers geothermal field. *Figure 9* is a map showing the locations of the 804 seismic events of magnitude 1.5 and larger that occurred within The Geysers field during 2016. Fourteen of these events had an earthquake magnitude of 3.0 or greater. The largest seismic event was a magnitude 5.01 on a competitor lease.

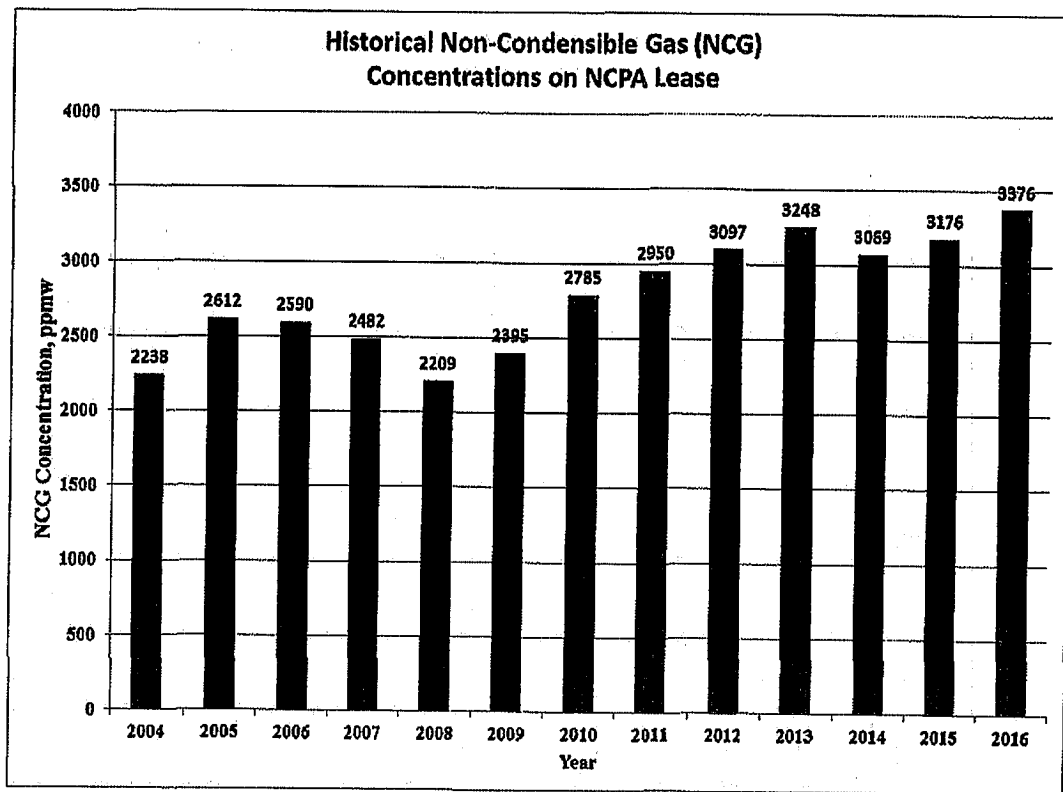
On the NCPA lease, there were 64 events of M=1.5 or greater. The largest event was a magnitude of 3.37 and occurred near NCPA's southern lease line. The figure below shows the historical seismic activity for the NCPA lease from 2000 through 2016. The seismic activity for 2016 was higher than the activity in 2015.



4. Non-condensable Gas (NCG) Trends

Non-Condensable Gas (NCG) is a natural product of the reservoir and may be present in varying concentrations within the steam that is produced at The Geysers. NCG production reduces plant efficiency and increases chemical treatment costs. The values vary significantly based on operating guidelines for the field, plant outages, or injection strategy. Water injection in areas of high gas concentration generally reduces NCG production and improves plant efficiency.

Table 4 shows an annual sampling of all the producing wells in the field and the analysis for NCG's. These values can vary somewhat based on daily operational changes and the adjustment of injection strategies within the field, but are considered to be typical concentrations of NCG's for these wells. In spite of increased injection for the year, NCG concentrations were slightly up from the previous year. Figure 10 shows a comparison of the relative changes throughout the field.



D. Geothermal Facility Projects

Major projects completed in 2016 were:

- Sedimentation Basin Repair – The concrete on the Sedimentation Basin needed to be repaired and re-coated to prevent possible structural damage. The project was completed on July 25, 2016 at a cost of \$160,122.
- Knockout Pot Repair – Heat loss in the steam production pipelines causes some steam condensate or water to form in the lines. The water is collected by knockout pots for reinjection back into the reservoir. A significant number of knockout pots were not functioning due to debris and needed to be repaired. Repairs or modifications were made to 33 knockout pots. The project was completed on April 29, 2016 and cost \$132,252.

In 2017, major projects that have been completed or will be initiated are:

- Plant #1 Yard Repair – A large 40 ft x 100 ft concrete pad was constructed in the Plant #1 yard to prevent asphalt damage from continued storage of phase separators and sulfur bins. In addition, a gas cylinder storage shed was constructed and repairs to existing asphalt in the plant yard were done. The project was completed on March 10, 2017 at a cost of \$206,865.
- Unit #4 Main Steam Pipeline – A new Unit #4 main steam pipeline was constructed for the purposes of reducing pressure losses and improving in generation. The pipeline was put into service on March 30, 2017 and the unit saw the expected 1 MW gain in generation. The project cost was the budgeted amount of \$950,000. With this project cost and generation benefit, the economics show a three-year payback on investment with an IRR of 38.5% achieved over a fifteen year life.
- Plant #2 Fire Line Replacement – The Plant #2 fire line has been contracted out with an expected project cost of \$571,000. Replacement of the Plant #2 fire line should start in May 2017.

II. 2016 RESERVOIR PERFORMANCE REVIEW

In This Section

- ▶ Reservoir Pressure Distribution
- ▶ Reservoir Pressure and Flowrate Decline
- ▶ 2016 Generation Review
- ▶ 2017 Generation Forecast

Reservoir performance can be affected by a number of factors such as changes in the location or amount of water injected, the operating pressure of the field, gain or loss of production wells, or changes in the operation of nearby competitor leases. The effects of these changes on the reservoir are normally monitored by conducting pressure build-up tests on production wells, tracer tests on injection wells, and a continuous review of pressure, temperature, and flowrate data from the field. This section will discuss recent changes in reservoir pressure distribution, reservoir pressure decline, and steam field flowrate decline.

A. Reservoir Pressure Distribution

One of the most important parameters in predicting and explaining reservoir performance is static reservoir pressure. *Figure 11* shows areal pressure distributions of static reservoir pressures for April 2016 and April 2017. In general, wells on the west side of the field have the lowest reservoir pressures (< 80 psig) and the east side of the field continues to be the higher pressure area.

B. Reservoir Pressure and Flowrate Decline

Changes in reservoir pressure over time are a function of the mass-replacement ratio. By injecting steam condensate and supplementing it with run-off fresh water and secondary treated wastewater from the Southeast Geysers Project, the decline in reservoir pressures has moderated or slowed with time.

In 2016, 52 wells were shut-in at various times to conduct pressure build-up tests. The tests revealed that the average wellhead shut-in pressure was 72 psig or an average decrease in wellhead pressure of 12.3 psig. This may be attributed to increased injection from 2015. The average well on the NCPA lease flows 27,000 lb/hr at 39.5 psig.

The projected flowrate decline is shown in *Figure 13*. In 2016, the overall steam field flow rate averaged 1,773 klbs/hr. This flow rate is projected to be 1,741 klbs/hr in 2017. The projected overall steam field decline is a harmonic 1.9%. Continued and strategic injection of water over a wide area of the reservoir is expected to enhance recovery and provide better reservoir pressure support in future years.

C. 2016 Generation Review

Gross generation for the NCPA Geo Facilities in 2016 was 887.3 GWhr with net generation of 820.1 GWhr. For FY 2017, gross generation is estimated to be 873.2 GWhrs with net generation of 810.9 GWhrs. The 2016 gross generation capacity was an average of 101 MW while net generation capacity averaged 93.3 MW.

D. 2017 Generation Forecast

The updated forecast of future reservoir performance, and the resulting energy generation forecast for the NCPA geothermal plants, was developed using decline curve analysis in conjunction with a review of the 2015 computerized reservoir model projection. Included in the forecast are:

1. Operation of the steam field in a two-zone operation.
2. Installation of new turbines in Units #1 and #2 in the spring and fall of 2013.
3. The continued benefits being derived from the Southeast Geysers Effluent Pipeline Project.

The most recently developed forecast of steam field operations is illustrated in *Figure 12*. This graph shows NCPA's 34 year historical data for both steam production and water injection, and forecasts of production and injection out to year 2041. With the startup of the Effluent Pipeline in September 1997, and with its continuous operation projected thereafter, the average annual mass replacement is close to 100%. Water injection should continually exceed production in the future and a gradual decline in the level of steam production will approach a near-sustainable level of 80% of the mass of water injected.

The total amount of steam capable of being produced by NCPA through year 2041 is currently estimated at 305.9 billion pounds. Remaining gross generation reserves are estimated to be 18,085 GWhr with net reserves of 16,163 GWhr. *Figures 14 and 15* respectively show the projected net generation capacity and total net generation amount for 2017 through 2041. *Table 4* details the annual gross and net generation. A more detailed monthly five year forecast can be found in *Table 5*.

In 2017, it is estimated that the Geo Facilities will generate 862.2 GWhrs gross or 796.5 GWhrs net. Respective gross and net generation capacity levels for the year are projected to be 99.3 MW gross and 91.7 MW net. For, FY 2017, the respective gross and net generation amounts are projected to be 873.2 GWhrs and 810.9 GWhrs.

SUMMARY

Steam Field Operations

- The NCPA lease produced 15.1 Glbs steam while injecting 21.2 Glbs of water resulting in an average mass replacement of 140% for the year.
- The average gross generation capacity for 2016 was 101 MW gross while the net generation capacity was 93.3 MW net.
- The average water injection increased from 3,398 in 2015 to 4,836 gpm in 2016. The Valley Fire in late 2015 damaged several power plants of a nearby power producer and as a result, NCPA received a larger share of the available wastewater.
- Water recovery as Injection-Derived-Steam needs to be maintained to continue to benefit from the SEGEP Pipeline. The injection strategy going forward is to inject available water supplies over a greater area with the intent of maximizing its recovery over a shorter time period.

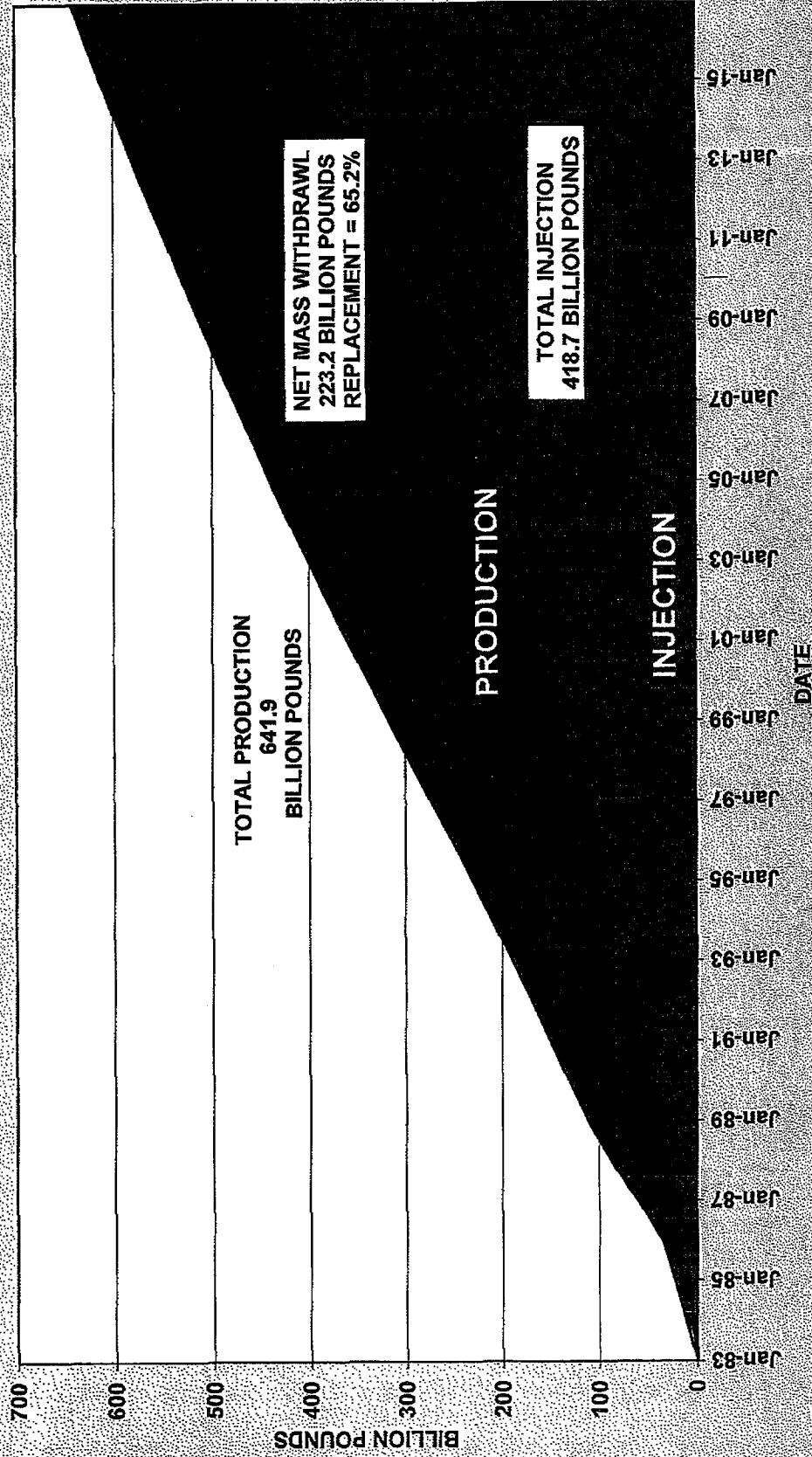
2016 Reservoir Performance Review

- There was a decrease in reservoir pressures mainly at the Q-site well pad due to increased injection. Injection in this area has been reduced to allow the wells to thermally recover.
- Average shut-in wellhead pressure for the NCPA lease was 72.1 psig. The average well produces 27 kph at 39.5 psig.
- The steam field deliverability was 1,773 klbs/hr in 2016. The projected 2017 deliverability is 1,741 klbs/hr. The projected harmonic decline rate going forward is 1.9%.

2016 Generation Review and 2017 Generation Forecast

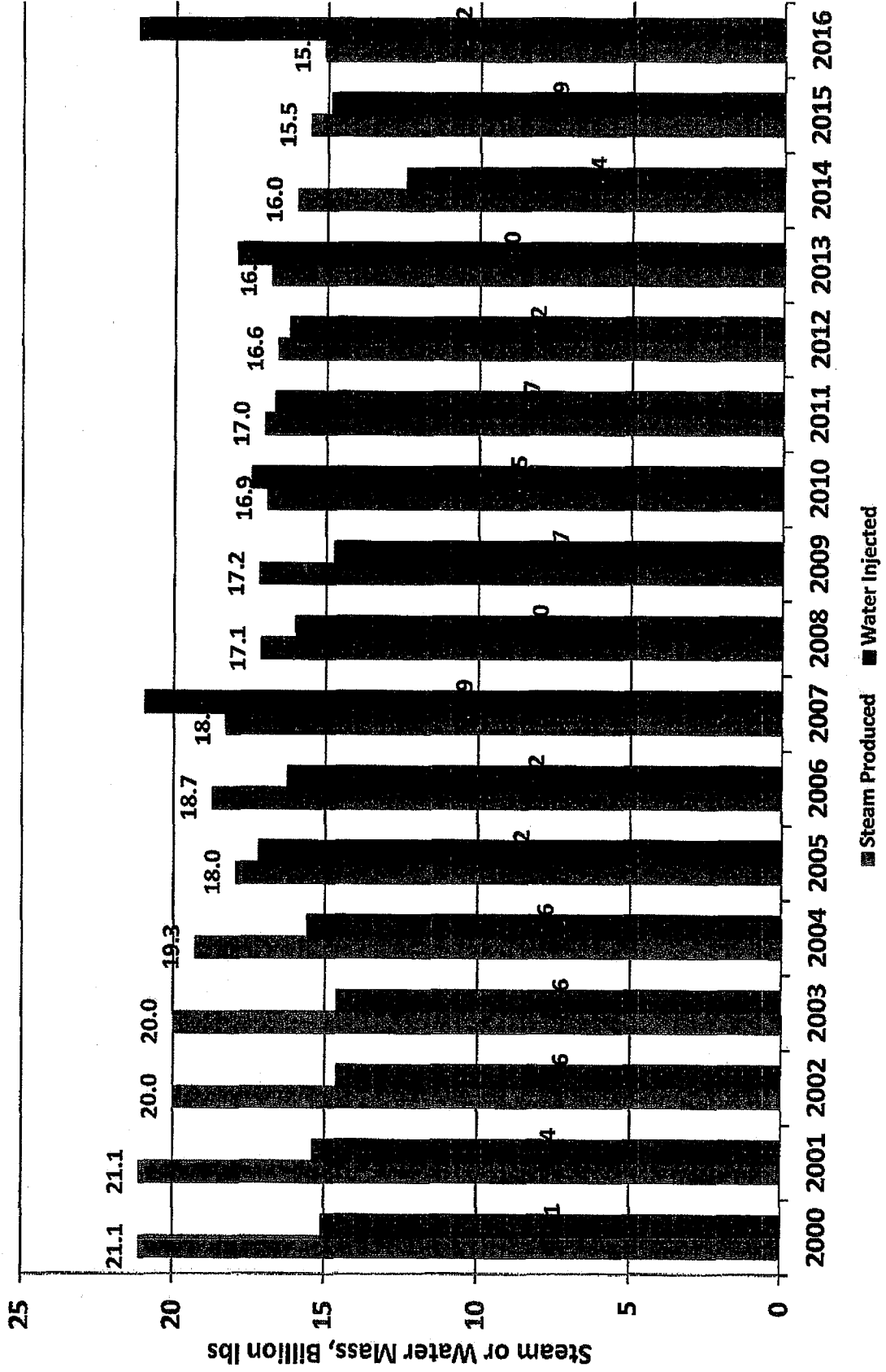
- Gross generation for 2016 was 887.3 GWhrs with net generation of 820.1 GWhrs. For FY 2017, gross generation is estimated to be 873.2 GWhrs with net generation of 810.9 GWhrs.
- The generation forecast covers the period from 2017-2041. Recoverable steam reserves are estimated at 305.9 billion pounds with the total amount of remaining gross generation estimated at 18,085 GWhr or net generation of 16,163 GWhr.
- The gross generation capacity for 2017 is projected to be 99.3 MW or 91.7 MW net. Gross generation for the year is projected to be 862.2 GWhrs or 796.5 GWhr net. For FY 2017, the respective gross and net generation amounts are projected to be 873.2 GWhrs and 810.9 GWhrs.

FIGURE 1
NCPA STEAMFIELD
CUMULATIVE PRODUCTION AND INJECTION

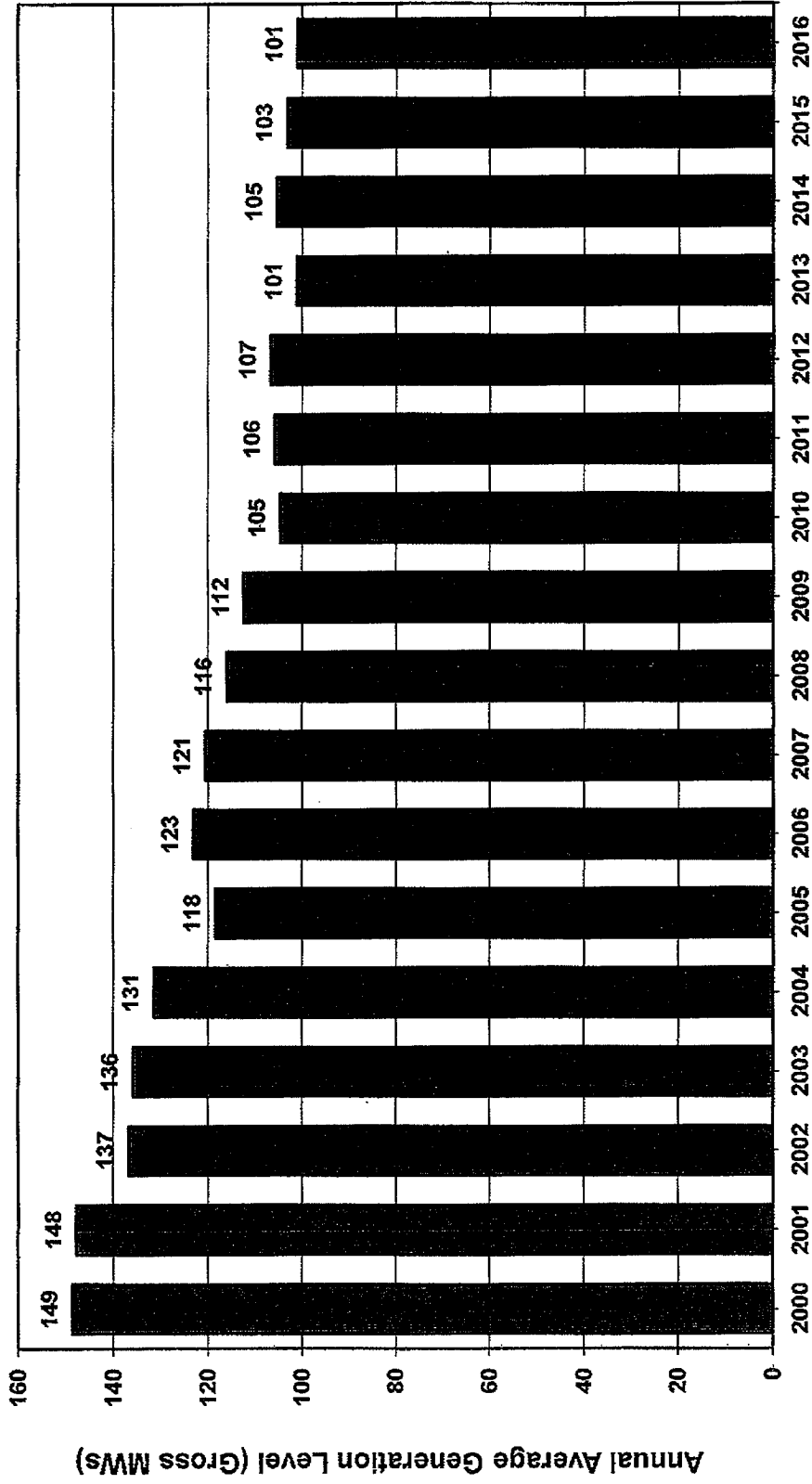


Historical NCPA Production and Injection Levels

Figure 2



**Figure 3. Historical Power Generation Levels
NCPA Geo Facilities**



*Generation levels include downtime for unit outages and overhauls

2016 Gross Steam Utilization
Figure 4

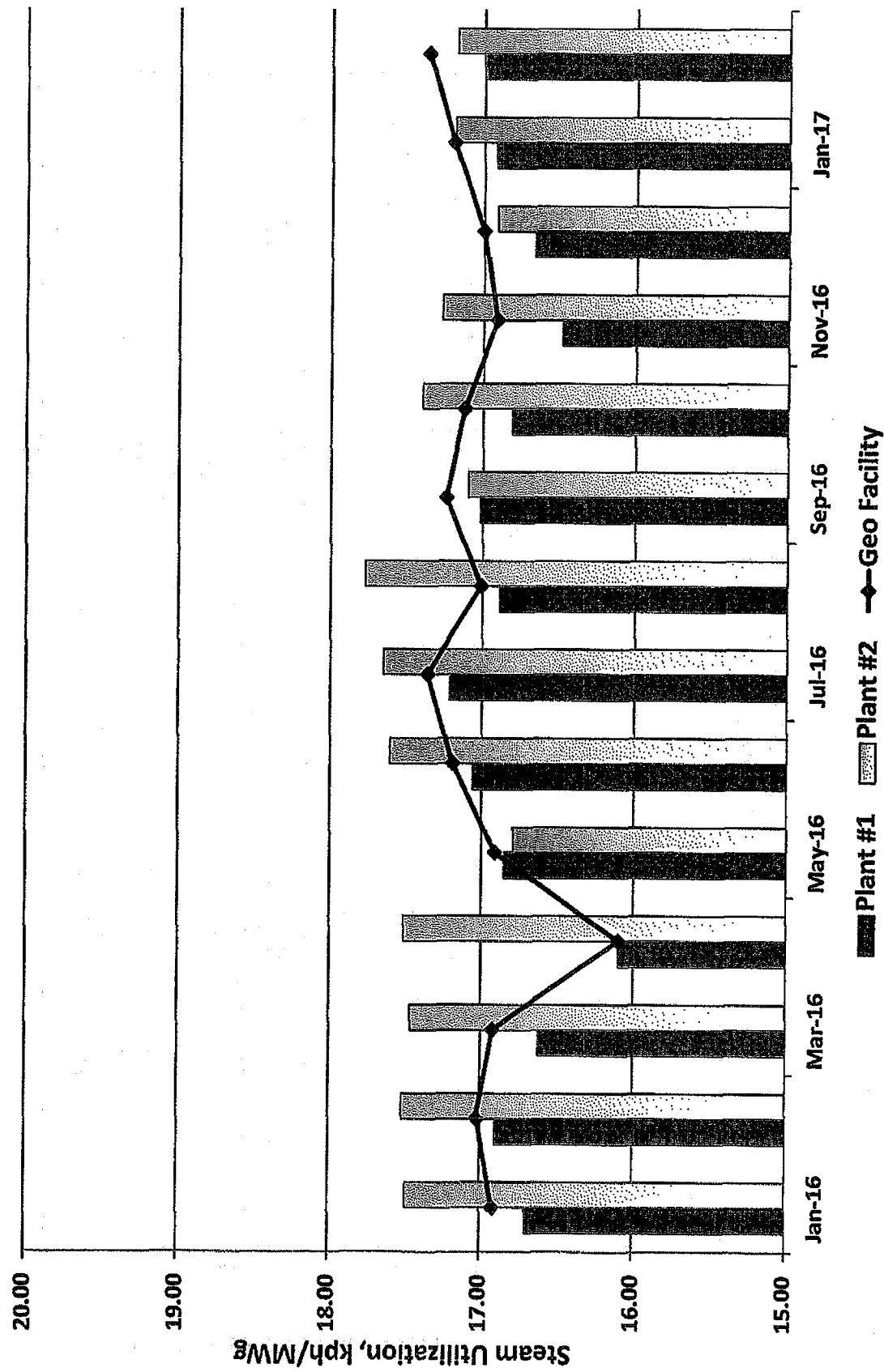
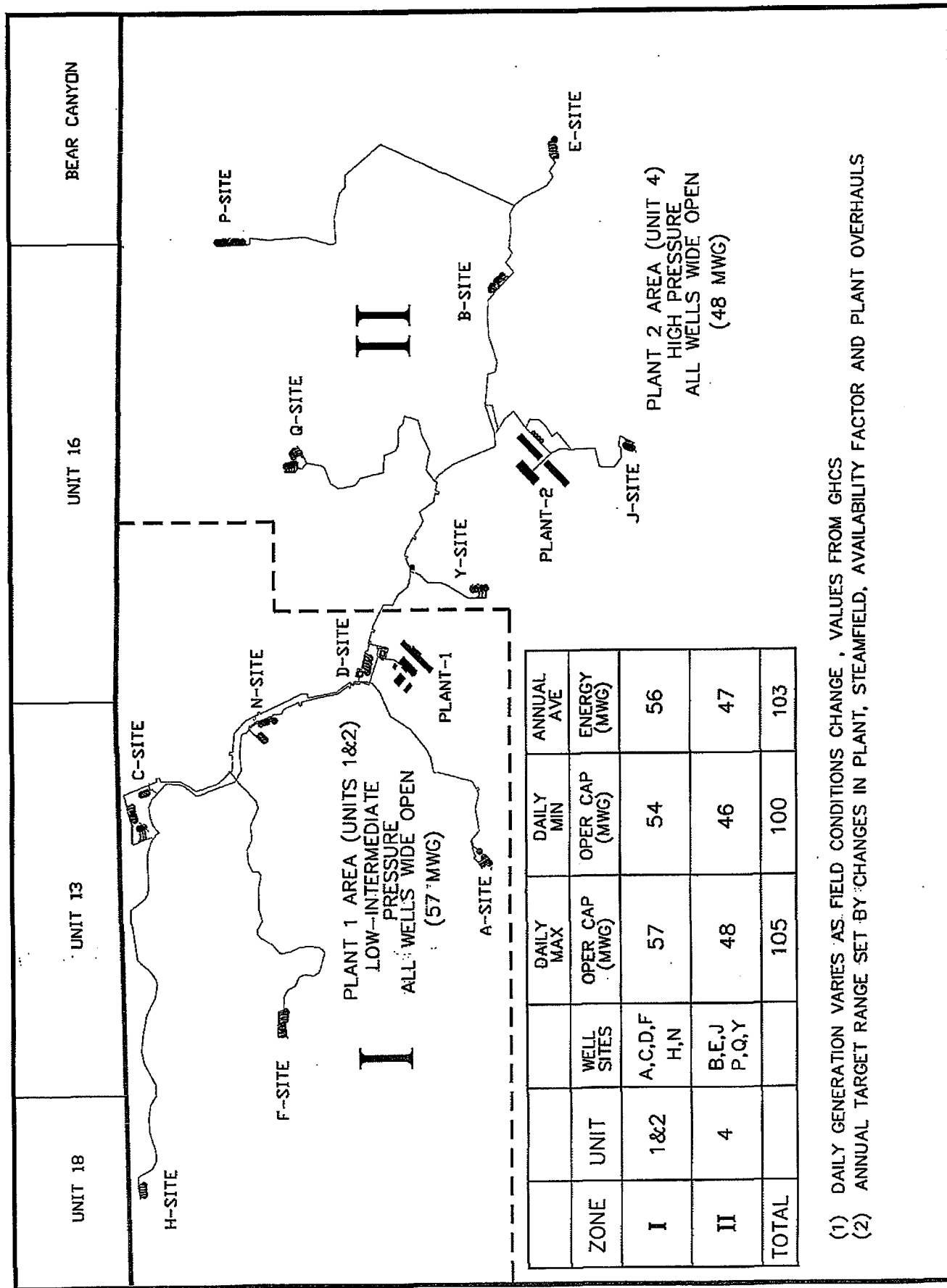


Figure 5. GEOTHERMAL OPERATIONAL PLAN 2017



**Figure 6. History of SEGEP Deliveries Total and NCPA
(Annual Average GPM)**

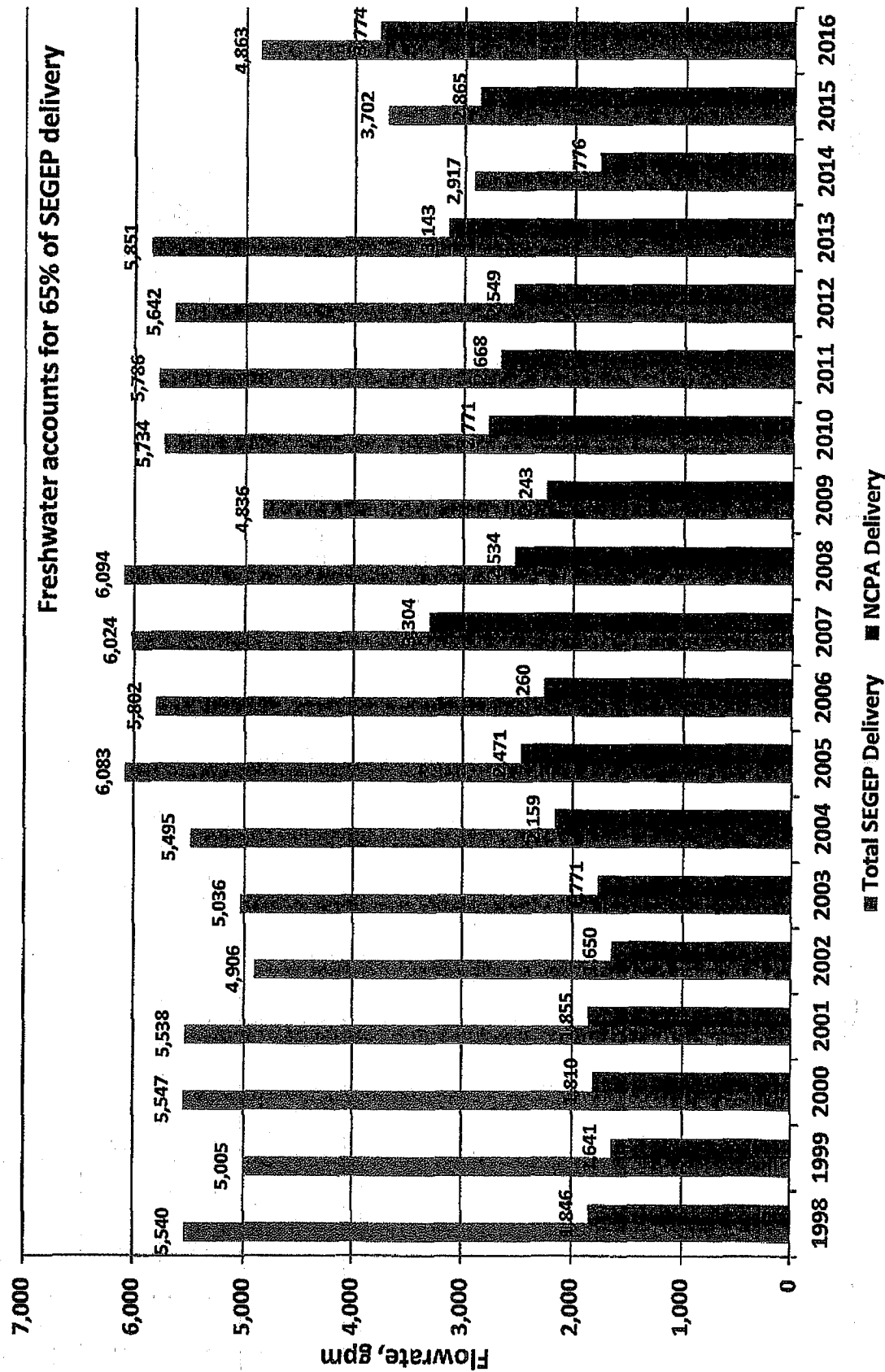


FIGURE 7 MODIFIED PLAN OF INJECTION

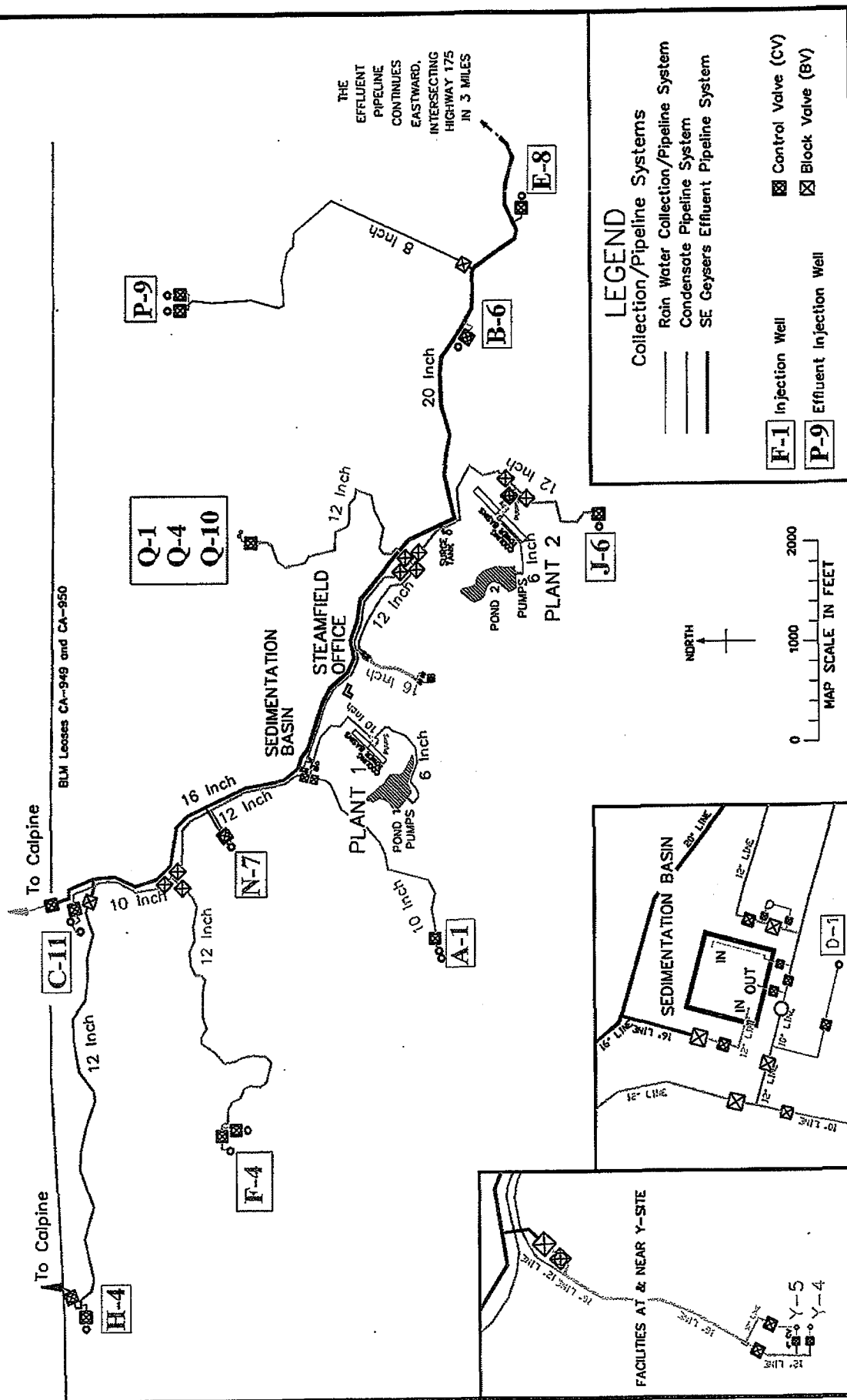
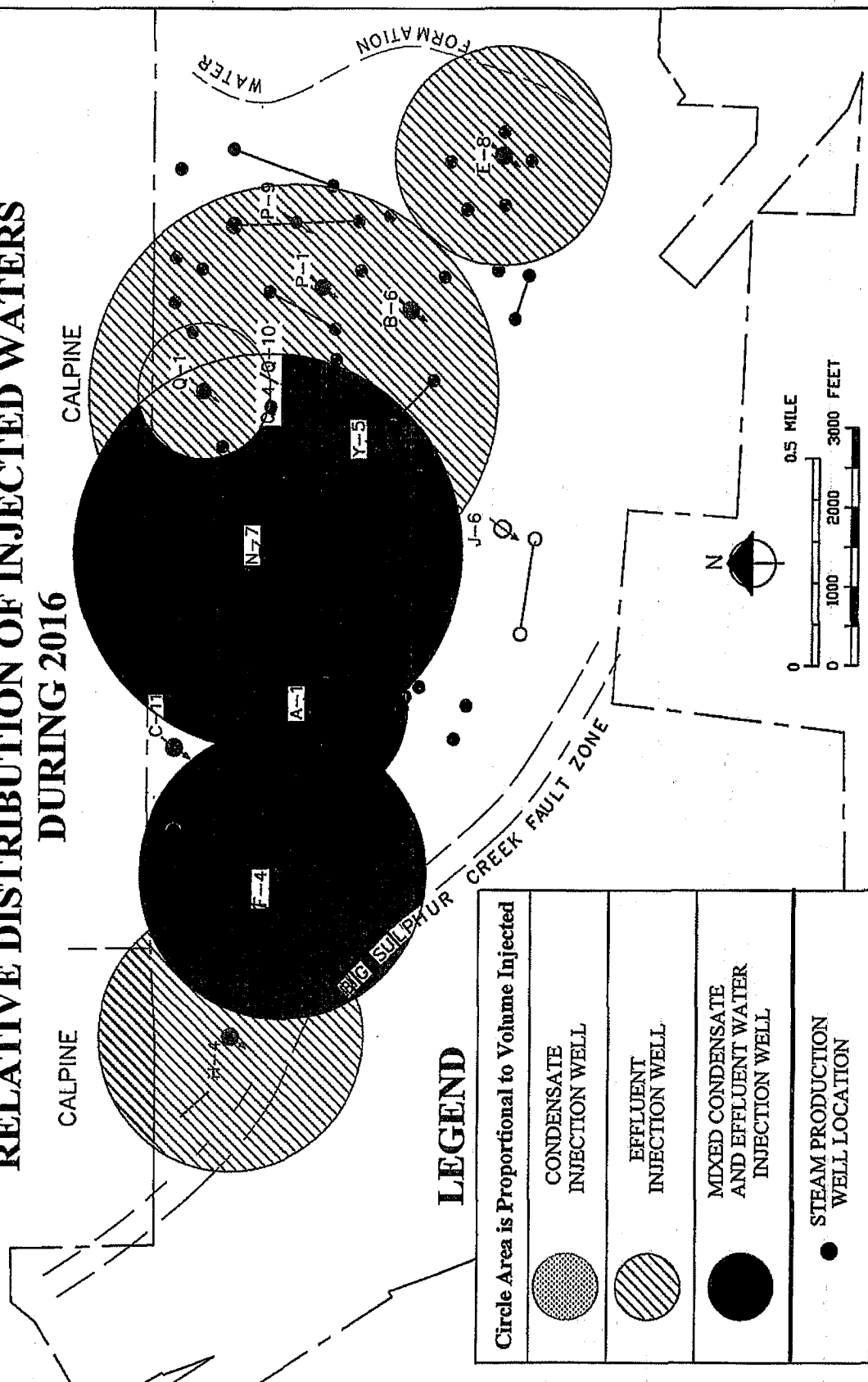


FIGURE 8
NCPA STEAM FIELD
RELATIVE DISTRIBUTION OF INJECTED WATERS
DURING 2016



LEGEND

Circle Area is Proportional to Volume Injected

	CONDENSATE INJECTION WELL
	EFFLUENT INJECTION WELL
	MIXED CONDENSATE AND EFFLUENT WATER INJECTION WELL
	STEAM PRODUCTION WELL LOCATION

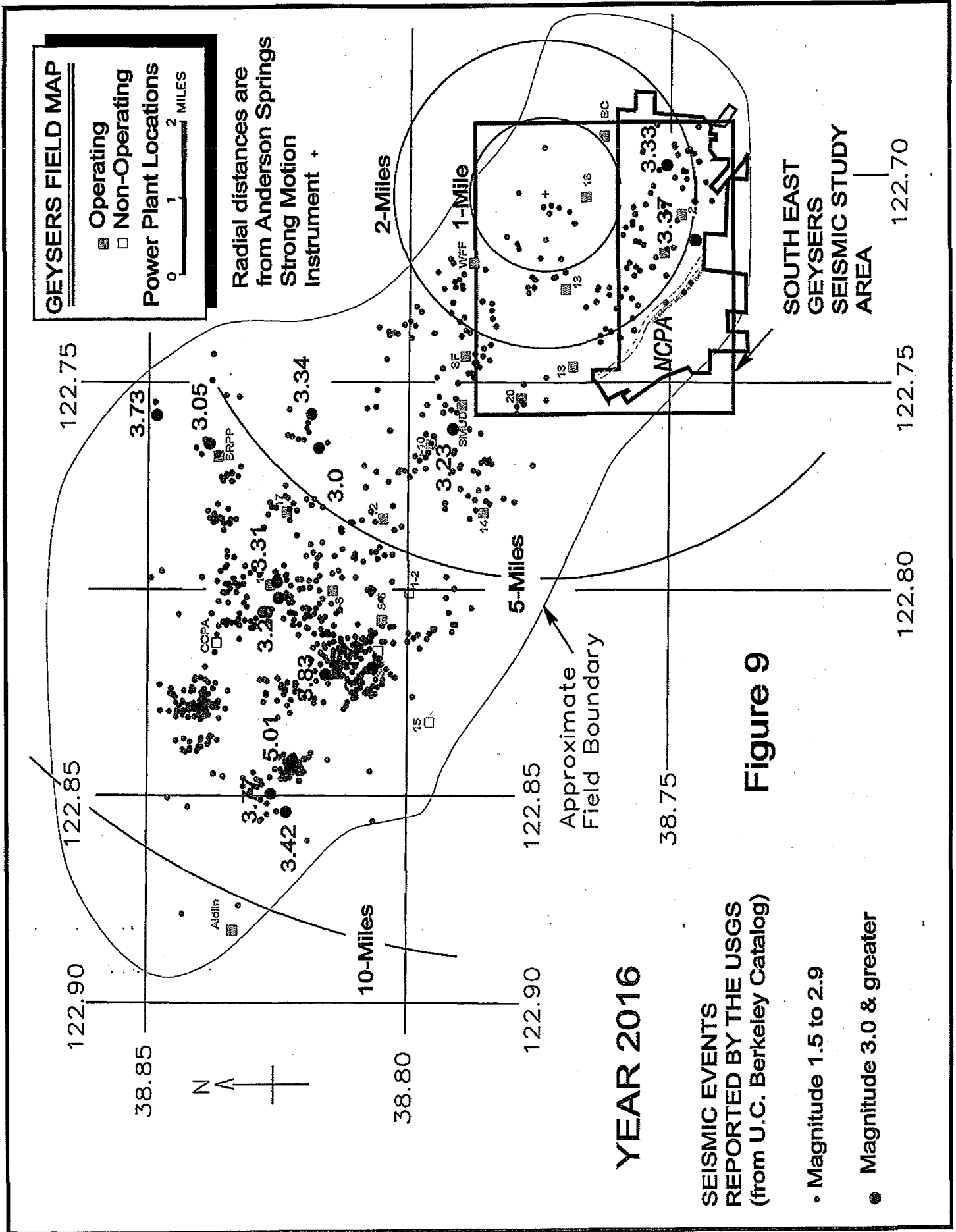


FIGURE 10
NONCONDENSABLE GAS CONCENTRATIONS
IN NCPA STEAM (ppm)

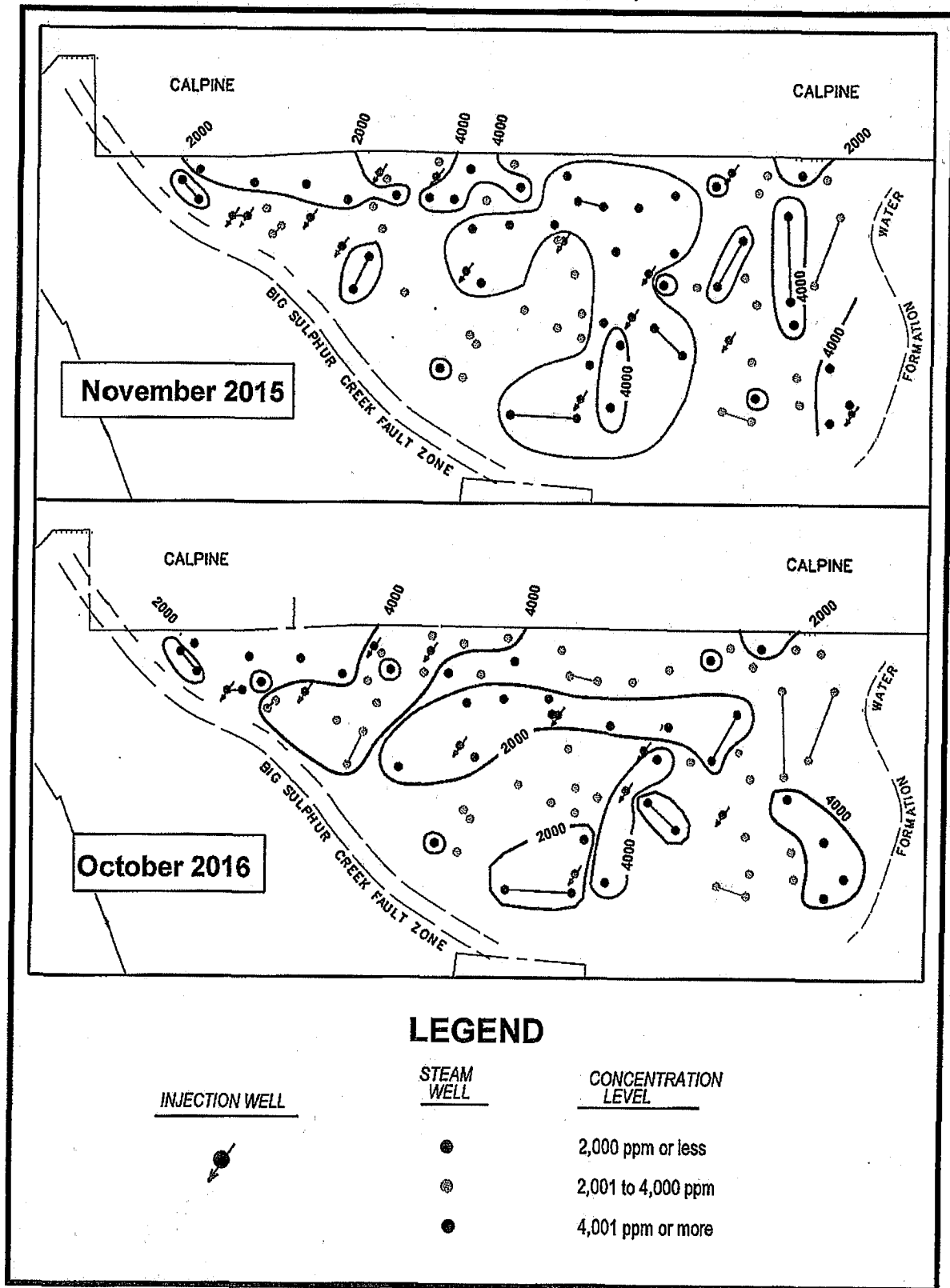
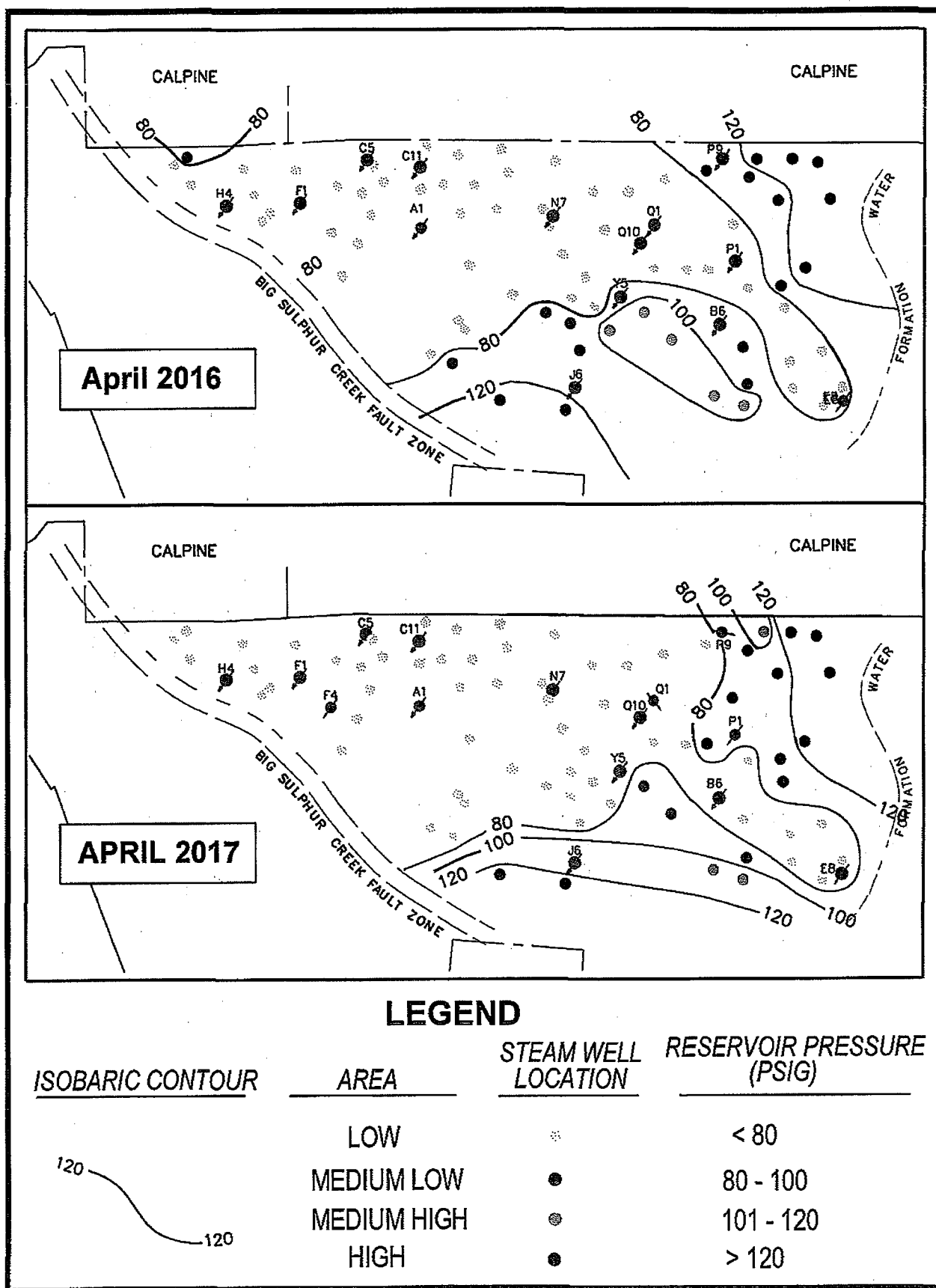
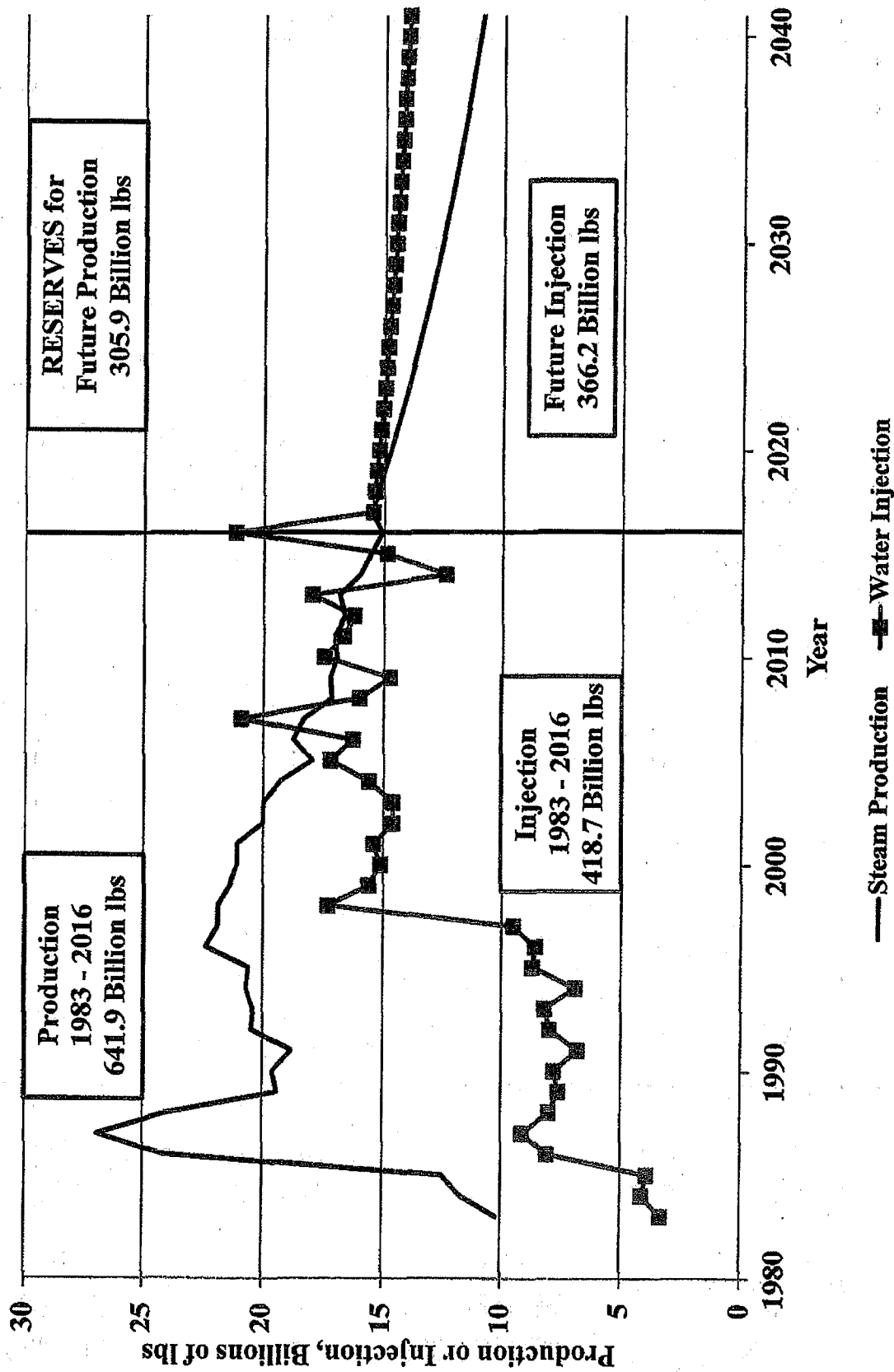


FIGURE 11
NCPA STEAM FIELD RESERVOIR PRESSURE



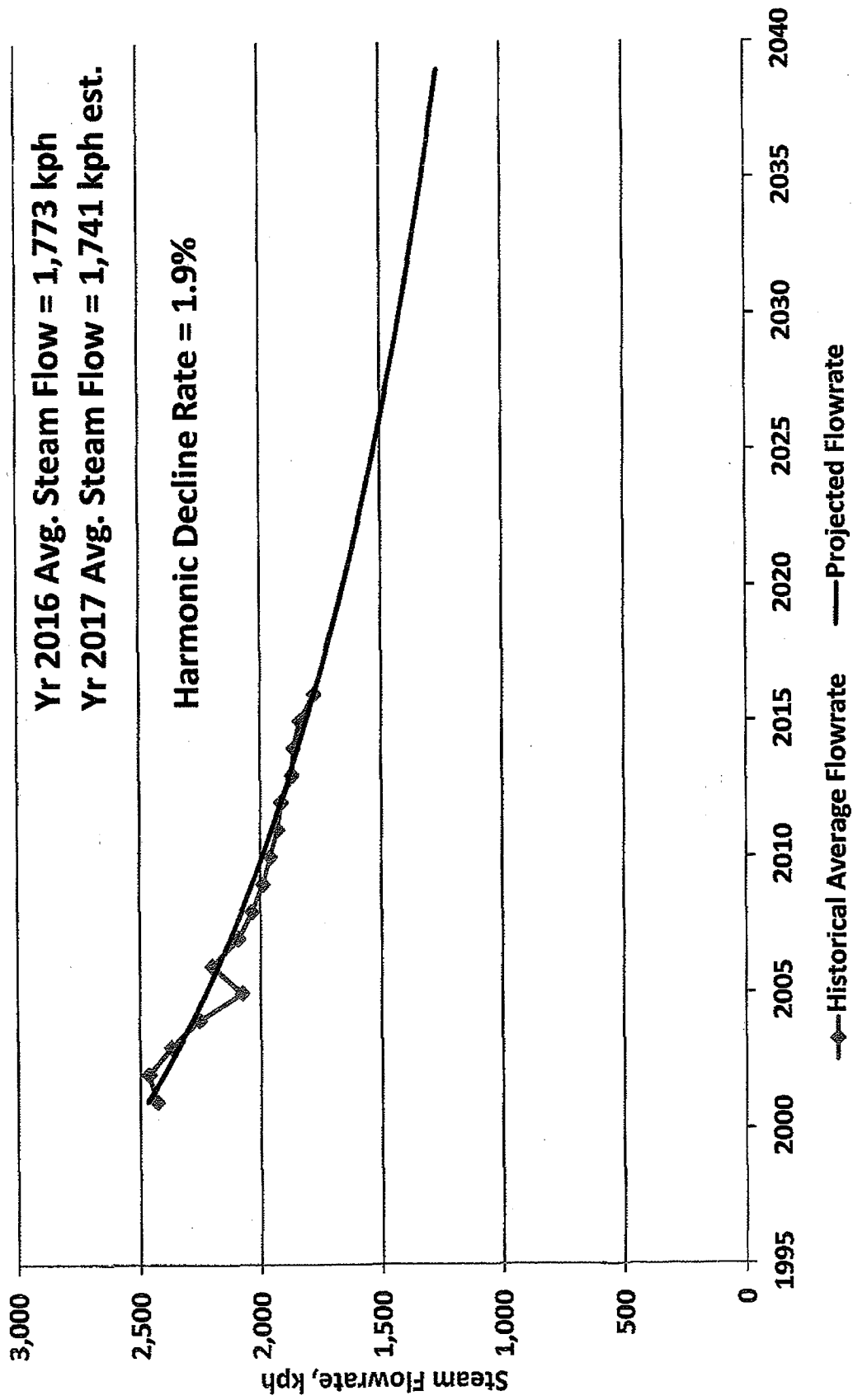
Historical and Forecast Steam Production & Water Injection

Figure 12



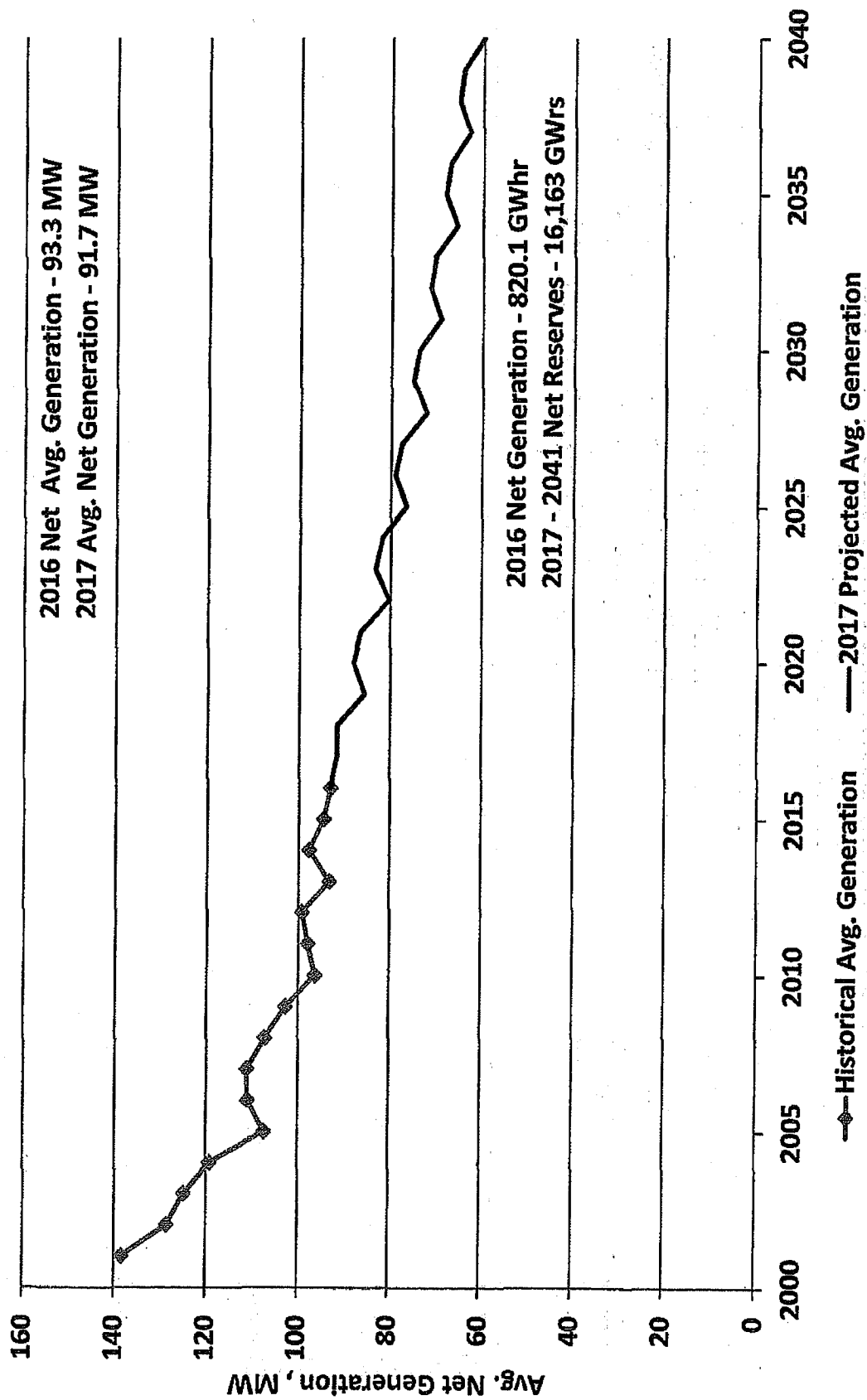
Historical and Projected Steam Flowrates Combined NCPA Plant #1 & #2

Figure 13



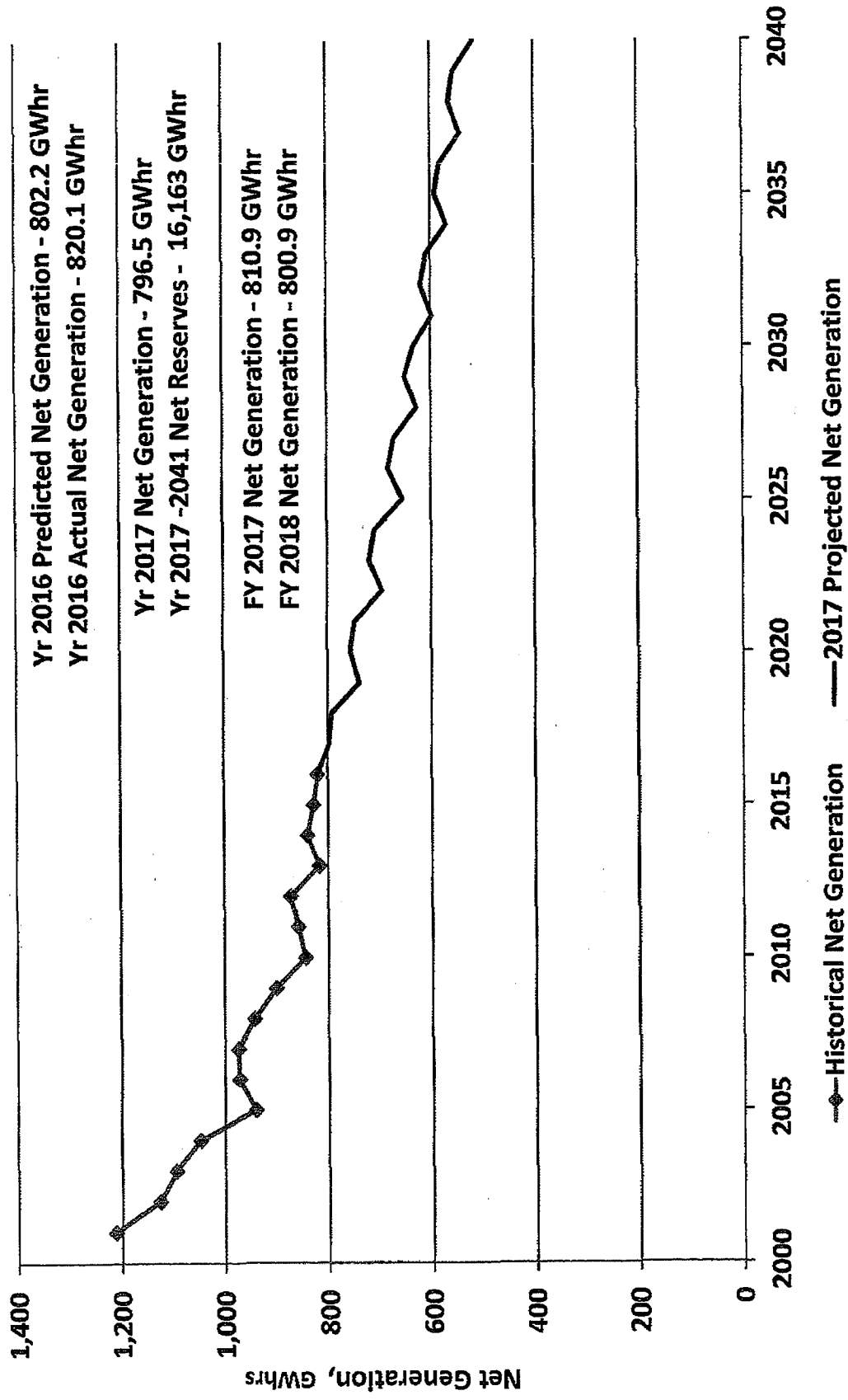
Historical and Projected Average Net Generation Level Combined NCPA Plants #1 & #2

Figure 14



Historical and Projected Net Generation Combined NCPA Plants #1 & #2

Figure 15



2016 Injection

Table 1. ANNUAL REPORT OF NCPA INJECTION AT THE GEYSERS STEAM FIELD
for Year 2016 (in 1000 Gallons)

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Condensate ⁽¹⁾	Effluent ⁽²⁾	Well Total
A-1 Condensate Effluent	30,822 1,229	13,778 6,520	27,118 2,337	12,558 6,291	15,611 4,748	13,118 7,569	9,822 2,096	-	2,610 2,980	19,975 6,917	20,675 3,120	24,516 1,864	190,401	45,671	236,072
B-6 Effluent	-	-	-	-	-	-	-	-	-	-	-	18	-	-	18
C-5 Effluent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C-11 Condensate Effluent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
E-8 Effluent	29,390	12,902	29,859	19,812	17,858	23,644	21,731	20,161	25,705	24,405	27,785	24,527	277,779	277,779	277,779
F-1 Condensate Effluent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
F-4 Condensate Effluent	35,464 1,823	21,644 8,128	33,448 2,855	19,529 10,243	25,492 7,578	15,714 8,889	5,345 5,763	20,809 9,975	24,110 11,003	24,824 8,236	30,654 4,660	32,287 2,822	289,310	81,975	371,285
H-1 Effluent	-	-	1,259	16,598	33,345	34,705	28,957	-	-	-	-	-	114,864	114,864	114,864
H-4 Effluent	31,533	28,350	28,106	23,631	24,881	30,280	32,314	25,248	30,168	29,804	30,035	28,882	343,232	343,232	343,232
J-6 Condensate	-	-	19	-	193	-	-	997	-	79	-	61	1,349	1,349	1,349
N-4 Condensate Effluent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-7 Condensate Effluent	21,500 38,198	7,930 34,413	14,487 38,564	235 25,653	3,184 23,283	624 30,902	10,998 29,489	4,340 30,342	6,591 36,393	13,379 38,136	11,985 30,492	17,647 33,847	112,901	389,711	502,612
P-1 Effluent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
P-9 Effluent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Q-1 Effluent	2,773	7,374	14,933	16,055	16,608	16,241	16,599	12,326	17,271	17,530	18,583	16,076	172,369	172,369	172,369
Q-3 Effluent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Q-4 Effluent	19,466	5,966	19,359	18,312	18,943	19,482	21,225	14,101	19,450	18,542	20,791	17,934	213,571	213,571	213,571
Q-7 Effluent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Q-10 Condensate Effluent	34,044	27,838	26,638	19,575	19,164	27,165	27,594	20,698	24,912	31,707	22,834	33,680	315,637	315,637	315,637
Y-5 Effluent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	246,302	174,839	238,982	188,292	210,878	228,333	211,923	158,937	201,193	233,534	221,614	234,161	593,962	1,955,026	2,548,988
During each month the % of Effluent Pipeline water that was fresh water withdrawn from Clear Lake:															52%

Notes: 1. "Effluent" (pipeline) volumes are water from Clear Lake together with LACOSAN and Clearlake Oaks treated wastewater.
2. The 9 Bold well names in *italics* are located in Lake County (Central Valley Region), the 10 others are in Sonoma County (North Coast Region).

Notes: 1. "Effluent" (pipeline) volumes are water from Clear Lake together with LACOSAN and Clearlake Oaks treated wastewater.

2. The 9 Bold well names in *italics* are located in Lake County (Central Valley Region), the 10 others are in Sonoma County (North Coast Region).

TABLE 2. GEOTHERMAL FACILITIES
Summary Table

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Generation (gross)</u> (MWh)	1,055,813	1,018,904	981,100	916,437	926,368	936,868	886,004	922,995	903,299	887,299
(MW)	120.5	116.0	112.0	104.6	105.7	106.7	101.1	105.4	103.1	101.0
<u>Generation (net)</u> (MWh)	974,387	942,153	900,599	844,642	858,747	872,422	816,824	862,842	837,379	819,149
(MW)	111.2	107.3	102.8	96.4	98.0	99.3	93.2	98.5	95.6	93.3
<u>Protocol</u> (MW)	122	116	113	108	108	108	108	107	107	107
<u>Steam Conversion</u> (Lbs / Kw)	16.66	16.83	17.53	18.33	18.39	17.72	18.99	17.33	17.20	17.00
<u>Steam Delivered</u> (Billion Lbs)	17.59	17.145	17.2	16.8	17.04	16.60	16.83	16.00	15.54	15.08
<u>Load Flexibility (gross)</u> Monthly High (MW)	126	121	117	109	109	110	109	110	110	109.78
Monthly Low (MW)	106	101	108	63	106	105	82	104	104	103.00
<u>Injection</u> Total (Billion Lbs)	20.94	16.00	14.74	17.45	16.66	16.22	17.96	12.39	14.86	21.21
Condensate (Billion Lbs)	6.23	4.87	2.87	4.96	4.79	5.00	4.21	4.62	4.20	4.94
Effluent (Billion Lbs)	14.47	10.83	9.82	12.13	11.82	11.18	13.75	7.77	12.50	16.27
<u>Mass Replacement</u> Annual (%)	119.0%	93.3%	85.7%	103.9%	97.8%	97.7%	106.7%	77.5%	95.6%	140.6%
Cumulative (%)	55.2%	56.2%	57.2%	58.6%	59.8%	60.9%	62.2%	62.6%	63.4%	65.2%
<u>Wells Used For Injection</u>	7	8	8	11	15	15	13	12	13	11
<u>NCPA Micro-seismic</u> Activity M>= 1.5	76	50	49	55	73	81	68	58	50	64
<u>NCPA Micro-seismic</u> Activity Maximum Magnitude Event	2.91	2.97	2.84	2.99	3.3	2.91	3.76	4.38	2.99	3.37
<u>NCS Concentration</u> (ppmw)	2,482	2,209	2,395	2,785	2,950	3,097	3,248	3,089	3,176	3,376

BY WELL 2017

WELL	PRESS
P-1	
P-2	119.0
P-4	152.7
P-5	
P-6	
P-7	91.1
P-8	152.9
P-9	
P-SITE	128.9
Q-1	
Q-3	42.2
Q-4	
Q-5	
Q-6	
Q-7	44.3
Q-8	
Q-9	
Q-SITE	43.2
Y-1	64.8
Y-2	61.5
Y-3	65.1
Y-4	
Y-5	
Y-SITE	63.8

PRESSURE OBSERVATIONS

72.1 psig

72.7 psig

39.5 psig

TABLE 4 NCG CONCENTRATIONS (PPMW) 2016 BY WELL, AND SITE AND PROJECT							
WELL		NCG		WELL		NCG	
A-3	9843	D-1	3030	H-1	1599	P-1	
A-4	2301	D-2	2706	H-2	1487	P-2	2720
A-5	1085	D-6	3043	H-3	4248	P-4	1486
A-6	3593	D-7	2679	H-4		P-5	1202
A-SITE	4206	D-8	972	H-5	3077	P-6	2285
		D-SITE	1805	H-SITE	2603	P-7	3174
B-2	2768					P-8	3095
B-3	4441	E-1	10164	J-2	3443	P-9	
B-4	2971	E-2	3586	J-3	1042	P-SITE	2327
B-5	2273	E-3	3329	J-4	2610		
B-6		E-4	4745	J-5	930	Q-1	
B-SITE	3113	E-5	5503	J-SITE	2006	Q-3	5323
		E-6	3117			Q-4	
C-1	2948	E-SITE	5074	N-1	2139	Q-5	2571
C-2	3844			N-2	1490	Q-6	2374
C-4	3814	F-1	1054	N-3	773	Q-7	9559
C-5	12325	F-2	4306	N-4	843	Q-8	3192
C-6	5771	F-3	2084	N-5	3935	Q-9	2398
C-7	3393	F-4		N-6	3977	Q-A	
C-8	6036	F-5	415	N-SITE	2193	Q-SITE	4236
C-9	7098	F-6	654			Y-1	2237
C-A	2306	F-7	1999			Y-2	3827
C-SITE	5282	F-SITE	1752			Y-3	3328
						Y-4	4394
						Y-5	4483
						Y-SITE	3447
VALUES ARE FROM NCPA CHEM LAB ANALYSIS							
Number of wells samples wells sampled=						65	
AVG. WELL NCG =						3376	
AVG. SITE NCG =						3170	
NCG Flow Weighted Avg. =						3091	

2017 Generation - 25 Year Forecast

Table 5

Year	Total Geo Facilities		Plant #1		Plant #2	
	Gross	Net	Gross	Net	Gross	Net
	Generation GWhr	Generation GWhr	Generation GWhr	Generation GWhr	Generation GWhr	Generation GWhr
2017	862.2	796.5	492.4	448.5	369.8	348.1
2018	859.7	792.8	487.9	443.4	371.8	349.4
2019	852.4	739.8	489.3	399.1	363.0	340.6
2020	827.8	757.1	480.0	431.3	347.8	325.8
2021	818.9	748.0	472.2	423.7	346.7	324.3
2022	764.6	695.3	466.0	417.4	298.6	277.9
2023	795.5	720.7	463.8	411.3	331.8	309.4
2024	784.7	709.7	459.0	406.5	325.7	303.2
2025	759.2	654.3	448.1	365.2	311.0	289.1
2026	754.1	683.1	442.5	393.9	311.7	289.3
2027	742.4	671.4	436.9	388.3	305.5	283.1
2028	700.9	627.9	436.3	384.0	264.6	243.9
2029	723.6	649.1	429.8	377.6	293.8	271.4
2030	703.0	632.5	421.0	372.4	282.0	260.1
2031	699.0	596.4	416.0	335.8	283.0	260.6
2032	690.9	619.7	412.1	363.4	278.7	256.2
2033	682.6	608.2	409.6	357.6	273.0	250.6
2034	641.1	568.5	404.8	352.9	236.3	215.6
2035	662.7	591.5	396.8	348.2	265.9	243.3
2036	653.3	582.1	393.3	344.6	260.0	237.5
2037	642.8	542.6	387.8	310.0	255.0	232.6
2038	637.5	563.3	386.7	334.9	250.8	228.4
2039	629.2	555.0	382.4	330.6	246.8	224.4
2040	585.2	516.7	375.0	326.4	210.2	190.3
2041	611.8	540.6	371.9	323.2	239.8	217.3

Notes:

1. Assumes 3 unit operation.
2. Steam Reserves: 305.9 Billion lb.
3. Gross Reserves: 18,085 GWhr
4. Net Reserves: 16,163 GWhr
5. Plant #1 Auxiliary Load is fixed at 5.68 MW.
Plant #2 Auxiliary Load is fixed at 2.58 MW.
6. Plant availability is 99.5% or a forced outage rate of 43.8 hrs per year.
7. See Table 5B for scheduled outages.

2017 Generation Level - 25 Year Forecast

Table 5A

Year	Plant #1		Plant #2		Total	
	Avg. Gross	Avg. Net	Avg. Gross	Avg. Net	Avg. Gross	Avg. Net
	Gen.	Gen.	Gen.	Gen.	Gen.	Gen.
	MW	MW	MW	MW	MW	MW
2017	56.9	51.8	42.4	39.9	99.3	91.7
2018	56.9	51.3	43.0	40.4	99.9	91.7
2019	56.1	46.3	42.0	39.4	98.1	85.7
2020	55.4	49.8	41.0	38.4	96.4	88.2
2021	54.6	49.0	40.1	37.5	94.7	86.5
2022	53.9	48.3	34.3	31.9	88.2	80.2
2023	53.2	47.6	38.4	35.8	91.6	83.4
2024	52.5	46.9	37.6	35.0	90.1	81.9
2025	51.8	42.4	36.8	34.2	88.6	76.6
2026	51.2	45.6	36.1	33.5	87.2	79.0
2027	50.5	44.9	35.3	32.8	85.9	77.7
2028	49.9	44.3	30.3	27.9	80.2	72.2
2029	49.3	43.7	34.0	31.4	83.3	75.1
2030	48.7	43.1	33.4	30.8	82.1	73.9
2031	48.1	38.9	32.7	30.2	80.9	69.1
2032	47.5	41.9	32.2	29.6	79.7	71.5
2033	47.0	41.4	31.6	29.0	78.6	70.4
2034	46.4	40.8	27.1	24.8	73.6	65.6
2035	45.9	40.3	30.5	27.9	76.4	68.2
2036	45.4	39.8	30.0	27.4	75.4	67.2
2037	44.9	36.0	29.5	26.9	74.4	62.9
2038	44.4	38.7	29.0	26.4	73.4	65.2
2039	43.9	38.2	28.6	26.0	72.4	64.2
2040	43.4	37.8	24.6	22.2	68.0	60.0
2041	42.9	37.3	27.7	25.1	70.6	62.4

* Average generation levels plants including down time for outages and overhauls.

2017 Scheduled Outages - 25 Year Forecast

Table 5B

Year	Plant #1		Plant #2
	Unit 1 Scheduled Outages hrs	Unit 2 Scheduled Outages hrs	Unit 4 Scheduled Outages hrs
2017	72	72	300
2018	72	72	72
2019	672	672	72
2020	72	72	72
2021	72	72	72
2022	72	72	1008
2023	72	72	72
2024	72	72	72
2025	672	672	72
2026	72	72	72
2027	72	72	72
2028	72	72	1008
2029	72	72	72
2030	72	72	72
2031	672	672	72
2032	72	72	72
2033	72	72	72
2034	72	72	1008
2035	72	72	72
2036	72	72	72
2037	672	672	72
2038	72	72	72
2039	72	72	72
2040	72	72	1008
2041	72	72	72

2017 Generation - 5 Year Forecast

Table 6

Date	Total Geo Facilities		Plant #1		Plant #2	
	Gross	Net	Gross	Net	Gross	Net
	Generation GWhr	Generation GWhr	Generation GWhr	Generation GWhr	Generation GWhr	Generation GWhr
Jan-17	75.2	70.6	42.3	39.6	32.9	31.0
Feb-17	64.4	60.5	35.1	32.9	29.3	27.7
Mar-17	59.8	56.2	40.8	38.3	19.0	17.9
Apr-17	69.0	63.6	37.3	33.7	31.7	29.9
May-17	75.5	69.5	42.8	38.6	32.7	30.8
Jun-17	73.0	67.1	41.4	37.3	31.6	29.8
Jul-17	75.3	69.2	42.7	38.5	32.6	30.7
Aug-17	75.2	69.1	42.7	38.5	32.5	30.6
Sep-17	72.6	66.8	41.2	37.2	31.4	29.6
Oct-17	74.9	68.9	42.6	38.4	32.4	30.5
Nov-17	72.4	66.5	41.1	37.1	31.3	29.4
Dec-17	74.7	68.6	42.5	38.3	32.3	30.3
Jan-18	74.6	68.5	42.4	38.2	32.2	30.3
Feb-18	67.3	61.8	38.3	34.5	29.0	27.3
Mar-18	71.3	65.4	42.3	38.1	29.0	27.2
Apr-18	63.7	62.3	32.7	33.2	31.0	29.1
May-18	74.1	68.1	42.2	38.1	31.9	30.0
Jun-18	71.6	65.8	40.8	36.8	30.8	29.0
Jul-18	73.9	67.8	42.1	38.0	31.8	29.9
Aug-18	73.8	67.7	42.1	37.9	31.7	29.8
Sep-18	71.3	65.4	40.7	36.6	30.7	28.8
Oct-18	73.6	67.5	42.0	37.8	31.6	29.7
Nov-18	71.1	65.2	40.6	36.5	30.5	28.7
Dec-18	73.4	67.3	41.9	37.7	31.5	29.6
Jan-19	73.2	67.2	41.8	37.7	31.4	29.5
Feb-19	66.1	60.6	37.7	34.0	28.3	26.6
Mar-19	70.0	26.5	41.7	0.0	28.3	26.5
Apr-19	70.6	61.1	40.3	32.7	30.2	28.4
May-19	72.8	66.8	41.6	37.5	31.2	29.3
Jun-19	70.4	64.5	40.2	36.2	30.1	28.3
Jul-19	72.6	66.5	41.5	37.4	31.1	29.1
Aug-19	72.5	66.4	41.5	37.3	31.0	29.1
Sep-19	70.0	64.2	40.1	36.1	29.9	28.1
Oct-19	72.3	66.2	41.4	37.2	30.9	29.0
Nov-19	69.8	64.0	40.0	36.0	29.8	28.0
Dec-19	72.1	66.0	41.3	37.1	30.8	28.8
Jan-20	71.9	65.9	41.2	37.1	30.7	28.8
Feb-20	67.2	61.5	38.5	34.7	28.7	26.9
Mar-20	71.7	65.7	41.2	37.0	30.6	28.7
Apr-20	54.5	49.7	35.8	32.2	18.7	17.5
May-20	71.5	65.4	41.1	36.9	30.5	28.5
Jun-20	69.1	63.2	39.7	35.7	29.4	27.6
Jul-20	71.3	65.2	41.0	36.8	30.3	28.4
Aug-20	71.2	65.1	40.9	36.8	30.3	28.4
Sep-20	68.8	62.9	39.6	35.5	29.3	27.4
Oct-20	71.0	64.9	40.8	36.7	30.2	28.3
Nov-20	68.6	62.7	39.5	35.4	29.1	27.3
Dec-20	70.8	64.7	40.7	36.6	30.1	28.1
Jan-21	70.7	64.6	40.7	36.5	30.0	28.1
Feb-21	63.8	58.3	36.7	33.0	27.0	25.3
Mar-21	67.6	61.7	40.6	36.4	27.0	25.3
Apr-21	64.2	58.7	35.3	31.7	28.9	27.0
May-21	70.3	64.2	40.5	36.4	29.8	27.9
Jun-21	67.9	62.0	39.2	35.1	28.8	26.9
Jul-21	70.1	64.0	40.4	36.3	29.7	27.7
Aug-21	70.0	63.9	40.4	36.2	29.6	27.7
Sep-21	67.6	61.7	39.0	35.0	28.6	26.7
Oct-21	69.8	63.7	40.3	36.1	29.5	27.6
Nov-21	67.4	61.6	38.9	34.9	28.5	26.6

2017 Generation Level - 5 Year Forecast*

Table 6A

Year	Plant #1		Plant #2		Total	
	Avg. Gross	Avg. Net	Avg. Gross	Avg. Net	Avg. Gross	Avg. Net
	Gen. MW	Gen. MW	Gen. MW	Gen. MW	Gen. MW	Gen. MW
Jan-17	56.9	53.2	44.3	41.7	101.1	94.9
Feb-17	52.2	48.9	43.7	41.2	95.9	90.1
Mar-17	54.8	51.4	25.5	24.0	80.4	75.5
Apr-17	57.9	52.3	44.3	41.7	102.2	94.0
May-17	57.8	52.2	44.2	41.6	102.0	93.8
Jun-17	57.8	52.1	44.1	41.5	101.9	93.7
Jul-17	57.7	52.1	44.0	41.4	101.7	93.5
Aug-17	57.6	52.0	43.9	41.3	101.6	93.3
Sep-17	57.5	51.9	43.8	41.3	101.4	93.2
Oct-17	57.5	51.9	43.8	41.2	101.2	93.0
Nov-17	57.4	51.8	43.7	41.1	101.1	92.9
Dec-17	57.3	51.7	43.6	41.0	100.9	92.7
Jan-18	57.3	51.7	43.5	40.9	100.8	92.6
Feb-18	57.2	51.6	43.4	40.8	100.6	92.4
Mar-18	57.2	51.5	43.3	40.7	100.5	92.3
Apr-18	57.1	51.5	43.2	40.6	100.3	92.1
May-18	57.0	51.4	43.1	40.6	100.2	92.0
Jun-18	57.0	51.3	43.1	40.5	100.0	91.8
Jul-18	56.9	51.3	43.0	40.4	99.9	91.6
Aug-18	56.8	51.2	42.9	40.3	99.7	91.5
Sep-18	56.8	51.1	42.8	40.2	99.5	91.3
Oct-18	56.7	51.1	42.7	40.1	99.4	91.2
Nov-18	56.6	51.0	42.6	40.0	99.2	91.0
Dec-18	56.6	50.9	42.5	40.0	99.1	90.9
Jan-19	56.5	50.9	42.5	39.9	98.9	90.7
Feb-19	56.4	50.8	42.4	39.8	98.8	90.6
Mar-19	56.4	0.0	42.3	39.7	98.7	39.7
Apr-19	56.3	50.7	42.2	39.6	98.5	90.3
May-19	56.2	50.6	42.1	39.5	98.4	90.1
Jun-19	56.2	50.5	42.0	39.5	98.2	90.0
Jul-19	56.1	50.5	42.0	39.4	98.1	89.9
Aug-19	56.0	50.4	41.9	39.3	97.9	89.7
Sep-19	56.0	50.4	41.8	39.2	97.8	89.6
Oct-19	55.9	50.3	41.7	39.1	97.6	89.4
Nov-19	55.8	50.2	41.6	39.0	97.5	89.3
Dec-19	55.8	50.2	41.6	39.0	97.3	89.1
Jan-20	55.7	50.1	41.5	38.9	97.2	89.0
Feb-20	55.7	50.0	41.4	38.8	97.0	88.8
Mar-20	55.6	50.0	41.3	38.7	96.9	88.7
Apr-20	55.5	49.9	41.2	38.6	96.8	88.6
May-20	55.5	49.8	41.2	38.6	96.6	88.4
Jun-20	55.4	49.8	41.1	38.5	96.5	88.3
Jul-20	55.3	49.7	41.0	38.4	96.3	88.1
Aug-20	55.3	49.7	40.9	38.3	96.2	88.0
Sep-20	55.2	49.6	40.8	38.2	96.1	87.8
Oct-20	55.2	49.5	40.8	38.2	95.9	87.7
Nov-20	55.1	49.5	40.7	38.1	95.8	87.6
Dec-20	55.0	49.4	40.6	38.0	95.6	87.4
Jan-21	55.0	49.3	40.5	37.9	95.5	87.3
Feb-21	54.9	49.3	40.4	37.9	95.4	87.1
Mar-21	54.9	49.2	40.4	37.8	95.2	87.0
Apr-21	54.8	49.2	40.3	37.7	95.1	86.9
May-21	54.7	49.1	40.2	37.6	95.0	86.7
Jun-21	54.7	49.0	40.1	37.6	94.8	86.6
Jul-21	54.6	49.0	40.1	37.5	94.7	86.5
Aug-21	54.5	48.9	40.0	37.4	94.5	86.3
Sep-21	54.5	48.9	39.9	37.3	94.4	86.2
Oct-21	54.4	48.8	39.8	37.3	94.3	86.1
Nov-21	54.4	48.7	39.8	37.2	94.1	85.9
Dec-21	54.3	48.7	39.7	37.1	94.0	85.8

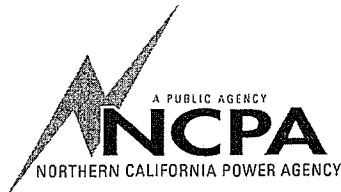
* Average generation levels plants are capable of achieving.

TABLE 7
2017 FORECAST OF GEOTHERMAL PRODUCTION AND
INJECTION

TIME STEP	DATE	STEAM	COND	WATER
		PROD. BLBS	INJ BLBS	INJ BLBS
1	2017	14.6	4.7	15.1
2	2018	14.4	4.6	15.0
3	2019	14.1	4.5	15.0
4	2020	13.9	4.4	14.9
5	2021	13.7	4.4	14.8
6	2022	13.5	4.3	14.7
7	2023	13.2	4.2	14.7
8	2024	13.0	4.2	14.6
9	2025	12.8	4.1	14.6
10	2026	12.6	4.0	14.5
11	2027	12.5	4.0	14.4
12	2028	12.3	3.9	14.4
13	2029	12.1	3.9	14.3
14	2030	11.9	3.8	14.3
15	2031	11.8	3.8	14.2
16	2032	11.6	3.7	14.2
17	2033	11.4	3.7	14.1
18	2034	11.3	3.6	14.1
19	2035	11.1	3.6	14.0
20	2036	11.0	3.5	14.0
21	2037	10.9	3.5	13.9
22	2038	10.7	3.4	13.9
23	2039	10.6	3.4	13.9
24	2040	10.5	3.3	13.8
25	2041	10.3	3.3	10.5

NOTES :

1. CUM. PRODUCTION AND INJECTION 1983-2016 641.9 Billion Lbs Steam
418.7 Billion Lbs Water
2. TOTAL WATER IS CONDENSATE + EFFLUENT + LAKE + POND
3. FUTURE STEAM PRODUCTION 2017-2041 = 305.9 Billion Lbs
4. FUTURE WATER INJECTION 2017-2041 = 355.9 Billion Lbs



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Commission Staff Report

May 11, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: Approval of Updated Lodi Energy Center (LEC) Exhibit 8 to the Project Management and Operations Agreement Schedule 1.00

AGENDA CATEGORY: Consent

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

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

NCPA staff recommends that the Commission adopt resolution approving the changes to Exhibit 8 of PMOA Schedule 1.00, and authorizes NCPA staff under the direction of the NCPA General Manager to implement the provision thereto.

BACKGROUND:

NCPA and the LEC Project Participants executed the Lodi Energy Center Project Management and Operations Agreement (PMOA), which became effective on August 1, 2010. The PMOA contains multiple Schedules, which provide procedures and protocols, and guidelines regarding Project operations. Pursuant to the PMOA, Schedules can be revised, deleted or added from time to time based on then existing operating or market conditions, and subject to the approval of the Project Participant Committee (PPC), and with regard to certain Schedules, approval additionally by the NCPA Commission when such Schedules "could be reasonably viewed as having an impact on other NCPA projects." (PMOA, Article 10).

Staff is recommending changes to Exhibit 8 of PMOA Agreement Schedule 1.00, which identifies CAISO settlement charge codes that are applicable to the LEC Project and their respective allocation basis to Project Participants. A completed "marked" version of the proposed Exhibit 8 is attached to this staff report reflecting two specific recommended changes described herein.

The CAISO recently implemented a redesigned resource adequacy mechanism, RAAIM, to better account for and measure the resource availability performance of system/local capacity and flexible capacity associated with resource adequacy obligations. Similar to the CAISO's previous resource adequacy mechanism, RAAIM includes provisions for a monthly non-availability charge and availability incentive payment for RA resources that perform below or above a defined threshold standard, respectively.

Consistent with the CAISO's accounting and settlement treatment for RAAIM, NCPA proposes to apply an 'overlap determination' rule that assesses each megawatt one time during each RA obligation hour to avoid double counting a participant's RA capacity. Accordingly, each LEC Participant's Resource Adequacy (RA) megawatts claimed for both flexible and system/local requirements are assessed under the flexible RA obligation, while all megawatts counted only toward the system/local requirements are assessed under the system/local RA obligation. Further, since participants may choose to claim a combination of generic capacity, flexible capacity or both of these products in differing quantities up to their respective generation entitlement share of the LEC Project, NCPA proposes to account for and allocate RAAIM charges and payments separately by generic and flexible capacity product type. This will ensure that participants are allocated amounts in proportion to the RA capacity product that they claimed on the resource.

FISCAL IMPACT:

No significant costs will be incurred to implement the changes identified in Exhibit 8 to the PMOA Schedule 1.00 and funds are available in the NCPA budget to support the work associated with this CAISO settlement configuration update.

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 of the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation was reviewed by the LEC PPC on May 8, 2017 and was approved by all project participants in attendance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy S. Howard", is written over the typed name.

RANDY S. HOWARD
General Manager

Attachments:

- Resolution 16-76
- Redline copy of Exhibit 8 of PMOA Agreement Schedule 1.00

RESOLUTION 17-47

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVING REVISED EXHIBIT 8 TO THE PROJECT MANAGEMENT AND OPERATIONS AGREEMENT SCHEDULE 1.00 FOR THE LODI ENERGY CENTER

(reference Staff Report #163:17)

WHEREAS, on April 22, 2010 the Northern California Power Agency Commission adopted Resolution 10-20 authorizing the NCPA General Manager to execute the Lodi Energy Center (LEC) Project Management and Operations Agreement (PMOA); and

WHEREAS, PMOA Article 10 provides, in part, that Schedules to the PMOA may be revised from time to time by the Project Participant Committee (PPC), and with respect to certain Schedules, revisions or changes must additionally be approved by the NCPA Commission; and

WHEREAS, Exhibit 8 to PMOA Agreement Schedule 1.00 is directly related to California Independent System Operator (CAISO) market settlements and are subject to change from time to time; and

WHEREAS, Exhibit 8 to the PMOA Agreement Schedule 1.00 has been updated to refine the accounting and allocation of CAISO payments and charges associated with the CAISO's recent implementation of its Resource Adequacy Availability Incentive Mechanism (RAAIM); and

WHEREAS, on May 8, 2017, the PPC approved revised Exhibit 8 to PMOA Agreement Schedule 1.00; 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 of the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED that the Commission of the Northern California Power Agency hereby approves revised Exhibit 8 to PMOA Agreement Schedule 1.00 and authorizes NCPA staff under the direction of the NCPA General Manager to implement the provision thereto.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2017 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	_____	_____	_____

BOB LINGL
CHAIR

ATTEST: CARY A. PADGETT
ASSISTANT SECRETARY

EXHIBIT 8

Settlement of CAISO Charge Codes and Allocations to Participants

The Project will utilize NCPA's current CAISO SCID. The CAISO Settlement Charges shall be determined by the CAISO Tariff and is typically available on the CAISO's website as "ISO Market Charge Codes Matrix" that the CAISO updates periodically. Below is a subset of CAISO Market Charge Codes that apply to the Project.

Charge Code	Charge Code Name	Short Description	Allocation Basis
4512	GMC Inter-Scheduling Coordinator Trade Transaction Fee	Accounts for Inter-SC Trade (IST) Schedules in both the Day Ahead and Real Time Markets.	Allocated to the Project Participant/s who initiated the Trade based on unique scheduling SC IST name
4515	GMC Bid Transaction Fee	Accounts for the CAISO fee per bid segment for each Resource's final Clean Bids, Self Schedules, and Self Provisions.	Generation Entitlement Share
4560	GMC Market Services Charge	Designed to recover costs the CAISO incurs for implementing and running the Markets.	Generation Entitlement Share
4561	GMC System Operations Charge	Designed to recover costs the CAISO incurs for running the Grid in Real Time.	Generation Entitlement Share
6124	No Pay Spinning Reserve Settlement	Rescinds payments for Day Ahead, HASP, and Real Time Spinning Reserve Awards in the event the Resource does not fulfill the requirements associated with that payment.	Generation Entitlement Share
6486	Real Time Excess Cost for Instructed Energy Allocation	Allocates the excess cost payments to Scheduling Coordinators.	Generation Entitlement Share
6524	No Pay Regulation Up Settlement	Rescinds payments for Day Ahead, HASP, and Real Time Regulation Up Awards in the event the Resource does not fulfill the requirements associated with that payment.	Generation Entitlement Share
6624	No Pay Regulation Down Settlement	Rescinds payments for Day Ahead, HASP, and Real Time Regulation Down Awards in the event the Resource does not fulfill the requirements associated with that payment.	Generation Entitlement Share

Exhibit 8 to Agreement Schedule 1.00
LEC Project Management and Operations Agreement
Approved by PPC 10-10-2016
Approved Commission and Effective 10-27-2016

Charge Code	Charge Code Name	Short Description	Allocation Basis
7077	Daily Flexible Ramp Up Uncertainty Allocation	Allocates Flexible Ramp Up Uncertainty amounts to resources based on the negative sum of the resource's Uncertainty Movement and Uninstructed Imbalance Energy	Generation Entitlement Share
7078	Daily Flexible Ramp Up Uncertainty Allocation	Allocates Flexible Ramp Up Uncertainty amounts to resources based on the negative sum of the resource's Uncertainty Movement and Uninstructed Imbalance Energy	Generation Entitlement Share
7087	Daily Flexible Ramp Down Uncertainty Allocation	Allocates Flexible Ramp Down Uncertainty amounts to resources based on the positive sum of the resource's Uncertainty Movement and Uninstructed Imbalance Energy	Generation Entitlement Share
7088	Monthly Flexible Ramp Down Uncertainty Allocation	Allocates Flexible Ramp Down Uncertainty amounts to resources based on the positive sum of the resource's Uncertainty Movement and Uninstructed Imbalance Energy	Generation Entitlement Share
7999	Invoice Deviation Interest Allocation	Accounts for interest charges to Scheduling Coordinators for time value of money between CAISO Invoices.	ESP Invoice Deviation Amount deltas
8830	Resource Adequacy Availability Incentive Mechanism Allocation	Represents a charge to any RA Resource that failed to meet the monthly Availability Standard minus the tolerance band of 2%. <u>Similar to the CAISO's 'overlap determination' rule, each LEC Participant's Resource Adequacy (RA) megawatts claimed for both flexible and system/local requirements are assessed under the flexible RA obligation, while all megawatts counted only toward the system/local requirements are assessed under the system/local RA obligation to prevent double counting.</u>	Pro-rata assessment <u>by RA product category</u> to LEC Project Participants who claim LEC for RA Capacity for the applicable month

LEC ISO Net Energy Sales Charge Codes

Charge Code	Charge Code Name	Short Description	Allocation Basis
6011	Day Ahead Energy, Congestion, and Losses Settlement	Settles Day Ahead Schedules by paying for Supply and charging for Demand based upon the LMP at Resource Locations for each hour.	Generation Entitlement Share
6100	Day Ahead Spinning Reserve Capacity Settlement	Pays Scheduling Coordinators for awarded Spinning Reserve in the Day Ahead Market.	Generation Entitlement Share
6170	Real Time Spinning Reserve Capacity Settlement	Pays Scheduling Coordinators for awarded Spinning Reserve in the Real Time Market.	Generation Entitlement Share
6301	Day Ahead Inter-SC Trades Settlement Physical and Converted Physical Trades	Accounts for Energy Trades between Scheduling Coordinators in the Day Ahead Market. The "From" SC is charged the product of the valid quantity and the LMP. The "To" SC is paid the product of the valid quantity and the LMP. This could be a cost or revenue.	Allocated to the Project Participant/s who initiated the Trade based on unique scheduling SC IST name
6371	FMM Inter-SC Trades Settlements	Accounts for Energy Trades between Scheduling Coordinators during the Fifteen Minute Market (FMM). The "From" SC is charged the product of the valid quantity and the LMP. The "To" SC is paid the product of the valid quantity and the LMP. This could be a cost or revenue.	Allocated to the Project Participant/s who initiated the Trade based on unique scheduling SC IST name
6460	FMM IIE	FMM Instructed Imbalance Energy is the incremental or decremental energy to the Day Ahead Schedule. This could be a cost or revenue.	Generation Entitlement Share
6470	RTD IIE	Based upon the calculated energy expected to be produced or consumed as a result of responding to Real Time Dispatch Instructions. This could be a cost or revenue.	Generation Entitlement Share

Charge Code	Charge Code Name	Short Description	Allocation Basis
6475	Real Time Uninstructed Imbalance Energy	Accounts for deviations from a Resource's Instructed Imbalance Energy and Day Ahead Schedule. This could be a cost or revenue.	Generation Entitlement Share
6488	Exceptional Dispatch Uplift Settlement	Accounts for the Excess Cost Payment (Uplift) above the RT LMP to a Resource's Bid Price for exceptional dispatches that are used to mitigate or resolve congestion as a result of transmission-related modeling limitations in the Full Network Model.	Generation Entitlement Share
6500	Day Ahead Regulation Up Capacity Settlement	Pays Scheduling Coordinators for awarded Regulation Up in the Day Ahead Market.	Generation Entitlement Share
6570	Real Time Regulation Up Capacity Settlement	Pays Scheduling Coordinators for awarded Regulation Up in the Real Time Market.	Generation Entitlement Share
6600	Day Ahead Regulation Down Capacity Settlement	Pays Scheduling Coordinators for awarded Regulation Down in the Day Ahead Market.	Generation Entitlement Share
6620	Real Time Bid Cost Recovery Settlement	Pays Scheduling Coordinators an uplift to ensure start up costs, bid costs, and minimum load costs are able to be recovered related to Real Time Market.	Generation Entitlement Share
6630	Day Ahead Bid Cost Recovery	Pays Scheduling Coordinators an uplift to ensure start up costs, bid costs, and minimum load costs are able to be recovered related to Day Ahead Market.	Generation Entitlement Share
6670	Real Time Regulation Down Capacity Settlement	Pays Scheduling Coordinators for awarded Regulation Down in the Real Time Market.	Generation Entitlement Share
7070	Flexible Ramp Forecasted Movement	Pays or charges Scheduling Coordinators for the flexible ramp forecasted movement assessment inclusive of rescission This could be a cost or revenue.	Generation Entitlement Share
7071	Flexible Ramp Up Uncertainty Settlement	Pays Scheduling Coordinators for Flexible Ramp Up Uncertainty capability to resolve the Uncertainty Requirement	Generation Entitlement Share

Charge Code	Charge Code Name	Short Description	Allocation Basis
7081	Flexible Ramp Down Uncertainty Settlement	Pays Scheduling Coordinators for Flexible Ramp Down Uncertainty capability to resolve the Uncertainty Requirement	Generation Entitlement Share
7251	Regulation Up Mileage Settlement	Settles the quantity of frequency Regulation Up service provided by a Resource when accurately following a control signal from the CAISO.	Generation Entitlement Share
7261	Regulation Down Mileage Settlement	Settles the quantity of frequency Regulation Down service provided by a Resource when accurately following a control signal from the CAISO.	Generation Entitlement Share
7989	Invoice Deviation Interest Settlement	Accounts for interest payments to Scheduling Coordinators.	ESP Invoice Deviation Amount
8526	Generator Interconnection Process (GIP) Forfeited Deposit Allocation	This charge code is associated with the forfeited deposit amounts collected by the CAISO throughout the various stages of the GIP, which are then allocated to Scheduling Coordinators in proportion to their respective share of assessed Grid Management Charges (GMC) during the defined calendar year, consistent with CAISO Tariff section 37.9.4.	For the applicable defined calendar year, an LEC Participant's allocated CC 8526 amount is its ratio of assessed GMC amounts attributable to the Project and the total GMC amounts assessed to NCPA.
8831	Resource Adequacy Availability Incentive Mechanism Settlement	<p>Represents a payment to any RA Resource that exceeds the monthly Availability Standard plus the tolerance band of 2.0%</p> <p><u>Similar to the CAISO's 'overlap determination' rule, each LEC Participant's Resource Adequacy (RA) megawatts claimed for both flexible and system/local requirements are assessed under the flexible RA obligation, while all megawatts counted only toward the system/local requirements are assessed under the system/local RA obligation to prevent double counting.</u></p>	Pro-rata assessment <u>by RA product category</u> to LEC Project Participants who claim LEC for RA Capacity for the applicable month.

Retired CAISO Charge Codes

Charge Code	Charge Code Name	Short Description	Allocation Basis	Effective Retirement Date
7050	Flexible Ramp Up Capacity Payment	Provides a payment to Resources that resolve the flexible ramping constraint and have been awarded Flexible Ramping Capacity.	Generation Entitlement Share	10/31/2016
7057	Monthly Flex Ramp Up Supply Cost Allocation Reversal	Sums the daily Flexible Ramp Supply Costs in charge code 7056 to a monthly total and reverses them. They are then reallocated in charge code 7058.	Generation Entitlement Share	10/31/2016
7056	Daily Flexible Ramp Cost Allocation	Accounts for the costs associated with the payments to Resources that resolve the flexible ramping constraint.	Generation Entitlement Share	10/31/2016
7058	Monthly Flexible Ramp Cost Allocation	Reallocates the monthly total flexible ramp supply costs reversed in charge code 7057 to suppliers based upon monthly gross negative supply deviations.	Generation Entitlement Share	10/31/2016
8820	Monthly Resource Adequacy Standard Capacity Product Availability Incentive Payment	Accounts for the CAISO's distribution of availability incentive payment for qualifying resources.	Pro-rata assessment to LEC Participants who claim LEC for RA Capacity for applicable month	10/31/2016
8824	Monthly Resource Adequacy Standard Capacity Product Non-Availability Charge	Accounts for the CAISO's non availability charges to any Resource Adequacy Resource which fails to meet the CAISO-defined Availability Standard.	Pro-rata assessment to LEC Participants who claim LEC for RA Capacity for applicable month	10/31/2016



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Commission Staff Report

May 17, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: Scheduling Coordination Program Agreement Appendix B – Approval of Revised Version 21 of Appendix B

AGENDA CATEGORY: Consent

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

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

Staff recommends approval of Resolution No. 17-48 implementing a revised Version 21 of Appendix B to the Scheduling Coordination Program Agreement (SCPA), which details the allocation of California Independent System Operator (CAISO) charges and payments to NCPA Members.

BACKGROUND:

A revised Version 21 of Appendix B to the Scheduling Coordination Program Agreement (SCPA) was developed to incorporate post-implementation changes to settlements charge codes. These charge codes are related to the CAISO's recent implementation of its Flexible Ramping Product (FRP), Resource Adequacy Availability Incentive Mechanism (RAAIM) and Capacity Procurement Mechanism (CPM) market products. In addition, Version 21 of Appendix B includes minor documentation edits to several existing settlement charge codes for improved clarity.

The Power Management and Administrative Services Agreement (PMASA) dated October 1, 2014, sets forth the terms and conditions under which NCPA provides contracted services to participants. The PMASA includes the Scheduling Coordination Program Agreement (SCPA), which defines the guidelines through which NCPA provides scheduling coordination services to members who are signatories to the PMASA. Included within the SCPA are several appendices that detail the multiple protocols and procedures associated with NCPA's participation in the CAISO markets with respect to, among other things, the scheduling, dispatch and financial settlements of members' loads and supply resources. Pursuant to the SCPA, these appendices may be modified, subject to Commission approval, to conform to changes in scheduling protocols and CAISO market settlement rules.

The proposed updates to Appendix B are technical in nature as summarized in the table below. A clean and redline version of both Appendix B are each available for review on the NCPA website (www.ncpa.com)¹.

Appendix B to the SCPA Change Summary Table

Appendix B Section	Change Action	Description
Charge Code 7070 for FRP Flexible Ramp Forecasted Movement. Page 76 of redlined version of Appendix B	Updated the description for settlement allocation to remove incorrect reference to Uninstructed Imbalance Energy.	The Flexible Ramp Forecasted Movement product is settled by the CAISO real time dispatch system through capacity awards for Flex Ramp Movement. Appendix B has been updated accordingly. This charge code applies retroactively to operating month November 2016.
Charge Code 7077 for daily and Charge Code 7078 for monthly	Modified Appendix B section to clarify allocation basis as:	Allocates amounts for the NCPA Metered SubSystem Aggregation based on MSSA net negative

¹To access on the NCPA public website, select "Meetings" section on the menu bar, and then select "Facilities Committee" meeting located within the 'Committees' tab. Refer to Item 8 of the May 3, 2017 Facilities Committee meeting packet.

Appendix B Section	Change Action	Description
<p>settlement of Flexible Ramp Up Uncertainty Award Allocation for Metered SubSystem Aggregation (MSSA) resources</p> <ul style="list-style-type: none"> • Page 81 for daily Settlement in Charge Code 7077 • Page 84 for monthly settlement in Charge Code 7078 	<ul style="list-style-type: none"> • Location for Charge Code 7077, and • Control Area for Charge Code 7078 <p>While the CAISO charge code design reflects settlement at an aggregated control area level, NCPA parses more granular settlement detail from the CAISO configuration files at the resource level for charge code 7077 to achieve accurate settlement verification and allocation. CAISO design for Charge Code 7078, however, does not accommodate allocation at a more granular level.</p>	<p>uninstructed 5-minute interval load and generation deviations and negative intertie operational adjustments plus any actual negative Uncertainty Movement quantity for each applicable Operating Entity and Pool Member's portfolio for each daily and monthly allocation settled in Charge Code 7077 and Charge Code 7078, respectively.</p> <p>The term 'Resource' refers to each applicable generator, intertie or load resource scheduled into the CAISO markets. In contrast, 'Control Area' is an aggregate settlement without any locational attribute.</p> <p>This charge code applies retroactively to operating month November 2016.</p>
<p>Charge Code 7077 for Daily and Charge Code 7078 for monthly settlement of Flexible Ramp Up Uncertainty Award Allocation to resources operating under a Participating Generator Agreement (PGA) with the CAISO</p> <ul style="list-style-type: none"> • Page 82 for daily Settlement in Charge Code 7077 • Page 85 for monthly settlement in Charge Code 7078 	<p>Modified Appendix B section to clarify allocation basis as:</p> <ul style="list-style-type: none"> • Location for charge code 7077, and • Control Area for charge code 7078 <p>While the CAISO charge code design reflects settlement at an aggregated control area level, NCPA parses more granular settlement detail from the CAISO configuration files at the resource level for charge code 7077 to achieve increased accuracy level for both settlement verification and allocation. CAISO design for Charge Code 7078, however, does not accommodate allocation at a more granular level.</p>	<p>Allocates amounts for the NCPA PGA resources based on each resource's negative deviations (measured on a 5-minute interval basis) and negative actual Uncertainty Movement quantity for each ESP (Energy Service Provider) and Pool Member based on applicable project entitlement share. Settlement applies to daily and monthly allocation in Charge Code 7077 and Charge Code 7078, respectively.</p> <p>The term 'Resource' refers to each applicable generator, intertie or load resource. In contrast, 'Control Area' is an aggregate settlement without any locational attribute.</p> <p>This charge code applies retroactively to operating month November 2016.</p>
<p>Charge Code 7077 for Daily and Charge Code 7078 for monthly settlement of Flexible Ramp Up Uncertainty</p>	<p>Modified Appendix B section to clarify allocation basis as 'Control Area' for both Charge Code 7077 and Charge Code 7078 related to EIM Area.</p>	<p>Allocates EIM neutrality amounts based on each member's proportionate share of gross city metered demand.</p>

Appendix B Section	Change Action	Description
Award Allocation for EIM (Energy Imbalance Market) Area. <ul style="list-style-type: none"> Page 83 for 7077 Page 87 for 7078 		This charge code applies retroactively to operating month November 2016.
Charge Code 7087 for Daily and Charge Code 7088 for monthly settlement of Flexible Ramp Down Uncertainty Award Allocation for Metered SubSystem Aggregation (MSSA) resources <ul style="list-style-type: none"> Page 88 for daily Settlement in Charge Code 7087 Page 91 for monthly settlement in Charge Code 7088 	<p>Modified Appendix B section to clarify allocation basis as:</p> <ul style="list-style-type: none"> Location for charge code 7087, and Control Area for charge code 7088 <p>While the CAISO charge code design reflects settlement at an aggregated control area level, NCPA parses more granular settlement detail from the CAISO configuration files at the resource level for charge code 7087 to achieve accurate settlement verification and allocation. CAISO design for Charge Code 7088, however, does not accommodate allocation at a more granular level.</p>	<p>Allocates amounts for the NCPA Metered SubSystem Aggregation based on MSSA net positive uninstructed 5-minute interval load and generation deviations and positive intertie operational adjustments plus any actual positive Uncertainty Movement quantity for each applicable Operating Entity and Pool Member's portfolio for each daily and monthly allocation settled in Charge Code 7087 and Charge Code 7088, respectively.</p> <p>The term 'Resource' refers to each applicable generator, intertie or load resource. In contrast, 'Control Area' is an aggregate settlement without any locational attribute.</p> <p>This charge code applies retroactively to operating month November 2016.</p>
Charge Code 7087 for Daily and Charge Code 7088 for monthly settlement of Flexible Ramp Down Uncertainty Award Allocation to resources operating under a Participating Generator Agreement (PGA) with the CAISO <ul style="list-style-type: none"> Page 89 for daily Settlement in Charge Code 7087 Page 93 for monthly settlement in Charge Code 7088 	<p>Modified Appendix B section to clarify allocation basis as:</p> <ul style="list-style-type: none"> Location for charge code 7087, and Control Area for charge code 7088 <p>While the CAISO charge code design reflects settlement at an aggregated control area level, NCPA parses more granular settlement detail from the CAISO configuration files at the resource level for charge code 7087 to achieve increased accuracy level for both settlement verification and allocation. CAISO design for Charge Code 7088, however,</p>	<p>Allocates amounts for the NCPA PGA resources based on each resource's positive deviations (measured on a 5-minute interval basis) and positive actual Uncertainty Movement quantity for each ESP (Energy Service Provider) and Pool Member based on applicable project entitlement share. Settlement applies to daily and monthly allocation in Charge Code 7087 and Charge Code 7088, respectively.</p> <p>The term 'Resource' refers to each applicable generator, intertie or load resource. In contrast, 'Control Area' is an aggregate settlement without any locational attribute.</p>

Appendix B Section	Change Action	Description
	does not accommodate allocation at a more granular level.	This charge code applies retroactively to operating month November 2016.
Charge Code 7087 for Daily and Charge Code 7088 for monthly settlement of Flexible Ramp Down Uncertainty Award Allocation for EIM (Energy Imbalance Market) Area. <ul style="list-style-type: none"> • Page 91 for 7087 • Page 95 for 7088 	Added two (2) new settlement charge codes to Appendix B related to EIM Neutrality settlement for daily and monthly Flexible Ramp Down settlements.	Allocates EIM neutrality amounts based on each member's proportionate share of gross metered demand. These new charge codes apply retroactively to operating month November 2016 as well as prospectively. This charge code applies retroactively to operating month November 2016.
Charge Code 7891 for monthly Capacity Procurement Mechanism (CPM) Settlement Payment. Page 202 of Appendix B redline version.	Added new charge code 7891 for payment to designated generated resources awarded for CPM backstop capacity.	CPM capacity award amounts are allocated at the resource level to applicable ESP (Energy Service Provider) and pool members based on generation entitlement share. This charge code applies retroactively to operating month November 2016.
Charge Code 7896 for monthly Capacity Procurement Mechanism (CPM) Settlement Allocation. Page 203 of Appendix B redline version.	Added new charge code 7896 related to monthly allocation of costs associated with capacity awards to designated CPM resources.	CPM costs are allocated to each member's gross city metered demand less any demand served by transmission ownership rights (i.e. the Plumas Marble tie). This charge code applies retroactively to operating month November 2016.
Charge Code 7989 for Invoice Deviation Interest Distribution. Page 126 of Appendix B redline version.	Modified charge code 7989 to clarify and distinguish the interest calculation between the initial and subsequent recalculated settlement statements.	The initial invoice interest amounts allocated through Charge Codes 7989 and 7999 are calculated based on the applicable number of days between the initial and recalculated invoice dates. Subsequent invoice amounts are calculated monthly with the interest calculated back to the initial invoice statement due date. Documentation change only.
Charge Code 7999 for Invoice Deviation Interest Allocation Page 128 of Appendix B redline version.	Modified charge code 7999 to clarify and distinguish the interest calculation between the initial and subsequent recalculated settlement statements.	

Appendix B Section	Change Action	Description
Charge Code 8830 for Resource Adequacy Availability Incentive Mechanism (RAAIM) Non-Availability Charge Page 193 on Appendix B redline version	Modified charge code 8830 to incorporate CAISO 'overlap determination' rule to each applicable project participant's RAAIM obligation quantities. The overlap adjustment prevents double counting RA quantities when both generic and flexible capacity are claimed for a resource.	While most of NCPA's resources are exempt from RAAIM, RA capacity sold to a non-MSSA entity located within the CAISO BAA may be subject to RAAIM obligation, which would require the resource to be available in the CAISO markets during defined days and hours based on RA product type (i.e. generic or flexible capacity). Effective operating month April 2017.
Charge Code 8831 for Resource Adequacy Availability Incentive Mechanism (RAAIM) Incentive Payment. Page 195 on Appendix B redline version.	Modified charge code 8831 to incorporate CAISO 'overlap determination' rule to each applicable project participant's RAAIM obligation quantities. The overlap adjustment prevents double counting RA quantities when both generic and flexible capacity are claimed for a resource.	While most of NCPA's resources are exempt from RAAIM, RA capacity sold to a non-MSSA entity located within the CAISO BAA may be subject to RAAIM obligation, which would require the resource to be available in the CAISO markets during defined days and hours based on RA product type (i.e. generic or flexible capacity). Effective operating month April 2017.

FISCAL IMPACT:

No significant costs will be incurred to implement the changes to the SCPA Appendices and funds are available in the NCPA budget to support the work associated with these contract updates.

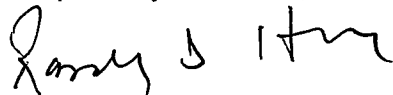
ENVIRONMENTAL ANALYSIS:

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 May 3, 2017 and was recommended for Commission approval.

Respectfully submitted,



RANDY S. HOWARD
 General Manager

Attachment: Resolution No. 17-48

RESOLUTION 17-48

**RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY
SCHEDULING COORDINATION PROGRAM AGREEMENT –
VERSION 21 APPENDIX B REVISION**

(reference Staff Report #164:17)

WHEREAS, the Amended and Restated Scheduling Coordination Program Agreement ("SCPA") dated October 1, 2014, sets forth the terms and conditions under which NCPA supplies Scheduling Coordination Services to members; and

WHEREAS, the SCPA contains multiple appendices that detail the protocols and procedures through which NCPA participates in the California Independent System Operator ("CAISO") markets through the CAISO's bid-to-bill process cycle that includes, among other things, the submission of energy and capacity bids into the CAISO, and the resulting scheduling, dispatch and allocation of financial settlements associated with members' loads and supply resources; and

WHEREAS, the appendices of the SCPA contain the terms and conditions for allocating the numerous CAISO charges and credits to the members in an equitable manner, the scheduling details applicable to the agreement, and various other technical and administrative provisions; and

WHEREAS, as required from time to time the SCPA participants recommend revision and updates to the administrative and technical provisions contained in Appendix B to the SCPA to accurately reflect the evolving terms and conditions related to services from the CAISO; and

WHEREAS, to ensure the accuracy of cost allocations it is necessary to make changes and updates to the estimate and allocation formulas in Appendix B as outlined in the Appendix B Change Summary Table of the Staff Report; and

WHEREAS, on May 3, 2017 the Facilities Committee reviewed the proposed changes to Version 21 of Appendix B to the SCPA and recommended Commission approval; and

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

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency acting by and through the Parties to the NCPA Scheduling Coordination Program Agreement approves revised Version 21 of Appendix B to the SCPA effective retroactive November 1, 2016 for changes associated with the CAISO Flexible Ramping Product and Capacity Procurement Mechanism, and effective retroactive April 1, 2017 for changes associated with the CAISO Resource Adequacy Availability Incentive Mechanism, as described in Staff Report #164:17, and authorizes NCPA staff under the direction of the NCPA General Manager to implement the provisions thereto.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2017 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	_____	_____	_____

BOB LINGL
CHAIR

ATTEST: CARY A. PADGETT
ASSISTANT SECRETARY



Commission Staff Report

May 18, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: Request to Approve Letter of Agreement 17-SNR-02051

AGENDA CATEGORY: Consent

FROM:	David Dockham <i>D. Dockham</i>	METHOD OF SELECTION:
	AGM, Power Management	N/A
Division:	Power Management	<i>If other, please describe:</i>
Department:	Industry Restructuring	

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

NCPA staff recommends that the Commission adopt and approve Letter of Agreement 17-SNR-02051, and authorize the General Manager of NCPA to execute Letter of Agreement 17-SNR-02051, on behalf of NCPA, including any non-substantive modifications to Letter of Agreement 17-SNR-02051 approved by NCPA's General Counsel.

BACKGROUND:

NCPA members are subject to environmental mandates including California's "Clean Energy and Pollution Reduction Act of 2015" that requires the use of Renewable Energy Credits ("RECs") to demonstrate compliance with the state's legislative mandate and goal that not less than 50% of retail sales be served by renewable energy resources by 2030.

Various NCPA members are preference power customers of Western Area Power Administration ("WAPA"), and purchase a percentage share of the Base Resource that consists of various products including the electrical output, capacity, and environmental attributes of the hydroelectric facilities that make up the Central Valley Project (CVP).

LETTER OF AGREEMENT:

Pursuant to Letter of Agreement 17-SNR-02051, WAPA has established a program to distribute RECs produced by CVP facilities to preference power customers. Certain NCPA members who have assigned their Base Resource percentage to NCPA have requested NCPA to enter into Letter Agreement 17-SNR-02051, on their behalf, in order for NCPA to receive RECs from WAPA.

Letter of Agreement 17-SNR-02051 specifies the terms and conditions under which RECs are transferred from WAPA to preference power customers. Letter of Agreement 17-SNR-02051 has a term of one (1) year, expiring July 31, 2018; applies to RECs produced by CVP facilities in 2017; and allows either party to terminate the agreement upon a 30-day prior written notice. RECs received pursuant to Letter of Agreement 17-SNR-02051 are nontransferable, except NCPA may transfer RECs to members it represents under the agreement. WAPA does not warrant or represent that the RECs provided from the CVP will satisfy any Federal or State renewable energy mandates.

Letter of Agreement 17-SNR-02051 is attached to this staff report for your reference.

FISCAL IMPACT:

Costs associated with entering into Letter of Agreement 17-SNR-02051 are estimated to be less than \$10,000 for the term of the agreement, and will be allocated according to Base Resource percentages of the represented members. NCPA's administrative costs for development and administration of the agreement will be allocated to members in accordance with approved cost allocation methodologies as described in the NCPA annual budget.

ENVIRONMENTAL ANALYSIS:

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

COMMITTEE REVIEW:

The recommendation was reviewed by the Facilities Committee on May 3, 2017. No formal action was taken due to the lack of a quorum, however, the Project participants present at the meeting voiced their support for the recommendation above and no other meeting attendees had any objections.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy S. Howard", written over the printed name.

RANDY S. HOWARD
General Manager

Attachments: 1

RESOLUTION 17-49

**RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY
APPROVAL OF LETTER OF AGREEMENT 17-SNR-02051**

(reference Staff Report #165:17)

WHEREAS, the NCPA members are subject to environmental mandates including California's "Clean Energy and Pollution Reduction Act of 2015" that requires the use of Renewable Energy Credits ("RECs") to demonstrate compliance with the state's legislative mandate and goal that not less than 50% of retail sales be served by renewable energy resources by 2030; and

WHEREAS, various NCPA members are preference power customers of Western Area Power Administration ("WAPA") and purchase a percentage share of the Base Resource that consists of various products, including the electrical output, capacity, and environmental attributes of the hydroelectric facilities that make up the Central Valley Project (CVP); and

WHEREAS, pursuant to Letter of Agreement 17-SNR-02051, WAPA has established a program to distribute RECs produced by CVP facilities to preference power customers; and

WHEREAS, certain NCPA members who have assigned their Base Resource percentage to NCPA have requested NCPA to enter into Letter Agreement 17-SNR-02051, on their behalf, in order for NCPA to receive RECs from WAPA; and

WHEREAS, WAPA does not warrant or represent that the RECs provided under the program will be eligible for Federal or State regulatory compliance, and expressly prohibits NCPA from selling or transferring any RECs received with the sole exception that NCPA is permitted to transfer associated RECs to the members that it is representing in the program; and

WHEREAS, by executing Letter Agreement 17-SNR-02051, NCPA agrees to pay WAPA for its allocated share of costs related to WREGIS account registration fees, REC creation and transfer fees, and any other reimbursable expenses; 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 of 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 Letter of Agreement 17-SNR-02051, and authorizes the General Manager of NCPA to enter into Letter of Agreement Number 17-SNR-02051, on behalf of NCPA, including any non-substantive modifications to Letter of Agreement Number 17-SNR-02051 approved by NCPA's General Counsel.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2017 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	_____	_____	_____

BOB LINGL
CHAIR

ATTEST: CARY A. PADGETT
ASSISTANT SECRETARY



Department of Energy
Western Area Power Administration
Sierra Nevada Region
114 Parkshore Drive
Folsom, California 95630-4710

APR - 3 2017

Letter of Agreement 17-SNR-02051

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

Dear Mr. Howard:

The Northern California Power Agency (NCPA) is a customer of the Western Area Power Administration's (WAPA) Sierra Nevada Region (SNR) and has executed Base Resource Contract 04-SNR-00782 with WAPA. Some of SNR's customers have requested that SNR make the renewable energy credits (RECs) that may be associated with SNR's hydropower generation available to them to assist in meeting their renewable requirements. Although SNR is willing to initiate a 2017 REC Program, SNR does not warrant or represent that the RECs it provides under this program will satisfy any Federal or State renewable portfolio standards.

This Letter of Agreement (LOA) provides the terms and conditions under which SNR will apportion RECs to participants in the 2017 REC Program in association with power generated in 2017.

1. Participation in SNR's REC Program:

- 1.1 In order to receive an apportionment of RECs from SNR's REC Program, NCPA must be a Western Renewable Energy Generation Information System (WREGIS) Account Holder. SNR will not apportion or create RECs for NCPA until its WREGIS Account Holder status has been verified.
- 1.2 Project use customers may participate in SNR'S REC Program by providing written notice to WAPA at least 60 days prior to the first day of the first month that such customer desires to begin participation.
- 1.3 All RECs provided under this LOA shall be from the vintages January 2017 through December 2017.

- 1.4 For the purposes of participating in SNR's REC Program under this LOA, NCPA shall include the following members and the base resource percentages they have assigned to NCPA:

- 1.4.1 Alameda Municipal Power
- 1.4.2 Biggs, City of
- 1.4.3 Gridley, City of
- 1.4.4 Healdsburg, City of
- 1.4.5 Lodi, City of
- 1.4.6 Lompoc, City of
- 1.4.7 Oakland, Port of
- 1.4.8 Plumas-Sierra Rural Electric Cooperative
- 1.4.9 Ukiah, City of

2. Definitions:

- 2.1 "CVP RECs" shall mean the renewable energy credits that may be associated with the megawatthours from Central Valley Project hydropower generation.
- 2.2 "Stampede RECs" shall mean the renewable energy credits that may be associated with the megawatthours from the Washoe Project hydropower generation.
- 2.3 "Unclaimed RECs" shall mean the renewable energy credits that may be associated with SNR's hydropower generation from Lewiston, Nimbus and Stampede that are not being claimed by other preference or project use customers.

3. Apportionment of RECs:

SNR will apportion the RECs in a three-step process. Calculation of apportionments will be completed as follows:

3.1 CVP RECs:

- 3.1.1 SNR will calculate the percentage contribution from each unit/project registered with WREGIS to the amount of Base Resource generated each month.
- 3.1.2 SNR will then calculate the amount of Base Resource NCPA received each month based on the sum of power scheduled to NCPA from its Base Resource percentage and its contribution to or allocation from the Hourly Exchange Program.

- 3.1.3 Finally, SNR will apply NCPA's actual month's Base Resource percentage as determined in Subsection 3.1.2 above to the CVP RECs associated with that month's Base Resource from each unit/project as determined in 3.1.1 to determine NCPA's apportionment of CVP RECs for each month in calendar year 2017.

3.2 Unclaimed RECs:

- 3.2.1 SNR will normalize the participating customers' Base Resource percentages for calendar year 2016 by dividing each customer's Base Resource percentage by the total of all participating customers' Base Resource percentages.
- 3.2.2 SNR will then apply NCPA's normalized percentage to the total Unclaimed RECs for each month in 2017 to determine NCPA's apportionment of Unclaimed RECs.
- 3.2.3 NCPA acknowledges that its normalized percentage, used for the apportionment of Unclaimed RECs, may change during the term of this LOA depending on the number of participating customers.

3.3 Stampede RECs:

Stampede RECs will be held in WREGIS until SNR can determine the annual amount of RECs due to the Truckee Donner Public Utility District (TDPUD) and the City of Fallon (Fallon) before allocating the Stampede RECs to others. Once SNR has determined the percentage of the Stampede RECs to be provided to TDPUD and Fallon due to their contributions to the Washoe Project, the remaining Stampede RECs will be apportioned to the participants pursuant to the procedures provided in Subsections 3.1 and 3.2 above.

- 3.4 SNR will transfer NCPA's CVP and Unclaimed RECs apportionments through WREGIS after the RECs have been created by WREGIS.
- 3.5 SNR will transfer Stampede RECs apportionments through WREGIS after the TDPUD and Fallon percentage has been determined and the Stampede RECs have been created by WREGIS.

4. Nontransferable:

NCPA hereby acknowledges and agrees that RECs associated with WAPA power are neither transferable nor available for resale by NCPA; Except That, NCPA may transfer RECs received through SNR's REC Program to the members listed in Subsection 1.4 above.

5. Compensation to WAPA:

5.1 WAPA's costs to administer SNR's REC Program will be paid by those participants receiving an apportionment of SNR's RECs through WREGIS. Each participant's costs will be determined based on the participant's *pro rata* share of RECs. WAPA's costs will include, but are not limited to, the following:

5.1.1 WAPA's costs to join WREGIS as an account holder;

5.1.2 WAPA's costs for WREGIS to create RECs;

5.1.3 WAPA's costs for transferring RECs from its WREGIS account to participant's WREGIS account;

5.1.4 Any other costs WAPA may incur for its participation in WREGIS to operate this program; and

5.1.5 Any other costs WAPA may incur from a third-party due to providing services hereunder.

5.2 These costs will be provided as a line item on NCPA's monthly electric service bill from WAPA.

6. General Power Contract Provisions:

The General Power Contract Provisions dated September 1, 2007, are attached hereto and are hereby made a part of this LOA the same as if they had been expressly set forth herein.

7. Term:

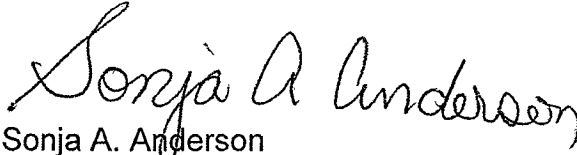
7.1 This LOA must be signed by NCPA on or before June 1, 2017 in order for NCPA to participate in SNR's 2017 REC Program.

7.2 This LOA shall become effective on June 1, 2017, and shall terminate July 31, 2018; Provided, That either NCPA or SNR may terminate this LOA upon 30 days advance written notice. All obligations created under this LOA while in effect shall remain until satisfied.

If you are in agreement with the terms and conditions written above, please indicate your approval by signing and dating both originals of this LOA and return one to

Ms. Ruth Nye (N6205) at this office. If you have any questions, please contact Sandee Peebles at (916) 353-4454.

Sincerely,



Sonja A. Anderson
Vice President of Power Marketing
for Sierra Nevada Region

In Duplicate

NORTHERN CALIFORNIA POWER AGENCY

By: _____

Title: _____

Address: _____

Date: _____



Commission Staff Report

May 17, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: Approval of the Professional Services Agreement between NCPA and the BAMx Participants, and Approval of the Consulting Services Agreement between NCPA and Flynn Resource Consultants Inc.

AGENDA CATEGORY: Consent

FROM:	David Dockham <i>D. Dockham</i>	METHOD OF SELECTION:
	AGM, Power Management	<i>Competitive Pricing Process</i>
Division:	Power Management	<i>If other, please describe:</i>
Department:	Industry Restructuring	

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"/>	<i>If other, please specify.</i>
<hr/> <hr/>		

RECOMMENDATION:

NCPA staff recommends that the NCPA Commission:

1. Authorize the General Manager of NCPA to execute the Professional Services Agreement between Northern California Power Agency and the cities of Palo Alto and Santa Clara, including any non-substantive modifications to the Professional Services Agreement approved by NCPA's General Counsel; and
2. Upon return of the fully executed Professional Services Agreement by each BAMx Member, authorize the General Manager of NCPA to execute the Consulting Services Agreement between Northern California Power Agency and Flynn Resource Consultants Inc., including any non-substantive modifications to the Consulting Services Agreement approved by NCPA's General Counsel.

BACKGROUND:

The cities of Palo Alto and Santa Clara have joined together to form a working group known as the Bay Area Municipal Transmission group ("BAMx" or "BAMx Members"). Under this arrangement the BAMx Members work together to improve the reliability and cost-effectiveness of transmission service they receive through the CAISO. The BAMx Members have requested Northern California Power Agency ("NCPA") to enter into a consulting services arrangement with Flynn Resource Consultants Inc. ("Flynn RCI"), under which Flynn RCI is to act as project manager and shall coordinate the efforts of BAMx. In response to this request, NCPA has worked with the BAMx Members to develop a professional services agreement and consulting services agreement under which the services requested may be provided.

PROFESSIONAL SERVICES AGREEMENT:

The Professional Services Agreement between Northern California Power Agency and the Cities of Palo Alto and Santa Clara (the "Professional Services Agreement") describes NCPA's obligation to act as the billing agent on behalf of the BAMx Members with respect to the services provided under the Consulting Services Agreement between the Northern California Power Agency and Flynn Resource Consultants Inc. (the "Consulting Services Agreement"). Charges incurred under the Consulting Services Agreement will be allocated and billed to the BAMx Members in accordance with the Professional Services Agreement.

The Professional Services Agreement is attached to this staff report for your reference.

CONSULTING SERVICES AGREEMENT:

Pursuant to the Professional Services Agreement, NCPA will enter into the Consulting Services Agreement on behalf of the BAMx Members. Under the Consulting Services Agreement Flynn RCI will provide various services to the BAMx Members, including monitoring, meeting participation, coordinating with affected or other participating parties, and as necessary, preparing and submitting formal position submittals for the following subject matters: grid planning activities, CPUC and CEC transmission matters, and California market design activities.

The Consulting Services Agreement between NCPA and Flynn RCI is attached to this staff report for your reference.

FISCAL IMPACT:

Total expenditures authorized under the Consulting Services Agreement shall not exceed \$1,950,000 during the term of the agreement, or \$650,000 during each annual period of the term of the agreement. In addition to costs incurred under the Consulting Services Agreement, NCPA will invoice the BAMx Members \$625 each month for related billing services under the Professional Services Agreement. Payments for services provided under the Consulting Services Agreement and Professional Services Agreement are accounted for in the current fiscal year budget, and all costs incurred for the services shall be allocated to the BAMx Members.

SELECTION PROCESS:

This vendor was selected as a result of bidding done in accordance with NCPA's procurement policies and procedures.

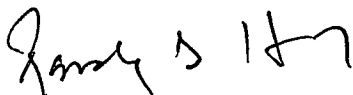
ENVIRONMENTAL ANALYSIS:

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 May 3, 2017 and was recommended for Commission approval.

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachments: 3

RESOLUTION 17-51

**RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY
APPROVAL OF THE PROFESSIONAL SERVICES AGREEMENT BETWEEN NCPA
AND THE BAMx PARTICIPANTS AND THE CONSULTING SERVICES AGREEMENT
BETWEEN NCPA AND FLYNN RESOURCE CONSULTANTS INC.**

(reference Staff Report #167:17)

WHEREAS, the cities of Palo Alto and Santa Clara have joined together to form a working group known as the Bay Area Municipal Transmission group ("BAMx" or "BAMx Members"); and

WHEREAS, under this arrangement the BAMx Members work together to improve the reliability and cost-effectiveness of transmission service they receive through the CAISO; and

WHEREAS, the BAMx Members have requested Northern California Power Agency ("NCPA") to enter into a consulting services arrangement with Flynn Resource Consultants Inc. ("Flynn RCI"), under which Flynn RCI is to act as project manager and shall coordinate the efforts of BAMx; and

WHEREAS, in response to this request, NCPA has worked with the BAMx Members to develop a professional services agreement and consulting services agreement under which the services requested may be provided; and

WHEREAS, the Professional Services Agreement between Northern California Power Agency and the Cities of Palo Alto and Santa Clara (the "Professional Services Agreement") describes NCPA's obligation to act as the billing agent on behalf of the BAMx Members with respect to the services provided under the Consulting Services Agreement between the Northern California Power Agency and Flynn Resource Consultants Inc. (the "Consulting Services Agreement"); and

WHEREAS, charges incurred under the Consulting Services Agreement will be allocated and billed to the BAMx Members in accordance with the Professional Services Agreement; and

WHEREAS, under the Consulting Services Agreement Flynn RCI will provide various services to the BAMx Members, including monitoring, meeting participation, coordinating with affected or other participating parties, and as necessary, preparing and submitting formal position submittals for the following subject matters: grid planning activities, CPUC and CEC transmission matters, and California market design activities; and

WHEREAS, total expenditures authorized under the Consulting Services Agreement shall not exceed \$1,950,000 during the term of the agreement, or \$650,000 during each annual period of the term of the agreement, and in addition to costs incurred under the Consulting Services Agreement, NCPA will invoice the BAMx Members \$625 each month for related billing services provided under the Professional 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; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency:

1. Authorizes the General Manager of NCPA to execute the Professional Services Agreement between Northern California Power Agency and the cities of Palo Alto and Santa Clara, including any non-substantive modifications to the Professional Services Agreement approved by NCPA's General Counsel; and
2. Upon return of the fully executed Professional Services Agreement by each BAMx Member, authorizes the General Manager of NCPA to execute the Consulting Services Agreement between Northern California Power Agency and Flynn Resource Consultants Inc., including any non-substantive modifications to the Consulting Services Agreement approved by NCPA's General Counsel.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2017 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	_____	_____	_____

BOB LINGL
CHAIR

ATTEST: CARY A. PADGETT
ASSISTANT SECRETARY



**CONSULTING SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
FLYNN RESOURCE CONSULTANTS INC.**

This agreement for consulting services ("Agreement") is made by and between the Northern California Power Agency, a joint powers agency with its main office located at 651 Commerce Drive, Roseville, CA 95678-6420 ("Agency") and Flynn Resource Consultants Inc., a California corporation, with its office located at 5440 Edgeview Drive, Discovery Bay, CA 94505 ("Consultant") (together sometimes referred to as the "Parties") as of _____, 20__ ("Effective Date") in Roseville, California.

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

- 1.1 **Term of Agreement.** The term of this Agreement shall begin on the Effective Date and shall end when Consultant completes the Services, or no later than June 30, 2020 whichever is shorter.
- 1.2 **Standard of Performance.** Consultant shall perform the Services in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged and for which Consultant is providing the Services. Consultant represents that it is licensed, qualified and experienced to provide the Services set forth herein.
- 1.3 **Assignment of Personnel.** Consultant shall assign only competent personnel to perform the Services. In the event that Agency, in its sole discretion, at any time during the term of this Agreement, requests the reassignment of any such personnel, Consultant shall, immediately upon receiving written notice from Agency of such request, work with Agency to address Agency's concerns.
- 1.4 **BAMx Members.** Agency is entering into this Agreement with Consultant at the request of certain of its members, the cities of Palo Alto and Santa Clara ("the BAMx Members"), so that Agency may provide consulting services to the BAMx Members. Agency's provision of these services is further addressed in the Professional Services Agreement Between Northern California Power Agency and the Cities of Palo Alto and Santa Clara (the "Bay Area Municipal Transmission Services Agreement" or "BAMx Agreement") dated as of _____, 20__, as such may be amended from time to time.

Section 2. COMPENSATION. Agency hereby agrees to pay Consultant an amount **NOT TO EXCEED** One Million Nine Hundred Fifty Thousand Dollars (\$1,950,000.00) during the Term of the Agreement, or Six Hundred Fifty Thousand Dollars (\$650,000.00) during each annual period of the Term of the Agreement, for the Services, which shall include all fees, costs, expenses and other reimbursables, as set forth in Consultant's fee schedule, attached hereto and incorporated herein as Exhibit B. This dollar

amount is not a guarantee that Agency will pay that full amount to the Consultant, but is merely a limit of potential Agency expenditures under this Agreement.

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

- The beginning and ending dates of the billing period;
- Services performed; and
- The total number of hours of work performed under the Agreement by Consultant and each employee, agent, and subcontractor of Consultant performing services hereunder.

Invoices shall be sent to:

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

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

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

2.4 Authorization to Perform Services. The Consultant is not authorized to perform any Services or incur any costs whatsoever under the terms of this Agreement until the Effective Date.

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

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

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

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

4.2 Commercial General and Automobile Liability Insurance.

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

4.2.2 Automobile Liability. If Consultant owns any automobiles, Consultant shall maintain automobile liability insurance form CA 0001 (current edition) for the term of this Agreement covering any loss or liability, including the cost of defense of any action, arising from the operation, maintenance or use of any vehicle (symbol 1), owned by the Consultant, on or off Agency premises. The policy shall provide a minimum limit of \$1,000,000 per each accident, with a self-insured retention or deductible of no more than \$100,000. This insurance shall provide contractual liability covering all motor vehicles and mobile equipment to the extent coverage may be excluded from general liability insurance.

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

4.4 All Policies Requirements.

4.4.1 Verification of coverage. Prior to beginning any work under this Agreement, Consultant shall provide Agency with (1) a Certificate of Insurance that demonstrates compliance with all applicable insurance provisions contained herein and (2) policy endorsements to the policies referenced in Section 4.2, adding the

Agency as an additional insured and declaring such insurance primary in regard to work performed pursuant to this Agreement.

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

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

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

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

Section 5. INDEMNIFICATION AND CONSULTANT'S RESPONSIBILITIES.

5.1 Effect of Insurance. Agency's acceptance of insurance certificates and endorsements required under this Agreement does not relieve Consultant from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Consultant acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

5.2 Scope. Consultant shall indemnify, defend with counsel reasonably acceptable to the Agency, and hold harmless the Agency, and its officials, commissioners, officers, employees, agents and volunteers from and against all losses, liabilities, claims, demands, suits, actions, damages, expenses, penalties, fines, costs (including without limitation costs and fees of litigation), judgments and causes of action of every nature arising out of

or in connection with any acts or omissions by Consultant, its officers, officials, agents, and employees, except as caused by the sole or gross negligence of Agency.

Notwithstanding, should this Agreement be construed as a construction agreement under Civil Code section 2783, then the exception referenced above shall also be for the active negligence of Agency.

Section 6. STATUS OF CONSULTANT.

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

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

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

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

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

Section 7. LEGAL REQUIREMENTS.

- 7.1 **Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 **Compliance with Applicable Laws.** Consultant and its subcontractors and agents, if any, shall comply with all laws applicable to the performance of the work hereunder.
- 7.3 **Licenses and Permits.** Consultant represents and warrants to Agency that Consultant and its employees, agents, and subcontractors (if any) have and will maintain at their sole expense during the term of this Agreement all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice their respective professions.

Section 8. TERMINATION AND MODIFICATION.

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

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

condition payment of such compensation upon Consultant delivering to Agency any or all records or documents, as referenced in Section 9.1 hereof.

8.2 Amendments.

8.2.1 The Parties may amend this Agreement only by a writing signed by all the Parties.

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

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

8.4.1 Immediately terminate the Agreement;

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

8.4.3 Retain a different consultant to complete the Services not finished by Consultant.

Section 9. KEEPING AND STATUS OF RECORDS.

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

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

9.3 Inspection and Audit of Records. Any records or documents that this Agreement requires Consultant to maintain shall be made available for inspection, audit, and/or

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

9.4 Confidential Information and Disclosure.

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

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

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

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

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

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

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

Section 10. MISCELLANEOUS PROVISIONS.

10.1 Attorneys' Fees. If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.

10.2 Venue. In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.

10.3 Severability. If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

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

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

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

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

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

10.8 Notices.

Any written notice to Consultant shall be sent to:

Doug Boccignone
Flynn Resource Consultants Inc.
5440 Edgeview Drive
Discovery Bay, CA 94505

Any written notice to Agency shall be sent to:

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

With a copy to:

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

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

- 10.12 Controlling Provisions.** In the case of any conflict between the terms of this Agreement and the Exhibits hereto, and Consultant's Proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and the Consultant's Proposal, the Exhibits shall control.
- 10.13 Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.
- 10.14 Construction of Agreement.** Each party hereto has had an equivalent opportunity to participate in the drafting of the Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting party shall not apply hereto.
- 10.15 No Third Party Beneficiaries.** This Agreement is made solely for the benefit of the parties hereto, with no intent to benefit any non-signator third parties.

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

NORTHERN CALIFORNIA POWER AGENCY

FLYNN RESOURCE CONSULTANTS, INC.

Date: _____

Date: _____

Randy S. Howard, General Manager

Douglas A. Boccignone, Chief Financial
Officer

Attest:

Assistant Secretary of the Commission

Approved as to Form:

General Counsel

EXHIBIT A

SCOPE OF WORK

Agency is entering into this Agreement with Consultant at the request of the BAMx Members, so that Agency may assist the BAMx Members in securing access to consulting services related to electric transmission, power generation, regulatory and electric market design issues affecting the BAMx Members. Agency's primary role as to the Services provided under this Agreement is to act as contract administrator and billing agent on behalf of the BAMx Members, as further described in the BAMx Agreement.

For the purpose of administering this Agreement, each BAMx Member shall be represented by a designated representative ("Representative"). During the term of this Agreement, the BAMx Member Representatives are responsible for coordinating all requests for Services made to Consultant, and shall manage all related activities as further described herein.

The BAMx Member Representatives are listed below:

- Kathleen Hughes, City of Santa Clara
- Debbie Lloyd, City of Palo Alto

At any time a BAMx Member may designate a new or alternative Representative by providing written notice of such designation to Agency.

The BAMx Members and Consultant intend to pursue the activities listed below during the term of this Agreement. Such activities will include monitoring, meeting participation, coordinating with affected or other participating parties, and, as necessary, preparing and submitting formal position submittals. The Scope of Work provided in accordance with this Agreement are described below:

1. Grid Planning Activities:

- a. CAISO Regionalization Process, Transmission Access Charge, Governance and Resource Adequacy;
 - i. Coordination with the California Municipal Utilities Association and Northern California Power Agency on these activities
- b. CAISO/PG&E annual transmission expansion planning process;
- c. Support or oppose specific transmission additions;
- d. Greater Bay Area long term studies;
- e. CAISO local capacity technical study process;
- f. Other regional and sub-regional transmission planning activities;
- g. CAISO Tariff and BPM Change Management Process;
- h. Generator Interconnection Procedure;
- i. Transmission cost minimization;
- j. Impacts due to potential generation retirements;

- k. Transmission for renewables deliverability issues;
- l. CTPG planning process; and
- m. Tracy to Bay development activities.

2. CPUC and CEC transmission matters:

- a. Integrated Energy Policy Report;
- b. Resource adequacy issues;
- c. Renewable Portfolio Standard issues;
- d. Long Term Procurement issues;
- e. Approval of CPCNs and PTCs for new transmission lines; and
- f. Renewable Energy Transmission Initiative (RETI 2.0).

3. CAISO Market Issues:

- a. CAISO markets proceedings and implementation matters;
- b. Resource Adequacy / Local Capacity/ Flexible Capacity/ Deliverability;
- c. LMP congestion and losses incidence and impacts; and
- d. Regionalization and New Participating Transmission Owner Issues.

4. Communicate Regularly with BAMx Members:

- a. Client meetings, telephone conferences and written summaries of activities on key issues.

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all Services performed pursuant to this Agreement, including hourly fees and expenses, shall not exceed the amount specified in Section 2 of this Agreement. The compensation schedule and hourly fees for Services are as follows:

<u>Labor Category</u>	<u>Hourly Rate (Effective Date – June 30, 2018)</u>
Principal	\$310.00 per hour
Managing Consultant	\$290.00 per hour
Senior Consultant – Power Engineer	\$280.00 per hour
Senior Consultant	\$250.00 per hour
Consultant	\$215.00 per hour
Associate Consultant	\$195.00 per hour
Analyst	\$140.00 per hour
Support Services	\$65.00 per hour

Each year, effective on July 1, the applicable hourly rates for each labor category shall increase by three percent (3.0%), rounded to the nearest five dollars (\$5.00).

For any month during which Consultant's provision of Services causes Consultant to use specialized modeling software and/or tools, the following charges shall apply:

<u>Category</u>	<u>Cost per Month</u>
Power Flow Modeling	\$280.00 per month
Short Circuit Modeling	\$825.00 per month
OASIS DATA	\$1,235.00 per month
Market Modeling	\$4,085.00 per month

Each year, effective July 1, the applicable monthly cost for use of specialized modeling software and/or tools shall increase by three percent (3.0%), rounded to the nearest five dollars (\$5.00).

Specialized software costs that exceed the above amounts may be billed with the prior approval of the BAMx Member Representatives.

Travel (at coach rates), food, and miscellaneous expenses, except automobile mileage, associated with the provision of Services hereunder shall be billed at cost. Automobile mileage shall be billed at the current rate as approved by the Internal Revenue Service.

NOTE: Notwithstanding the foregoing, as a public agency, Agency shall not reimburse Consultant for travel, food and related costs in excess of those permitted by the Internal Revenue Service.



**PROFESSIONAL SERVICES AGREEMENT BETWEEN
NORTHERN CALIFORNIA POWER AGENCY
AND THE CITIES OF PALO ALTO AND SANTA CLARA
(THE "BAY AREA MUNICIPAL TRANSMISSION SERVICES AGREEMENT" OR "BAMx
AGREEMENT")**

This Professional Services Agreement ("Agreement") is made by and between the Northern California Power Agency ("NCPA"), a joint powers agency, and the Cities of Palo Alto and Santa Clara (each referred to as a "Contracting Member" and jointly referred to as "Contracting Members" or "BAMx Participants"). NCPA and the Contracting Members 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 is a public agency created by a joint powers agreement established under California law for the purpose of assisting its members in the efficient use of their common powers.

1.2 Contracting Members are engaged in, among other things, transmitting and distributing electric power within their respective corporate limits. Contracting Members are also each a member of NCPA. Contracting Members jointly desire that NCPA provide Contracting Members with the Services described in this Agreement.

1.3 Article III, section 3 of the "Amended and Restated Northern California Power Agency Joint Powers Agreement" (as amended and effective January 1, 2008) (hereinafter "JPA") entitled "Powers and Functions" provides that "none of the debts, liabilities or obligations of NCPA shall be the debts, liabilities or obligations of any of the members of NCPA unless assumed in a particular case by resolution of the governing body of the member to be charged." Notwithstanding the foregoing, Article V, section 1 of the JPA entitled "General Provisions" provides that "[t]he governing Commission of NCPA is authorized to procure public liability and other insurance as it deems advisable to protect NCPA and each of the parties hereto, charging the cost thereof to the operating costs of NCPA."

1.4 Contracting Members desire to secure NCPA's Services under this Agreement in a manner that balances their interests and the interests of other NCPA Members with the ongoing financial viability and professional responsibilities of NCPA. Accordingly, Contracting Members desire to secure NCPA's Services under this Agreement by accepting a limited insurance based recourse against NCPA, with the option of procuring additional insurance at Contracting Members' sole expense. By so doing, the Parties thereby ensure that NCPA will substantially limit its risk for the provision of such Services and allocates risks back to the Contracting Members in the event NCPA is not adequately insured.

1.5 The Parties have previously entered into a professional services agreement for this same purpose dated as of July 1, 2016 ("the Prior Agreement") the term of which ends on June 30, 2017.

NOW THEREFORE, in consideration of the mutual covenants and promises set forth, NCPA and Contracting Members 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 "Consultant" shall mean Flynn Resource Consultants Inc.

2.2 "Consulting Services Agreement" shall mean the Consulting Services Agreement Between the Northern California Power Agency and Flynn Resource Consultants Inc., dated as of _____, 20__, as such may be amended from time to time.

2.3 "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 of the lowest reasonable cost consistent with good business practices, reliability, safety and expedition and the requirements of the Northern American Electric Reliability Corporation ("NERC") or Western Electric Coordinating Council ("WECC") 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.

2.4 "NCPA Members" shall mean the signatories to the JPA or those agencies which have executed an Associate Member Agreement with NCPA.

2.5 "Stranded Costs" shall mean all costs incurred by NCPA in providing Services to Contracting Members under this Agreement that could not reasonably be avoided by NCPA from the date it receives a written Notice of Termination. Such costs may include, but not be limited to, salary and employment costs, rent, utilities, or contracts incurred to provide Services under this Agreement. In this regard, Contracting Members acknowledge that NCPA will be entering into professional services agreements with third persons under the terms of this Agreement, and that sums owing to such third persons may become Stranded Costs upon termination of this Agreement.

2.6 "Uncontrollable Forces" 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 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 Contracting Members for the services described in Exhibit A hereto ("Services"). The Services do not include supervision of the performance of any of the third persons with whom contracts are entered into; such supervision shall be provided by the Contracting Members.

3.2 The following are the authorized representatives of the Parties ("Authorized Representatives") for contract administration purposes under this Agreement:

NCPA:

David Dockham, Dave.Dockham@ncpa.com
Assistant General Manager
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678
916-781-4207
Fax 916-781-4255

PALO ALTO:

Debra Lloyd, Debra.LLoyd@cityofpaloalto.org
Utilities Compliance Manager
City of Palo Alto
P.O. Box 10250
Palo Alto, CA 94303
650-329-2369
Fax: 650-326-1507

SANTA CLARA:

Kathleen Hughes, khughes@SantaClaraCA.gov
Acting Division Manager
881 Martin Ave.
Santa Clara, CA 95050
408-615-6632
Fax: 408-261-2717

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 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. In the event that Contracting Members, in their sole discretion, at any time during the term of this Agreement, jointly desire the reassignment of any

such persons, NCPA shall, immediately upon receiving notice from each Contracting Member of such desire of the Contracting Members, reassign such person or persons.

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 Authorization to Perform Services. NCPA is not authorized to perform any Services or incur any costs whatsoever under the terms of this Agreement until its receipt of a written resolution and/or other appropriate/applicable authorization from each Contracting Member's governing body confirming each Contracting Member's authority to enter into this Agreement and confirming that each Contracting Member has allocated funds for and approved contract payments to NCPA under this Agreement.

4.2 Term. The term of this Agreement shall begin on the Effective Date and shall end on June 30, 2020.

4.3 Early Termination and Stranded Costs. This Agreement may be terminated by either NCPA or by the Contracting Members, upon 30 days written notice to all other Parties ("Notice of Termination"). Provided, however, that a Notice of Termination on behalf of the Contracting Members shall be executed by each Contracting Member to be effective.

In the event of an early termination, Contracting Members shall pay NCPA for all fees and costs required under this Agreement through the effective date of their Notice of Termination plus all Stranded Costs. Upon payment of the above amounts, no Parties 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 Contracting Members 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 Contracting Members is caused by the negligence of NCPA or of any employee, agent or contractor of NCPA; provided that any liability under this subsection is limited to the extent of the actual coverage and coverage limits of the NCPA insurance policies described in this Section 5.

5.1.3 Notwithstanding Section 5.1.2 above, the Contracting Members agree 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 5.1.2 above, Contracting Members shall, at their 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, Contracting Members shall, upon reasonable prior written notice from any of the Indemnitees, at Contracting Members' sole cost and expense, resist and defend the same with legal counsel mutually selected by Indemnitee and the Contracting Members, unless mutual selection of counsel is expressly prohibited by an applicable insurance policy; provided however, that neither Indemnitee nor Contracting Members 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. The Contracting Members' 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 insurance as are annually approved by the governing Commission of NCPA. NCPA warrants and represents that the types of insurance and coverage limits that are approved by the governing Commission of NCPA 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 15 days) of modification, cancellation or rescission of such coverage.

5.6 Contracting Members' Acknowledgment of Option to Secure Additional Insurance. The Contracting Members acknowledge that there are limitations on NCPA's liability to the Contracting Members under this Section 5 and that the Contracting Members may need to purchase additional insurance of their own to cover the additional risks and the potential additional liabilities they are assuming under this Agreement. Contracting Members agree that they will, with respect to any additional insurance they obtain or which is otherwise available to Contracting Members, cause their 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 Charges for Services. Charges for the Services shall be billed separately to each Contracting Member in accordance with Exhibit B of this Agreement.

6.2 Security Deposit. Contracting Members shall each maintain on deposit in its General Operating Reserve Account held at NCPA the sum of Zero Dollars (\$0) as security to NCPA for liabilities NCPA could incur under this Agreement. Contracting Members hereby authorize NCPA to reserve and commit this sum in its General Operating Reserve Account for the payment of the aforementioned liabilities should same become necessary. Interest on monies held by NCPA pursuant to this section shall be credited in accordance with the then standard practices of NCPA relating to the General Operating Reserve Account.

Section 7. BILLING AND PAYMENT

7.1 Invoices. NCPA shall submit invoices to Contracting Members, not more often than once a month during the term of this Agreement, for Services performed and reimbursable costs incurred prior to the invoice date.

7.2 Monthly Payment. Contracting Members shall make monthly payments, based on invoices received, for Services performed, and for authorized reimbursable costs incurred. Contracting Members shall have thirty (30) days from the receipt of an invoice that complies with all of the requirements above to pay NCPA. Any amount due on a day other than a business day, i.e., any day except a Saturday, Sunday, or a Federal Reserve Bank holiday, may be paid on the following business day.

If all or any portion of a bill is disputed by Contracting Members, the entire amount of the bill 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.

Amounts which are not paid when due shall 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, or its successor, then in effect, plus two per cent (2%) or (ii) the maximum rate permitted by law. The provisions of this Section 7 shall survive expiration of this Agreement until satisfied.

7.3 Contracting Members shall pay for the Services pursuant to this Agreement. Contracting Members shall not pay any additional sum for any expense or cost whatsoever incurred by NCPA in rendering Services pursuant to this Agreement. Contracting Members shall make no payment for any extra, further, or additional service pursuant to this Agreement.

In no event shall NCPA submit any invoice for an amount in excess of the maximum amount of compensation provided above either for a task or for the entire Agreement, unless the Agreement is modified prior to the submission of such an invoice by a properly executed change order or amendment in accordance with this Agreement.

7.4 Hourly Fees. Fees for work performed by Consultant on an hourly basis shall not exceed the amounts shown on the following fee schedule attached hereto as Exhibit B.

7.5 Reimbursable Expenses. Reimbursable expenses are specified in Exhibit B. Expenses not listed in Exhibit B are not chargeable to Contracting Members. Reimbursable expenses are included in the total amount of compensation provided under this Agreement that shall not be exceeded.

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 Contracting Members or NCPA terminates this Agreement pursuant to Section 4, Contracting Members shall compensate the NCPA for all outstanding costs and reimbursable expenses incurred for work satisfactorily completed as of the date of written 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 each of the Contracting Members' Authorized Representative following receipt of the required approvals under the terms of this Agreement.

7.9 The addresses of Contracting Members to which invoices shall be sent is:

Debra Lloyd
Utilities Compliance Manager
City of Palo Alto
P.O. Box 10250
Palo Alto, CA 94303
650-329-2369
Fax: 650-326-1507

Bob Kazlauskas
City of Santa Clara
Attn: Electric Department
1500 Warburton Ave
Santa Clara, CA 95050
Bkazlauskas@svpower.com
408-615-6688
Fax: 408-261-2717

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 Contracting Members. Contracting Members shall have the right to control NCPA only insofar as the results of NCPA's Services rendered pursuant to this Agreement and assignment of personnel pursuant to Section 3.4;

however, otherwise Contracting Members 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 Contracting Members, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of Contracting Member and entitlement to any contribution to be paid by Contracting Members for employer contributions and/or employee contributions for PERS benefits.

8.2 Facilities and Equipment. The facilities and equipment that may be necessary to perform the Services required by this Agreement shall be provided as follows: **None.**

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 Contracting Member is bound by the terms of such fiscal assistance program.

10.4 Licenses and Permits. NCPA represents and warrants to Contracting Member that

NCPA and its employees, agents, and any subcontractors have all licenses, permits, qualifications, and approvals of whatsoever nature that is legally required to practice their respective professions. NCPA represents and warrants to Contracting Member that NCPA and its employees, agents, any subcontractors shall, at their sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits, and approvals that are legally required to practice their respective professions.

10.5 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.

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 the Contracting Members. NCPA hereby agrees to deliver those documents to the Contracting Members 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 the Contracting Members and are not necessarily suitable for any future or other use. Contracting Members and NCPA agree that, until final approval by Contracting Members, 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 the Contracting Members under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the NCPA 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 the Contracting Member. 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 any Contracting Member or as part of any audit of any of the Contracting Members, 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, any Party ("Disclosing Party") may disclose confidential, proprietary or trade secret information (the "Information"), to another 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, any Party may terminate this Agreement upon 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 Contracting Members' official or employee in the work performed pursuant to this Agreement. No officer or employee of Contracting Member 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:

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

With a copy to:
Jane Luckhardt – General Counsel
Northern California Power Agency
651 Commerce Drive,
Roseville, CA 95678

PALO ALTO:
Ed Shikada

Assistant City Manager & Interim Utilities Director
City of Palo Alto
P.O. Box 10250
Palo Alto, CA 94303

With a copy to:
Amy Bartell, Senior Deputy City Attorney
City of Palo Alto
c/o City Attorney's office
P.O. Box 10250
Palo Alto, CA 94303

SANTA CLARA:
Kathleen Hughes, Acting Division Manager
City of Santa Clara
1500 Warburton Ave
Santa Clara, CA 95050

With a copy to:
Richard Nosky, City Attorney
City of Santa Clara
1500 Warburton Ave
Santa Clara, CA 95050

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 Contracting Members 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.

12.10 Dispute Resolution. If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Contracting Members 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 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.

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. Without limiting the generality of the foregoing, this Agreement does not amend or extend the Prior Agreement.

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 of Contracting Members Joint and Several; No Joint Venture. The duties, obligations and liabilities of the Contracting Members, including the obligations to make payments to NCPA, are intended to be joint and several. Provided that nothing contained in this Agreement shall 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 the Contracting Members.

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, the Parties may amend this Agreement only by a writing signed by all the Parties following each Party's receipt of written resolution/authorization from their governing bodies, which resolutions/authorizations shall be condition precedents to any amendments of this Agreement and shall be attached as exhibits to this Agreement.

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

NORTHERN CALIFORNIA POWER AGENCY

RANDY S. HOWARD, General Manager

Attest:

Assistant Secretary of the Commission

Approved as to Form:

General Counsel

CONTRACTING MEMBERS:

CITY OF PALO ALTO

Approved as to Form:

By: _____

By: _____
City Attorney

Its: _____

CITY OF SANTA CLARA

Approved as to Form

By: _____

By: _____
City Attorney

Its: _____

EXHIBIT A

SERVICES

NCPA will enter into the Consulting Services Agreement on behalf of the Contracting Members, so that NCPA may assist the Contracting Members in securing access to consulting services related to electric transmission, power generation, regulatory and electric market design issues affecting the Contracting Members. NCPA's primary role as to the Services provided under this Agreement is to act as contract administrator and billing agent on behalf of the Contracting Members, as further described herein.

For the purpose of administering Services provided under this Agreement, each Contracting Member shall be represented by its Authorized Representative. During the term of this Agreement, the Authorized Representative for each Contracting Member is responsible for coordinating all requests for Services made to Consultant, and shall manage all related activities as further described herein.

A Contracting Member may designate a new or alternative Authorized Representative by providing written notice of such designation to NCPA; such action shall not be treated as an amendment to this Agreement.

The Contracting Members and Consultant intend to pursue the activities listed below during the term of this Agreement, pursuant to the Consulting Services Agreement. Such activities will include monitoring, meeting participation, coordinating with affected or other participating parties, and, as necessary, preparing and submitting formal position submittals. The Services provided in accordance with this Agreement and the Consulting Services Agreement are described below:

1. Grid Planning Activities:

- a. CAISO Regionalization Process, Transmission Access Charge, Governance and Resource Adequacy;
 - i. Coordination with the California Municipal Utilities Association and Northern California Power Agency on these activities
- b. CAISO/PG&E annual transmission expansion planning process;
- c. Support or oppose specific transmission additions;
- d. Greater Bay Area long term studies;
- e. CAISO local capacity technical study process;
- f. Other regional and sub-regional transmission planning activities;
- g. CAISO Tariff and BPM Change Management Process;
- h. Generator Interconnection Procedure;
- i. Transmission cost minimization;
- j. Impacts due to potential generation retirements;
- k. Transmission for renewables deliverability issues;
- l. CTPG planning process; and
- m. Tracy to Bay development activities.

2. CPUC and CEC transmission matters:

- a. Integrated Energy Policy Report;

- b. Resource adequacy issues;
- c. Renewable Portfolio Standard issues;
- d. Long Term Procurement issues;
- e. Approval of CPCNs and PTCs for new transmission lines; and
- f. Renewable Energy Transmission Initiative (RETI 2.0).

3. CAISO Market Issues:

- a. CAISO markets proceedings and implementation matters;
- b. Resource Adequacy / Local Capacity/ Flexible Capacity/ Deliverability;
- c. LMP congestion and losses incidence and impacts; and
- d. Regionalization and New Participating Transmission Owner Issues.

4. Communicate Regularly with Contracting Members:

- a. Client meetings, telephone conferences and written summaries of activities on key issues.

NCPA will accept invoices from Consultant and transmit them to each Contracting Members' Authorized Representative, or their designee, for their review, and if acceptable, the Contracting Members' Authorized Representative will direct payment by NCPA. Such payment direction shall be provided by each Contracting Members' Authorized Representative, in writing, utilizing appropriate approval forms as shall be developed and/or revised by NCPA from time to time. An example of such form is included in Exhibit C of this Agreement. NCPA will prepare invoices indicating the share of Consultant's costs to be paid by each Contracting Member along with the appropriate charges by NCPA for its services; however, as provided in the Agreement, each Contracting Member is jointly and severally liable for the entirety of any amounts billed under this Agreement. NCPA will then pay Consultant utilizing Contracting Members' funds.

Contracting Members will be solely responsible for payment of the Consultant's invoices, as well as determining whether or not the Services have been satisfactorily performed. The Services under this Agreement by NCPA to Contracting Members are limited to contract administration and billing/payment functions.

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all Services performed pursuant to this Agreement, including hourly fees and expenses, shall not exceed One Million Nine Hundred Seventy Two Thousand Five Hundred Dollars (\$1,972,500.00) during the Term of the Agreement, or Six Hundred Fifty Seven Thousand Five Hundred Dollars (\$657,500.00) during each annual period of the Term of the Agreement. The compensation schedule and hourly fees for Services are as follows:

1. Monthly charges for Services provided by NCPA for billing and contract preparation under this Agreement shall be Six Hundred Twenty Five Dollars (\$625.00) per month. Such charges will be allocated to the Contracting Members in accordance with the allocation percentages listed in Table 1 of this Exhibit B.
2. Compensation paid to Consultant for all Services, including hourly fees and expenses, shall not exceed the amounts set forth in Section 2 of the Consulting Services Agreement. The compensation schedule and hourly fees for Services rendered by Consultant to Contracting Members are set forth in Exhibit B of the Consulting Services Agreement. Monthly Charges invoiced by Consultant to NCPA for Services provided to the Contracting Members, pursuant to the Consulting Services Agreement, shall be allocated to the Contracting Members in accordance with the allocation percentages listed in Table 1 of this Exhibit B.

TABLE 1
ALLOCATION PERCENTAGES

Contracting Member	Allocation Percentage
City of Palo Alto	25.0%
City of Santa Clara	75.0%
Total	100.0%

EXHIBIT C

Bay Area Municipal Transmission Services Agreement (BAMX)
Contracting Member Transmittal
Payment Voucher
For the Period: _____

To: Northern California Power Agency VIA PDF EMAIL
651 Commerce Drive
Roseville, California 95678
Attention: Accounts Payable (*AcctsPayable@ncpa.com)

From: Contracting Members – The Cities of Palo Alto and Santa Clara (each referred to as a "Contracting Member" and jointly referred to as "Contracting Members" or "BAMx Participants")

I the undersigned hereby certify that I am authorized to approve payment of the ATTACHED billing statement and or invoice(s) and do hereby approve payment thereof by the Billing Agent (Northern California Power Agency) as indicated below:

For City of Palo Alto: _____
Name Date

☐ No exceptions.

☐ With the deduction of the following exceptions:

For City of Santa Clara: _____
(Silicon Valley Power) Name Date

☐ No exceptions:

☐ With the deduction of the following exceptions:



Commission Staff Report

May 18, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: Annual Budget Working Capital Deposit Adjustments for FY2018

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"/>	<i>If other, please specify.</i>
<hr/> <hr/>		

RECOMMENDATION:

Staff recommends that the Commission adopt resolution approving the Annual Budget Working Capital Deposit Adjustment for FY 2018.

BACKGROUND:

The Agency provides Working Capital for its Participants and Programs through a combination of (1) Month Ahead Advance Billing; (2) Project Financed Deposits; and (3) Working Capital Participant Deposits of 15 to 30 days' equivalencies – see attached Analysis of Working Capital Requirements.

In connection with the preparation of the Annual Budget, the Working Capital Participant Deposits are adjusted each year to reflect any changes in the Annual Budget. The proportional allocation of these deposits are based on the participants' participation percentage in each Project or Program. Any additional deposit required is billed via the monthly All Resource Bill (ARB) and any Refund credit is deposited to the participant's individual account in the NCPA General Operating Reserve (GOR). The updated Working Capital Deposit and FY 2018 Funding Requirement schedules now include the City of Shasta Lake.

Please note that calculations for the Lodi Energy Center have not been included based on the 60 day Operating Reserve requirement in the Power Sale Agreement (PSA) for that Project.

FISCAL IMPACT:

The total calculated FY 2018 Working Capital Requirements for the Annual Budget has decreased by \$638,770 or 6.28%. The decrease is primarily due to budgeted decreases in Market Power Purchases.

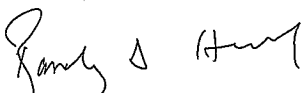
The attached Working Capital Deposit and FY 2018 Funding Requirement schedule shows each participant's Additional Requirement Charge or (Refund). The Additional Requirement Charge will be billed on the next ARB following Commission approval, and Refunds of credit amounts will likewise be deposited into the applicable participant's individual NCPA G.O.R. account at that 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 recommendation was reviewed by the Utility Directors on May 11, 2017 and was recommended for Commission approval.

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachments: Resolution 17-52
Analysis of Working Capital Requirements
Working Capital by Participant

SR: 153:17

RESOLUTION 17-52

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY ADOPTING THE ANNUAL BUDGET WORKING CAPITAL DEPOSIT ADJUSTMENTS FOR FISCAL YEAR 2018 ANNUAL BUDGET

(reference Staff Report #153:17)

WHEREAS, the Amended and Restated Rules of Procedure for the Commission of the Northern California Power Agency (the NCPA Bylaws) provide in section 11 that,

"11. Budgets.

(a) NCPA Budget. The General Manager shall, not later than at the regular Commission meeting in May of each year, present a proposed budget for the ensuing fiscal year to the Commission, together with a statement of the payments to be required from the Members by such budget. Such budget shall include the various NCPA Project budgets. The Commission shall adopt such budget by resolution, with any changes ordered by it, not later than the regular meeting in June"; and

WHEREAS, in accordance with the NCPA Bylaws, the General Manager of NCPA has presented a proposed budget for Fiscal Year 2018; and

WHEREAS, the Agency provides Working Capital for its Projects and Programs through a combination of month ahead advanced billing, project financed deposits; and working capital participant deposits of 15 to 30 days' equivalencies; and

WHEREAS, the Fiscal Year 2018 Funding Requirement schedule shows each participant's Additional Requirement Charge or (Refund) which includes the new member City of Shasta Lake; and

WHEREAS, the Additional Requirement Charge will be billed on the next ARB following Commission approval, and Refunds of credit amounts will be deposited into the applicable participant's individual NCPA G.O.R. account; and

WHEREAS, this Commission finds that the adoption of this resolution is exempt from the California Environmental Quality Act. It is not an action which will cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment; and

NOW, THEREFORE, BE IT RESOLVED, that the Commission of the Northern California Power Agency adopt the resolution authorizing related participant billings or transfers from the analysis of the Working Capital Deposit Requirement worksheet for Fiscal Year 2018.

PASSED, ADOPTED and APPROVED this _____ day of _____, 2017
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	_____	_____	_____

BOB LINGL
CHAIR

ATTEST: _____
CARY PADGETT
ASSISTANT SECRETARY

**Northern California Power Agency
Analysis of Working Capital Requirements
FY 2018 Budget**

Memorandum
Only

45 Days Working Capital

	Annual Budget Cost	30 Days Working Capital			Add'l Rqmnt (Excess Reqmnt)
		Proposed (A)	From Bonds	FYE 2017 Balance Operations	
GENERATION RESOURCES					
Hydroelectric	\$ 50,617,765	\$ 4,160,364	\$ 100,000	\$ 3,895,494	\$ 164,870
Geothermal	32,021,611	2,631,913		2,719,693	(87,779)
Combustion Turbine No. 1	2,628,932	215,912		217,671	(1,759)
Combustion Turbine No. 2 (STIG)	8,622,646	708,711	1,000,000	(294,200)	2,910
Lodi Energy Center (G)	62,567,481				-
Member Resource - Energy (B)	53,389,034				-
Member Resource - Gas (B)	3,457,156				-
Western Resource (C)	30,119,880				-
Market Power Purchases (D)	19,318,025	\$ 245,926		1,001,015	(755,089)
Load Aggregation Costs - CAISO (H)	233,822,294				
Net GHG Obligations (I)	445,917				
	497,008,741	7,962,827	1,100,000	7,539,673	8,639,673
					(676,847)
TRANSMISSION					
Hydroelectric	3,244,379	266,661		266,517	144
Geothermal Plant No. 1	55,167	4,534		3,053	1,482
Geothermal Plant No. 2	43,228	3,553		1,526	2,027
ISO (E)	102,924,722				
	106,267,496	274,749	-	271,096	3,653
MANAGEMENT SERVICES					
Legislative Representation	1,976,008	162,412		155,902	6,509
Regulatory Representation	837,639	68,847		65,287	3,560
Western Representation	829,636	68,189		67,126	1,064
Member Services	436,078	35,842		35,525	318
Judicial Action (F)	625,000				-
System Control and Load Dispatch	5,864,451	482,010		462,077	19,932
Forecasting & Prescheduling	2,647,015	217,563		209,996	7,567
Industrial Restructuring & Reg Affairs	424,174	34,864		34,038	826
Contract Administration	1,151,828	94,671		93,413	1,258
Green Power Project	17,746	1,459		1,462	(3)
Gas Purchase Program	88,131	7,244		7,114	130
Market Purchase Program	130,141	10,697		10,509	188
Power Management Direct Cost to Prgmt	(1,479,117)				-
Energy Risk Management	206,836	17,000		17,418	(418)
Settlements	774,377	63,647		70,813	(7,166)
Integrated Systems Support	318,562	26,183		25,523	660
Participant Pass Through Costs	1,525,907				-
	16,374,412	1,290,626	-	1,256,202	34,424
	\$ 619,650,649	\$ 9,528,202	\$ 1,100,000	\$ 9,066,971	\$ 10,166,972
					\$ (638,770)

The FY 18 working capital of \$9,528,202 represents approximately a 30 day requirement of the proposed budget, excluding the ISO. A 45 day requirement (1/8 of a year) is a utility standard rule of thumb and covers a 15th of the month billing for the previous month with 30 days to pay.

(A) Proposed amounts represent 30/365 of the FY18 budget. This was done to ensure that a minimum of 30 days working capital is maintained for each program.

(B) Represents specific contract amounts either billed directly to participants or advance billed through NCPA. No working capital considered necessary.

(C) Western energy, O&M and Restoration Fund requirements are billed on an estimated basis with payment generally required 15 to 30 days after month end.

(D) Market power purchase requirements are billed on an estimated basis with payment generally required 15 to 30 days after month end. The above proposed represents approximately 15 days working capital based on current budget purchase estimates.

(E) ISO costs are secured by SC Program Agreement required participant deposits. No additional working capital considered necessary.

(F) Judicial Action costs are primarily legal costs associated with Legislative, Regulatory and Pooling program issues. No additional working capital considered necessary.

(G) The project maintains a separate O&M Reserve to cover working capital requirements. See also PMOA schedule 5.0.

(H) Load Aggregation Costs - CAISO are offset by energy sales through ISO. No working capital considered necessary.

(I) GOR commitments cover Net GHG allowances. No working capital considered necessary.

**Northern California Power Agency
Working Capital Deposit and FY 2018 Funding Requirement**

Participant	Total Deposit On Hand	FY 2018 Budget Funding Requirement	Additional Requirement Charge (Refund)
Alameda	\$ 1,257,277	\$ 1,182,868	\$ (74,409)
BART	71,146	242,346	171,200
Biggs	30,263	24,889	(5,374)
Gridley	43,331	32,744	(10,587)
Healdsburg	234,831	212,531	(22,300)
Lodi	1,417,064	1,217,951	(199,113)
Lompoc	382,797	300,876	(81,921)
Palo Alto	1,566,368	1,211,405	(354,963)
Plumas Sierra	198,664	141,348	(57,316)
Port of Oakland	84,533	45,880	(38,653)
Redding	34,477	34,010	(467)
Roseville	1,060,839	1,086,037	25,198
SVP	3,248,612	3,274,674	26,062
Shasta Lake	0	14,149	14,149
Truckee Donner	13,291	13,097	(194)
TID	185,396	179,328	(6,068)
Ukiah	338,083	314,069	(24,014)
	<u>\$ 10,166,972</u>	<u>\$ 9,528,202</u>	<u>\$ (638,770)</u>



Commission Staff Report

Date: May 15, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: Delegate to the General Manager authority to enter into one or more agreements, with a total not-to-exceed for all agreements of \$1,000,000 for repair, restoration and/or replacement of portions of the Beaver Creek Reservoir and related facilities at the NCPA Hydroelectric Project.

AGENDA CATEGORY: Discussion/Action

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

IMPACTED MEMBERS:		
All Members <input type="checkbox"/>	City of Lodi <input checked="" type="checkbox"/>	City of Ukiah <input checked="" type="checkbox"/>
Alameda Municipal Power <input checked="" type="checkbox"/>	City of Lompoc <input checked="" type="checkbox"/>	Plumas-Sierra REC <input checked="" type="checkbox"/>
Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input checked="" 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 checked="" type="checkbox"/>	Other <input type="checkbox"/>
City of Healdsburg <input checked="" type="checkbox"/>	City of Santa Clara <input checked="" type="checkbox"/>	<i>If other, please specify.</i>
<hr/> <hr/>		

RECOMMENDATION:

Authorize the General Manager to enter into one or more agreements, with a total not-to-exceed for all agreements of \$1,000,000 for repair, restoration and/or replacement of portions of the Beaver Creek Reservoir and related facilities at the NCPA Hydroelectric Project.

BACKGROUND:

Beaver Creek Diversion Dam is part of the North Fork Stanislaus River Hydroelectric Project, FERC Project No. 2409, which consists of a system of four reservoirs, two hydroelectric power plants, two diversion tunnels, and one power tunnel. The purpose of Beaver Creek Diversion Dam ("Dam") is to provide for the diversion of water to McKays Point Reservoir and the Collierville powerhouse via a forebay for the Beaver Creek Diversion Tunnel and Penstock. The Beaver Creek Reservoir ("Reservoir") itself serves to provide reliable regulation of penstock flows and minimum fish flow releases, as required by one or more regulatory agencies, as well as serving as a sediment trap to protect the fish screen from frequent plugging. The Dam also provides water for power generation and water consumption purposes.

The January and February 2017 unusually heavy storms and related flooding nearly completely filled the Reservoir (20 - 30% reservoir capacity remain) and plugged the diversion fish screen and the Dam's low-level outlet preventing water diversion into McKays. The level of reservoir sedimentation and debris left by the 2017 storms is approximately 11,400 cubic yards as determined by a reservoir survey conducted on May 1st. Annual average hydroelectric income attributable to the Dam and related facilities is approximately \$1,700,000. Immediate clearing of the fish screen, the low-level outlet, and a portion of the Reservoir basin is required to restore the functionality of the Dam and to re-establish the ability to reliably generate hydropower with available water supplies.

Normally, this type of work would be competitively bid as one or more public works construction projects. However, as described below, there are unique circumstances as to timing and the scope of work. California law allows a public entity not to engage in standard competitive bidding processes when the competitive process would not be advantageous to the public and advertising for competitive bids would therefore be undesirable, impractical, or impossible. (See *Graydon v. Pasadena Redevelopment Agency* (1980) 104 Cal.App.3d 631, 635-636.)

The anticipated agreements for the Reservoir and related facilities will consist of repairs, restoration and/or replacement of facilities ("the Project"), including an initial effort with a suction dredge and dive team to clear the low-level outlet and fish screen facility to regain reservoir control, thereby allowing the reservoir to be dewatered and to allow for the necessary remaining work to be performed essentially "in-the-dry" to maintain adequate water quality. This "in-the-dry" effort may utilize a combination of a 100-ton crane and a long-reach excavator to remove sediments from the Reservoir. All dredged material will be removed from the site to either temporary stockpiles or a final sediment disposal site, or utilized for beneficial use by the surrounding land owners (U.S. Forest Service and Sierra Pacific Industries) for meadow restoration projects or road repairs. Staff is aggressively pursuing the beneficial use of a portion of the sediments as much as possible to reduce trucking and the corresponding overall disposal costs. Because of this uncertainty as to the exact scope, it would be impractical and/or impossible to prepare the technical specifications necessary for a standard public works bid package.

NCPA received, on May 4th, an emergency RPG-8 permit from the U.S. Army Corps (ACOE). The ACOE notified and provided consultative support to various other regulatory agencies. The permit was received two weeks ahead of ACOE projections. This permit stipulated that the Project must start within seven days of permit approval to maintain coverage under the permit. Without RPG-8 permit coverage, normal non-emergency ACOE dredging permit timelines take one to two years. This short notice also makes the use of standard competitive bid procedures impractical and/or impossible.

The primary access road to the Beaver Creek Dam and Reservoir, owned by the USFS, was severely damaged in two locations during the 2017 storms and was impassable until late April after NCPA in partnership with SPI constructed two, USFS approved, temporary bypasses. The road remains closed to the public. The bypasses were completed May 15th and certified by the USFS to carry the large equipment NCPA intends to use to accomplish the Project. Again, the previously uncertain, and quickly changing access conditions affected when NCPA can bring in one or more contractors to begin the Project, also making the use of competitive bid procedures difficult.

NCPA intends to conduct a value-based competitive bid process with invited and reliable local contractors who already have existing General Services Agreements with NCPA. It is anticipated that the invitation list will be limited to those contractors which were recently pre-qualified for the Adit 4 Spoils Facility Repair Public Works Contract and which were, as well, the three lowest received bids. A relatively small portion of the work is anticipated to be conducted by a specialized suction dredging contractor which will either be retained as a subcontractor to the selected general contractor or contract directly with NCPA. All contracts will be structured such as to maintain control over the ultimate amount of material to be removed as the work progresses. Staff will utilize the detailed breakdown of the 2006/2008 dredging costs as a comparative baseline in the bid review process. Furthermore, NCPA staff will require each of the three companies to provide competitive proposals, although not in the method used as part of the standard public works bid process. Furthermore, the contracts with these firms will include appropriate protections for NCPA and the public which are part of a standard public works contract. Therefore, the public interest will be served by using firms which have previously participated in a standard competitive bid process, will be part of a competitive process for this Project, and will be subject to appropriate standard public works contract provisions. Furthermore, the scope of work is not presently known due to a currently submerged work area, unspecified disposal sites, and unknown permit conditions, making it impossible to prepare defined project specifications and to fairly administer a public works bidding process. Therefore, engaging in a standard public works bid process is impractical, if not impossible; public interest, including environmental protections, will be best served by engaging in this alternative competitive process.

ENVIRONMENTAL ANALYSIS:

CEQA Guidelines section 15269 states that a project is exempt from CEQA review when the project is to "repair, restore, ... or replace property or facilities damaged or destroyed as a result of a disaster in a disaster stricken area in which a state of emergency has been proclaimed by the Governor...." Also exempt are: "specific actions necessary to prevent or mitigate an emergency."

The Dam was rendered completely inoperable due to the 2017 storms. The Dam and Reservoir are each located in counties declared to be disaster-stricken by both the Governor and the federal government. Without the Project, NCPA may not be able to meet the various regulatory environmental requirements relating to stream flows and other matters dependent on proper operation of the Dam and Reservoir. While the emergency classification exempts the Project from CEQA, all other environmental permit requirements remain in force with agency-specific emergency provisions with which NCPA must comply.

Staff initiated consultation with the below listed agencies with jurisdiction over the proposed action:

- United States Army Corps of Engineers (ACOE)
- California Department of Fish and Wildlife (CDFW)
- Regional Water Quality Control Board (RWQCB)
- State Water Quality Control Board (SWQCB)
- United States Fish and Wildlife (USFWS)
- Federal Environmental Protection Agency (EPA)
- State Office of Historical Preservation (SOHP)
- United States Forest Service (USFS)
- California Division of Safety of Dams (DSOD)
- Federal Energy Regulatory Commission (FERC)
- Sierra Pacific Industries (SPI)

At this point, of the above agencies, the USFS, SPI, and FERC have yet to issue permits for the Project.

FISCAL IMPACT:

Annual average hydroelectric generation attributable to the Beaver Creek Dam is approximately \$1,700,000.

The Project is currently estimated to be \$1,000,000. The detailed scope and corresponding cost is under development with the remaining uncertainties being:

- Sediment volumes and type deposited
- Contractor availability and pricing
- Final USFS approval of temporary bypass repairs to the Beaver Creek Access Road
- Locations of sediment disposal site(s)
- Water flow rates passing through the site during the work timeframe
- Final agency permit conditions

If the projected Project costs increase as the work proceeds, staff will return to the Commission for additional authorizations as may be necessary.

In February 2017, the NCPA Commission passed Resolution 17-16 finding and declaring a state of emergency with respect to the NCPA Calaveras Hydroelectric Generation Project and authorizing the General Manager to take such steps as necessary to obtain funds to maintain, repair, restore, or replace the project. Staff has notified the Federal Emergency Management Agency (FEMA) and NCPA's insurance broker of the 2017 loss. In similar Beaver Creek storm-related sedimentation historical losses, NCPA received FEMA reimbursements due to the 2006

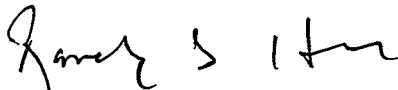
flood incident, but not due to the 1997 incident. FEMA requires that the applicant demonstrates that it first pursue insurance reimbursement prior to FEMA providing funding. NCPA's insurance broker is currently reviewing the loss to determine if it is covered and to provide an overall recommendation. If the claim were to be covered, the deductible would be \$500,000.

To date, \$550,000 has been collected for Beaver Creek Sediment removal as part of ongoing Hydroelectric Project Capital Development Reserve funding. An additional \$125,000 is proposed for collection as part of the FY18 budget, resulting in a total of \$675,000 available after July 1, 2017. Remaining needed funds are proposed to be drawn from the McKays Cleanout Capital Development Reserve Account and/or the Hydroelectric Project Maintenance Reserve Account. Both funds can be refunded by FEMA or insurance reimbursements if they ultimately materialize.

COMMITTEE REVIEW:

The recommendation above was reviewed by the Facilities Committee on May 3, 2017 and was recommended for Commission approval.

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachments: (1)

- Resolution

RESOLUTION 17-44

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY DELEGATING TO THE GENERAL MANAGER AUTHORITY TO ENTER INTO ONE OR MORE AGREEMENTS NOT-TO-EXCEED \$1,000,000 FOR REPAIR, RESTORATION, AND/OR REPLACEMENT OF PORTIONS OF THE BEAVER CREEK RESERVOIR AND RELATED FACILITIES AT THE NCPA HYDROELECTRIC PROJECT

(reference Staff Report #159:17)

WHEREAS, the Northern California Power Agency (NCPA) operates and maintains the Beaver Creek Reservoir and related facilities on behalf of the project participants in the North Fork Stanislaus River Hydroelectric Development Project; and

WHEREAS, the Hydroelectric Facility's Beaver Creek Reservoir has received debilitating volumes of sediments and debris during the January and February 2017 unusually heavy storms; and

WHEREAS, the Beaver Creek Reservoir is currently inoperable, and requires immediate sediment removal and related work to ensure its safe and environmentally compliant operation, to re-establish the functionality of the Reservoir and related facilities, and to have the ability to reliably generate hydropower with available water supplies; and

WHEREAS, water diversion from Beaver Creek Reservoir provides critical and substantial generation volumes and capacity; and

WHEREAS, the Commission on February 23, 2017, declared an Emergency for all January 2017 storm related damages; and

WHEREAS, significant work needs to be performed for the repair, restoration and/or replacement of portions of the Reservoir and related facilities; and

WHEREAS, the exact scope of the work to be performed cannot be determined until initial dredging and de-watering of the Reservoir is completed; and

WHEREAS, the Army Corps of Engineers has issued an emergency RPG-8 permit for dredging and related activities and that permit requires work to begin within seven days of the permit's issuance and, without that permit, the work could not be performed for another one to two years; and

WHEREAS, NCPA will contract with one or more contractors which successfully completed a pre-qualification process for other construction work at the Hydro Facility and were the three lowest bidders on the other construction project; and

WHEREAS, the urgency for the work to be initiated immediately, the unanticipated need for the work, the unknown precise scope of the work, and the use of prequalified, competitive contractors in a competitive process support and the other factors set forth in the staff report support NCPA determining that the public interest is best served by engaging in the alternative competitive process outlined in the staff report; and

WHEREAS, this Project is exempt from CEQA under Regulation 15269 relating to emergencies; and

WHEREAS, the Commission finds that immediate action is required to mitigate the impairment of essential public services; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager to enter into one or more agreements, with a total not-to-exceed for all agreements of \$1,000,000 for repair, restoration and/or replacement of portions of the Beaver Creek Reservoir and related facilities at the NCPA Hydroelectric Project.

PASSED, ADOPTED and APPROVED this _____ day of _____, 2017 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	_____	_____	_____

BOB LINGL
CHAIR

ATTEST: CARY A. PADGETT
ASSISTANT SECRETARY



26

Commission Staff Report

Date: May 15, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: Meyers Nave Three Year Legal Services Contract for Assistant General Counsel and Special Counsel Services

AGENDA CATEGORY: Discussion/Action

FROM: Jane E. Luckhardt

General Counsel

Division: Executive Services

Department: General Manager

METHOD OF SELECTION:

Competitive Pricing Process

IMPACTED MEMBERS:

All Members ☒

City of Lodi ☐

City of Ukiah ☐

Alameda Municipal Power ☐

City of Lompoc ☐

Plumas-Sierra REC ☐

Bay Area Rapid Transit ☐

City of Palo Alto ☐

Port of Oakland ☐

City of Biggs ☐

City of Redding ☐

Truckee Donner PUD ☐

City of Gridley ☐

City of Roseville ☐

Other ☐

City of Healdsburg ☐

City of Santa Clara ☐

If other, please specify.

RECOMMENDATION:

Approve Resolution 17-46 authorizing the General Manager or his designee to enter into a Legal Services Contract with Meyers, Nave, Riback, Silver & Wilson (Meyers Nave) for legal services in connection with special counsel and Assistant General Counsel services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$750,000 over three years.

BACKGROUND:

Legal expertise and services are essential to the success of NCPA and will be integrated and coordinated across the Agency's various divisions by its in-house General Counsel. NCPA has historically hired various specialized attorneys on an as-needed basis. NCPA anticipates the need to supplement the services provided by its General Counsel with specialized external legal services and will do so in furtherance of the Strategic Plan goals to control costs and minimize risks while maximizing the value of assets. Meyers Nave has provided legal services to NCPA for over 12 years.

FISCAL IMPACT:

Services pursuant to this contract are on an hourly basis. Legal services are budgeted and approved by NCPA as part of each year's annual budget and charged to the programs or projects receiving the services. Approximately \$450,000 of legal services was approved in the FY 2017 budget. The current rate charged by Meyers Nave for assistant general counsel services is \$340 which is proposed to increase to \$390 as of July 1, 2017. With the addition of in-house General Counsel, however, it is estimated that a savings in the cost of Assistant General Counsel and specialized legal services will be realized.

SELECTION PROCESS:

A Request for Qualifications and Proposals was dispatched to potentially qualified firms and individual attorneys on November 4, 2016, which included specialized areas of law of human relations, benefits, labor laws, bankruptcy, water rights, real estate law, environmental law, and other specialties as needed. In addition, the RFQ included requirements for general counsel services. Meyers Nave submitted a proposal responsive to all areas of law. Meyers Nave was selected as a result of this formal bidding process which was done in accordance with NCPA's procurement policies and procedures. Proposers were evaluated based first on qualifications and second on the fee proposals submitted.

ENVIRONMENTAL ANALYSIS:

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

Respectfully submitted,

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

RANDY S. HOWARD
General Manager

Attachments: (2)

- Resolution No. 17-46
- Legal Services Contract between Meyers Nave and NCPA

RESOLUTION 17-46

**RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY
APPROVING A THREE YEAR LEGAL SERVICES CONTRACT WITH
MEYERS, NAVE, RIBACK, SILVER & WILSON**

(reference Staff Report #162:17)

WHEREAS, legal expertise and services are essential to the success of the Northern California Power Agency (NCPA) and will be integrated and coordinated across the Agency's various divisions by its in-house General Counsel; and

WHEREAS, NCPA anticipates the need to supplement the services provided by its General Counsel with specialized external legal services and will do so in furtherance of the Strategic Plan goals to control costs and minimize risks while maximizing the value of assets; and

WHEREAS, Meyers Nave provides both specialized legal services and has experience providing assistant general counsel services, having provided legal services to NCPA for over 12 years; and

WHEREAS, NCPA issued a Request for Qualifications and Proposals on November 4, 2016. After review by the selection committee, Meyers Nave was chosen to provide assistant general counsel services and specialized services on an as-needed basis; and

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

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager or his designee to enter into a Legal Services Contract with Meyers, Nave, Riback, Silver & Wilson (Meyers Nave) for legal services in connection with special counsel and Assistant General Counsel services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$750,000 over three years.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2017 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

BOB LINGL
CHAIR

ATTEST: CARY A. PADGETT
ASSISTANT SECRETARY

LEGAL SERVICES CONTRACT

1. **Scope of Engagement.** Meyers, Nave, Riback, Silver & Wilson (hereafter "we" or "Meyers Nave") will provide the legal services reasonably required to represent and advise Northern California Power Agency (hereafter "you" or "NCPA") in connection with special counsel services, as requested by you and agreed to by us. Such services may relate to areas of public law (e.g., Brown Act, conflicts of interest, the California Public Records Act, joint powers agencies), public contracting and public works issues, labor and employment issues, energy regulatory issues and other areas as requested.

2. **Fees and Personnel.** As compensation for our services, our fees will be based on our current standard billing rate for the personnel performing services under this agreement at the time such services are rendered. Our billing rates for attorneys and paralegals are attached as Attachment 1.

Ruthann G. Ziegler will be the Principal in charge of representing your interests; her time will be billed at \$390/hour. Ms. Ziegler shall also serve as Assistant General Counsel to NCPA. Other attorneys who may be providing services to NCPA include Nick Norvell, Mary McKenzie, Jesse Lad and Spencer Wilson. If other attorneys and/or paralegals are assigned to work on your matter, the then current hourly rates of those individuals will be utilized. This agreement retains the legal services of our law firm and not of a particular attorney. Our hourly rates will increase as of July 1, 2018, and each July 1 annually thereafter by the greater of 3% or the CPI increase for the San Francisco-Oakland area over the prior 12 month period, rounded to the nearest five dollar increment.

3. **Disbursements and Expenses.** In addition to hourly fees, we may incur out-of-pocket expenses related to your representation. Our Statement of Fee and Billing Information, which sets forth the details of our disbursement and expense policy, is attached as Attachment 2.

4. **Billing and Payment Responsibilities.** We will send monthly statements which are due within 30 days of receipt. If you have any questions about an invoice, please promptly telephone or write me so that we may discuss these matters. Our Statement of Fee and Billing Information sets forth the details of our fee and billing policy.

5. **Term of Agreement.** The term of this Agreement is through and including June 30, 2020; the term may be extended by mutual written agreement.

6. **Termination of Services.** In addition to Section 5 hereof, the parties may terminate this Agreement as set forth herein.

You may terminate our services at any time by written notice. After receiving such notice, we will cease providing services. We will cooperate with you in the orderly transfer of all related files and records to your new counsel.

We may terminate our services at any time with your written consent or for good cause. Good cause exists if: (a) any statement is not paid within 60 days of its date; (b) you fail to meet any other obligation under this agreement and continue in that failure for 15 days after we send written notice to you; (c) you have misrepresented or failed to disclose material facts to us,

refused to cooperate with us, refused to follow our advice on a material matter, or otherwise made our representation unreasonably difficult; or (d) any other circumstance exists in which ethical rules of the legal profession mandate or permit termination, including situations where a conflict of interest arises. If we terminate our services, you agree to execute a substitution of attorneys promptly and otherwise cooperate in effecting that termination.

Termination of our services, whether by you or by us, will not relieve the obligation to pay for services rendered and costs incurred before our services formally ceased.

7. Insurance. During the term of this engagement, we shall take out and maintain general liability and property damage insurance in amounts not less than \$1,000,000; professional errors and omissions insurance, in amounts not less than \$2,000,000 per occurrence; and \$4,000,000 aggregate, which insurance may not be canceled or reduced in required limits of liability unless at least ten days advance written notice be given to you.

8. No Guarantee of Outcome. Any comments made by us about the potential outcome of this matter are expressions of opinion only and are not guarantees or promises about any outcome or results.

9. Dispute Resolution. In the event you become dissatisfied with any aspect of our relationship, we encourage you to bring such concerns to our attention immediately. If we are unable to resolve any dispute, either arising out of or in connection with this Agreement or relating to the services performed by our firm or any of its attorneys, to our mutual satisfaction, our firm will first comply with any mandatory dispute resolution procedures that may apply to any such dispute.

If we are unable to resolve any dispute, and after mandatory dispute resolution procedures have been waived or exhausted, the parties shall submit such dispute to final and binding arbitration in Sacramento County, California before the American Arbitration Association, pursuant to its then prevailing rules, unless the parties agree in writing to a different arbitration method or forum.

By signing this agreement, you acknowledge and agree that you have read and understand this arbitration provision. You understand that by agreeing to arbitration we each give up the right to present our claims or defenses for trial by a judge or jury, and we also give up the right to an appeal. The initial resort to the courts by either party shall not be considered a waiver of that party's right to compel binding arbitration under this provision. This agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws.

10. Document Retention. In the course of the our representation of NCPA, you may provide us with and we may obtain documents that are relevant to the representation. Some of those documents may be important to you; to minimize confusion we find that it is useful for us to communicate our Document Retention Policy. Meyers Nave is committed to using less paper and eliminating unnecessary copies of documents. This helps us manage information, helps the environment and helps us control costs. The materials pertaining to this matter belong to you and you may access them or have duplicates provided to you at any time during your representation with the exception of certain Meyers Nave firm and accounting information. At the conclusion of

this matter, no further representation will be provided and we recommend that you make arrangements to retrieve all original documents.

It is the our general policy that we maintain records for a period of ten (10) years after conclusion of the matter although, due to certain practical considerations, that is not always possible. Additionally, while we take steps to ensure that all records are held in strict confidence and maintained in a secure location, we cannot guarantee that something beyond our control will not occur resulting in damage to client records.

Thus, if in the course of our representation you provide us with original documents that you consider important or desire to keep, we recommend: first, you inform us in writing that the documents are important and, second, we ask that you take immediate possession of such documents upon the conclusion of our representation. If we do not hear from you, we will generally retain only the documents and materials pertaining to this matter which we designate as vital for a period of ten years. After that time, such documents will be destroyed unless, before that time, you notify us in writing that you wish to take possession of them.

11. Entire Agreement; Full Understanding; Modifications in Writing. This letter contains our entire agreement about our representation, and replaces in full any prior writings concerning legal representation. Any modifications or additions to this letter agreement must be made in writing.

12. Joint Representation. Our firm maintains of counsel agreements with certain attorneys. Because these individuals are deemed independent contractors under the applicable provisions of the tax laws and not employees of the firm, it is necessary that you consent to dual representation by the firm and the "of counsel" in the event the matter which you have engaged us to handle requires the use of that attorney. This arrangement has no effect whatsoever on the cost of your legal services, rather it is an ethical requirement that we disclose this fact and that you consent. You are consenting by signing this letter.

13. Conflicts. Our firm represents many public agencies in California, Nevada and Arizona. Since 1986, we have represented over seven hundred public clients, including numerous cities, redevelopment agencies, special districts, counties and other public entities, and we are accepting new engagements all the time. It is virtually inevitable that we will work on projects from other clients having different governmental or political objectives, beliefs or views from NCPA.

Meyers Nave performs a variety of professional services for its public sector clients and it is possible that we will represent public agency clients which are adverse to NCPA on other matters. To avoid potential problems, you agree that you expressly waive any actual or potential conflicts that might arise from such representation, that you will not attempt to disqualify Meyers Nave on such matters, and that our firm is free to represent its clients on such matters.

By signing this letter and returning it to us, you acknowledge that we have discussed these matters and you confirm that NCPA does not object to our representation of clients on matters where their legal, governmental or political objectives and/or positions may be different from or adverse to those of NCPA, and that NCPA waives any conflict of interests with respect to our representation of such clients with differing legal, governmental or political interests. You

further confirm that NCPA will not assert any conflict of interest concerning such representation or attempt to disqualify this firm from representing such clients notwithstanding such adversity. While you would certainly be free to terminate our relationship, you agree that this firm nonetheless would be free to represent such clients even on those matters which you consider adverse, and that you waive any conflict of interest in connection therewith. This conflict waiver does not allow and NCPA has not consented to Meyers Nave representing other clients in any action directly adverse to NCPA, including but not limited to litigation, arbitration, or administrative proceedings.

These acknowledgments do not permit our firm to represent another client in opposing the specific project for which you engage us without your specific written consent. You may wish, and we encourage you, to consult legal counsel regarding the effect of this conflict waiver.

NORTHERN CALIFORNIA POWER AGENCY

MEYERS, NAVE, RIBACK, SILVER
& WILSON

Date _____

Date _____

Randy S. Howard, General Manager

Ruthann G. Ziegler, Principal

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Jane Luckhardt, General Counsel

c: Billing Department
 Conflicts Department

Enclosures: Attachments 1 and 2

ATTACHMENT 1

**MEYERS, NAVE, RIBACK, SILVER & WILSON
RATE SHEET**

Billing Personnel	Hourly Rate
Principals	\$325-\$440
Of Counsel	\$290-\$400
Associates	\$210-\$315
Paralegals	\$160-\$210
Law Clerks	\$130-\$170

Our rates adjust as of July 1 of each calendar year, by the greater of 3% or the CPI increase for the San Francisco-Oakland area over the prior 12 month period, rounded to the nearest five dollar increment.

ATTACHMENT 2

MEYERS, NAVE, RIBACK, SILVER & WILSON STATEMENT OF FEE AND BILLING INFORMATION

The following is a general description of our fee and billing policies. These general policies may be modified by the specific engagement letter or agreement to which this summary is attached.

Professional Fees. Our fees for professional services are based on the fair value of the services rendered. To help us determine the value of our services, our attorneys and paralegals maintain time records for each client and matter. Our attorneys and paralegals are assigned hourly rates which are based on years of experience, specialization, training and level of professional attainment. We adjust our rates periodically (usually at the beginning of each year) to take into account inflation and the increased experience of our professional personnel.

To keep professional fees at a minimum, legal work that does not require more experienced attorneys will be performed, where feasible, by attorneys with lower billing rates. Of course, the quality of the work is paramount, and we do not sacrifice quality to economy.

Before undertaking a particular assignment, we will, if requested, provide you with a fee estimate to the extent possible. Estimates are not possible for some matters, however, and cannot be relied on in many others because the scope of our work will not be clear at the outset. When a fee estimate is given, it is only an estimate; it is not a maximum or minimum fee quotation. The actual fee may be more or less than the quoted estimate.

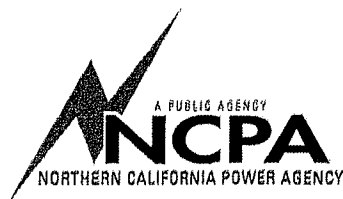
Billing And Payment Procedures. Unless other arrangements are made at the time of the engagement, invoices will be sent monthly. Invoices for outside services exceeding \$100 may be billed separately. Occasionally, however, we may defer billing for a given month or months if the accrued fees and costs do not warrant current billing or if other circumstances would make it appropriate to defer billing.

Our invoices contain a brief narrative description of the work performed; if requested, the initials of the attorney who performed the work will appear on the statement. The invoice will include a line item reflecting in-house administrative costs. The firm's in-house administrative costs include, but are not limited to, duplicating, facsimile charges, telephone charges, E-mail, postage, mileage and other administrative expenses.

The firm will be reimbursed for all outside services incurred in the course of providing legal services to our client(s). Outside services will include, but are not limited to, all third-party expenses, delivery charges, travel expenses, outside research services, filing fees, expert witness and expert consultant fees. To defray the firm's costs for administering these services, there will be an additional cost advance charge of 2% for all outside services of \$100 or more.

If you have any questions regarding an invoice, the Finance Director or Executive Director is available to answer your questions. For any unresolved matters, the Bar Association has an arbitration mechanism that can be used to resolve such matters.

Late Payments. Statements for services are payable upon presentation and, in all events, within thirty (30) days after receipt. Occasionally a client has difficulty in making timely payments. To avoid burdening those clients who pay their statements promptly with the added costs we incur as a result of late payments, a late charge will be assessed on statements not paid within thirty (30) days. The maximum monthly late payment charge will be 1.5% per month. In the unlikely event we are required to institute legal proceedings to collect fees and costs, the prevailing party will be entitled to reasonable attorneys' fees and other costs of collection.



Commission Staff Report

May 16, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: Provision of Services to the Sierra Valley Energy Authority

AGENDA CATEGORY: Discussion/Action

FROM:	David Dockham <i>D. Dockham</i>	METHOD OF SELECTION:
	AGM, Power Management	N/A
Division:	Power Management	<i>If other, please describe:</i>
Department:	Industry Restructuring	

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"/>	<i>If other, please specify.</i>
<hr/> <hr/>		

RECOMMENDATION:

NCPA staff recommends that the Commission approve and authorize: (i) NCPA to engage in negotiations with Sierra Valley Energy Authority to develop a Services Agreement under which NCPA may supply certain scheduling and portfolio management services to Sierra Valley Energy Authority, and (ii) delegated authority to the General Manager of NCPA to negotiate the amount of compensation to be charged to Sierra Valley Energy Authority for NCPA's provision of Services within a defined range, as further set forth herein.

BACKGROUND:

The County of Placer, and other signatory participants, have previously formed the Sierra Valley Energy Authority, a Joint Powers Agency, to perform certain functions, including, but not limited to, establishing and managing a Community Choice Aggregation (CCA) program within the County of Placer. The Sierra Valley Energy Authority has expressed an interest in taking certain scheduling and portfolio management services from Northern California Power Agency (NCPA). It is forecasted that Sierra Valley Energy Authority may serve a significant portion of the load located in the County of Placer, excluding load currently served by the City of Roseville.

SERVICES:

In response to Sierra Valley Energy Authority's request, NCPA staff are seeking Commission approval and authorization to engage in active negotiations with the Sierra Valley Energy Authority, to develop a Services Agreement under which NCPA may supply certain scheduling and portfolio management services to Sierra Valley Energy Authority. NCPA staff have developed a draft Services Agreement that contains baseline terms and conditions NCPA will use in negotiations with Sierra Valley Energy Authority. The Services Agreement includes a defined scope of services; scheduling services, control center services, and portfolio management and optimization services. NCPA is not seeking Commission approval of the Services Agreement at this time; rather, NCPA is seeking authorization from the Commission to engage in active negotiations with Sierra Valley Energy Authority based upon the baseline terms and conditions contained in the draft Services Agreement. The key terms and conditions contained in the draft Services Agreement are: an initial term of two (2) years, a defined scope of services, provisions to limit NCPA's liability, compensation, and various credit and collateralization requirements for Sierra Valley Energy Authority.

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

FISCAL IMPACT:

To develop a proposed amount of compensation NCPA would receive for its provision of services to Sierra Valley Energy Authority, NCPA staff have developed an estimated cost of service using the NCPA Power Management Cost Allocation Spreadsheet Model (commonly known as the "Nexant Model") as a reference. The estimated cost of service developed using the Nexant Model is based on a set of modeling assumptions that were presented to and reviewed by the Facilities Committee, including direction provided by the Facilities Committee to allocate certain directly assigned costs in proportion to how such costs are allocated in the model. As part of NCPA's negotiation with Sierra Valley Energy Authority, NCPA staff recommends that the Commission delegate authority to the General Manager of NCPA to negotiate an amount of compensation for services attributed to regular operations within the following ranges:

- Year One (1) of Term: \$412,250 - \$557,750
- Year Two (2) of Term: \$437,750 - \$592,250

In addition to compensation for services attributed to regular operations, NCPA staff also recommends that the Commission delegate authority to the General Manager of NCPA to incorporate an integration charge into NCPA's offer made to Sierra Valley Energy Authority, that would be separately stated, and may or may not be included in the regular operations negotiating range stated above if such is deemed appropriate by the General Manager, based on estimated costs associated with integrating Sierra Valley Energy Authority into NCPA's business processes.

NCPA's administrative costs for development of a Services Agreement with Sierra Valley Energy Authority will be allocated to members in accordance with approved cost allocation methodologies as described 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 was reviewed by the Facilities Committee on May 17, 2017. No formal action was taken by the Facilities Committee on May 17, 2017, however, the committee members who were present at the meeting voiced their support for the recommendation stated herein, and no other meeting attendees had any objections.

Respectfully submitted,

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

RANDY S. HOWARD
General Manager

Attachments: 2

RESOLUTION 17-50

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY PROVISION OF SERVICES TO THE SIERRA VALLEY ENERGY AUTHORITY

(reference Staff Report #166:17)

WHEREAS, the County of Placer, and other signatory participants, have previously formed the Sierra Valley Energy Authority, a Joint Powers Agency, to perform certain functions, including, but not limited to, establishing and managing a Community Choice Aggregation (CCA) program within the County of Placer; and

WHEREAS, the Sierra Valley Energy Authority has expressed an interest in taking certain scheduling and portfolio management services from Northern California Power Agency (NCPA), and it is forecasted that Sierra Valley Energy Authority may serve a significant portion of the load located in the County of Placer, excluding load currently served by the City of Roseville; and

WHEREAS, in response to Sierra Valley Energy Authority's request, NCPA staff are seeking Commission approval and authorization to engage in active negotiations with the Sierra Valley Energy Authority, to develop a Services Agreement under which NCPA may supply certain scheduling and portfolio management services to Sierra Valley Energy Authority; and

WHEREAS, NCPA staff have developed a draft Services Agreement that contains baseline terms and conditions NCPA will use for engaging in negotiations with Sierra Valley Energy Authority; and

WHEREAS, the key terms and conditions contained in the draft Services Agreement are: an initial term of two (2) years, a defined scope of services, provisions to limit NCPA's liability, compensation, and various credit and collateralization requirements for Sierra Valley Energy Authority; and

WHEREAS, to develop a proposed amount of compensation NCPA would receive for its provision of services to Sierra Valley Energy Authority, NCPA staff have developed an estimated cost of service using the NCPA Power Management Cost Allocation Spreadsheet Model (commonly known as the "Nexant Model") as a reference; and

WHEREAS, NCPA's administrative costs for development of a Services Agreement with Sierra Valley Energy Authority will be allocated to members in accordance with approved cost allocation methodologies as described the NCPA annual budget; and

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

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency approves and authorizes: (i) NCPA to engage in negotiations with Sierra Valley Energy Authority to develop a Services Agreement under which NCPA may supply certain scheduling and portfolio management services to Sierra Valley Energy Authority, and (ii) delegate authority to the General Manager of NCPA to negotiate the amount of compensation to be charged to Sierra Valley Energy Authority for NCPA's provision of Services within a defined range as further set forth in Staff Report 166:17.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2017 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	_____	_____	_____

BOB LINGL
CHAIR

ATTEST: CARY A. PADGETT
ASSISTANT SECRETARY

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SERVICES AGREEMENT
BETWEEN
NORTHERN CALIFORNIA POWER AGENCY
AND
SIERRA VALLEY ENERGY AUTHORITY

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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 Sierra Valley Energy Authority, a joint powers agency of the State of California ("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 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.

1.3 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:

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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,

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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

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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.

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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

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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 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.

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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 _____, 20__ (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 Liability.

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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 Twenty-million in single combined limits 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.

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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

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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.

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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

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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

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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.

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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

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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

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next monthly 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

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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

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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

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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

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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.

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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

Customer:
Jenine Windeshausen
Treasurer-Tax Collector
County of Placer
2976 Richardson Dr.
Auburn, CA 95603

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

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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

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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.

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

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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 one hundred and eighty (180) days prior written notice provided to the other Party.

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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

Sierra Valley Energy Authority

RANDY S. HOWARD, General Manager

Attest:

Assistant Secretary of the Commission

Approved as to Form:

General Counsel

Attest:

Approved as to Form:

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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, if any, to Customer's newly registered and formed Scheduling Coordinator portfolio.

1.1.3 Development and submission of schedules and Bids for Customer's loads, 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, if any, 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.

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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 pursuant 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.

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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 loads and resources.

3.1.3 Performing 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.

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3.1.8 Perform load forecasting and provide accurate real time, hour ahead, day ahead, week ahead, and month ahead load forecasts to Customer.

3.1.9 Provide monthly forecast reconciliation report comparing forecast to actual electric usage, and update forecasting models, as required, to reduce systematic forecasting errors.

3.1.10 Submit Congestion Revenue Rights nominations and bids, and provide quarterly effectiveness reports.

Section 4. Information Requirements

4.1 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:

4.1.1 Meter Data. Customer shall provide NCPA access to settlement quality meter data from loads and 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.

4.1.2 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"), and (iii) Real-time telemetry and recording devices.

4.1.3 Scheduling and Operating Procedures. Customer shall prepare written scheduling procedures ("Scheduling Procedures") and operating procedures ("Operating Procedures") related to Customer loads and 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.

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Section 5. Supplemental Services in Accordance with Task Order Process

5.1 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 F ("Task Order Process").

5.2 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 6. 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

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performed by NCPA prior to the date on which specific Services shall be supplied by NCPA for a specific Customer generating resource.

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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 _____ for Services rendered during the first one (1) year period in which NCPA is supplying Services to Customer; more specifically, the first one (1) year period shall begin on the Effective Date, and shall continue through _____, 20___. 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 ___% per year. Such annual amount shall be billed to Customer in twelve (12) equal monthly installments, in accordance with Section 8 of this Agreement.

Section 2. Supplemental Services

2.1 Pursuant to Section 5 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"):

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SUPPLEMENTAL SERVICES 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

This wage schedule may be amended from time to time by NCPA as its costs of labor increase, 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 Customer of any such amendment prior to charging any increased rate.

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APPENDIX C

SCHEDULING PROCEDURES

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

RESERVED FOR ATTACHMENT OF SCHEDULING PROCEDURES

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APPENDIX D

OPERATING PROCEDURES

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

RESERVED FOR ATTACHMENT OF SCHEDULING PROCEDURES

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APPENDIX E

CUSTOMER RESOURCES

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

LIST OF RESOURCES (RESOURCE NAME AND RESOURCE ID)

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APPENDIX F

TASK ORDER PROCESS

Pursuant to Section 5 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 F.

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 F ("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 Supplement 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

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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

Dated As: _____
Date of Completion: _____

Customer Information:

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

Task Details

Additional Notes:

[Customer Designated Representative]