



# Commission Staff Report - *DRAFT*

February 5, 2018

**COMMISSION MEETING DATE:** February 22, 2018

**SUBJECT:** Authorizing and Approving the Issuance of up to \$80 Million Hydroelectric Project Number One Revenue Bonds, Series 2018 Refunding Series A (tax-exempt) and \$4 Million Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B

**AGENDA CATEGORY:** Discussion/Action

<b>FROM:</b>	Monty Hanks Assistant General Manager/CFO	<b>METHOD OF SELECTION:</b>  <i>Other</i>
<b>Division:</b>	Administrative Services	<i>If other, please describe:</i>
<b>Department:</b>	Accounting & Finance	

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

Staff is recommending the Commission approve Resolution 18-XX which is authorizing and approving the issuance of up to \$80 million of fixed rate Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A (tax-exempt) and up to \$4 million fixed rate Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series B (taxable) and delegates the General Manager and other NCPA officials the authority to execute related legal documents needed to issue these bonds.

## **BACKGROUND:**

### *Policy and RFP*

The NCPA Finance Committee, NCPA staff and the Agency's financial advisors carefully monitor the bond market for potential opportunities to refinance NCPA bonds for debt service savings. According to NCPA's *Debt and Interest Rate Management Policy*, a target of 5% net present value (NPV) savings is desired before considering a bond refunding. In October 2017, a Request for Proposals was issued to over a dozen investment banks seeking a potential refunding of the 2008 Hydroelectric Bonds, Series C (2008C bonds). Upon evaluation of the various proposals, Citigroup (Citi) offered the best approach and understanding of this transaction with Goldman Sachs being a close second. The Finance Committee directed staff to move forward with the refunding using Citi as the lead Underwriter (UW) and Goldman Sachs as co-manager.

### *Outstanding Bonds to be Refunded*

The 2008C bonds were originally issued in the aggregate principal amount of \$128,005,000 for the purpose of refinancing Hydroelectric Project Number One Revenue Bonds, 2002 Refunding Series A, 2002 Refunding Series B, 2003 Refunding Series A, and 2003 Refunding Series B. As of today, \$77,130,000 of the 2008C bonds remains outstanding. The 2018 Series A&B refunding bonds are being issued for the purpose of providing funds to redeem the 2008C bonds on or about July 1, 2018 and pay costs of issuance (COI) of this transaction. In addition, the 2008C bonds carry transferred proceeds related to the refunding of the prior bond series and is subject to a proceeds-to-proceeds restriction which is limited to the par amount of the refunded bonds (\$77,130,000). The 2018 Series B Taxable bonds has to cover the remainder of the required uses (i.e., purchase of the escrow securities, COI and UW discount) in addition to any transferred proceeds penalty (approximately \$325,000).

### *Documents for Approval*

To complete the bond refunding, the Commission will be required to approve Resolution 18-XX authorizing and approving the issuance of the refunding bonds and related documents including the following:

1. Preliminary Official Statement (POS);
2. Twenty-Fourth Supplemental Indenture (tax-exempt);
3. Twenty-Fifth Supplemental Indenture (taxable);
4. Escrow Deposit Agreement;
5. Bond Purchase Contract; and
6. And other related documents

Draft copies of these documents are attached to this report. Upon approval by the Commission, pricing of the refunding bonds will occur around the first week of April with the bond closing shortly thereafter.

### **FISCAL IMPACT:**

With the passage of SB450, the following details of the refunding must be disclosed prior to authorization of the bonds. The numbers reflect rates as of January 31, 2018.

Estimated Amount of Proceeds:	\$79,243,180
Estimated True Interest Cost:	2.064%
Estimated Cost of Issuance:	\$425,259
Estimated Sum of Debt Service Payments:	\$85,193,345

Estimated NPV savings over the current debt service is approximately \$7.4 million or 9.64% of refunded bonds through final maturity in 2024. The estimated average annual debt service savings for a full bond year is over \$1.28 million. The breakdown of cost allocation per Participant for debt service savings (net of all fees) is shown below:

Participant	Entitlement Percentage	Estimated NPV Savings	Est. Annual Debt Service Savings <sup>[1]</sup>
Alameda	10.00%	\$ 743,697	\$ 128,425
Biggs	0.10%	\$ 7,437	\$ 1,284
Gridley	1.06%	\$ 78,832	\$ 13,613
Healdsburg	1.66%	\$ 123,454	\$ 21,319
Lodi	10.37%	\$ 771,213	\$ 133,177
Lompoc	2.30%	\$ 171,050	\$ 29,538
Palo Alto	22.92%	\$ 1,704,552	\$ 294,350
Roseville	12.00%	\$ 892,436	\$ 154,110
Santa Clara	35.86%	\$ 2,666,896	\$ 460,532
Ukiah	2.04%	\$ 151,714	\$ 26,199
Plumas-Sierra	1.69%	\$ 125,685	\$ 21,704
<b>Total</b>	<b>100.00%</b>	<b>\$ 7,436,965</b>	<b>\$ 1,284,250</b>

<sup>[1]</sup> Based on full bond year. Estimated savings through 7/1/2018 is approx. \$311,000

### **ENVIRONMENTAL ANALYSIS:**

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

### **COMMITTEE REVIEW:**

Pending.

Respectfully submitted,

RANDY S. HOWARD  
General Manager

Attachments:

1. Resolution 18-XX;
2. Preliminary Official Statement (POS);
3. Twenty-Fourth Supplemental Indenture (tax-exempt);
4. Twenty-Fifth Supplemental Indenture (taxable);
5. Escrow Deposit Agreement;
6. Bond Purchase Contract; and
7. And other related documents

## **RESOLUTION 18-XX**

### **RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY AUTHORIZING AND APPROVING THE ISSUANCE OF HYDROELECTRIC PROJECT NUMBER ONE REVENUE BONDS, 2018 REFUNDING SERIES A AND 2018 TAXABLE REFUNDING SERIES B; APPROVING THE SUPPLEMENTAL INDENTURES OF TRUST PURSUANT TO WHICH SUCH BONDS ARE TO BE ISSUED; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE, SECURING AND SALE OF SUCH BONDS; AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO**

**(reference Staff Report #xxx:18)**

**WHEREAS**, the Northern California Power Agency (“NCPA”) is a public entity duly organized and existing pursuant to the Amended and Restated Northern California Power Agency Joint Powers Agreement, dated as of January 1, 2008, as supplemented (the “Agreement”) and the provisions relating to the Joint Exercise of Powers Act constituting Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California; and

**WHEREAS**, NCPA is authorized pursuant to the provisions of the Agreement and the Act (capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture mentioned below) to acquire and construct, or cause to be acquired and constructed, and to operate or cause to be operated, a project within the State of California for the generation or transmission of electric energy (including a capacity right in such a project) and to sell the capacity and energy of such project; to enter into agreements with respect to any matters relating to the acquisition, construction and operation of such project and the sale of capacity and energy of such project; and to finance the acquisition, construction and operation of such project through the issuance of bonds, notes and other evidences of indebtedness under the Act; and to issue bonds to refund such bonds, notes or other evidences of indebtedness; and

**WHEREAS**, NCPA and Calaveras County Water District have entered into the Power Purchase Contract whereby CCWD has granted NCPA the right to the capacity and energy of the Project in exchange for, among other things, NCPA’s providing the funds necessary to construct the Project and NCPA’s construction and operation of the Project, all on the terms and conditions specified in the Power Purchase Contract; and

**WHEREAS**, NCPA and the cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Roseville, Santa Clara, and Ukiah and the Plumas-Sierra Rural Electric Cooperative (the “Project Participants”) have entered into the Agreement for Construction, Operation and Financing of the North Fork Stanislaus River Hydroelectric Development Project, dated as of September 1, 1982, as amended, to provide for the construction, operation, and financing of the Project, the sale by NCPA of capacity and energy of the Project to the Project Participants, and the security for the bonds, notes and other evidences of indebtedness to be issued to finance the Project; and

**WHEREAS**, pursuant to an Indenture of Trust (as the same may be amended and supplemented from time to time, the “Original Indenture”), dated as of March 1, 1985, between NCPA and U.S. Bank Trust National Association, as successor trustee (the “Trustee”), NCPA has authorized the issuance of its Hydroelectric Project Number One Revenue Bonds to finance the Cost of Acquisition and Construction of the Project or to refund any Outstanding Bond or Bonds; and

**WHEREAS**, pursuant to the Original Indenture, as amended and supplemented (the Original Indenture, as amended and supplemented, the “Indenture”) NCPA has issued its Hydroelectric Project Number One Revenue Bonds, 2008 Refunding Series C (the “2008 Series C Bonds”); and

**WHEREAS**, NCPA has determined to provide for the refunding all or a portion of the outstanding 2008 Series C Bonds as determined pursuant to this Resolution (the “Refunded Bonds”); and

**WHEREAS**, NCPA has determined to issue its Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A (the “2018 Series A Bonds”), for the purpose, among others, of providing a portion of the funds necessary to refund the Refunded Bonds; and

**WHEREAS**, the 2018 Series A Bonds are to be issued under and pursuant to the Indenture as supplemented by the Twenty-Fourth Supplemental Indenture of Trust by and between NCPA and the Trustee (such Twenty-Fourth Supplemental Indenture of Trust, in the form presented to this meeting with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the “Twenty-Fourth Supplemental Indenture”); and

**WHEREAS**, NCPA has determined to issue its Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B (the “2018 Series B Bonds” and, together with the 2018 Series A Bonds, the “2018 Series A and B Bonds”), for the purpose, among others, of providing a portion of the funds necessary to refund the Refunded Bonds; and

**WHEREAS**, the 2018 Series B Bonds are to be issued under and pursuant to the Indenture as supplemented by the Twenty-Fifth Supplemental Indenture of Trust by and between NCPA and the Trustee (such Twenty-Fifth Supplemental Indenture of Trust, in the form presented to this meeting with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the “Twenty-Fifth Supplemental Indenture”); and

**WHEREAS**, the 2018 Series A Bonds and the 2018 Series B Bonds are to be payable from and secured by a pledge and assignment of the Trust Estate on a parity with all other Bonds issued and Outstanding under the Indenture; and

**WHEREAS**, Citibank Global Markets Inc., as representative (the “Representative”), on behalf of itself and Goldman Sachs & Co. LLC (the “Underwriters”) have submitted a proposal to purchase the 2018 Series A Bonds and the 2018 Series B Bonds in the form of a Contract of Purchase (such Contract of Purchase, in the form presented to this meeting with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the “Purchase Contract”); and

**WHEREAS**, the offer of the 2018 Series A Bonds and the 2018 Series B Bonds to the public is to be made pursuant to a Preliminary Official Statement (such Preliminary Official Statement in the form presented to this meeting with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the “Preliminary Official Statement”); and

**WHEREAS**, NCPA will provide for the refunding of the Refunded Bonds by depositing funds in an escrow fund established by an Escrow Deposit Agreement with the Trustee (such Escrow Deposit Agreement, in the form presented to this meeting with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the “Escrow Agreement”); and

**WHEREAS**, there have been prepared and submitted to this meeting drafts of the following:

- (1) the Twenty-Fourth Supplemental Indenture;
- (2) the Twenty-Fifth Supplemental Indenture;
- (3) the Preliminary Official Statement;
- (4) the Escrow Agreement; and
- (5) the Purchase Contract.

**WHEREAS**, after having reviewed and considered the proposal of the Underwriters to purchase the 2018 Series A Bonds and the 2018 Series B Bonds on the terms and conditions contained in the Purchase Contract, this Commission now desires to authorize the issuance and sale of the 2018 Series A and B Bonds, including the execution of such documents and the performance of such acts as may be necessary or desirable to effect such issuance and sale and the other actions contemplated by this Resolution; and

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

**NOW, THEREFORE, BE IT RESOLVED** by the Commission of the Northern California Power Agency, as follows:

**Section 1.** The Commission hereby finds and determines that the issuance and sale of the 2018 Series A and B Bonds that refund the 2008 Series C Bonds, and approval of the other matters referred to in this Resolution, will not result in either a direct physical change in the environment, nor a reasonably foreseeable indirect physical change in the environment. As a consequence, such activity is not a “project” as defined by the California Environmental Quality Act (California Public Resources Code section 21000 *et seq.*).

**Section 2.** The issuance of the 2018 Series A Bonds on the terms and conditions set forth in, and subject to the limitations specified in, the Twenty-Fourth Supplemental Indenture is hereby authorized and approved. The aggregate principal amount of the 2018 Series A and B Bonds shall not exceed Eighty-Four Million Dollars (\$84,000,000). The 2018 Series A Bonds will be dated, will bear interest at the per annum interest rates, will mature on the date or dates, will be issued in the form, will have the Sinking Fund Installments (if any), will be subject to redemption, and will have such other terms, as shall be provided in the Twenty-Fourth Supplemental Indenture as the same is completed as provided in this Resolution.

**Section 3.** The Twenty-Fourth Supplemental Indenture, in substantially the form submitted to this meeting and made a part thereof as though set forth in full herein, be and the same is hereby approved. Each of the Chairman of this Commission (the “Chairman”), the General Manager of NCPA (the “General Manager”), the Assistant General Manager, Finance and Administrative Services Chief Financial Officer, and the Treasurer-Controller of NCPA (each an “Authorized Officer”), acting singly, is hereby authorized to execute and deliver the Twenty-Fourth Supplemental Indenture, in the name of and on behalf of NCPA, in the form presented to this meeting with such changes, insertions and deletions as may be consistent with this Resolution and the determinations made pursuant hereto and as may be approved by the Authorized Officer executing the Twenty-Fourth Supplemental Indenture, said execution being conclusive evidence of such approval.

**Section 4.** The Authorized Officer executing the Twenty-Fourth Supplemental Indenture is hereby authorized to determine the following: (i) the aggregate principal amount of the 2018 Series A Bonds; (ii) the maturity date or dates of the 2018 Series A Bonds (the final maturity of such 2018 Series A Bonds to be not later than July 1, 2028); (iii) the principal amount of the 2018 Series A Bonds maturing on each maturity date; (iv) the 2018 Series A Bonds which are to be term bonds, if any, and the Sinking Fund Installments for any such term bonds; (v) the redemption provisions for the 2018 Series A Bonds; and (vi) subject to the provisions of Section 17 hereof, which of the outstanding 2008 Series C Bonds are to be refunded as Refunded Bonds pursuant to this Resolution.

**Section 5.** The proceeds of the sale of the 2018 Series A Bonds shall be applied to the refunding of the Refunded Bonds on the terms set forth in the Twenty-Fourth Supplemental Indenture and the Escrow Agreement.

**Section 6.** The issuance of the 2018 Series B Bonds on the terms and conditions set forth in, and subject to the limitations specified in, the Twenty-Fifth Supplemental Indenture is hereby authorized and approved. The aggregate principal amount of the 2018 Series A and B Bonds shall not exceed Eighty-Four Million Dollars (\$84,000,000). The 2018 Series B Bonds will be dated, will bear interest at the per annum interest

rates, will mature on the date or dates, will be issued in the form, will have the Sinking Fund Installments (if any), will be subject to redemption, and will have such other terms, as shall be provided in the Twenty-Fifth Supplemental Indenture as the same is completed as provided in this Resolution. This Commission hereby finds and determines, based on advice of Bond Counsel, that interest on the 2018 Series B Bonds will be subject to federal income tax.

**Section 7.** The Twenty-Fifth Supplemental Indenture, in substantially the form submitted to this meeting and made a part thereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers, acting singly, is hereby authorized to execute and deliver the Twenty-Fifth Supplemental Indenture, in the name of and on behalf of NCPA, in the form presented to this meeting with such changes, insertions and deletions as may be consistent with this Resolution and the determinations made pursuant hereto and as may be approved by the Authorized Officer executing the Twenty-Fifth Supplemental Indenture, said execution being conclusive evidence of such approval.

**Section 8.** The Authorized Officer executing the Twenty-Fifth Supplemental Indenture is hereby authorized to determine the following: (i) the aggregate principal amount of the 2018 Series B Bonds; (ii) the maturity date or dates of the 2018 Series B Bonds (the final maturity of such 2018 Series B Bonds to be not later than July 1, 2028); (iii) the principal amount of the 2018 Series B Bonds maturing on each maturity date; (iv) the 2018 Series B Bonds which are to be term bonds, if any, and the Sinking Fund Installments for any such term bonds; and (v) the redemption provisions for the 2018 Series B Bonds.

**Section 9.** The proceeds of the sale of the 2018 Series B Bonds shall be applied to the refunding of the Refunded Bonds, the payment of the costs of issuance of the 2018 Series A and B Bonds, and other costs related to the refunding of the Refunded Bonds on the terms set forth in the Twenty-Fifth Supplemental Indenture and the Escrow Agreement.

**Section 10.** The Purchase Contract, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers, acting singly, is hereby authorized to execute and deliver the Purchase Contract, in the name of and on behalf of NCPA, in the form presented to this meeting, with such changes, insertions and deletions as may be approved by the Authorized Officer executing said Purchase Contract and as are consistent with the determinations of the terms of the 2018 Series A and B Bonds made pursuant to this Resolution, said execution being conclusive evidence of such approval.

Each of the Authorized Officers, acting singly, is hereby authorized to determine the purchase price to be paid for the 2018 Series A Bonds under the Purchase Contract; provided, however, that the aggregate underwriters' discount (not including original issue discount) on the 2018 Series A Bonds shall be not more than 1.00% of the principal amount of the 2018 Series A Bonds. The sale of the 2018 Series A Bonds to the Underwriters on the terms and conditions contained in the Purchase Contract, as the same may be completed in accordance with the provisions of this Resolution, with such changes, insertions and deletions as are authorized hereby, is hereby approved and authorized.

Each of the Authorized Officers, acting singly, is hereby authorized to determine the purchase price to be paid for the 2018 Series B Bonds under the Purchase Contract; provided, however, that the aggregate underwriter's discount (not including original issue discount) on the 2018 Series B Bonds shall be not more than 1.00% of the principal amount of the 2018 Series B Bonds. The sale of the 2018 Series B Bonds to the Underwriters on the terms and conditions contained in the Purchase Contract, as the same may be completed in accordance with the provisions of this Resolution, with such changes, insertions and deletions as are authorized hereby, is hereby approved and authorized.

**Section 11.** The Escrow Agreement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers, acting singly, is hereby authorized to execute and deliver, in the name of and on behalf of NCPA, the Escrow Agreement to the Trustee in the form presented to the meeting with such changes, insertions and



deletions as may be approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

**Section 12.** The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved and the use of the Preliminary Official Statement in connection with the offering and sale of the 2018 Series A and B Bonds by the Underwriters is hereby authorized and approved.

Each of the Authorized Officers is hereby authorized and directed to prepare and deliver to the Underwriters a final official statement in connection with the 2018 Series A and B Bonds (the "Official Statement"). The Official Statement shall be in the form of the Preliminary Official Statement with the addition of the final terms of the 2018 Series A and B Bonds to be contained in the Twenty-Fourth Supplemental Indenture and the Twenty-Fifth Supplemental Indenture and with such other changes, insertions and deletions as may be approved by the officer of NCPA executing the same, said execution being conclusive evidence of such approval. Each of the Chairman and the General Manager of NCPA, acting singly, is hereby authorized to execute the Official Statement and any amendment or supplement thereto contemplated by the Purchase Contract, in the name and on behalf of NCPA, and thereupon to cause the Official Statement and any such amendment or supplement to be delivered to the Underwriters with such execution being conclusive evidence of the approval thereof. The use of the Official Statement in connection with the offering and sale of the 2018 Series A and B Bonds by the Underwriters is hereby authorized and approved.

Each of the Authorized Officers, acting singly, is hereby authorized to determine that the Preliminary Official Statement is deemed final for purposes of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12").

**Section 13.** Each of the Authorized Officers, acting singly, is hereby authorized to acquire credit enhancement for the 2018 Series A Bonds and/or the 2018 Series B Bonds in the form of municipal bond insurance provided that the cost of such municipal bond insurance is estimated by an Authorized Officer to be less than the savings achieved on the sale of the related Series of 2018 Series A and B Bonds compared to selling such Bonds without such credit enhancement. In connection with such municipal bond insurance, each of the Authorized Officers, acting singly, is hereby authorized to enter into agreements with respect to the repayment of amounts paid under such municipal bond insurance and interest thereon and expenses in connection therewith substantially in the form of the insurance agreements previously entered by NCPA in connection with municipal bond insurance for Bonds.

**Section 14.** The refunding of the Refunded Bonds on the terms and conditions specified in the Twenty-Fourth Supplemental Indenture, the Twenty-Fifth Supplemental Indenture and the Escrow Agreement, including the application of moneys for such purposes as therein provided, is hereby approved and authorized.

**Section 15.** Pursuant to Section 12 of the Hydroelectric Project Member Agreement, NCPA is hereby directed by the Project Participants (as conclusively evidenced by the affirmative votes for this Resolution of the representatives of the Project Participants to the Commission) to refund the Refunded Bonds as provided in the Twenty-Fourth Supplemental Indenture and the Twenty-Fifth Supplemental Indenture, to issue the 2018 Series A Bonds and the 2018 Series B Bonds, to enter into, and perform its obligations under, the documents and instruments approved or authorized by this Resolution and to take such further actions as herein authorized in connection with the refunding of the Refunded Bonds and the issuance, security and sale of the 2018 Series A Bonds and the 2018 Series B Bonds, and NCPA shall comply with such direction, while not stayed or nullified, to the fullest extent authorized by law. The Project Participants recognize and agree (as conclusively evidenced by the affirmative votes for this Resolution of the representatives of the Project Participants to the Commission) that amounts payable under Section 5(a) of the Hydroelectric Project Member Agreement based on anticipated monthly electric sales include all such amounts accrued during any period during which there were no such anticipated sales and are payable under Section 5(a) of the Hydroelectric Project Member Agreement with respect to the first month in which there are anticipated electric sales regardless of the amount of such anticipated sales.

**Section 16.** The Treasurer-Controller of NCPA and the Administrative Assistant to the Assistant General Manager, Finance and Administrative Services Chief Financial Officer are each hereby appointed as an Assistant Secretary for the purpose of executing any documents, making any certification on behalf of NCPA or taking any other action necessary or convenient in carrying out the transactions contemplated by this Resolution.

**Section 17.** Notwithstanding any other provision or grant of authority to an Authorized Officer in this Resolution to the contrary, none of the documents approved and authorized to be executed and delivered by this Resolution shall be executed and delivered by an Authorized Officer unless as of the date of execution and delivery the Assistant General Manager, Finance and Administrative Services Chief Financial Officer or the Treasurer-Controller shall certify in writing that the net present value of the savings to be realized by the bond issuance contemplated by this Resolution is not less than five (5%) percent of the principal amount of the Refunded Bonds; and further provided, that any approval or grant of authority in this Resolution shall, without further action of the Commission, expire and be void as of 12:01 a.m. on July 1, 2018 unless exercised prior to that time.

**Section 18.** The Chairman and the Vice Chairman of the Commission, and the Authorized Officers acting singly, be and each of them hereby is authorized to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or convenient in carrying out the transactions contemplated by this Resolution or the documents and instruments approved or authorized by this Resolution, including without limitation, entering into any continuing disclosure required by Rule 15c2-12, credit enhancement agreements, investment agreements, financial guaranty agreements, investment agreements, and/or financial guaranty agreements, and making any determinations or submission of any documents or reports which are required by any rule or regulation of any governmental entity in connection with the issuance and sale of the 2018 Series A Bonds and/or the 2018 Series B Bonds, the refunding of the Refunded Bonds and the authorization, execution, delivery and performance by NCPA of its obligations under the documents and instruments approved or authorized by this Resolution. Without limiting the generality of the foregoing, the Chairman, the Vice Chairman, and the Authorized Officers, are hereby authorized and directed to enter into such amendments and supplements to documents and agreements entered into in connection with the 2008 Series C Bonds as shall be necessary or desirable to carry out the purposes of the Resolution. The Secretary or an Assistant Secretary of NCPA is hereby authorized to affix and attest the seal of NCPA to any of the documents approved or authorized pursuant to this Resolution.

**Section 19.** All actions heretofore taken by any committee of the Commission, or any officer, representative or agent of NCPA, in connection with the issuance and sale of the 2018 Series A Bonds, the 2018 Series B Bonds, the refunding of the Refunded Bonds, or the authorization, execution, delivery or performance of NCPA's obligations under the documents and instruments approved or authorized by this Resolution and the other actions contemplated by this Resolution are hereby ratified, approved and confirmed.

**Section 20.** This Resolution shall take effect immediately upon its adoption.

PASSED, ADOPTED and APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2018 by the following vote on roll call:

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

\_\_\_\_\_  
BOB LINGL  
CHAIR

ATTEST:

\_\_\_\_\_  
CARY A. PADGETT  
ASSISTANT SECRETARY

**NEW ISSUE—FULL BOOK-ENTRY ONLY****RATINGS:** (See “RATINGS” herein.)

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to NCPA, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2018 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the 2018 Series A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the 2018 Bonds is exempt from State of California personal income taxes. Bond Counsel further observes that the 2018 Series B Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2018 Bonds. See “TAX MATTERS.”*

**NORTHERN CALIFORNIA POWER AGENCY  
HYDROELECTRIC PROJECT NUMBER ONE REVENUE BONDS**

\$ \_\_\_\_\_\*  
**2018 Refunding Series A**

\$ \_\_\_\_\_\*  
**2018 Taxable Refunding Series B**

**Dated: Date of Delivery****Due: July 1, as shown on the inside**

*This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the 2018 Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined will have the meanings set forth herein.*

Northern California Power Agency (“NCPA”) is offering \$ \_\_\_\_\_ of its Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A (the “2018 Series A Bonds”) and \$ \_\_\_\_\_ of its Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B (the “2018 Series B Bonds” and together with the 2018 Series A Bonds, the “2018 Bonds”). The 2018 Bonds are being issued by NCPA pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Fourth Supplemental Indenture of Trust, dated as of \_\_\_\_\_ 1, 2018, and by the Twenty-Fifth Supplemental Indenture of Trust, dated as of \_\_\_\_\_ 1, 2018 (collectively, the “Indenture”), by and between NCPA and U.S. Bank National Association, as successor trustee (the “Trustee”) for the purpose of providing funds to refund NCPA’s Outstanding Hydroelectric Project Number One Revenue Bonds, 2008 Refunding Series C and to pay costs of issuance of the 2018 Bonds. See “PLAN OF REFUNDING” herein.

The 2018 Bonds are being issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2018 Bonds, and individual purchases of the 2018 Bonds will be made in book-entry form only. Interest on the 2018 Bonds of each Series is payable on each January 1 and July 1, beginning on July 1, 2018. Principal is payable on July 1 of the years and in the amounts set forth on the inside cover page hereof. The 2018 Bonds of each Series may be purchased in authorized denominations of \$5,000 and any integral multiple thereof. Principal, premium, if any, and interest on the 2018 Bonds is payable by the Trustee to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2018 Bonds. See “APPENDIX C – BOOK-ENTRY ONLY SYSTEM” hereto.

**The 2018 Bonds are subject to redemption prior to maturity as described herein.**

THE 2018 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF NCPA PAYABLE SOLELY FROM THE TRUST ESTATE, AND SECURED SOLELY BY A PLEDGE AND ASSIGNMENT OF THE TRUST ESTATE, CONSISTING PRIMARILY OF THE NCPA REVENUES (AS DEFINED HEREIN) AND THE OTHER FUNDS PLEDGED BY NCPA UNDER THE INDENTURE. THE 2018 BONDS DO NOT CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF NCPA. THE 2018 BONDS ARE NOT DEBTS, LIABILITIES OR OBLIGATIONS OF THE STATE OF CALIFORNIA, ANY PUBLIC AGENCY THEREOF (OTHER THAN NCPA), ANY MEMBER OF NCPA OR ANY PROJECT PARTICIPANT, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY OF THE FOREGOING (INCLUDING NCPA) IS PLEDGED FOR THE PAYMENT OF THE 2018 BONDS. NCPA HAS NO TAXING POWER.

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**MATURITY SCHEDULES**  
(see inside cover)

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The 2018 Bonds are offered when, as and if issued and delivered to the Underwriters, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel to NCPA, and certain other conditions. Certain legal matters will be passed upon for NCPA by Jane E. Luckhardt, Esq., General Counsel to NCPA and by Spiegel & McDiarmid LLP, Washington, D.C., Washington, Counsel to NCPA. Certain legal matters will be passed upon for the Underwriters by Norton Rose Fulbright LLP, Los Angeles, California, Counsel to the Underwriters. It is expected that the 2018 Bonds in definitive form will be available for delivery through the facilities of DTC in New York, New York, by Fast Automated Securities Transfer (FAST) on or about \_\_\_\_\_, 2018.

**Citigroup****Goldman Sachs**

Dated: \_\_\_\_\_, 2018

**MATURITY SCHEDULES\***

**NORTHERN CALIFORNIA POWER AGENCY  
HYDROELECTRIC PROJECT NUMBER ONE REVENUE BONDS**

\$ \_\_\_\_\_ \*

**2018 Refunding Series A Bonds**

<b>Maturity Date (July 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Price</b>	<b>CUSIP<sup>†</sup></b>
	\$	%		

\$ \_\_\_\_\_ \*

**2018 Taxable Refunding Series B**

<b>Maturity Date (July 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Price</b>	<b>CUSIP<sup>†</sup></b>
	\$	%		

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\* Preliminary; subject to change.

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2018 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the City, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

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

**NCPA Commissioners and Members**

Bob Lingl, Chairman.....Mayor, Lompoc	Roger Frith, Vice Chairman.... Councilmember, City of Biggs
Madeline Deaton ..... Commissioner, Public Utilities Board of the City of Alameda	Daniel Kenney .....Board Member, Plumas-Sierra Rural Electric Cooperative
Holly Gordon..... Sustainability Group Manager, San Francisco Bay Area Rapid Transit	Bob Ellis ..... Board Member, Truckee Donner Public Utility District
Gary Davidson.....Councilmember, City of Gridley	Brent Weaver ..... Councilmember, City of Redding
David Hagele.....Councilmember, City of Healdsburg	Bonnie Gore..... Vice Mayor, City of Roseville
Mark Chandler..... Mayor, Lodi	Teresa O'Neill ..... Councilmember, City of Santa Clara
Basil Wong.....Utility Director, Port of Oakland	Vacant.....City of Shasta Lake
Gregory Scharff.....Mayor, Palo Alto	Doug Crane.....Councilmember, City of Ukiah

**Management**

General Manager .....	Randy S. Howard
General Counsel .....	Jane E. Luckhardt, Esq.
Assistant General Manager, Finance and Administrative Services; Chief Financial Officer.....	Monty Hanks
Assistant General Manager, Legislative & Regulatory .....	Jane Dunn Cirrincione
Assistant General Manager, Power Management .....	David Dockham
Assistant General Manager, Generation Services.....	Ken Speer

**Project Participants**

Participant	Project Entitlement Percentage
Alameda	10.00%
Biggs	0.10
Gridley	1.06
Healdsburg	1.66
Lodi	10.37
Lompoc	2.30
Palo Alto	22.92
Roseville	12.00
Santa Clara	35.86
Ukiah	2.04
Plumas-Sierra Rural Electric Cooperative	1.69
	100.00%

**Special Services**

**Bond and Disclosure Counsel**  
Orrick, Herrington& Sutcliffe LLP  
Los Angeles, California

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

**Auditor**  
Baker Tilly Virchow  
Krause, LLP  
Madison, Wisconsin

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

**Verification Agent**  
Grant Thornton LLP  
Minneapolis, Minnesota

**Financial Advisor**  
PFM Financial Advisors  
LLC  
Los Angeles, California

No dealer, broker, salesperson or any other person has been authorized by NCPA, the Project Participants or the Underwriters to give any information or to make any representation, other than the information and representations contained herein, in connection with the offering of the 2018 Bonds and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of, the 2018 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the 2018 Bonds.

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

U.S. Bank National Association accepts its duties as Trustee for the 2018 Bonds. Notwithstanding the foregoing, however, the Trustee has not reviewed this Official Statement and makes no representations as to the information contained herein, including, but not limited to, any representations as to the financial feasibility of NCPA or its Members, the Project or any related activities.

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

IN CONNECTION WITH THE OFFERING OF THE 2018 BONDS THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2018 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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CAUTIONARY STATEMENTS REGARDING  
FORWARD-LOOKING STATEMENTS IN  
THIS OFFICIAL STATEMENT

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

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

NCPA maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the 2018 Bonds.

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## OFFICIAL STATEMENT

### NORTHERN CALIFORNIA POWER AGENCY HYDROELECTRIC PROJECT NUMBER ONE REVENUE BONDS

\$ \_\_\_\_\_\*  
2018 Refunding Series A

\$ \_\_\_\_\_\*  
2018 Taxable Refunding Series B

## INTRODUCTION

*This Introduction is qualified in its entirety by reference to the more detailed information included and referred to elsewhere in this Official Statement. The offering of the 2018 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used in this Introduction and not otherwise defined herein will have the respective meanings assigned to them elsewhere in this Official Statement. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Certain Definitions.”*

### Purpose

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to set forth certain information concerning (i) the Northern California Power Agency (“NCPA”); (ii) NCPA’s \$ \_\_\_\_\_\* Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A (the “2018 Series A Bonds”) and \$ \_\_\_\_\_\* Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B (the “2018 Series B Bonds” and together with the 2018 Series A Bonds, the “2018 Bonds”); and (iii) the eleven NCPA Members which have entered into the Third Phase Agreement (hereinafter defined) with NCPA (collectively, the “Project Participants”) relating to NCPA’s Hydroelectric Project Number One (the “Project”), including in particular the five principal Project Participants (the “Significant Share Project Participants”).

The 2018 Bonds are being issued by NCPA for the purpose of providing funds to refund NCPA’s Outstanding Hydroelectric Project Number One Revenue Bonds, 2008 Refunding Series C (the “Refunded 2008 Series C Bonds”) and to pay costs of issuance of the 2018 Bonds. See “PLAN OF REFUNDING.”

### NCPA

NCPA is a joint exercise of powers agency formed under the Joint Exercise of Power Act (Cal. Gov. Code §§ 6500 et seq.) (the “Act”) and an Amended and Restated Northern California Power Agency Joint Powers Agreement (the “NCPA Joint Powers Agreement”) now among the City of Alameda (“Alameda”), the City of Biggs (“Biggs”), the City of Gridley (“Gridley”), the City of Healdsburg (“Healdsburg”), the City of Lodi (“Lodi”), the City of Lompoc (“Lompoc”), the City of Palo Alto (“Palo Alto”), the City of Redding (“Redding”), the City of Roseville (“Roseville”), the City of Santa Clara (“Santa Clara”), the City of Shasta Lake (“Shasta Lake”), the City of Ukiah (“Ukiah”), the City of Oakland acting by and through its Board of Port Commissioners (“Port of Oakland”), the Truckee Donner Public Utility District (“Truckee Donner”), and the San Francisco Bay Area Rapid Transit District (“BART”) as members, and the Plumas-Sierra Rural Electric Cooperative (“Plumas-Sierra”), as an associate member (herein collectively referred to as the “Members” and individually as a “Member”). The Project Participants and their Project Entitlement Percentages are shown on [page (a)] hereof. The five principal Project Participants (the “Significant Share Project Participants”), representing in aggregate over 90% in Project Entitlement Percentages, are the cities of Alameda, Lodi, Palo Alto, Roseville and Santa Clara.

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\* Preliminary; subject to change.

## **Authority for Issuance**

The 2018 Bonds are being issued pursuant to the provisions of Article 4 of the Act and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California and under and in accordance with an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Fourth Supplemental Indenture of Trust, dated as of \_\_\_\_\_ 1, 2018, and by the Twenty-Fifth Supplemental Indenture of Trust, dated as of \_\_\_\_\_ 1, 2018 (collectively, the “Indenture”), by and between NCPA and U.S. Bank National Association, as successor trustee (the “Trustee”), the Agreement for Construction, Operation and Financing of the North Fork Stanislaus River Hydroelectric Development Project, dated as of September 1, 1982, as amended (the “Third Phase Agreement”), by and among NCPA and the Project Participants, and the Power Purchase Contract dated July 6, 1981, as amended and revised by the Revised Power Purchase Contract, dated as of March 1, 1985 (the “Power Purchase Contract”), by and between NCPA and Calaveras County Water District (“Calaveras”).

The 2018 Bonds and all Hydroelectric Project Number One Revenue Bonds Outstanding under the Indenture are referred to herein as the “Hydroelectric Project Bonds.”

## **The Project**

The Project consists of a 246.86 megawatt (“MW”) hydroelectric project and related facilities, described under the caption “THE PROJECT.” NCPA is entitled, under the Power Purchase Contract (i) to receive the electric output, and associated capacity attributes, of the Project for 50 years from February 1982, with an option to purchase Project capacity and energy in excess of Calaveras’ requirements thereafter, subject to Federal Energy Regulatory Commission (“FERC”) approval, and (ii) to operate the generating facilities of the Project. In February 1990, the operating portions of the Project were declared substantially complete and commercially operable. The Project is primarily used to serve the Project Participants’ load requirements, and is secondarily used for load-following by NCPA, whereby the project output is used to balance the Project Participants’ load forecast deviations.

## **Third Phase Agreement**

Under the Third Phase Agreement, NCPA has agreed to provide, and each Project Participant has agreed to take or cause to be taken, the Project Participant’s Project Entitlement Percentage of the capacity and energy of the Project. The Project Participants pay for such capacity and energy on a cost-of-service basis. Each Project Participant has agreed to make payments for such capacity and energy solely from the revenues of, and as an operating expense of, such Project Participant’s electric system. Such payments must be made regardless of whether or not the Project is operable, operating or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of Project output or the capacity and energy contracted for in whole or in part for any reason whatsoever. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS—Third Phase Agreement.”

## **Security and Sources of Payment for the 2018 Bonds**

The 2018 Bonds are special, limited obligations of NCPA. The 2018 Bonds are payable solely from, and secured solely by a pledge and assignment of, the Trust Estate, consisting primarily of the NCPA Revenues, and the other funds pledged by NCPA under the Indenture as described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS.”

**The 2018 Bonds are not debts, liabilities or obligations of the State of California, any public agency thereof (other than NCPA), any Member of NCPA or any Project Participant and neither the**

**faith and credit nor the taxing power of any of the foregoing (including NCPA) is pledged for the payment of the 2018 Bonds. NCPA has no taxing power.**

### **No Debt Service Reserve Account**

No debt service reserve account will be established to secure the 2018 Bonds. Amounts held in or credited to any other debt service reserve account established in connection with any other series of Outstanding Hydroelectric Project Bonds do not secure, and are not available for, the payment of the 2018 Bonds.

### **Risk Factors**

For a description of certain risks associated with the purchase of the 2018 Bonds, see “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS—Limitations on Remedies,” “RATE REGULATION,” “FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY” and “LITIGATION.”

### **Other Matters**

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

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

## **PLAN OF REFUNDING**

### **Prior Financing**

The 2008 Series C Bonds were originally issued in the aggregate principal amount of \$128,005,000 pursuant to the Indenture for the purpose of refinancing a portion of the costs of the Project. As of the date hereof, \$77,130,000 principal amount of the 2008 Series C Bonds remains Outstanding.

### **Refunding Plan**

The Refunded 2008 Series C Bonds consist of all of the \$77,130,000 principal amount of the 2008 Series C Bonds remaining Outstanding. The 2018 Bonds are being issued for the purpose of providing funds to redeem the Refunded 2008 Series C Bonds on or about July 1, 2018. The 2018 Bonds are also being issued to pay costs of issuance of the 2018 Bonds.

Pursuant to an Escrow Agreement (the “Escrow Agreement”), to be entered into by NCPA and U.S. Bank National Association, as Trustee, a portion of the proceeds of the 2018 Bonds will be deposited into an escrow fund (the “Escrow Fund”) and will either be held as cash or will be used to purchase defeasance securities (the “Escrow Securities”) that will bear interest at such rates and will be scheduled to

mature at such times and in such amounts so that, when paid in accordance with their respective terms, and together with the cash held in the Escrow Fund, sufficient moneys will be available to pay when due the interest on the Refunded 2008 Series C Bonds to the redemption date and the redemption price (100.0% of the principal amount) of the Refunded 2008 Series C Bonds on the redemption date.

On the date of delivery of the 2018 Bonds, NCPA will receive a report from [Grant Thornton LLP], verifying the adequacy of the cash deposited and held in the Escrow Fund, together with the maturing principal amounts of and interest earned on the Escrow Securities (if any), to pay when due the interest on the Refunded 2008 Series C Bonds to the redemption date and the redemption price of the Refunded 2008 Series C Bonds on the redemption date. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

Upon such deposit, the Refunded 2008 Series C Bonds will no longer be deemed to be Outstanding under the Indenture, and all obligations of NCPA with respect to the Refunded 2008 Series C Bonds shall cease and terminate, except for the obligation of NCPA to cause the amounts due on the Refunded 2008 Series C Bonds to be paid from funds on deposit in the Escrow Fund.

## ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2018 Bonds and other amounts are as follows:

	2018 Series A Bonds	2018 Series B Bonds	Total
<b>Sources of Funds</b>			
Principal Amount	\$	\$	\$
[Net] Original Issue [Premium/Discount]			
Transfer from [Refunded 2008 Series C Bonds] funds and accounts			
Total	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Uses of Funds</b>	\$	\$	\$
Deposit to Escrow Fund			
Transferred Proceeds Penalty			
Costs of Issuance <sup>(1)</sup>			
Total	<u>                    </u>	<u>                    </u>	<u>                    </u>

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

## OTHER OBLIGATIONS OF NCPA

Each NCPA project is separately financed. As of [January 30, 2018, in addition to the [\$354.3] million Hydroelectric Project Bonds Outstanding under the Indenture (of which \$77.130 million is being refunded by the 2018 Bonds), NCPA had outstanding approximately [\$38.2] million Capital Facilities Revenue Bonds, [\$32.8] million outstanding Geothermal Project Number 3 Revenue Bonds and [\$351.3] million Lodi Energy Center Revenue Bonds]. For further information on NCPA projects and related bond issues, see "OTHER NCPA PROJECTS." Each Project Participant is also a direct or indirect participant in one or more of such other NCPA projects.

In 2004, NCPA entered into an interest rate swap agreement (the "2004 Swap Agreement") with Citigroup Financial Products Inc. ("CFPI") in an initial notional amount of \$85.16 million in anticipation of refunding \$85.87 million principal amount of NCPA's then outstanding 1998 Bonds (the "1998 Bonds"). Certain of the 1998 Bonds were refunded with the issuance of NCPA's Hydroelectric Project Number One Revenue Bonds, 2008 Refunding Series A (the "2008 Series A Bonds") and 2008 Refunding Series B (Taxable) (the "2008 Series B Bonds").

The 2008 Series A Bonds and the 2008 Series B Bonds are variable rate obligations secured by respective letters of credit. The existing letters of credit for the 2008 Series A Bonds and the 2008 Series B Bonds have been provided by The Bank of Montreal and have a scheduled expiration date of September 9, 2019. The reimbursement agreements for such letters of credit obligate NCPA to repay The Bank of Montreal for amounts drawn under the respective letter of credit. The interest rate payable by NCPA for unreimbursed draws under the letters of credit may be considerably higher than the interest rate on the 2008 Series A Bonds and the 2008 Series B Bonds [and may be accelerated under certain circumstances]. While NCPA may attempt in such event to refinance the 2008 Series A Bonds and 2008 Series B Bonds to avoid this additional debt burden, there can be no assurance that NCPA will have access to the debt markets.



Pursuant to the 2004 Swap Agreement, the floating rate interest payments that NCPA is obligated to make with respect to the 2008 Series A Bonds were converted into substantially fixed rate payments. In general, the terms of the 2004 Swap Agreement provide that, on a same-day net-payment basis determined by reference to a notional amount equal to the principal amount of the Outstanding 2008 Series A Bonds, NCPA will pay a fixed interest rate on the notional amount. In return, CFPI will pay a variable rate of interest under the 2004 Swap Agreement on a like notional amount. The agreement by CFPI to make payments under the 2004 Swap Agreement does not affect NCPA's obligation to make payment of the 2008 Series A Bonds. Under certain circumstances, the 2004 Swap Agreement is subject to termination and NCPA may be required to make a substantial termination payment to the counterparty thereunder. Payments due from NCPA under the 2004 Swap Agreement, including any amounts payable upon early termination thereof, are payable from amounts on deposit in the General Reserve Account on a basis that is junior and subordinate to the payment of the Hydroelectric Project Bonds and are insured by National Public Finance Guarantee Corporation (formerly MBIA Insurance Corporation).

## **THE 2018 BONDS**

*The following is a summary of certain provisions of the 2018 Bonds. Reference is made to the Indenture for a more detailed description of such provisions. The discussion herein is qualified by such reference.*

### **General**

The 2018 Bonds of each Series are being issued in the respective aggregate principal amounts indicated on the inside cover page of this Official Statement, will mature on July 1 in the years and in the amounts, and will bear interest at the rates per annum, as shown on the inside cover page of this Official Statement. The 2018 Bonds of each Series will be dated their date of delivery. Interest on the 2018 Bonds of each Series is payable on January 1 and July 1 of each year, commencing July 1, 2018 (calculated on the basis of a 360-day year comprised of twelve 30-day months).

The 2018 Bonds are being issued in fully registered form, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), such registered owner of 2018 Bonds being hereinafter referred to as the "Holder." DTC will act as securities depository for the 2018 Bonds. Ownership interests in the 2018 Bonds may be purchased in book-entry form only. Ownership interests in the 2018 Bonds of each Series may be purchased in authorized denominations of \$5,000 and any integral multiple thereof. Purchasers will not receive securities certificates representing their interests in the 2018 Bonds purchased. Payments of principal of, premium, if any, and interest on the 2018 Bonds is payable by the Trustee to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2018 Bonds. See "APPENDIX C – BOOK-ENTRY ONLY SYSTEM."

### **Redemption of 2018 Bonds\***

#### **Optional Redemption**

**2018 Series A Bonds.** The 2018 Series A Bonds are not subject to optional redemption prior to their stated maturity.

**2018 Series B Bonds.** [The 2018 Series B Bonds are subject to redemption prior to their stated maturity, at the option of NCPA, in whole or in part, in such amounts as may be specified by NCPA, on any date, from any source of available funds, at a redemption price equal to 100% of the principal amount

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\* Preliminary; subject to change.

of such 2018 Series B Bonds plus the Make Whole Premium (as defined below), if any, plus unpaid accrued interest, if any, thereon to the redemption date.

The “Make-Whole Premium” with respect to any 2018 Series B Bond to be redeemed will be equal to the positive difference, if any, between:

(1) the sum of the present values, calculated as of the date fixed for redemption of: (a) each interest payment that, but for such redemption, would have been payable on the 2018 Series B Bonds or portion thereof being redeemed on each regularly scheduled interest payment date occurring after the dated fixed for redemption through the maturity date of the 2018 Series B Bonds (excluding any accrued interest for the period prior to the redemption date); provided, that if the date fixed for redemption is not a regularly scheduled interest payment date with respect to such 2018 Series B Bonds, the amount of the next regularly scheduled interest payment will be reduced by the amount of the interest accrued on such 2018 Series B Bond to the date fixed for redemption, plus (b) the principal amount that, but for such redemption, would have been payable at the final maturity of the 2018 Series B Bonds or portion thereof being redeemed; minus

(2) the principal amount of the 2018 Series B Bonds or portion thereof being redeemed.

The present values of interest and principal payments referred to in paragraph (1) above will be determined by discounting the amount of each interest or principal payment from the date that each such payment would have been payable, but for the redemption to the date fixed for redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate equal to the “comparable treasury yield” (as defined below) plus \_\_ basis points.

The Make Whole Premium will be calculated by an independent investment banking institution or independent financial advisor of national standing appointed by NCPA.

For purposes of determining the Make-Whole Premium, “comparable treasury yield” means a rate of interest per annum equal to the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated “H.15(519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the 2018 Series B Bonds (“the H.15 statistical release”). The comparable treasury yield will be determined as of the third business day immediately preceding the applicable redemption date. If the H.15 statistical release sets forth a weekly average yield for United States Treasury Securities having a constant maturity that is the same as the remaining term calculated as set forth above, then the comparable treasury yield will be equal to such weekly average yield. In all other cases, the comparable treasury yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury Securities (in each case as set forth in the H.15 statistical release) that have a constant maturity (i) closest to and greater than the remaining term to maturity of the 2018 Series B Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2018 Series B Bonds being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward.

If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15 statistical release, then the comparable treasury yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

“Comparable Treasury Issue” means the United States Treasury security selected by the independent investment banking institution or independent financial advisor of national standing appointed by NCPA as having a maturity comparable to the remaining term to maturity of the 2018 Series B Bond being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the 2018 Series B Bond being redeemed.

“Comparable Treasury Price” means, with respect to any date on which a 2018 Series B Bond or portion thereof is being redeemed, either (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (b) if the independent investment banking institution or independent financial advisor of national standing appointed by NCPA is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the independent investment banking institution or independent financial advisor of national standing appointed by NCPA, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the independent investment banking institution or independent financial advisor of national standing appointed by NCPA, at 5:00 p.m. New York City time on the third business day preceding the date fixed for redemption.

“Reference Treasury Dealer” means a primary United States Government securities dealer in the United States appointed by NCPA (which may be one of the Underwriters) and reasonably acceptable to the independent investment banking institution or independent financial advisor of national standing appointed by NCPA.]

### **Extraordinary Redemption**

The 2018 Bonds are subject to redemption prior to their stated maturity, at the option of NCPA, in whole or in part (in such amounts as may be specified by NCPA) on any date, from: (i) insurance or condemnation proceeds and (ii) from any source of money if all or substantially all of the Initial Facilities are damaged or destroyed, taken by any public entity in the exercise of its powers of eminent domain or disposed of or abandoned, at a redemption price equal to the principal amount thereof, plus unpaid accrued interest to the date fixed for redemption, without premium; provided that the option of NCPA to call the 2018 Bonds for redemption from insurance or condemnation proceeds will expire 90 days following the receipt of such insurance or condemnation proceeds.

### **Selection of 2018 Bonds for Redemption**

NCPA may select the Series of the 2018 Bonds, the maturities of the 2018 Bonds and the principal amount of each such maturity to be redeemed in its sole discretion. Whenever provision is made in the Indenture for the redemption of less than all of the 2018 Bonds of like maturity of any Series, the Trustee will select the 2018 Bonds to be redeemed from all 2018 Bonds of such Series and maturity subject to redemption and not previously called for redemption, at random in any manner which the Trustee in its sole discretion will deem appropriate and fair.

### **Notice of Redemption**

The Indenture requires the Trustee to give notice of the redemption of any 2018 Bonds by mailing a notice of redemption of such 2018 Bonds, postage prepaid, not less than 30 days before the redemption date, to the Holders of any 2018 Bonds or portions of 2018 Bonds which are to be redeemed, at their last address appearing upon the registry books. Among other things, such notice will state that on the redemption date there will become due and payable on each 2018 Bond to be redeemed the redemption

price thereof, or the redemption price of the specified portions of the principal thereof in the case of 2018 Bonds to be redeemed in part only, together with unpaid accrued interest to the redemption date, and that on and after such date, interest thereon will cease to accrue and be payable. Receipt of such notice will not be a condition precedent to such redemption and failure so to receive such notice or any defect in such notice will not affect the validity of the proceedings for the redemption of 2018 Bonds. So long as the 2018 Bonds are in book-entry form, such notice of redemption by the Trustee to the Holders will be mailed only to DTC (or its nominee).

## **SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS**

### **Pledge Effected by the Indenture**

The 2018 Bonds are special, limited obligations of NCPA payable solely from, and secured solely by a pledge and assignment of, the following pursuant to the Indenture, which constitutes the Trust Estate: (a) subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, (i) the proceeds of the sale of the Hydroelectric Project Bonds, (ii) (a) all revenues, income, rents and receipts derived or to be derived by NCPA from or attributable to the Project or the Power Purchase Contract or to the payment of the costs of the Project received or to be received by NCPA under the Third Phase Agreement or the Power Purchase Contract or under any other contract for the sale by NCPA of the Project or any part thereof or any contractual arrangement with respect to the use of the Project or any portion thereof or the services or capacity thereof, (b) the proceeds of any insurance, including the proceeds of any self-insurance fund, covering business interruption loss relating to the Project, and (c) interest received or to be received on any moneys or securities (other than in the Construction Fund) held pursuant to the Indenture and required to be paid into the Revenue Fund established thereunder ("NCPA Revenues"), and (iii) all amounts on deposit in the Funds established by the Indenture, including the investments, if any, thereof to the extent held by the Trustee and (b) all right, title and interest of NCPA in, to and under the Third Phase Agreement and the Power Purchase Contract.

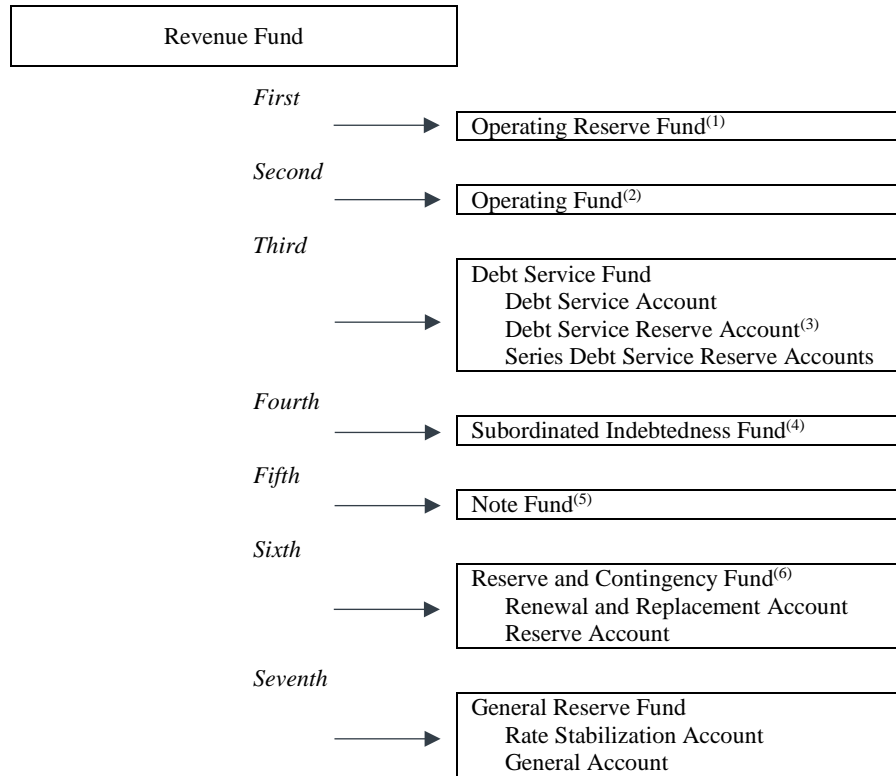
**The 2018 Bonds and the interest thereon are payable solely from the funds provided therefor under the Indenture and will not constitute a charge against the general credit of NCPA. The 2018 Bonds are not secured by a legal or equitable pledge of, or lien or charge upon, any property of NCPA or any of its income or receipts except the Trust Estate pledged pursuant to the Indenture which is subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any Member of NCPA or any Project Participant is pledged to the payment of the principal of, or interest on, the 2018 Bonds. NCPA has no taxing power. Neither the payment of the principal of, or interest on, the 2018 Bonds constitutes a debt, liability or obligation of the State of California or any public agency thereof (other than NCPA) or any Member of NCPA or any Project Participant. The Commissioners, directors, officers and employees of NCPA will not be individually liable on the 2018 Bonds or in respect of any undertakings by NCPA under the Indenture.**

The 2018 Bonds are payable from and secured by the Trust Estate on a parity basis with all other Hydroelectric Project Bonds Outstanding under the Indenture. [As of January 31, 2018, there was [\$354,298,000] aggregate principal amount of Hydroelectric Project Bonds Outstanding under the Indenture, of which \$77,130,000 are being refunded by the 2018 Bonds.]

**Order of Application of NCPA Revenues**

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

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<sup>(1)</sup> To be maintained in such amount as recommended by a Consulting Engineer. The Consulting Engineer has recommended that such amount be set to \$0, provided that NCPA has established a common special reserve fund for the operating and maintenance expenses of the Project and the NCPA Geothermal Project in an amount not less than \$3,000,000. Such special reserve has been established.

<sup>(2)</sup> To be applied for the payment of NCPA Operating Expenses.

<sup>(3)</sup> The Debt Service Reserve Account is maintained in an amount equal to the Debt Service Reserve Requirement as defined in APPENDIX D. Amounts in the Debt Service Reserve Account are available to fund deficiencies in the Debt Service Account for Participating Bonds. The 2018 Bonds are Non-Participating Bonds and are not secured by amounts in the Debt Service Reserve Account. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS—No Debt Service Reserve Account for 2018 Bonds." NCPA's Outstanding Hydroelectric Project Number One Revenue Bonds, 1992 Refunding Series A are the only Participating Bonds. The 2018 Bonds, the 2008 Series A Bonds, the 2008 Series B Bonds, the 2008 Series C Bonds, and NCPA's Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A, 2012 Refunding Series A, and 2012 Taxable Refunding Series B are not Participating Bonds. The Indenture provides that Future Bonds will be Participating Bonds unless otherwise provided in the Supplemental Indenture authorizing such Future Bonds. Future Bonds may be supported by amounts in a Series Debt Service Reserve Account established for such Future Bonds or may be issued with no debt service reserve. The 2018 Bonds are being issued with no debt service reserve.

<sup>(4)</sup> To be applied to the payment of Subordinated Indebtedness under the Indenture. There is currently no Subordinated Indebtedness Outstanding under the Indenture.

<sup>(5)</sup> To be applied to the payment of Notes. There are currently no Notes Outstanding under the Indenture.

<sup>(6)</sup> Amounts in the Renewal and Replacement Account (currently \$0) are to be applied to the costs of Capital Improvements. The Reserve Account is to be maintained amount as recommended by the Consulting Engineer. Amounts in the Reserve Account, if any, are to be applied to the costs of Capital Improvements not funded from the Renewal and Replacement Account, to the payment of extraordinary operating and maintenance costs of the Project and to contingencies. Amounts in the Reserve and Contingency Fund, if any (currently \$0) are available to fund deficiencies in Operating Fund or Debt Service Fund.

See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" for further discussion of certain of the terms and provisions of the Indenture relating to the application of NCPA Revenues.

### NCPA Rate Covenant

Pursuant to the Indenture, NCPA has covenanted, at all times, to establish and collect rates and charges with respect to the Project to provide NCPA Revenues at least sufficient in each Fiscal Year, together with other available funds, for the payment of all of the following: (i) NCPA Operating Expenses, (ii) Aggregate Debt Service, (iii) all other required deposits to any Funds under the Indenture, and (iv) all

other charges or other amounts whatsoever payable out of NCPA Revenues during such Fiscal Year. See “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Rate Covenant.”

### **No Debt Service Reserve Account for 2018 Bonds**

No debt service reserve account will be established to secure the 2018 Bonds.

Pursuant to the Indenture, certain prior Series of Hydroelectric Project Bonds were secured by, and all future Series of Hydroelectric Project Bonds other than Hydroelectric Project Bonds authorized by a Supplemental Indenture that provides that such Hydroelectric Project Bonds are not “Participating Bonds” will be secured by, the Debt Service Reserve Account. The Indenture provides that a Supplemental Indenture authorizing a Series of Hydroelectric Project Bonds may provide that such Hydroelectric Project Bonds are not Participating Bonds (all such Hydroelectric Project Bonds being referred to as “Non-Participating Bonds”) and may be secured by a Series Debt Service Reserve Account or may be issued with no debt service reserve. Pursuant to the Twenty-Fourth Supplemental Indenture and the Twenty-Fifth Supplemental Indenture, the 2018 Bonds are not Participating Bonds and will be issued with no debt service reserve. Amounts on deposit in any Series Debt Service Reserve Account for any Series of Non-Participating Bonds shall be used and withdrawn as provided in the Supplemental Indenture of Trust authorizing the issuance of such Non-Participating Bonds. Amounts on deposit in the Debt Service Reserve Account secure only Participating Bonds and do not secure in any manner the 2018 Bonds. Amounts on deposit in any Series Debt Service Reserve Account for any other Series of Non-Participating Bonds do not secure in any manner the 2018 Bonds.

See “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Debt Service Reserve Fund.”

### **Additional Hydroelectric Project Bonds**

NCPA may issue Hydroelectric Project Bonds under and secured by the Indenture to refund bonds previously issued and Outstanding under and secured by the Indenture and may, although it does not currently expect to, issue Additional Bonds to finance Capital Improvements to the Project. For further information, see “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Additional Bonds” and “—Refunding Bonds.”

### **Third Phase Agreement**

***Project Participants’ Take-or-Pay Obligation.*** The Third Phase Agreement authorizes NCPA to fix charges thereunder equal to the amounts anticipated to be needed to provide capacity and energy from the Project, including but not limited to debt service, operation, maintenance and replacement costs, a reasonable reserve for contingencies, and all other costs of the Project. The Third Phase Agreement further provides that, to the extent that the funds provided thereunder and described in the preceding sentence are not sufficient for such purposes, the Project Participants will pay an amount equal to their Project Entitlement Percentage of debt service on bonds, notes and other evidences of indebtedness (including an applicable percentage of the 2018 Bonds), reserves therefor, and all other payments required to be made under the Indenture and the Power Purchase Contract, whether or not the Project is completed, operable, operating or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of Project output or the power and energy contracted for in whole or in part for any reason whatsoever.

***Operating Expense.*** Each Project Participant will make payments under the Third Phase Agreement solely from the Revenues of, and as an operating expense of, its electric system. Nothing in the

Third Phase Agreement prohibits any Project Participant from using any other funds and revenues to satisfy the provisions thereof.

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

***Increase in Non-defaulting Project Participants' Original Project Entitlement Percentage.*** Upon the failure of any Project Participant to make any payment, which failure constitutes a default under the Third Phase Agreement, and except as sales and transfers are made pursuant thereto, the Third Phase Agreement provides that the Project Entitlement Percentage of each non-defaulting Project Participant will be automatically increased for the remaining term of the Third Phase Agreement, pro rata with those of the other non-defaulting Project Participants thereunder; provided, however, that the sum of such increases for any non-defaulting Project Participant will not exceed, without written consent of such non-defaulting Project Participant, an accumulated maximum of 125% of original Project Entitlement Percentage of the non-defaulting Project Participant.

***Transfer, Sale or Assignment.*** Each Project Participant has the right to make transfers, sales and/or assignments of its interests in Project capacity and energy and rights thereto; provided that no such transfer, sale or assignment shall adversely affect the tax-exempt status of interest on Hydroelectric Project Bonds issued under the Indenture. No such transfer, sale or assignment shall relieve the Project Participant of its obligations under the Third Phase Agreement. No Project Participant shall transfer its electric system unless the Project Participant provides assurance that its obligations under the Third Phase Agreement will be promptly and adequately met, including providing sufficient moneys for such purpose if no other adequate assurance is available.

### **Limitations on Remedies**

The rights of the owners of the 2018 Bonds are subject to the limitations on legal remedies against cities and other public agencies in the State. Additionally, enforceability of the rights and remedies of the owners of the 2018 Bonds, and the obligations incurred by the NCPA and the Project Participants, may become subject to the following: the Federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2018 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

## **NORTHERN CALIFORNIA POWER AGENCY**

### **Background**

NCPA is a joint exercise of powers agency formed under the Act and the NCPA Joint Powers Agreement now among Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Oakland (acting by and through its Board of Port Commissioners), Palo Alto, Redding, Roseville, Santa Clara, Shasta Lake, Ukiah,



Truckee Donner, and BART as members, and Plumas-Sierra, as an associate member (herein collectively referred to as the “Members” and individually as a “Member”).

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

The Member Services Agreements, dated as of February 12, 1981, and the Facilities Agreement, dated as of September 22, 1993 and which has superseded the Member Services Agreements, provide for the development of all projects undertaken by NCPA in three separate phases: (i) the initial phase of general investigation funded by NCPA’s general fund; (ii) the second phase whereby Members of NCPA electing to participate in the project execute a project agreement to provide for the cost of development of the project (now referred to as an “NCPA Project”); and (iii) the third phase during which all remaining aspects, including financing, construction and operation of the NCPA Project are undertaken.

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

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

NCPA’s audited financial statements for the fiscal years ended June 30, 2017 and 2016 are attached as APPENDIX B.

## **Organization and Management**

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

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

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

RANDY S. HOWARD, General Manager, was appointed General Manager of NCPA in January 2015. Prior to accepting the position at NCPA, Mr. Howard was the Senior Assistant General Manager of

the Power System at Los Angeles Department of Water and Power (“LADWP”). Mr. Howard has held previous LADWP positions as Executive Director of Customer Services, Director of Power System Planning and Development, and the Chief Compliance Officer in the Power System Executive Office. Mr. Howard is currently leading NCPA forward with several major strategic initiatives to address member issues and opportunities. Mr. Howard presents frequently before governance bodies, including the NCPA Board, and local, State and federal agencies on issues of importance to utilities. Mr. Howard has held many previous engineering and customer service management positions at LADWP. Mr. Howard has an undergraduate degree in Electrical Engineering from California State University, Sacramento and a Masters degree in Business Administration from Pepperdine University.

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

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

JANE DUNN CIRRINCIONE, Assistant General Manager, Legislative and Regulatory, received a Masters degree in Public Administration from the University of Southern California, and a Bachelor of Science degree in Political Science from the University of Santa Clara in Santa Clara, California and the London School of Economics. Ms. Cirrincione has over 30 years of experience in the energy and environmental policy arena. Prior to joining NCPA, she was a Senior Government Relations Representative for the American Public Power Association (“APPA”) in Washington, D.C. APPA is the national trade association representing the country’s over 2,000 public power systems. Before joining APPA, she was the Director of Legislative Programs for the National Hydropower Association, representing all sections of the U.S. hydroelectric industry. She also spent several years on Capitol Hill as a Legislative Assistant for Congressman Don Edwards working on environmental and wildlife issues impacting the San Francisco Bay. Before moving to Washington, D.C., she worked for the U.S. Fish and Wildlife Service at the Sacramento National Wildlife Refuge. Ms. Cirrincione was the 2006 recipient of the Robert E. Roundtree Rising Star Award recognizing future leaders of public power systems.

DAVID DOCKHAM, Assistant General Manager, Power Management, has worked in the electric utility industry since 1982 on a broad range of utility industry projects, activities and issues. Mr. Dockham’s experience includes contract development and negotiation, engineering design, system planning, policy and procedure development, public presentations to boards, commissions and industry work groups; and participation in regional and state level policy and technical working groups. From 2001 through 2007, Mr. Dockham managed NCPA’s activities and interactions with the ISO and associated regulatory proceedings on behalf of the NCPA’s Members utilizing services under the Second Amended and Restated NCPA Metered Subsystem Aggregation Agreement and the NCPA-PG&E Interconnection Agreement. He

currently manages planning, contracts, fuel purchases, and pooling arrangements for NCPA. Mr. Dockham has a Bachelor of Science degree in Electrical and Electronic Engineering from California State University, Sacramento, a Masters degree in Business Administration from the University of California, Davis and is a registered Professional Engineer in the State of California.

KEN SPEER, Assistant General Manager, Generation Services, has over 35 years of experience in the generation resource management field, having also managed significant generation facilities for the City of Santa Clara (Silicon Valley Power) and PG&E. Mr. Speer also served as the Director of Capital Investment for Duke Energy North America, where he oversaw the capital investment program for the company's California-based assets. Mr. Speer has a Bachelor of Science degree in Mechanical and Nuclear Engineering from the University of California, Berkeley, and is a Registered Mechanical Engineer.

## **NCPA Power Pool**

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

NCPA operates according to the terms and conditions of the ISO tariff and the MSSA, the original form of which was approved by FERC in 2002 and as has been amended and restated as needed from time to time to conform to applicable market rules established by the ISO and FERC. The MSSA identifies operational terms and conditions that vary from the ISO tariff, largely allowing NCPA Members to continue to operate their respective systems as vertically integrated utilities by generally self-providing for resources and services otherwise procured through the ISO's markets. In conjunction with the execution of the MSSA, NCPA and PG&E are parties to an Interconnection Agreement (the "NCPA-PG&E Interconnection Agreement") that provides for the terms and conditions for connecting NCPA resources and member loads to the ISO-controlled grid (or PG&E wholesale transmission system), where such ISO-controlled grid facilities are owned by PG&E and transferred to ISO operational control through a Transmission Control Agreement between PG&E and the ISO.

In April 2009, the ISO implemented a complete overhaul of its tariff, replacing the market design embodied under the ISO tariff with an updated market design and tariff which has been entitled the Market Redesign and Technology Upgrade ("MRTU"). This overhaul largely changed how generation units are scheduled, transmission rights are allocated, and wholesale energy, capacity and ancillary service costs are allocated to NCPA and its Members. NCPA was an active participant in FERC proceedings, ISO-led stakeholder meetings, and market simulations to test market participant scheduling and settlement systems in advance of MRTU implementation to ensure that Member interests were protected and that NCPA would be able to operate successfully under the new market design. NCPA and the ISO negotiated amendments to the MSSA to adapt to the changes resulting from MRTU. Since MRTU was implemented, the ISO Tariff has continued to evolve, and during such time NCPA continues to participate in the respective stakeholder efforts and proceedings, to ensure NCPA can continue to manage the Project on behalf of the Project Participants.

Santa Clara has separate agreements for the services provided under the MSSA and NCPA-PG&E Interconnection Agreement. See “APPENDIX A—SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS—CITY OF SANTA CLARA.”

### **Wholesale Power Trading**

NCPA trades in the Western wholesale electricity markets to maximize the value of its transmission and generation assets and to minimize its cost of power supply for its Members. NCPA has engaged in wholesale market transactions since 1984. While there have from time to time been bankruptcies among participants in those markets, NCPA claims against those bankruptcy estates have all been resolved and NCPA does not have any additional financial exposure due to past bankruptcies in the electric utility industry. See “LITIGATION—California Energy Market Dysfunction, Refund Dispute and Related Litigation.”

In addition to the wholesale energy market services NCPA supplies to its Members, NCPA also provides a variety of wholesale energy market services, including wholesale power trading, to certain non-Member customers. Currently, NCPA provides various scheduling, operating, and portfolio management services to Merced Irrigation District, Placer County Water Agency, Pioneer Community Energy, and East Bay Community Energy. Such services are provided on a fee-for-service basis.

### **Investment of NCPA Funds**

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

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

The Investment Policy provides the following guidelines, among others. All rated securities must be rated by a nationally recognized statistical rating organization (NRSRO) as “A” or its equivalent or better. All certificates of deposit must mature within one year. All collateralized certificates of deposit must mature within one year. Certificates of deposit with a face value in excess of \$100,000 will be collateralized by Treasury Department securities or first mortgage loans. The Treasury bills or notes must be at least 110% of the face value of the certificate of deposit collateralized in excess of the first \$100,000. The value of first mortgages must be at least 150% of the face value of the certificate of deposit balance secured in excess of the first \$100,000. The portfolio will be diversified with holdings from at least several of the major eligible market sectors. Except for obligations issued or guaranteed by the U.S. Government, federal agencies or Government-sponsored corporations and the Local Agency Investment Fund, no more than 10% of an NCPA construction project or of the NCPA operating funds portfolio will be invested in the securities of any one issuer. Unless otherwise restricted, all holdings will be of sufficient size and held in issues which are actively traded to facilitate transactions at a minimum cost and accurate market valuation. Buying and selling securities before settlement or the use of reverse repurchase agreements for speculative purposes is not authorized. A reverse repurchase agreement may be used only in infrequent circumstances and only to

prevent a material loss that would otherwise result from the sale of an investment for liquidity purposes. Any reverse repurchase agreements must be specifically reported to the Commission along with the reasons therefor on a timely basis.

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

## **CALAVERAS COUNTY WATER DISTRICT**

Calaveras County Water District is a county water district formed under the laws of the State of California. Calaveras' primary objective is to provide water and wastewater service to the residents of Calaveras County. In so doing, Calaveras is engaged in the development of hydroelectric power for financial support and water supplies. Calaveras' operational activities of providing water and wastewater service include approximately 13,000 customers. Calaveras has no obligation on the 2018 Bonds.

On November 25, 1997, the Calaveras County Water District Board of Directors determined that the Limited Obligation Improvement Bonds, New Hogan/La Contenta Regional Development Sewer and Water Assessment District No. 604, would ultimately have insufficient funds in the redemption fund to discharge the unpaid bonds and interest and that, an ultimate loss to the bondholders would occur. The AD 604 bonds are a land-secured debt obligation of the individual property owners, not that of the Calaveras. The bonds were originally issued in 1990 and matured on September 2, 2011. NCPA does not believe that such default will have a material adverse impact on the operations of the Project or NCPA's rights under the Power Purchase Contract.

## **THE HYDROELECTRIC PROJECT**

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

The Project, with the exception of certain transmission facilities, is owned by Calaveras and is licensed by FERC, pursuant to a 50-year License (Project No. 2409) issued in 1982 to Calaveras. Pursuant to the Power Purchase Contract, NCPA (i) is entitled to the electric output, including capacity attributes, of the Project until February 2032, (ii) managed the construction of the Project, and (iii) operates the generating and recreational facilities of the Project. Under a separate FERC-issued license with an expiration date coterminous with the Project No. 2409 license (Project No. 11197), NCPA holds the license and owns the 230 kV Collierville-Bellota and the 21 kV Spicer Meadows-Cabbage Patch transmission lines for Project No. 2409. NCPA also has a separate FERC license for Project No. 11563 (Upper Utica Project), which consists of three storage reservoirs that mainly feed the New Spicer Meadow Reservoir. This license expires in 2033. *Northern California Power Agency*, 104 F.E.R.C. ¶ 62,163 (2003). After the present FERC License for Project No. 2409 expires in the year 2032, NCPA has the option to continue to purchase Project capacity and energy during a subsequent license renewal period. It is estimated that the price will be significantly less than the comparable alternatives at that time. The purchase option includes all capacity and energy which is surplus to Calaveras' needs for power within the boundaries of Calaveras County.

As with any hydroelectric generation project, the operation of the Project is determined by consideration of its storage capacity, hydrology conditions, and available stream flows and requirements. The Project has a 104-year record (1913 to 2017) of storage and stream flows. Based upon the record, the Project's average production is estimated to be 470 GWh annually. The Project is optimized together with NCPA's other resources as determined by NCPA, to economically meet the load requirements of the respective Project Participants. The load-following characteristics of the Project gives NCPA a great degree of flexibility in meeting the hourly and daily variations which occur in the Project Participants' loads. The net Project generation for the fiscal year ended June 30, 2017 was approximately 915 GWh, an above average hydrological year, as compared with 390 GWh for the prior fiscal year (a below average hydrological year).

NCPA financed the Project through the issuance of Hydroelectric Project Number One Revenue Bonds, of which approximately [\$354.3] million aggregate principal amount was outstanding as of January 31, 2018. See "Indebtedness" for each of the Significant Share Project Participants in "APPENDIX A—SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS" for a discussion of the obligations of each of the Significant Share Project Participants with respect to the Project.

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

Biggs and Gridley have transferred their entitlement shares of the Project output to Santa Clara. Each Project Participant remains obligated for all payments due from such Project Participant under the Third Phase Agreement, in the event moneys received from transferees pursuant to such arrangements are insufficient to satisfy all payments. Redding, Truckee Donner, Port of Oakland, Shasta Lake and BART, which are Members of NCPA, are not Project Participants, and have no financial or other responsibility or liability associated with the acquisition, construction, maintenance, operation or financing of the Project.

NCPA has estimated the average cost per kWh of power generated from the Project to be approximately \$0.20 cents/kWh in 2017-18 (based on the current water year conditions). The average cost per kWh of power generated from the Project over the prior five fiscal years is shown in the following table:

Fiscal Year	Average Cost of Power (cents/kWh)
2012-13	\$0.18
2013-14	0.26
2014-15	0.33
2015-16	0.13
2016-17	0.06

## THE PROJECT PARTICIPANTS

### General

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

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

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

### **Descriptions of the Significant Share Project Participants**

The five Project Participants with the largest Project Entitlement Percentages are Alameda (10.00%), Lodi (10.37%), Palo Alto (22.92%), Roseville (12.00%) and Santa Clara (35.86%), which, in the aggregate, comprise over 90% of the Project. None of the remaining Project Participants has a Project Entitlement Percentage in excess of 3%. Alameda, Lodi, Palo Alto, Roseville, and Santa Clara are sometimes referred to herein as the “Significant Share Project Participants.” Brief descriptions of the Significant Share Project Participants, their service areas, existing power supply resources, customers, energy sales and revenues and expenses are set forth in “APPENDIX A—SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS.”

### **Electric Systems**

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

All of the Project Participants provide, through NCPA projects, for a portion of their own power needs. In addition, Alameda, Healdsburg, Lodi, Lompoc and Ukiah obtain a portion of their power needs from Western. Biggs, Gridley, Palo Alto, Plumas-Sierra and Roseville are also wholesale customers of Western and obtain a larger portion of their power needs from that source. Roseville also derives a portion of its power from its own generating facility. Santa Clara receives part of its power requirements from Western, part from PG&E and part from other power agencies, the power markets and its own generating projects. NCPA also purchases power from the market for certain of its Members (the Project Participants, exclusive of Santa Clara and Roseville) for periods of up to 30 days and for periods of up to five years (under separate project agreements) for Biggs, Gridley, Healdsburg, Lodi, Lompoc and Ukiah. Delivery of all such power is made over the ISO controlled grid, Western transmission facilities, the California-Oregon Transmission Project (“COTP”) or combinations of those three transmission facilities.

### **Service Areas**

The municipal Project Participants provide retail electric service within their service areas pursuant to the authority of the Constitution of the State of California, Article XI, Section 9. Under California law, the municipal Project Participants have authority to acquire, construct, establish, enlarge, improve, maintain, own and operate electric distribution systems. Plumas-Sierra provides electric service pursuant to its Articles and Bylaws.

The retail customers of the municipal Project Participants are located within their respective city boundaries and environs. Plumas-Sierra serves rural areas in Plumas, Lassen and Sierra Counties in California and in Washoe Township in Washoe County, Nevada.

## **OTHER NCPA PROJECTS**

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

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

### **Lodi Energy Center Project**

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

The Lodi Energy Center plant is capable of operating at 296 MW (it has been permitted to operate at this level and it has arranged for the equipment necessary to operate at this level) but is expected to operate at 280 MW under the terms of the transmission interconnection agreement with the ISO and PG&E. In 2016, the Lodi Energy Center achieved net generation of 1,077 GWh compared to 1,668 GWh in 2015. The decrease from 2016 to 2015 was due to two separate outages associated with a design flaw in the heat recovery steam generator that was permanently fixed in the spring of 2017. [PROVIDE 2017 STATISTICS?]

Pursuant to a Lodi Energy Center Power Sales Agreement (the “LEC Power Sales Agreement”), by and among NCPA and (i) the NCPA Member project participants: Biggs, Gridley, Healdsburg, Lodi, Lompoc, Plumas-Sierra, Santa Clara, Ukiah and BART; and (ii) the non-NCPA Member project participants: the City of Azusa, the Modesto Irrigation District, the Power and Water Resources Pooling Authority and the California Department of Water Resources (such entities other than NCPA, collectively the “LEC Project Participants”), NCPA agreed to construct and operate the Lodi Energy Center and has sold the capacity and energy of the Lodi Energy Center to the thirteen LEC Project Participants, in accordance with their respective generation entitlement shares to the capacity and energy of the Lodi Energy Center. Each LEC Project Participant is responsible for the payment of its respective share of the costs of construction of the Lodi Energy Center. In order to provide funding for a portion of the costs of the Lodi Energy Center, in June 2010, NCPA issued two series of revenue bonds, its \$254.995 million Lodi Energy Center Revenue Bonds, Issue One, issued on behalf of eleven of the thirteen participants in the Lodi Energy Center (being all of the above-named LEC Project Participants other than the Modesto Irrigation District and the California Department of Water Resources), of which \$\_\_\_\_\_ million is outstanding as of January



31, 2018, and its \$140.765 million Lodi Energy Center Revenue Bonds, Issue Two, issued on behalf of the California Department of Water Resources, of which \$\_\_\_\_\_ million is outstanding as of January 31, 2018. See “Indebtedness” for each of the Significant Share Project Participants in “APPENDIX A – SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS” for a discussion of the obligations of each of Lodi and Santa Clara with respect to the Lodi Energy Center Project. The Modesto Irrigation District provided its own financing for its share of the estimated costs of construction of the Lodi Energy Center.

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

### **Geothermal Project**

NCPA has developed a geothermal project (the “Geothermal Project”) located on federal land in certain areas of Sonoma and Lake Counties, California (the “Geysers Area”). In addition to the geothermal leasehold, wells, gathering system and related facilities, the Geothermal Project consists of two electric generating stations (Plant 1 and Plant 2), each with two 55 MW (nameplate rating) turbine generator units utilizing low pressure, low temperature geothermal steam, associated electrical, mechanical and control facilities, a heat dissipation system, a steam gathering system, a transmission tapline and other related facilities. Geothermal steam for the project is derived from the geothermal property, which includes wellpads, access roads, steam wells and reinjection wells. NCPA formed two not-for-profit corporations controlled by its Members to own the generating plants of the Geothermal Project. NCPA manages the Geothermal Project for the corporations and is entitled to all the capacity and energy generated by the Geothermal Project.

As noted above, the Geothermal Project consists of two operating electric generating stations (Plant 1 and Plant 2), where Plant 1 contains two 55 MW (nameplate rating) turbine generator units, and Plant 2 contains one 52.73 MW turbine generator unit. Plant 1 and Plant 2 were originally developed and operated as separate projects referred to as “Geothermal Project Number 2” and “Geothermal Project Number 3,” respectively. Plant 1 and Plant 2 are now operated together as the Project pursuant to the terms of the Amended and Restated Geothermal Operating Agreement.

Steam for NCPA’s geothermal plants comes from lands in the Geysers Area, which are leased by NCPA from the federal government. NCPA operates these steam-supply areas. Operation of the geothermal plants at high generation levels, together with high steam usage by others in the same area, resulted in a decline in the steam production from the steam wells at a rate greater than expected. As a result, by April 1988, for the purpose of slowing the decline in the steam field capability, NCPA changed its steam field production from base-load to load-following and reduced average annual generation. These changes were effective in reducing the decline in steam production.

Beginning in 1991, along with other steam field operators in the area, NCPA began implementing various operating strategies to further reduce the rate of decline in steam production. NCPA has modified all of the steam turbines and the associated steam collection system to enable generation with lower pressure steam at higher mass-flow rates to optimize the utilization of the available steam resource.

NCPA also entered into agreements with other producers in the Geysers Area to finance and construct the Southeast Geysers Effluent Pipeline Project, which was completed in September 1997 and began operating soon thereafter. The 26-mile pipeline collects waste-water from Lake County Sanitation District treatment plants at Clearlake and Middletown and delivers the waste water to NCPA and the other Geysers steam field operator for injection into the steam field. A second pipeline enhancement project to

further augment the waste-water injection program was completed in 2004. Contractual changes made in connection with the project have increased NCPA's entitlement to receive waste-water for reinjection from 33% to 44%.

NCPA financed the Geothermal Project with Geothermal Project Number 3 Revenue Bonds, of which \$32.8 million were outstanding as of June 30, 2017. Each of the Significant Share Project Participants, together with Biggs, Gridley, Healdsburg, Lompoc, Ukiah and Plumas Sierra, along with non-NCPA Member Turlock Irrigation District, participate in the Geothermal Project. See "Indebtedness" for each of the Significant Share Project Participants in "APPENDIX A—SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS" for a discussion of the obligations of each of the Significant Share Project Participants with respect to the Geothermal Project.

Average annual generation of the Geothermal Project was approximately 103 MW gross ("MWG") for calendar year ("CY") 2017. Based on current operating protocols and forecasted operations, after CY 2017, both the average and peak capacity are expected to continue to decrease, reaching approximately 99.9 MW in CY 2018 and 75.4 MWG by CY 2039. Under terms of the federal geothermal leasehold agreements, which became effective August 1, 1974, the leasehold had a 10-year primary term with provision for renewal as long thereafter as geothermal steam is produced or utilized, but not longer than 40 years; however, in 2013, NCPA renewed the leasehold for a term of \_\_\_\_ years [TO GET FROM GENERATION SERVICES]. At the expiration of that period, if geothermal steam is still being produced, NCPA has preferential right to renew the leasehold for a second term. The leasehold also requires NCPA to remove its leasehold improvements including the geothermal plants and steam gathering system when and if NCPA abandons the leasehold. These decommissioning costs are currently estimated to total approximately \$59.3 million. NCPA has been collecting monies to pay the expected decommissioning costs since 2007 and holds \$16.2 million in a reserve for such purpose as of June 30, 2017. Collections towards future decommissioning costs are expected to be approximately \$\_\_\_\_ million for fiscal year 2017-18 [TO GET FROM GENERATION SERVICES].

### **Geysers Transmission Project**

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

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

### **Capital Facilities Project**

The NCPA Capital Facilities Project, known as Combustion Turbine Project Number Two, currently consists of one power generating station, Unit One, with a design rating of 49.9 MW located in the City of Lodi. Such power generating station consists of a single natural gas-fired steam injected gas turbine (STIG), generator, and required auxiliary and electrical interconnection systems. NCPA financed the Capital Facilities Project with Capital Facilities Revenue Bonds, of which approximately \$38.2 million were outstanding as of June 30, 2017. The Cities of Alameda, Lodi, Lompoc and Roseville are the project participants in the Capital Facilities Project. See "Indebtedness" for each of the Significant Share Project

Participants in “APPENDIX A—SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS” for a discussion of the obligations of each of Alameda, Lodi and Roseville with respect to the Capital Facilities Project.

Unit One is economically dispatched to meet the project participants’ load, depending on the amount of generation available from NCPA’s hydroelectric project and prices of alternative electric energy supplies, to meet other NCPA Members’ load or to sell power to third parties depending on natural gas prices and electric energy prices.

### **Combustion Turbine Project Number One**

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

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

NCPA financed the Combustion Turbine Project through the issuance of Combustion Turbine Project Number One Revenue Bonds, which bonds were retired as of August 15, 2010. Alameda, Lodi, Roseville and Santa Clara, together with Healdsburg, Lompoc, Ukiah and Plumas-Sierra, are participants in Combustion Turbine Project Number One.

### **Natural Gas Supply Contracts**

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

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

NCPA also has entitlement rights to natural gas pipeline capacity of approximately 2,743 MMBtu/day sourced at AECO (Alberta) and sinking at PG&E Citygate (California). The four pipeline segments that are included in the contiguous pipeline entitlement include pipeline contained in the following natural gas systems: NOVA, Foothills, GTN, and CTG. NCPA’s natural gas pipeline is managed by Mercuria Energy America, Inc., pursuant to an Asset Management Agreement for Pipeline Transport Capacity dated January 1, 2015. For release of such natural gas pipeline to Mercuria Energy America, Inc., NCPA is paid the value of the unused pipeline capacity by the pipeline manager.

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

### **Power Purchase and Other Contracts**

***Seattle City Light Exchange Agreement.*** NCPA, on behalf of Healdsburg, Palo Alto, Ukiah, Lodi and Roseville, has negotiated a seasonal exchange agreement with Seattle City Light for 60 MW of summer capacity and energy and a return of 46 MW of capacity and energy in the winter. Deliveries under the agreement began June 1, 1995. NCPA has provided notice to terminate the agreement to Seattle City Light effective in 2018. Effective May 31, 2008, Healdsburg, Palo Alto and Roseville assigned their participation percentages to Santa Clara.

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

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

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

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

***Customer Services Agreement.*** NCPA, pursuant to individual Services Agreement, supplies a variety of wholesale energy market services to non-member customers, including, but not limited to, scheduling services, operating services, and portfolio management services. NCPA is currently providing non-member services to the Merced Irrigation District, Placer County Water Agency, Pioneer Community Energy, and East Bay Community Energy.

## **RATE REGULATION**

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

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

Under Sections 211, 211A, 212 and 213 of the FPA, FERC has the authority, under certain circumstances and pursuant to certain procedures, to order any utility (municipal or otherwise) to provide transmission access to others at FERC-approved rates. In addition, the Energy Policy Act of 2005 expanded FERC’s jurisdiction to require municipal utilities that sell more than eight million MWhs of energy per year to pay refunds under certain circumstances for sales into organized markets. To date, neither NCPA nor any of the Project Participants meet this threshold requirement.

[On May 29, 2009, FERC issued an order asserting that it had the authority to “reset” rates at which energy had been previously sold in the organized California ISO and PX markets. That order is now on appeal in the United States Court of Appeals for the Ninth Circuit, and was argued before that Court in September 2010. If FERC is determined to be correct in its assertion, NCPA would be subject to such refund authority (under certain limitations) for sales into organized markets without regard to the eight million MWhs statutory limitation discussed above. The May 29, 2009 order itself applied to the disputes discussed in “LITIGATION—California Energy Market Dysfunction, Refund Dispute and Related Litigation” which have since been resolved as to NCPA through a Settlement Agreement. While NCPA has, as a result of its settlement, withdrawn from the Ninth Circuit review of FERC’s May 29, 2009 order, the appeal has gone forward without NCPA’s active further participation, so the issue will be finally resolved in the future. – SPIEGEL, PLEASE REVIEW]

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

## **FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY**

The following regulatory programs affect NCPA, each Project Participant, and the electric utility industry and should be considered when evaluating the Project and considering an investment in the 2018 Bonds. NCPA cannot predict at this time whether any additional legislation or rules will be enacted which will affect the Project’s operations, and if such laws or rules are enacted, what the costs to NCPA and the Project Participants might be in the future because of such action.

## California Climate Change Policy Developments

State regulatory agencies such as the California Air Resources Board (“CARB”) and the CEC are pursuing a number of regulatory programs designed to reduce greenhouse gas (“GHG”) emissions and encourage or mandate renewable energy generation. The following is a summary of certain programs. See also “Environmental Regulation and Permitting Factors” below.

*GHG Regulations.* In September 2006, then-Governor Schwarzenegger signed into law the California Global Warming Solutions Act of 2006 or AB 32 (the “Global Warming Solutions Act”). This law requires a cut in GHG emissions from within the State by 2020 in order to reduce such emissions back to 1990 levels, which represents a reduction of approximately 25% Statewide. In September 2016, Governor Brown signed into law an amendment to the Global Warming Solutions Act, or SB 32, that requires a cut in GHG emissions from within the State by 2030 in order to reduce such emissions to 40% below 1990 levels.

CARB implemented the Global Warming Solutions Act through regulations (the “Cap-and-Trade Regulations”) that imposed aggregate emissions limitations on the electricity generation industry in California and allocates the aggregate emissions limit through the distribution of allowances, or emission credits.

The Cap-and-Trade Regulations require all regulated entities to obtain and submit to CARB compliance instruments (allowances and/or offsets) with respect to GHG emissions relating to its State generation activities, as well as for imported electricity from dedicated out-of-state resources. In addition, NCPA may indirectly bear compliance costs for independent generators that must purchase allowances for their generation.

NCPA and the Project Participants, like other electric utilities, receives administrative allocations of allowances for some of their expected GHG emissions. Entities that emit GHGs at levels above those for which they receive administrative allocations, if any, must purchase the additional allowances they require at the CARB auctions or from other covered entities with surplus allowances.

In July 2017, CARB issued Board Resolution 17-21, which directs CARB staff to consider requiring all electric distribution utilities to consign all administratively allocated allowances to auction. Currently, the investor-owned utilities are required to consign their allowances to CARB’s auctions, as well as Publicly-owned utilities (“POUs”) whose generation accesses the California Independent System Operator (“ISO”) Balancing Authority. POUs served by non-ISO Balancing Authorities have the option of placing their allowances to their compliance account to cover emissions from their generating stations and/or consigning a portion of allowances to CARB’s auctions.

In July 2017, CARB adopted amendments to the Cap-and-Trade Regulations, which included revised allowance allocations to electrical distribution utilities from 2021 to 2030. Project Participants are expected to receive more than \$400 million in proceeds from the sale of these allowances, which will substantially minimize the impact from CARB’s requirement to purchase allowance on Project Participants’ finances and operations.

In July 2017, Governor Brown signed into law AB 398 to extend the state’s Cap-and-Trade Regulation from 2021 to 2030. The bill cleared both houses with a 2/3 supermajority vote, which protects the legislation from certain legal challenges. Under AB 398, CARB is directed to address the following: establish a price ceiling, offer nontradeable allowances at two price containment points below the price ceiling, transfer current vintages unsold for more than 24 months to the allowance price containment reserve, evaluate and address allowance overallocation concerns, set industry assistance factors for

allowance allocation, and establish allowance banking rules. AB 398 was passed in conjunction with two companion bills: AB 617, which strengthens the monitoring of criteria air pollutants and toxic air contaminants in local communities, and ACA 1, which establishes the Greenhouse Gas Reduction Reserve Fund. CARB expects to initiate a public rulemaking process in early 2018 to amend the Cap-and-Trade Regulation to reflect the requirements of AB 398.

*GHG Emissions Performance Standard and Financial Commitment Limits.* Pursuant to SB 1368 (Chapter 598, Statutes of 2006), the CEC adopted a GHG emissions performance standard (“EPS”) for electric generating facilities of 1,100 pounds of CO<sub>2</sub> per MWh for “covered procurements” by POU. SB 1368 also prohibits POU from making any “long-term financial commitment” in connection with “baseload generation” that does not satisfy the EPS. Generally, a “long term financial commitment” is any new or renewed power purchase agreement with a term of five years or more, the purchase of an interest in a new power plant or any investment, other than routine maintenance, in an existing power plant that extends the life of the plant by more than five years or results in an increase in its rated capacity. “Baseload generation” means a power plant that is intended to operate at an annualized capacity factor of 60 percent or more.

*2030 GHG Emissions Targets.* SB 350 requires CARB, in consultation with the CPUC and the CEC, to establish 2030 GHG emission targets for each electric utility in the state. CARB will establish a process for setting such targets in early 2018. At present, these targets are non-binding, and primarily intended to help the state measure progress toward the 2030 statewide goal outlined in SB 32. The targets, however, are expected to be an input to the development of the Integrated Resource Plans that are required of the State’s 16 largest POU, which include the four largest NCPA member systems (Santa Clara, Roseville, Redding, and Palo Alto).

*Energy Procurement and Efficiency Reporting.* SB 1037, signed by then Governor Schwarzenegger in September 2005. It requires that each POU, including the Project Participants, prior to procuring new energy generation resources, first acquire all available energy efficiency, demand reduction, and renewable resources that are cost effective, reliable and feasible. SB 1037 also requires each POU to report annually to its customers and to the CEC its investment in energy efficiency and demand reduction programs. Each of the Project Participants is in compliance with such reporting requirements.

Further, Assembly Bill 2021 (“AB 2021”), signed by then Governor Schwarzenegger on September 29, 2006, requires that POU establish, report, and explain the basis of the annual energy efficiency and demand reduction targets by June 1, 2007 and every three years thereafter for a ten-year horizon. Assembly Bill 2227 extended the reporting timeframe from three to four years. The information obtained from the POU is being used by the CEC to present progress made by the State to double energy efficiency savings in electricity and natural gas final end uses by 2030, to the extent doing so is cost effective, feasible, and does not adversely impact public health and safety, as prescribed in SB 350.

*California Renewable Portfolio Standard.* California’s legislature and executive branch have been active in promoting increasingly stringent renewable energy procurement requirements since 2002. Early efforts established a standard of 20% of renewable electricity generation by 2017. Since then, both legislative and executive branch initiatives have raised that standard in multiple phases.

On April 12, 2011, Governor Brown signed into law the California Renewable Energy Resources Act, or SBX 1-2. SBX 1-2 established procurement targets for three compliance periods to be implemented by the procurement plan: 20% of the utility’s retail sales were to be procured from eligible renewable energy resources by December 1, 2013; 25% by December 31, 2016; and 33% by December 31, 2020.

In October 2015, Governor Brown signed into law SB 350, which requires NCPA and the Project Participants to make reasonable progress each year to ensure it achieves 40% of retail sales from eligible renewable energy resources by December 31, 2024, 45% of retail sales from eligible renewable energy resources by December 31, 2027, and 50% of retail sales from eligible renewable energy resources by December 31, 2030.

*Renewable Energy Policy Development.* The State Legislature is considering the development of a Clean Energy Standard for electric utilities, which will require California to meet 100% of its procurement requirements with zero carbon resources by 2045. SB 100 is the vehicle for this effort and will be debated further during the 2018 legislative session. The outcome could have a material impacts on NCPA and Project Participant operations.

*Integrated Resource Plans (IRP).* SB 350 requires that all POUs with demand greater than 700 gigawatt hours to develop an IRP at least once every five years, no later than January 1, 2019. Four NCPA members are subject to this requirement (Santa Clara, Roseville, Redding, and Palo Alto). Each member is well positioned to complete its IRP within the required timeline. As required in the statute, all IRPs will be submitted to the CEC, including information outlined in the CEC's POU IRP Guidelines that were finalized in August 2017.

## **Environmental Regulation and Permitting Factors**

*General.* Numerous environmental laws and regulations affect NCPA's facilities and operations. NCPA monitors its compliance with laws and regulations and reviews its remediation obligations on an ongoing basis. The following topics highlight some of the major environmental compliance issues affecting NCPA:

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

On October 23, 2015, the EPA published the Clean Power Plan and final regulations for (1) carbon pollution standards for new, modified, and reconstructed power plans, and (2) carbon pollution emission guidelines for existing electricity utility generating units. The total national emissions reduction goal under the Clean Power Plan targets an average of a 32 percent reduction from 2005 levels by 2030, with incremental interim goals for the years from 2022 through 2029. The Clean Power Plan allows states multiple options for measuring reductions and establishes different reduction goals depending upon the regulatory program set forth in the state plan.

The Clean Power Plan is being challenged in the United States Circuit Court of Appeals for the District of Columbia. The United States Supreme Court stayed implementation of the Clean Power Plan on February 9, 2016 for a period of time until the D.C. Circuit renders a decision and the Supreme Court concludes any proceedings brought before it. Due to the stay, states were not required to submit initial



plans by the original September 2016 deadline. The D.C. Circuit has continued to hold the case in abeyance and has been requiring EPA to submit 30-day status updates.

On October 16, 2017, the Federal Register published EPA's proposal to repeal the Clean Power Plan, under the premise that it exceeds EPA's statutory authority under Section 111 of the Clean Air Act.

On December 28, the Federal Register published an Advanced Notice of Proposed Rulemaking to consider proposing a new GHG emission limit rule from existing generating units. Under the new version of the proposed rule, EPA will have to determine whether to set a common efficiency standard for the coal fleet or write guidance for states to set their own standards for individual plants based on age and technology. If the effort moves down this path, NCPA and Project Participants would likely be unaffected by this proceeding since its focus is on coal.

## **Energy Regulatory Factors**

### *Developments in the California Energy Market*

In the late 1990s, the State restructured its electricity market so that regulated retail suppliers were required to purchase their customers' supply needs through a centralized, wholesale market. In the centralized market, an administrator collected sellers' price bids and purchasers' estimates of demand. The administrator then determined the price for the most costly unit that was needed to meet demand, and all transactions occurred at that price. The wholesale market was structured as a "spot" market in which prices were set and purchases were made on a short-term basis shortly before supply was needed. The State also capped the price at which regulated retail suppliers could sell electricity to their customers. During portions of 2000 and 2001, wholesale market prices in the State became highly volatile and, for sustained periods, significantly exceeded the capped retail prices. Demand did not decline in response to high wholesale prices because retail price were capped. This situation resulted in the deterioration of the creditworthiness of two large, retail suppliers, Pacific Gas & Electric Company ("PG&E") and Edison, and PG&E eventually declared bankruptcy. Certain other marketers, power suppliers and power plant developers experienced downgrades of their credit ratings. PG&E emerged from bankruptcy on April 12, 2004. The credit ratings of PG&E and Edison have improved since the dislocations of the State energy markets in 2000 and 2001.

The volatility in wholesale prices that the State experienced in 2000 and 2001 was due to a number of factors, including flaws in the structure of the wholesale market and unlawful manipulation of the wholesale market. As discussed below, the wholesale market in the State has since been redesigned, and Congress has established mechanics for policing wholesale markets.

Volatility in electricity prices in the State may nevertheless return due to a variety of factors that affect the supply and demand for electric energy in the western United States. These factors include, but are not limited to, the adequacy of generation resources to meet peak demands, the availability and cost of renewable energy, the impact of climate and other clean energy related legislation and regulations, fuel costs and availability, weather effects on customer demand, transmission congestion, the strength of the economy in the State and surrounding states and levels of hydroelectric generation within the region (including the Pacific Northwest).

### *Future Regulation of the Electric Utility Industry*

The electric utility industry is highly regulated and is also regularly subject to reform. The most recent reforms and proposals are aimed at reducing emissions of greenhouse gases from combustion of fossil fuels and reducing impacts from using ocean water for power plant cooling. Neither NCPA nor the

Project Participants is able to predict future reforms to the electric utility industry or the impact on such entities of recent reforms and proposals.

## **ISO Markets**

The California Independent System Operator (“ISO”) markets are subject to continued change in response to FERC orders, the increased integration of intermittent renewable resources, changing environmental constraints, the ongoing efforts to combat market manipulation, evolving reliability requirements and the potential for some types of electricity and gas transactions to be regulated by the Commodity Futures Trading Commission (“CFTC”). California ISO Tariff changes related to these and other issues are currently under discussion in California ISO stakeholder processes and in ongoing FERC proceedings and CFTC rulemaking proceedings. In most cases, these proposals are not sufficiently final in order to determine their likely impact on NCPA or the Project Participants. However, the following proposals may have significant impacts on NCPA, the Project Participants or electric utilities generally:

***Increased Integration of Renewables.*** As part of the effort to integrate increased levels of intermittent renewable resources into the grid, the ISO has proposed an array of changes to existing markets, which could include modifying the Day Ahead Market to include fifteen (15) minute scheduling. This proposal could impact the value of energy sold and purchased in the wholesale market.

***Centralized Capacity Market.*** Although the CPUC has decided against implementing a centralized capacity market in California for now, some market participants continue to advocate the adoption of such a market. Centralized capacity markets in other parts of the country have shown potential for significant impacts on the costs of LSEs and have raised issues about implications for the traditional utility model. However, at present, there is no concrete plan at the state or federal level to bring centralized capacity markets to the West.

***CFTC Regulation of Energy Transactions.*** The passage of the Dodd-Frank legislation in response to the financial crisis amended the Commodities Exchange Act to permit the CFTC to regulate certain energy transactions called “swaps.” The CFTC is presently writing the rules to implement the law, but currently key terms (such as “swap”) remain undefined. It is too soon to determine whether or to what extent NCPA’s transactions will be affected, but there is potential for increased costs (such as margin requirements, exchange clearing requirements and reporting obligations) for the entire industry.

***Resource Adequacy Requirements.*** Resource Adequacy requirements apply to NCPA and its members, including the Project Participants. For example, to the extent that a LSE fails to procure sufficient capacity resources to meet its loads, it is subject to payment of ISO procurement costs of replacement capacity. To the extent that a shortfall cannot be attributed to a specific LSE, the costs will be spread as part of market uplift charges. These risks apply in the same manner to all LSEs.

## **Changing Laws and Requirements**

On both the state and federal levels, legislation is introduced frequently that would have the effect of further regulating environmental impacts relating to energy, including the generation of energy using conventional and unconventional technologies. Issues raised in recent legislative proposals have included implementation of energy efficiency and renewable energy standards, addressing transmission planning, siting and cost allocation to support the construction of renewable energy facilities, cyber-security legislation that would allow FERC to issue interim measures to protect critical electric infrastructure, a federal cap-and-trade program to reduce GHG emissions, and renewable energy incentives that could provide grants and credits to municipal utilities to invest in renewable energy infrastructure. It is possible

that the 115th Congress (2017-18) and the California Legislature (2017-18 session) will pass legislation addressing similar issues.

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

In addition to state and federal legislation, citizen initiatives in the State can lead and have led to substantial restrictions upon governmental agencies, both in terms of raising revenue and management of governmental entities generally. Articles XIII C and XIII D of the State's constitution provided limits on the ability of governmental agencies to increase certain fees and charges. Such articles were adopted pursuant to measures qualified for the ballot pursuant to the State's constitutional initiative process.

In addition, from time to time other initiative measures could be adopted by State voters, which may place limitations on the ability of NCPA and/or the Project Participants to increase revenues.

### **Other General Factors**

The electric utility industry in general has been, or in the future may be, affected by a number of other factors which could impact the financial condition and competitiveness of many electric utilities, and the level of utilization of generation and transmission facilities. In addition to the factors discussed elsewhere herein, such factors include, among others:

- Effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements;
- Changes resulting from conservation and demand-side management programs on the timing and use of energy;
- Effects on the integration and reliability of the power supply from the increased usage of renewables;
- Changes resulting from a national energy policy;
- Effects of competition from other electric utilities (including increased competition resulting from mergers, acquisitions and strategic alliances of competing electric and natural gas utilities and from competitive transmitting of less expensive electricity from much greater distances over an interconnected system) and new methods of, and new facilities for, producing low-cost electricity;
- The repeal of certain federal statutes that would have the effect of increasing the competitiveness of many investor-owned utilities;
- Increased competition from independent power producers and marketers, brokers and federal power marketing agencies;
- "Self-generation" or "distributed generation" (such as microturbines, fuel cells, and solar installations) by industrial and commercial customers and others;
- Issues relating to the ability to issue tax-exempt obligations, including restrictions on the ability to sell to nongovernmental entities electricity from generation

projects and transmission line service from transmission projects financed with outstanding tax-exempt obligations;

- Effects of inflation on the operating and maintenance costs of an electric utility and its facilities;
- Changes from projected future load requirements;
- Increases in costs and uncertain availability of capital;
- Shifts in the availability and relative costs of different fuels (including the cost of natural gas and coal);
- Financial difficulties, including bankruptcy, of fuel suppliers and/or renewable energy suppliers;
- Changes in the electric market structure for neighboring electric grids such as the new energy imbalance market operated by the California ISO;
- Sudden and dramatic increases in the price of energy purchased on the open market that may occur in times of high peak demand in an area of the country experiencing such high peak demand, such as has occurred in the State;
- Inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy and transmission capacity;
- Other legislative changes, voter initiatives, referenda and statewide propositions;
- Effects of changes in the economy, population and demand of customers in the Project Participants' service areas;
- Effects of possible manipulation of the electric markets;
- Acts of terrorism or cyberterrorism; and
- Natural disasters or other physical calamities, including but not limited to, earthquakes.

Any of these factors (as well as other factors) could have an adverse effect on the financial condition of any given electric utility.

## **LITIGATION**

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or redelivery of the 2018 Bonds, or in any way contesting or affecting the validity of the 2018 Bonds or any proceedings of NCPA taken with respect to the issuance or sale thereof.

Upon the basis of information presently available, NCPA and its General Counsel believe that there is no litigation pending or threatened against NCPA which will materially adversely affect the Project or the respective sources of payment for the 2018 Bonds.

## **Market Redesign**

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

## **California Energy Market Dysfunction, Refund Dispute and Related Litigation**

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

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

While the FERC refund proceedings remain ongoing, and it is anticipated that NCPA may have to participate from time to time to protect its interests, NCPA anticipates that its high level of activity in the past will be significantly reduced for the future.

## **Other Proceedings**

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

## **RATINGS**

Moody’s Investors Service and [Fitch Ratings] have assigned to the 2018 Bonds the ratings of “\_\_\_” and “\_\_\_,” respectively. Such ratings reflect only the views of such organizations and are not a recommendation to buy, sell or hold the 2018 Bonds. Explanations of the significance of such ratings may be obtained only from the respective organizations at: Moody’s Investors Service, 1 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007 and Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that either rating will continue for any given period or that it will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of such rating agency, circumstances so warrant. NCPA undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2018 Bonds. A securities

rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

## **UNDERWRITING**

Citigroup Global Markets Inc., on behalf of itself and Goldman Sachs & Co., LLC (the “Underwriters”), has agreed to purchase the 2018 Series A Bonds from NCPA at a price of \$\_\_\_\_\_ (which reflects the \$\_\_\_\_\_ par amount of the 2018 Series A Bonds, [plus/less] [net] original issue [premium/discount] of \$\_\_\_\_\_, and less an Underwriters’ discount of \$\_\_\_\_\_) and to purchase the 2018 Series B Bonds from NCPA at a price of \$\_\_\_\_\_ (which reflects the \$\_\_\_\_\_ par amount of the 2018 Series B Bonds less an Underwriters’ discount of \$\_\_\_\_\_), subject to certain conditions set forth in the Contract of Purchase between NCPA and the Underwriters.

The Underwriters may offer and sell the 2018 Bonds to certain dealers and others at prices lower than the offering prices or at yields higher than the offering yields stated on the inside cover page. The offering prices and yields may be changed from time to time by the Underwriters. The Contract of Purchase for the 2018 Bonds provides that the Underwriters will purchase all of the 2018 Bonds, if any are purchased, the obligation to make such purchases being subject to certain terms and conditions set forth in the Contract of Purchase.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for NCPA for which they received or will receive customary fees and expenses. Citigroup or an affiliate thereof serves as an interest rate swap provider to NCPA and as the remarketing agent for certain of NCPA’s variable rate bonds.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of NCPA.

## **FINANCIAL ADVISOR**

PFM Financial Advisors LLC (the “Financial Advisor”) has assisted NCPA with various matters relating to the planning, structuring and delivery of the 2018 Bonds. The Financial Advisor is a financial advisory firm and is not engaged in the business of underwriting or distributing municipal securities or other public securities. The Financial Advisor assumes no responsibility for the accuracy, completeness or fairness of this Official Statement. The Financial Advisor will receive compensation from NCPA contingent upon the sale of the delivery of the 2018 Bonds.

## **TAX MATTERS**

### **2018 Series A Bonds**

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to NCPA (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on

the 2018 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2018 Series A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix F hereto.

To the extent the issue price of any maturity of the 2018 Series A Bonds is less than the amount to be paid at maturity of such 2018 Series A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2018 Series A Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2018 Series A Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2018 Series A Bonds is the first price at which a substantial amount of such maturity of the 2018 Series A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2018 Series A Bonds accrues daily over the term to maturity of such 2018 Series A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2018 Series A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2018 Series A Bonds. Beneficial Owners of the 2018 Series A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2018 Series A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2018 Series A Bonds in the original offering to the public at the first price at which a substantial amount of such 2018 Series A Bonds is sold to the public.

2018 Series A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2018 Series A Bonds. NCPA has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2018 Series A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2018 Series A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2018 Series A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the 2018 Series A Bonds may adversely affect the value of, or the tax status of interest on, the 2018 Series A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2018 Series A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes,

the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2018 Series A Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2018 Series A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2018 Series A Bonds. Prospective purchasers of the 2018 Series A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2018 Series A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of NCPA or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. NCPA has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2018 Series A Bonds ends with the issuance of the 2018 Series A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend NCPA or the Beneficial Owners regarding the tax-exempt status of the 2018 Series A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than NCPA and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which NCPA legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2018 Series A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2018 Series A Bonds, and may cause NCPA or the Beneficial Owners to incur significant expense.

## **2018 Series B Bonds**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2018 Series B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is of the opinion that interest on the 2018 Series B Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2018 Series B Bonds. The proposed form of opinion of Bond Counsel is contained in Appendix F hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the 2018 Series B Bonds that acquire their 2018 Series B Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should



note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the “IRS”) with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their 2018 Series B Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose “functional currency” is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the 2018 Series B Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their 2018 Series B Bonds pursuant to this offering for the issue price that is applicable to such 2018 Series B Bonds (i.e., the price at which a substantial amount of the 2018 Series B Bonds are sold to the public) and who will hold their 2018 Series B Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a 2018 Series B Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a 2018 Series B Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds 2018 Series B Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding 2018 Series B Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the 2018 Series B Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the 2018 Series B Bonds in light of their particular circumstances.

#### **U.S. Holders**

*Interest.* Interest on the 2018 Series B Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the 2018 Series B Bonds is less than the amount to be paid at maturity of such 2018 Series B Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2018 Series B Bonds) by more than a de minimis amount, the difference may constitute original issue discount (“OID”). U.S. Holders of 2018 Series B Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

2018 Series B Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a 2018 Series B Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such 2018 Series B Bond.

*Sale or Other 2018 Series B Disposition of the 2018 Series B Bonds.* Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by NCPA) or other disposition of a 2018 Series B Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a 2018 Series B Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the 2018 Series B Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the 2018 Series B Bond (generally, the purchase price paid by the U.S. Holder for the 2018 Series B Bond, decreased by any amortized premium[, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such 2018 Series B Bond] ). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the 2018 Series B Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the 2018 Series B Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

*Defeasance of the 2018 Series B Bonds.* If NCPA defeases any 2018 Series B Bond, the 2018 Series B Bond may be deemed to be retired and "reissued" for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted tax basis in the 2018 Series B Bond.

*Information Reporting and Backup Withholding.* Payments on the 2018 Series B Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the 2018 Series B Bonds may be subject to backup withholding at the current rate of 28% with respect to "reportable payments," which include interest paid on the 2018 Series B Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2018 Series B Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

### ***Non-U.S. Holders***

*Interest.* Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act," payments of principal of, and interest on, any 2018 Series B Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to NCPA through stock ownership and (2) a bank which acquires such

2018 Series B Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the 2018 Series B Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading “Information Reporting and Backup Withholding,” or an exemption is otherwise established.

*Disposition of the 2018 Series B Bonds.* Subject to the discussions below under the headings “Information Reporting and Backup Withholding” and “FATCA,” any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by NCPA [or a deemed retirement due to defeasance of the 2018 Series B Bond] ) or other disposition of a 2018 Series B Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by NCPA) or other disposition and certain other conditions are met.

*U.S. Federal Estate Tax.* A 2018 Series B Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual’s death, provided that, at the time of such individual’s death, payments of interest with respect to such 2018 Series B Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

*Information Reporting and Backup Withholding.* Subject to the discussion below under the heading “FATCA,” under current U.S. Treasury Regulations, payments of principal and interest on any 2018 Series B Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the 2018 Series B Bond or a financial institution holding the 2018 Series B Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 28%.

#### ***Foreign Account Tax Compliance Act (“FATCA”)—U.S. Holders and Non-U.S. Holders***

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the 2018 Series B Bonds and sales proceeds of 2018 Series B Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to (i) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2018 and (ii) certain “passthru” payments no earlier than January 1, 2019. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of 2018 Series B Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of 2018 Series B Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

### **CONTINUING DISCLOSURE**

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

### **APPROVAL OF LEGAL PROCEEDINGS**

The issuance of the 2018 Bonds is subject to the approval of legality of Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel to NCPA. Certain legal matters will be passed upon for NCPA by Jane E. Luckhardt, Esq., General Counsel to NCPA, and by Spiegel & McDiarmid LLP, Washington, D.C., Washington Counsel to NCPA. Orrick, Herrington & Sutcliffe LLP is acting as disclosure counsel to NCPA in connection with the 2018 Bonds. Certain legal matters will be passed upon for the Underwriters by Norton Rose Fulbright US LLP, Los Angeles, California.

### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

On the date of delivery of the 2018 Bonds, NCPA will receive a report from [Grant Thornton LLP] verifying the adequacy of the cash deposited and held in the Escrow Fund, and the maturing principal amounts of and interest earned on the Escrow Securities initially deposited in the Escrow Fund (if any), to pay when due the interest on the Refunded 2008 Series C Bonds to the redemption date and the redemption price of the Refunded 2008 Series C Bonds on the redemption date.

### **INDEPENDENT AUDITORS**

The combined financial statements of Northern California Power Agency and Associated Power Corporations as of and for the years ended June 30, 2017 have been audited by Baker Tilly Virchow Krause, LLP, independent auditors, as stated in their report. Baker Tilly Virchow Krause, LLP has not been engaged to perform and has not performed, since the date of its report included therein, any procedures on the financial statements addressed in such report. Baker Tilly Virchow Krause, LLP has also not performed any procedures relating to this Official Statement. The combined financial statements of NCPA and Associated

Power Corporations, as of and for the year ended June 30, 2016, were audited by other auditors whose report dated October 19, 2016, expressed an unmodified opinion on those combined statements.

#### **INCLUSION BY SPECIFIC REFERENCE**

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

#### **MISCELLANEOUS**

This Official Statement includes descriptions of the terms of the 2018 Bonds, the Indenture, the Escrow Agreement, the Third Phase Agreement, the Continuing Disclosure Agreements, certain other agreements and certain provisions of state and federal legislation. Such descriptions do not purport to be complete and all such descriptions and references thereto are qualified in their entirety by references to each such document, copies of which may be obtained from NCPA or, during the period of the offering, from the Underwriters.

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

#### **NORTHERN CALIFORNIA POWER AGENCY**

By: \_\_\_\_\_  
Randy S. Howard  
General Manager

## **APPENDIX A**

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

## **APPENDIX B**

### **NCPA AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016**

The combined financial statements of Northern California Power Agency and Associated Power Corporations as of and for the years ended June 30, 2017 and June 30, 2016 have been audited by Baker Tilly Virchow Krause, LLP, independent auditors, as stated in their report. Baker Tilly Virchow Krause, LLP has not been engaged to perform and has not performed, since the date of its report included therein, any procedures on the financial statements addressed in such report. Baker Tilly Virchow Krause, LLP has also not performed any procedures relating to this Official Statement.

## APPENDIX C

### BOOK-ENTRY ONLY SYSTEM

*The information in this Appendix C regarding DTC and its book-entry system has been obtained from DTC's website, for use in securities offering documents, and NCPA takes no responsibility for the accuracy or completeness thereof or for the absence of material changes in such information after the date hereof.*

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2018 Bonds. The 2018 Bonds will be issued as fully-registered securities, registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each Series of the 2018 Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2018 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2018 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2018 Bonds, except in the event that use of the book-entry system for the 2018 Bonds is discontinued.

To facilitate subsequent transfers, all 2018 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested



by an authorized representative of DTC. The deposit of 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2018 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2018 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2018 Bond documents. For example, Beneficial Owners of 2018 Bonds may wish to ascertain that the nominee holding the 2018 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2018 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2018 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to NCPA as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and interest payments on the 2018 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from NCPA or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the Trustee, or NCPA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of NCPA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2018 Bonds at any time by giving reasonable notice to NCPA or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2018 Bond certificates are required to be printed and delivered.

NCPA may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, 2018 Bond certificates will be printed and delivered to DTC.

## **APPENDIX D**

### **SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

## **APPENDIX E**

### **PROPOSED FORMS OF CONTINUING DISCLOSURE AGREEMENTS**

**APPENDIX F**

**PROPOSED FORM OF BOND COUNSEL OPINION**

## **APPENDIX G**

### **DEBT SERVICE REQUIREMENTS ON THE HYDROELECTRIC PROJECT BONDS**

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TWENTY-FOURTH SUPPLEMENTAL  
INDENTURE OF TRUST

between

NORTHERN CALIFORNIA POWER AGENCY

and

U.S. BANK NATIONAL ASSOCIATION, as TRUSTEE

relating to  
Hydroelectric Project Number One Revenue Bonds  
2018 Refunding Series A

Dated as of April 1, 2018

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## **TWENTY-FOURTH SUPPLEMENTAL INDENTURE OF TRUST**

**THIS TWENTY-FOURTH SUPPLEMENTAL INDENTURE OF TRUST** made and entered into as of April 1, 2018, by and between Northern California Power Agency, a joint exercise of powers agency established pursuant to the laws of the State of California (“NCPA”), and U.S. Bank National Association, a national banking association, incorporated under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out, with its principal corporate trust office located at 100 Wall Street, New York, New York, as successor trustee (the “Trustee”);

### **W I T N E S S E T H :**

**WHEREAS**, NCPA has heretofore entered into with the Trustee an Indenture of Trust, dated as of March 1, 1985 (as the provisions thereof have been amended, the “Original Indenture”), as supplemented and amended by the following, each by and between NCPA and the Trustee: the First Supplemental Indenture of Trust, dated as of December 1, 1985, the Second Supplemental Indenture of Trust, dated as of July 1, 1986, the Fourth Supplemental Indenture of Trust, dated as of August 1, 1986, the Fifth Supplemental Indenture of Trust, dated as of December 1, 1986, the Sixth Supplemental Indenture of Trust, dated as of September 15, 1987, the Seventh Supplemental Indenture of Trust, dated as of July 1, 1991, the Eighth Supplemental Indenture of Trust, dated as of June 1, 1992, the Ninth Supplemental Indenture of Trust, dated as of June 1, 1993, the Tenth Supplemental Indenture of Trust, dated as of July 1, 1998, the Eleventh Supplemental Indenture of Trust, dated as of July 1, 1998, the Twelfth Supplemental Indenture of Trust, dated as of April 1, 2002, the Thirteenth Supplemental Indenture of Trust, dated as of April 1, 2002, the Fourteenth Supplemental Indenture of Trust, dated as of April 1, 2003, the Fifteenth Supplemental Indenture of Trust, dated as of April 1, 2003, the Sixteenth Supplemental Indenture of Trust, dated as of April 1, 2008, the Seventeenth Supplemental Indenture of Trust, dated as of April 1, 2008, the Eighteenth Supplemental Indenture of Trust, dated as of July 1, 2008, the Nineteenth Supplemental Indenture of Trust dated as of July 1, 2008, the Twentieth Supplemental Indenture of Trust, dated as of February 1, 2010, the Twenty-First Supplemental Indenture of Trust, dated as of February 1, 2010, the Twenty-Second Supplemental Indenture of Trust, dated as of February 1, 2012, and the Twenty-Third Supplemental Indenture of Trust, dated as of February 1, 2012; and

**WHEREAS**, NCPA has heretofore issued the Refunded 2008 Series C Bonds (capitalized terms used herein and not otherwise defined shall have the meanings given such terms in Section 103 hereof) pursuant to the Original Indenture as amended and supplemented by the Eighteenth Supplemental Indenture; and

**WHEREAS**, the Original Indenture authorizes NCPA and the Trustee to enter into a Supplemental Indenture to provide for the issuance of Refunding Bonds such as the 2018 Series A Bonds; and

**WHEREAS**, NCPA desires to issue, on the terms set forth herein, its 2018 Series A Bonds in order to provide a portion of the moneys to refund the Refunded 2008 Series C Bonds and to pay certain costs in connection with the issuance of the 2018 Series A Bonds; and



**WHEREAS**, all acts and things have been done and performed which are necessary to make this Twenty-Fourth Supplemental Indenture a valid and binding agreement for the security of the 2018 Series A Bonds authenticated and delivered hereunder;

**NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS TWENTY-FOURTH SUPPLEMENTAL INDENTURE OF TRUST WITNESSETH:**

That, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created and originally created by the Original Indenture, the mutual covenants herein contained and the purchase and acceptance of the 2018 Series A Bonds issued hereunder by the Holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of, Redemption Price, if any, and interest on the Bonds according to their tenor and effect, and the performance and observance by NCPA of all the covenants and conditions herein and therein contained on its part to be performed, it is agreed by and between NCPA and the Trustee as follows:

## **ARTICLE I**

### **AUTHORITY AND DEFINITIONS**

**101. Supplemental Indenture of Trust.** This Twenty-Fourth Supplemental Indenture of Trust is supplemental to the Original Indenture as heretofore amended and supplemented.

**102. Authority for the Twenty-Fourth Supplemental Indenture of Trust.** This Twenty-Fourth Supplemental Indenture is adopted (i) pursuant to the provisions of Article 4 of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California and (ii) in accordance with Article II and Article XI of the Original Indenture.

**103. Definitions.**

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

Section 103 of the First Supplemental Indenture, Section 103 of the Second Supplemental Indenture, Section 103 of the Fourth Supplemental Indenture, Section 103 of the Fifth Supplemental Indenture, Section 103 of the Sixth Supplemental Indenture, Section 103 of the Seventh Supplemental Indenture, Section 103 of the Eighth Supplemental Indenture, Section 103 of the Ninth Supplemental Indenture, Section 103 of the Tenth Supplemental Indenture, Section 103 of the Eleventh Supplemental Indenture, Section 103 of the Twelfth Supplemental Indenture, Section 103 of the Thirteenth Supplemental Indenture, Section 103 of the Fourteenth Supplemental Indenture, Section 103 of the Fifteenth Supplemental Indenture, Section 103 of the Sixteenth Supplemental Indenture, Section 103 of the Seventeenth Supplemental Indenture, Section 103 of the Eighteenth Supplemental Indenture, Section 103 of the Nineteenth Supplemental Indenture, and Section 103 of the Twentieth Supplemental Indenture, Section 103 of the Twenty-First Supplemental Indenture, Section 103 of the Twenty-Second Supplemental Indenture, and Section 103 of the Twenty-Third Supplemental Indenture, respectively.

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

**Authorized Denomination** means with respect to the 2018 Series A Bonds, \$5,000 and any integral multiple thereof.

**Dated Date** means, with respect to the 2018 Series A Bonds, April \_\_, 2018.

**Eighteenth Supplemental Indenture** means the Eighteenth Supplemental Indenture of Trust, dated as of July 1, 2008, amending and supplementing the Original Indenture as theretofore amended and supplemented.

**Refunded 2008 Series C Bonds** means the Hydroelectric Project Number One Revenue Bonds, 2008 Refunding Series C authorized by the Eighteenth Supplemental Indenture which are Outstanding on the Dated Date.

**Securities Depository** or **Depository** means, with respect to the 2018 Series A Bonds, the securities depository designated in Section 205 hereof and its successors and assigns or if (a) the then Securities Depository resigns from its functions as depository for the 2018 Series A Bonds, or (b) NCPA discontinues use of the Securities Depository pursuant to Section 205(d) hereof, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the 2018 Series A Bonds.

**Twenty-Fourth Supplemental Indenture** means this Twenty-Fourth Supplemental Indenture of Trust, amending and supplementing the Original Indenture as heretofore amended and supplemented.

**2008 Series C Escrow Agreement** means the Escrow Deposit Agreement, dated as of April 1, 2018, by and between NCPA and the Trustee relating to the Refunded 2008 Series C Bonds.

**2008 Series C Escrow Fund** means the fund established in Section 2(a) of the 2008 Series C Escrow Agreement.

**2018 Series A Bonds** means the Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A authorized by Article II of this Twenty-Fourth Supplemental Indenture.

**2018 Series A Costs of Issuance Fund** means the Fund so designated established pursuant to Section [209] of this Twenty-Fourth Supplemental Indenture.

(c) **Rules of Construction.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. Defined terms shall include any variant of the terms set forth in this Article I.

The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this Twenty-Fourth Supplemental Indenture, refer to this Twenty-Fourth Supplemental Indenture.

## ARTICLE II

### THE 2018 SERIES A BONDS

**201. Principal Amount, Designation and Series.** Pursuant to the provisions of the Indenture as supplemented by this Twenty-Fourth Supplemental Indenture and the provisions of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$\_\_\_\_\_. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A.” Each of the 2018 Series A Bonds shall be in fully registered form in an Authorized Denomination. The 2018 Series A Bonds shall be numbered one upward in consecutive numerical order preceded by the letter “R”. The 2018 Series A Bonds shall be in substantially the form attached hereto as Exhibit A with such variations and omissions as are necessary to reflect the particular terms of each 2018 Series A Bond.

**202. Purpose.** The 2018 Series A Bonds are issued for the purpose of providing a portion of the moneys to refund the Refunded 2008 Series C Bonds and to pay the cost of issuance of the 2018 Series A Bonds and other costs related to the refunding of the Refunded 2008 Series C Bonds.

**203. Terms of the 2018 Series A Bonds.** (a) The 2018 Series A Bonds shall be dated the Dated Date, and shall bear interest from the Dated Date at the respective rates, and shall mature on July 1 in the years and in the principal amounts, shown below:

Maturity July 1	Aggregate Principal Amount	Interest Rate

(b) **Interest.** Interest on each 2018 Series A Bond shall be payable at the respective per annum rates set forth in Section 203(a) hereof, on each January 1 and July 1, commencing July 1, 2018, until payment of the principal of such 2018 Series A Bonds, computed using a year of 360 days comprised of twelve 30-day months.

**204. Redemption Prices And Terms.**

(a) The 2018 Series A Bonds are subject to redemption prior to their stated maturity, at the option of NCPA, in whole or in part in such amounts as shall be specified by NCPA, on any date, on and after July 1, 20\_\_, from any source of available funds, at a Redemption Price equal to the principal amount of the 2018 Series A Bonds called for redemption, plus unpaid accrued interest to the redemption date, without premium.

(b) [ANY MAKE-WHOLE REDEMPTION PRIOR TO 10-YEARS?]

(c) The 2018 Series A Bonds are subject to redemption prior to their stated maturity, at the option of NCPA, in whole or in part (in such amounts as may be specified by NCPA) on any date, from: (i) insurance or condemnation proceeds and (ii) from any source of available funds if all or substantially all of the Initial Facilities are damaged or destroyed, taken by any public entity in the exercise of its powers of eminent domain or disposed of or abandoned, at a Redemption Price equal to the principal amount of the 2018 Series A Bonds being redeemed plus unpaid accrued interest to the redemption date, without premium; provided that the option of NCPA to call the 2018 Series A Bonds for redemption from insurance or condemnation proceeds shall expire 90 days following the receipt of such insurance or condemnation proceeds.

**205. Global Form; Securities Depository.**

(a) Except as otherwise provided in this Section, the 2018 Series A Bonds shall be in the form of a global bond for the aggregate principal amount of the 2018 Series A Bonds of each maturity, and shall be registered in the name of Cede & Co., as the nominee of DTC. Upon such registration, except as provided in subsection (c) of this Section, the 2018

Series A Bonds, may be transferred, in whole but not in part, only to a successor Securities Depository or a nominee of a successor Securities Depository selected by NCPA or to a nominee of such successor Securities Depository or its nominee.

**(b)** NCPA, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation with respect to:

**(i)** the accuracy of the records of the Securities Depository, or the Securities Depository nominee with respect to any beneficial ownership interest in the 2018 Series A Bonds;

**(ii)** the delivery to any beneficial owner of the 2018 Series A Bonds or any other person, other than a Holder as shown in the registration books, of any notice with respect to the 2018 Series A Bonds, including any notice of redemption;

**(iii)** the payment to any beneficial owner of the 2018 Series A Bonds or any other person, other than a Holder as shown in the registration books, of any amount with respect to the principal of, premium, if any, or interest on, the 2018 Series A Bonds;

**(iv)** any consent given by the Securities Depository as registered owner of the 2018 Series A Bonds; or

**(v)** subject to Section 504 of the Original Indenture, the selection by the Securities Depository of any beneficial owners to receive payment if 2018 Series A Bonds are redeemed in part.

Upon registration of the 2018 Series A Bonds in the name of a Securities Depository pursuant to subsection (a) of this Section, so long as the certificates for the 2018 Series A Bonds are not issued pursuant to subsection (c) of this Section, NCPA, the Trustee, the Bond Registrar and the Paying Agent may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of the 2018 Series A Bonds for all purposes whatsoever, including without limitation:

**(i)** the payment of principal, Redemption Price and interest on the 2018 Series A Bonds;

**(ii)** giving notices with respect to the 2018 Series A Bonds; and

**(iii)** registering transfers with respect to the 2018 Series A Bonds.

**(c)** If at any time the incumbent Securities Depository notifies NCPA that it is unwilling or unable to continue as Securities Depository with respect to the 2018 Series A Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation or NCPA determines to discontinue the use of the book-entry system of the incumbent Securities Depository for the 2018 Series A Bonds, and a successor Securities Depository is not appointed by NCPA within 90 days after NCPA receives notice or becomes aware of such condition, or discontinues the use of the book-entry system for the incumbent Securities Depository, as the case may be, subsection (a) of

this Section shall no longer be applicable and NCPA shall execute and the Trustee shall authenticate and deliver certificates representing the 2018 Series A Bonds, as provided in the Representation Letter.

(d) Notwithstanding any other provision of this Twenty-Fourth Supplemental Indenture to the contrary, so long as any 2018 Series A Bond is registered in the name of DTC, or its nominee, all payments with respect to principal, Redemption Price and interest on such 2018 Series A Bonds, and all notices with respect to such 2018 Series A Bonds, shall be made and given, respectively, as provided in the Representation Letter.

(e) While DTC is serving as Securities Depository for the 2018 Series A Bonds, in connection with any notice or other communication to be provided to the Holders of the 2018 Series A Bonds, pursuant to this Twenty-Fourth Supplemental Indenture, by NCPA or the Trustee with respect to any consent or other action to be taken by the Holders of the 2018 Series A Bonds, NCPA or the Trustee, as the case may be, shall establish a record date for determining DTC participants eligible to consent or take such other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

**206. Place of Payment and Paying Agent.** Except as otherwise provided in the Representation Letter, the principal and Redemption Price of the 2018 Series A Bonds shall be payable upon surrender thereof at the principal corporate trust office of U.S. Bank National Association, in New York, New York, as shall be designated from time to time and such banking institution is hereby appointed as Paying Agent for the 2018 Series A Bonds. By execution of this Twenty-Fourth Supplemental Indenture, U.S. Bank National Association accepts the office of Paying Agent for the 2018 Series A Bonds and agrees to perform all duties in connection herewith as provided in the Indenture. The principal and Redemption Price of all 2018 Series A Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Indenture.

**207. Application of Proceeds of 2018 Series A Bonds.** In accordance with Section 204 of the Original Indenture, the proceeds of the sale of the 2018 Series A Bonds \$\_\_\_\_\_ (representing the \$\_\_\_\_\_ principal amount of the 2018 Series A Bonds, [plus/less] [net] original issue [premium/discount] of \$\_\_\_\_\_, and less underwriters' discount of \$\_\_\_\_\_), shall be applied simultaneously with the delivery of the 2018 Series A Bonds, as follows:

(a) There shall be deposited, in immediately available funds, in the 2008 Series C Escrow Fund the sum of \$\_\_\_\_\_; and

(b) There shall be deposited in the 2018 Series A Costs of Issuance Fund the \$\_\_\_\_\_ balance of such proceeds.

**208. No 2018 Series A Debt Service Reserve Account.** Pursuant to Section 202(1)(d) of the Original Indenture, the 2018 Series A Bonds are not Participating Bonds and are not secured by amounts in the Debt Service Reserve Account. No Series Debt Service Reserve Account will be established in the Debt Service Fund with respect to the 2018 Series A Bonds.

**209. Establishment and Application of 2018 Series A Costs of Issuance Fund.** The Trustee shall establish and maintain in trust a separate fund designated as the “2018 Series A Costs of Issuance Fund.” Moneys deposited in said fund shall be used to pay costs of issuance with respect to the 2018 Series A Bonds and the expenses and obligations payable by NCPA in connection with the 2018 Series A Bonds and the refunding of the Refunded 2008 Series C Bonds upon receipt by the Trustee of a requisition of an NCPA Authorized Representative stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. At the end of one year from the date of initial delivery of the 2018 Series A Bonds, or upon earlier receipt of a statement of an NCPA Authorized Representative that amounts in said fund are no longer required for the payment of such costs, expenses and obligations, said fund shall be terminated and any amounts then remaining in said fund shall be transferred to the Debt Service Fund.

### **ARTICLE III**

#### **MISCELLANEOUS**

**301. Indenture to Remain in Effect.** Save and except as heretofore amended and supplemented and as amended and supplemented by this Twenty-Fourth Supplemental Indenture, the Indenture shall remain in full force and effect.

**302. Counterparts.** This Twenty-Fourth Supplemental Indenture may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

**IN WITNESS WHEREOF**, Northern California Power Agency has caused these presents to be signed in its name and on its behalf by its General Manager and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by one of its authorized officers, all as of the first day of April, 2018.

**NORTHERN CALIFORNIA POWER  
AGENCY**

By: \_\_\_\_\_

Name: Randy Howard

Title: General Manger

**U.S. BANK NATIONAL ASSOCIATION, as  
Trustee**

By: \_\_\_\_\_

Authorized Officer



**EXHIBIT A**

**FORM OF 2018 SERIES A BONDS**

[bracketed language applies only to Bonds to be registered in the name of CEDE & CO.]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE NORTHERN CALIFORNIA POWER AGENCY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

**NORTHERN CALIFORNIA POWER AGENCY**

**HYDROELECTRIC PROJECT NUMBER ONE REVENUE BOND,  
2018 REFUNDING SERIES A**

No. R-\_\_\_\_\_ \$ \_\_\_\_\_

Interest Rate	Dated Date	Maturity Date	CUSIP No.
_____%	April __, 2018	July 1, 20__	_____

Registered Holder: CEDE & CO.

Principal Amount:

**NORTHERN CALIFORNIA POWER AGENCY** (herein called “NCPA”), a joint exercise of powers agency established pursuant to the laws of the State of California, acknowledges itself indebted to, and for value received hereby promises to pay to, the registered owner specified above, or registered assigns, on the Maturity Date stated hereon, unless sooner paid as provided in the Indenture mentioned below, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the principal corporate trust office of the Trustee mentioned below, the principal amount specified above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount, by check of the Trustee hereafter mentioned mailed to such owner at his address as shown on the bond register, or as otherwise provided in the Indenture referred to below, at the interest rate per annum (calculated on the basis of a 360-day year of twelve thirty-day months) stated hereon, payable on the first days of January and July in each year, commencing July 1, 2018 (each an “Interest Payment Date”), until the payment of such principal sum. Such interest shall be payable from the most recent Interest Payment Date next preceding the date of authentication hereof to which interest has been paid,

unless the date of authentication hereof is a January 1 or July 1 to which interest has been paid, in which case from the date of authentication hereof, or unless the date of authentication hereof is on or prior to June 15, 2018, in which case from the Dated Date, or unless the date of authentication hereof is between a Record Date and the next Interest Payment Date, in which case from such Interest Payment Date. The interest so payable on any Interest Payment Date will be paid to the person in whose name this bond is registered at the close of business on the fifteenth day of the calendar month immediately preceding such Interest Payment Date at his address as shown on the bond register.

This bond is one of a duly authorized issue of bonds of NCPA designated as "Hydroelectric Project Number One Revenue Bonds" (the "Bonds") and of a series of Bonds designated as "Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A" (the "2018 Series A Bonds"). The 2018 Series A Bonds are issued pursuant to Article 4 of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, as amended and supplemented. The 2018 Series A Bonds have been issued in the aggregate principal amount of \$\_\_\_\_\_. The 2018 Series A Bonds are issued under, and, together with all other Bonds issued and outstanding thereunder, are equally and ratably secured by the Trust Estate and entitled to the protection given by, the Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, which Indenture was duly executed and delivered by NCPA to U.S. Bank National Association, New York, New York, the successor Trustee (the term "Trustee" where used herein refers collectively to said Trustee or its successors in said Trust) (said Indenture, as amended and supplemented and as the same may be amended and supplemented, is herein called the "Indenture").

Copies of the Indenture are on file at the office of NCPA and at the principal corporate trust office of the Trustee and reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of NCPA, the Trustee and the holders of the Bonds and the terms upon which the Bonds are or may be issued and secured under the Indenture, the rights and remedies of the holders of the Bonds, the limitations on such rights and remedies and the terms and conditions upon which Bonds are issued and may be issued thereunder. Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Indenture.

This bond is a special, limited obligation of NCPA and the principal of, Redemption Price, if any, and interest on this bond and the principal of, Redemption Price, if any, and interest on the other Bonds, are payable solely from the funds specified in the Indenture and shall not constitute a charge against the general credit of NCPA. The Bonds, including this bond, are not secured by a legal or equitable pledge of, or lien or charge upon, any property of NCPA or any of its income or receipts except the Trust Estate pledged pursuant to the Indenture which is subject to the provisions of the Indenture permitting the application of the Trust Estate for the purposes and on the terms and conditions set forth therein. Neither the State of California nor any public agency (other than NCPA from the specified sources of payment) nor any member of NCPA nor any Project Participant is obligated to pay the principal of and interest on this bond. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any member of NCPA or any Project Participant is pledged to the payment of the principal of or interest on this bond. NCPA has no taxing power. The payment

of the principal of or interest on this bond does not constitute a debt, liability or obligation of the State of California or any public agency (other than the special obligation of NCPA) or any member of NCPA or any Project Participant. Neither the members of the Commission of NCPA nor any officer or employee of NCPA shall be individually liable on the principal of or interest on this bond or in respect of any undertakings by NCPA under the Indenture.

The 2018 Series A Bonds were issued for the purpose of providing a portion of the funds necessary to refund Bonds issued under the Indenture and related purposes.

As provided in the Indenture, Bonds of NCPA may be issued thereunder from time to time pursuant to Supplemental Indentures in one or more Series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided. The aggregate principal amount of Bonds which may be issued under the Indenture is not limited except as provided in the Indenture, and all Bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and assignment and covenants made therein, except as otherwise expressly provided or permitted in the Indenture. Simultaneously with the issuance of the 2018 Series A Bonds, NCPA is issuing \$\_\_\_\_\_ aggregate principal amount of its Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B. At the time of issuance of the 2018 Series B Bonds, there was Outstanding under the Indenture \$\_\_\_\_\_ aggregate principal amount of Bonds in addition to the 2018 Series A Bonds and the 2018 Series B Bonds.

The 2018 Series A Bonds are issuable in the form of fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Under the circumstances prescribed in the Indenture, the 2018 Series A Bonds shall be available only through a Securities Depository.

The 2018 Series A Bonds are subject to redemption prior to their stated maturity, at the option of NCPA, in whole or in part in such amounts as shall be specified by NCPA, on any date, on or after July 1, 20\_\_, from any source of available funds, at a Redemption Price equal to the principal amount of the 2018 Series A Bonds called for redemption, plus unpaid accrued interest to the redemption date, without premium.

The 2018 Series A Bonds are also subject to redemption prior to their stated maturity, at the option of NCPA in whole or in part (in such amounts as may be specified by NCPA) on any date, from: (i) insurance or condemnation proceeds and (ii) from any source of money if all or substantially all of the Initial Facilities are damaged or destroyed, taken by any public entity in the exercise of its powers of eminent domain or disposed of or abandoned, at a Redemption Price equal to the principal amount of the 2018 Series A Bonds being redeemed, plus unpaid accrued interest to the redemption date, without premium; provided that the option of NCPA to call the 2018 Series A Bonds for redemption from insurance or condemnation proceeds shall expire 90 days following the receipt of such insurance or condemnation proceeds.

If less than all of the 2018 Series A Bonds of a maturity are to be redeemed, the particular 2018 Series A Bonds to be redeemed shall be selected as provided in the Indenture.

The 2018 Series A Bonds are payable upon redemption at the principal corporate trust office of the Trustee, as Paying Agent. Notice of redemption, setting forth the place of

payment and the redemption date, shall be mailed, postage prepaid, not less than 30 days before the Redemption Date to the registered holders of any 2018 Series A Bonds to be redeemed in whole or in part; provided, however, that receipt of such mailing shall not be a condition precedent to such redemption and failure to receive any such notice or any defect therein shall not affect the validity of the proceedings for the redemption of the 2018 Series A Bonds. If notice of redemption shall have been given as aforesaid, the 2018 Series A Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the Redemption Date, moneys for the redemption of all the 2018 Series A Bonds or portions thereof to be redeemed, together with unpaid interest thereon to the Redemption Date, shall be available for such payment on said date, then from and after the Redemption Date interest on such 2018 Series A Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

This bond is transferable, as provided in the Indenture, only upon the books of NCPA kept for that purpose at the principal corporate trust office of the Trustee, as bond registrar, by the registered owner hereof, or by his duly authorized attorney, upon surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar duly executed by the registered owner or his duly authorized attorney, and upon payment of the charges prescribed in the Indenture a new registered 2018 Series A Bonds or Bonds, without coupons, and for the same aggregate principal amount and maturity, shall be issued to the transferee in exchange therefor as provided in the Indenture. NCPA, the Trustee and any Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by NCPA with, in certain cases, the written consent of the holders of at least sixty percent in principal amount of the Bonds then Outstanding under the Indenture; and, in case less than all of the Series of Bonds would be affected thereby, with such consent of the owners of at least sixty percent in principal amount of the Bonds of each separate Series so affected then Outstanding; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds. No such modification or amendment shall permit a change in the terms of any Sinking Fund Installment or the terms of redemption or maturity of the principal of any Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of any Paying Agent without its written assent thereto.

The Indenture may also be amended or supplemented without the necessity of the consent of the Holders of the Bonds for any one or more of the purposes specified in the Indenture.

The registered owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then Outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the 2018 Series A Bonds, together with all other indebtedness of NCPA, comply in all respects with the applicable laws of the State of California.

This bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

**IN WITNESS WHEREOF, NORTHERN CALIFORNIA POWER AGENCY** has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its General Manager and the seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, as of the Dated Date specified above.

**NORTHERN CALIFORNIA POWER  
AGENCY**

[SEAL]

ATTEST: \_\_\_\_\_  
ASSISTANT SECRETARY

BY: \_\_\_\_\_  
GENERAL MANAGER

## **TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds delivered pursuant to the within mentioned Indenture.

Date of Authentication

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

\_\_\_\_\_

BY: \_\_\_\_\_  
AUTHORIZED OFFICER

## ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

\_\_\_\_\_  
(Name, Address and Tax Identification or  
Social Security Number of Assignee)

the within Bond of the Northern California Power Agency and does hereby  
irrevocably constitute and appoint  
\_\_\_\_\_ attorney to  
transfer the said Bond on the books kept for registration thereof with full power of substitution in  
the premises.

Dated: \_\_\_\_\_

Notice: The Signature of this assignment and  
transfer must correspond with the name  
as written upon the face of this bond in  
every particular, without alteration or  
enlargement or any change whatsoever.

Signature guaranteed by

\_\_\_\_\_  
Notice: [Signature must be guaranteed by a  
member of the National Association of  
Securities Dealers or a commercial bank  
or trust company.]

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TWENTY-FIFTH SUPPLEMENTAL  
INDENTURE OF TRUST

between

NORTHERN CALIFORNIA POWER AGENCY

and

U.S. BANK NATIONAL ASSOCIATION, as TRUSTEE

relating to

Hydroelectric Project Number One Revenue Bonds  
2018 Taxable Refunding Series B

Dated as of April 1, 2018

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## **TWENTY-FIFTH SUPPLEMENTAL INDENTURE OF TRUST**

**THIS TWENTY-FIFTH SUPPLEMENTAL INDENTURE OF TRUST** made and entered into as of April 1, 2018, by and between Northern California Power Agency, a joint exercise of powers agency established pursuant to the laws of the State of California (“NCPA”), and U.S. Bank National Association, a national banking association, incorporated under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out, with its principal corporate trust office located at 100 Wall Street, New York, New York, as successor trustee (the “Trustee”);

### **W I T N E S S E T H :**

**WHEREAS**, NCPA has heretofore entered into with the Trustee an Indenture of Trust, dated as of March 1, 1985 (as the provisions thereof have been amended, the “Original Indenture”), as supplemented and amended by the following, each by and between NCPA and the Trustee: the First Supplemental Indenture of Trust, dated as of December 1, 1985, the Second Supplemental Indenture of Trust, dated as of July 1, 1986, the Fourth Supplemental Indenture of Trust, dated as of August 1, 1986, the Fifth Supplemental Indenture of Trust, dated as of December 1, 1986, the Sixth Supplemental Indenture of Trust, dated as of September 15, 1987, the Seventh Supplemental Indenture of Trust, dated as of July 1, 1991, the Eighth Supplemental Indenture of Trust, dated as of June 1, 1992, the Ninth Supplemental Indenture of Trust, dated as of June 1, 1993, the Tenth Supplemental Indenture of Trust, dated as of July 1, 1998, the Eleventh Supplemental Indenture of Trust, dated as of July 1, 1998, the Twelfth Supplemental Indenture of Trust, dated as of April 1, 2002, the Thirteenth Supplemental Indenture of Trust, dated as of April 1, 2002, the Fourteenth Supplemental Indenture of Trust, dated as of April 1, 2003, the Fifteenth Supplemental Indenture of Trust, dated as of April 1, 2003, the Sixteenth Supplemental Indenture of Trust, dated as of April 1, 2008, the Seventeenth Supplemental Indenture of Trust, dated as of April 1, 2008, the Eighteenth Supplemental Indenture of Trust, dated as of July 1, 2008, the Nineteenth Supplemental Indenture of Trust dated as of July 1, 2008, the Twentieth Supplemental Indenture of Trust, dated as of February 1, 2010, the Twenty-First Supplemental Indenture of Trust, dated as of February 1, 2010, the Twenty-Second Supplemental Indenture of Trust, dated as of February 1, 2012, the Twenty-Third Supplemental Indenture of Trust, dated as of February 1, 2012, and the Twenty-Fourth Supplemental Indenture of Trust, dated as of April 1, 2018; and

**WHEREAS**, NCPA has heretofore issued the Refunded 2008 Series C Bonds (capitalized terms used herein and not otherwise defined shall have the meanings given such terms in Section 103 hereof) pursuant to the Original Indenture as amended and supplemented by the Eighteenth Supplemental Indenture; and

**WHEREAS**, the Original Indenture authorizes NCPA and the Trustee to enter into a Supplemental Indenture to provide for the issuance of Refunding Bonds such as the 2018 Series B Bonds; and

**WHEREAS**, NCPA desires to issue, on the terms set forth herein, its 2018 Series B Bonds in order to provide a portion of the moneys to refund the Refunded 2008 Series C

Bonds and to pay certain costs in connection with the issuance of the 2018 Series A Bonds and the 2018 Series B Bonds; and

**WHEREAS**, all acts and things have been done and performed which are necessary to make this Twenty-Fifth Supplemental Indenture a valid and binding agreement for the security of the 2018 Series B Bonds authenticated and delivered hereunder;

**NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS TWENTY-FIFTH SUPPLEMENTAL INDENTURE OF TRUST WITNESSETH:**

That, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created and originally created by the Original Indenture, the mutual covenants herein contained and the purchase and acceptance of the 2018 Series B Bonds issued hereunder by the Holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of, Redemption Price, if any, and interest on the Bonds according to their tenor and effect, and the performance and observance by NCPA of all the covenants and conditions herein and therein contained on its part to be performed, it is agreed by and between NCPA and the Trustee as follows:

## **ARTICLE I**

### **AUTHORITY AND DEFINITIONS**

**101. Supplemental Indenture of Trust.** This Twenty-Fifth Supplemental Indenture of Trust is supplemental to the Original Indenture as heretofore amended and supplemented.

**102. Authority for the Twenty-Fifth Supplemental Indenture of Trust.** This Twenty-Fifth Supplemental Indenture is adopted (i) pursuant to the provisions of Article 4 of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California and (ii) in accordance with Article II and Article XI of the Original Indenture.

**103. Definitions.**

(a) Except as provided by this Twenty-Fifth Supplemental Indenture, all terms which are defined in Section 101 of the Original Indenture, Section 103 of the First Supplemental Indenture, Section 103 of the Second Supplemental Indenture, Section 103 of the Fourth Supplemental Indenture, Section 103 of the Fifth Supplemental Indenture, Section 103 of the Sixth Supplemental Indenture, Section 103 of the Seventh Supplemental Indenture, Section 103 of the Eighth Supplemental Indenture, Section 103 of the Ninth Supplemental Indenture, Section 103 of the Tenth Supplemental Indenture, Section 103 of the Eleventh Supplemental Indenture, Section 103 of the Twelfth Supplemental Indenture, Section 103 of the Thirteenth Supplemental Indenture, Section 103 of the Fourteenth Supplemental Indenture, Section 103 of the Fifteenth Supplemental Indenture, Section 103 of the Sixteenth Supplemental Indenture, Section 103 of the Seventeenth Supplemental Indenture, Section 103 of the Eighteenth Supplemental Indenture, Section 103 of the Nineteenth Supplemental Indenture, Section 103 of the Twentieth Supplemental Indenture, Section 103 of the Twenty-First Supplemental Indenture, Section 103 of the Twenty-Second Supplemental Indenture, Section 103 of the Twenty-Third Supplemental Indenture, or Section 103 of the Twenty-Fourth Supplemental Indenture, shall

have the same meanings, respectively, in this Twenty-Fifth Supplemental Indenture as such terms are given in said Section 101 of the Original Indenture, Section 103 of the First Supplemental Indenture, Section 103 of the Second Supplemental Indenture, Section 103 of the Fourth Supplemental Indenture, Section 103 of the Fifth Supplemental Indenture, Section 103 of the Sixth Supplemental Indenture, Section 103 of the Seventh Supplemental Indenture, Section 103 of the Eighth Supplemental Indenture, Section 103 of the Ninth Supplemental Indenture, Section 103 of the Tenth Supplemental Indenture, Section 103 of the Eleventh Supplemental Indenture, Section 103 of the Twelfth Supplemental Indenture, Section 103 of the Thirteenth Supplemental Indenture, Section 103 of the Fourteenth Supplemental Indenture, Section 103 of the Fifteenth Supplemental Indenture, Section 103 of the Sixteenth Supplemental Indenture, Section 103 of the Seventeenth Supplemental Indenture, Section 103 of the Eighteenth Supplemental Indenture, Section 103 of the Nineteenth Supplemental Indenture, and Section 103 of the Twentieth Supplemental Indenture, Section 103 of the Twenty-First Supplemental Indenture, Section 103 of the Twenty-Second Supplemental Indenture, Section 103 of the Twenty-Third Supplemental Indenture, and Section 103 of the Twenty-Fourth Supplemental Indenture, respectively.

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

**Authorized Denomination** means with respect to the 2018 Series B Bonds, \$5,000 and any integral multiple thereof.

**Dated Date** means, with respect to the 2018 Series B Bonds, April \_\_, 2018.

**Eighteenth Supplemental Indenture** means the Eighteenth Supplemental Indenture of Trust, dated as of July 1, 2008, amending and supplementing the Original Indenture as theretofore amended and supplemented.

**Refunded 2008 Series C Bonds** means the Hydroelectric Project Number One Revenue Bonds, 2008 Refunding Series C authorized by the Eighteenth Supplemental Indenture which are Outstanding on the Dated Date.

**Securities Depository or Depository** means, with respect to the 2018 Series B Bonds, the securities depository designated in Section 205 hereof and its successors and assigns or if (a) the then Securities Depository resigns from its functions as depository for the 2018 Series B Bonds, or (b) NCPA discontinues use of the Securities Depository pursuant to Section 205(d) hereof, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the 2018 Series B Bonds.

**Twenty-Fourth Supplemental Indenture** means the Twenty-Fourth Supplemental Indenture of Trust, dated as of April 1, 2018, amending and supplementing the Original Indenture as heretofore amended and supplemented.

**Twenty-Fifth Supplemental Indenture** means this Twenty-Fifth Supplemental Indenture of Trust, amending and supplementing the Original Indenture as heretofore amended and supplemented.

**2008 Series C Escrow Agreement** means the Escrow Deposit Agreement, dated as of April 1, 2018, by and between NCPA and the Trustee relating to the Refunded 2008 Series C Bonds.

**2008 Series C Escrow Fund** means the fund established in Section 2(a) of the 2008 Series C Escrow Agreement.

**2018 Series A Bonds** means the Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A issued pursuant to the Twenty-Fourth Supplemental Indenture.

**2018 Series B Bonds** means the Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B authorized by Article II of this Twenty-Fifth Supplemental Indenture.

**2018 Series B Costs of Issuance Fund** means the Fund so designated established pursuant to Section 209 of this Twenty-Fifth Supplemental Indenture.

(c) **Rules of Construction.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. Defined terms shall include any variant of the terms set forth in this Article I.

The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this Twenty-Fifth Supplemental Indenture, refer to this Twenty-Fifth Supplemental Indenture.

## ARTICLE II

### THE 2018 Series B BONDS

**201. Principal Amount, Designation and Series.** Pursuant to the provisions of the Indenture as supplemented by this Twenty-Fifth Supplemental Indenture and the provisions of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$\_\_\_\_\_. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B.” Each of the 2018 Series B Bonds shall be in fully registered form in an Authorized Denomination. The 2018 Series B Bonds shall be numbered one upward in consecutive numerical order preceded by the letter “R”. The 2018 Series B Bonds shall be in substantially the form attached hereto as Exhibit A with such variations and omissions as are necessary to reflect the particular terms of each 2018 Series B Bond.

**202. Purpose.** The 2018 Series B Bonds are issued for the purpose of providing a portion of the moneys to refund the Refunded 2008 Series C Bonds and to pay the cost of

issuance of the 2018 Series A Bonds and the 2018 Series B Bonds and other costs related to the refunding of the Refunded 2008 Series C Bonds.

**203. Terms of the 2018 Series B Bonds.** (a) The 2018 Series B Bonds shall be dated the Dated Date, and shall bear interest from the Dated Date at the respective rates, and shall mature on July 1 in the years and in the principal amounts, shown below:

Maturity July 1	Aggregate Principal Amount	Interest Rate
--------------------	----------------------------------	------------------

(b) **Interest.** Interest on each 2018 Series B Bond shall be payable at the respective per annum rates set forth in Section 203(a) hereof, on each January 1 and July 1, commencing July 1, 2018, until payment of the principal of such 2018 Series B Bonds, computed using a year of 360 days comprised of twelve 30-day months.

**204. Redemption Prices And Terms.**

(a) The 2018 Series B Bonds are subject to redemption prior to their stated maturity, at the option of NCPA, in whole or in part, in such amounts as may be specified by NCPA, on any date, from any source of available funds, at a redemption price equal to the principal amount of such 2018 Series B Bonds plus the Make Whole Premium (as defined below), if any, plus unpaid accrued interest, if any, thereon to the redemption date.

The “Make-Whole Premium” with respect to any 2018 Series B Bond to be redeemed will be equal to the positive difference, if any, between:

(i) the sum of the present values, calculated as of the date fixed for redemption of: (a) each interest payment that, but for such redemption, would have been payable on the 2018 Series B Bonds or portion thereof being redeemed on each regularly scheduled interest payment date occurring after the dated fixed for redemption through the maturity date of the Series 2018 Series B Bonds (excluding any accrued interest for the period prior to the redemption date); provided, that if the date fixed for redemption is not a regularly scheduled interest payment date with respect to such 2018 Series B Bonds, the amount of the next regularly scheduled interest payment will be reduced by the amount of the interest accrued on such 2018 Series B Bond to the date fixed for

redemption, plus (b) the principal amount that, but for such redemption, would have been payable at the final maturity of the 2018 Series B Bonds or portion thereof being redeemed; minus

(ii) the principal amount of the 2018 Series B Bonds or portion thereof being redeemed.

The present values of interest and principal payments referred to in paragraph (i) above will be determined by discounting the amount of each interest or principal payment from the date that each such payment would have been payable, but for the redemption to the date fixed for redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate equal to the “comparable treasury yield” (as defined below) plus [40] basis points.

The Make Whole Premium will be calculated by an independent investment banking institution or independent financial advisor of national standing appointed by NCPA.

For purposes of determining the Make-Whole Premium, “comparable treasury yield” means a rate of interest per annum equal to the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated “H.15(519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the 2018 Series B Bonds (“the H.15 statistical release”). The comparable treasury yield will be determined as of the third business day immediately preceding the applicable redemption date. If the H.15 statistical release sets forth a weekly average yield for United States Treasury Securities having a constant maturity that is the same as the remaining term calculated as set forth above, then the comparable treasury yield will be equal to such weekly average yield. In all other cases, the comparable treasury yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury Securities (in each case as set forth in the H.15 statistical release) that have a constant maturity (i) closest to and greater than the remaining term to maturity of the 2018 Series B Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2018 Series B Bonds being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward.

If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15 statistical release, then the comparable treasury yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

“Comparable Treasury Issue” means the United States Treasury security selected by the independent investment banking institution or independent financial advisor of national standing appointed by NCPA as having a maturity comparable to the remaining term to maturity of the 2018 Series B Bond being redeemed that would be utilized, at the time of selection and in

accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the 2018 Series B Bond being redeemed.

“Comparable Treasury Price” means, with respect to any date on which a 2018 Series B Bond or portion thereof is being redeemed, either (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (b) if the independent investment banking institution or independent financial advisor of national standing appointed by NCPA is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the independent investment banking institution or independent financial advisor of national standing appointed by NCPA, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the independent investment banking institution or independent financial advisor of national standing appointed by NCPA, at 5:00 p.m. New York City time on the third business day preceding the date fixed for redemption.

“Reference Treasury Dealer” means a primary United States Government securities dealer in the United States appointed by NCPA (which may be one of the Underwriters) and reasonably acceptable to the independent investment banking institution or independent financial advisor of national standing appointed by NCPA.

(b) The 2018 Series B Bonds are subject to redemption prior to their stated maturity, at the option of NCPA, in whole or in part (in such amounts as may be specified by NCPA) on any date, from: (i) insurance or condemnation proceeds and (ii) from any source of available funds if all or substantially all of the Initial Facilities are damaged or destroyed, taken by any public entity in the exercise of its powers of eminent domain or disposed of or abandoned, at a Redemption Price equal to the principal amount of the 2018 Series B Bonds being redeemed plus unpaid accrued interest to the redemption date, without premium; provided that the option of NCPA to call the 2018 Series B Bonds for redemption from insurance or condemnation proceeds shall expire 90 days following the receipt of such insurance or condemnation proceeds.

## **205. Global Form; Securities Depository.**

(a) Except as otherwise provided in this Section, the 2018 Series B Bonds shall be in the form of a global bond for the aggregate principal amount of the 2018 Series B Bonds of each maturity, and shall be registered in the name of Cede & Co., as the nominee of DTC. Upon such registration, except as provided in subsection (c) of this Section, the 2018 Series B Bonds, may be transferred, in whole but not in part, only to a successor Securities Depository or a nominee of a successor Securities Depository selected by NCPA or to a nominee of such successor Securities Depository or its nominee.

(b) NCPA, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation with respect to:



(i) the accuracy of the records of the Securities Depository, or the Securities Depository nominee with respect to any beneficial ownership interest in the 2018 Series B Bonds;

(ii) the delivery to any beneficial owner of the 2018 Series B Bonds or any other person, other than a Holder as shown in the registration books, of any notice with respect to the 2018 Series B Bonds, including any notice of redemption;

(iii) the payment to any beneficial owner of the 2018 Series B Bonds or any other person, other than a Holder as shown in the registration books, of any amount with respect to the principal of, premium, if any, or interest on, the 2018 Series B Bonds;

(iv) any consent given by the Securities Depository as registered owner of the 2018 Series B Bonds; or

(v) subject to Section 504 of the Original Indenture, the selection by the Securities Depository of any beneficial owners to receive payment if 2018 Series B Bonds are redeemed in part.

Upon registration of the 2018 Series B Bonds in the name of a Securities Depository pursuant to subsection (a) of this Section, so long as the certificates for the 2018 Series B Bonds are not issued pursuant to subsection (c) of this Section, NCPA, the Trustee, the Bond Registrar and the Paying Agent may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of the 2018 Series B Bonds for all purposes whatsoever, including without limitation:

(i) the payment of principal, Redemption Price and interest on the 2018 Series B Bonds;

(ii) giving notices with respect to the 2018 Series B Bonds; and

(iii) registering transfers with respect to the 2018 Series B Bonds.

(c) If at any time the incumbent Securities Depository notifies NCPA that it is unwilling or unable to continue as Securities Depository with respect to the 2018 Series B Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation or NCPA determines to discontinue the use of the book-entry system of the incumbent Securities Depository for the 2018 Series B Bonds, and a successor Securities Depository is not appointed by NCPA within 90 days after NCPA receives notice or becomes aware of such condition, or discontinues the use of the book-entry system for the incumbent Securities Depository, as the case may be, subsection (a) of this Section shall no longer be applicable and NCPA shall execute and the Trustee shall authenticate and deliver certificates representing the 2018 Series B Bonds, as provided in the Representation Letter.

(d) Notwithstanding any other provision of this Twenty-Fifth Supplemental Indenture to the contrary, so long as any 2018 Series B Bond is registered in the name of DTC, or its nominee, all payments with respect to principal, Redemption Price and interest on such

2018 Series B Bonds, and all notices with respect to such 2018 Series B Bonds, shall be made and given, respectively, as provided in the Representation Letter.

(e) While DTC is serving as Securities Depository for the 2018 Series B Bonds, in connection with any notice or other communication to be provided to the Holders of the 2018 Series B Bonds, pursuant to this Twenty-Fifth Supplemental Indenture, by NCPA or the Trustee with respect to any consent or other action to be taken by the Holders of the 2018 Series B Bonds, NCPA or the Trustee, as the case may be, shall establish a record date for determining DTC participants eligible to consent or take such other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

**206. Place of Payment and Paying Agent.** Except as otherwise provided in the Representation Letter, the principal and Redemption Price of the 2018 Series B Bonds shall be payable upon surrender thereof at the principal corporate trust office of U.S. Bank National Association, in New York, New York, as shall be designated from time to time and such banking institution is hereby appointed as Paying Agent for the 2018 Series B Bonds. By execution of this Twenty-Fifth Supplemental Indenture, U.S. Bank National Association accepts the office of Paying Agent for the 2018 Series B Bonds and agrees to perform all duties in connection herewith as provided in the Indenture. The principal and Redemption Price of all 2018 Series B Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Indenture.

**207. Application of Proceeds of 2018 Series B Bonds.** In accordance with Section 204 of the Original Indenture, the proceeds of the sale of the 2018 Series B Bonds \$\_\_\_\_\_ (representing the \$\_\_\_\_\_ principal amount of the 2018 Series B Bonds, [plus/less] [net] original issue [premium/discount] of \$\_\_\_\_\_, and less underwriters' discount of \$\_\_\_\_\_), shall be applied simultaneously with the delivery of the 2018 Series B Bonds, as follows:

(a) There shall be deposited, in immediately available funds, in the 2008 Series C Escrow Fund the sum of \$\_\_\_\_\_; and

(b) There shall be deposited in the 2018 Series B Costs of Issuance Fund the \$\_\_\_\_\_ balance of such proceeds.

**208. No 2018 Series B Debt Service Reserve Account.** Pursuant to Section 202(1)(d) of the Original Indenture, the 2018 Series B Bonds are not Participating Bonds and are not secured by amounts in the Debt Service Reserve Account. No Series Debt Service Reserve Account will be established in the Debt Service Fund with respect to the 2018 Series B Bonds.

**209. Establishment and Application of 2018 Series B Costs of Issuance Fund.** The Trustee shall establish and maintain in trust a separate fund designated as the "2018 Series B Costs of Issuance Fund." Moneys deposited in said fund shall be used to pay costs of issuance with respect to the 2018 Series A Bonds and the 2018 Series B Bonds and the expenses and obligations payable by NCPA in connection with the 2018 Series A Bonds and the 2018 Series B Bonds and the refunding of the Refunded 2008 Series C Bonds upon receipt by the Trustee of a requisition of an NCPA Authorized Representative stating the person to whom payment is to be

made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. At the end of one year from the date of initial delivery of the 2018 Series B Bonds, or upon earlier receipt of a statement of an NCPA Authorized Representative that amounts in said fund are no longer required for the payment of such costs, expenses and obligations, said fund shall be terminated and any amounts then remaining in said fund shall be transferred to the Debt Service Fund.

### **ARTICLE III**

#### **MISCELLANEOUS**

**301. Indenture to Remain in Effect.** Save and except as heretofore amended and supplemented and as amended and supplemented by this Twenty-Fifth Supplemental Indenture, the Indenture shall remain in full force and effect.

**302. Counterparts.** This Twenty-Fifth Supplemental Indenture may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

**IN WITNESS WHEREOF**, Northern California Power Agency has caused these presents to be signed in its name and on its behalf by its General Manager and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by one of its authorized officers, all as of the first day of April, 2018.

**NORTHERN CALIFORNIA POWER  
AGENCY**

By: \_\_\_\_\_

Name: Randy Howard

Title: General Manger

**U.S. BANK NATIONAL ASSOCIATION, as  
Trustee**

By: \_\_\_\_\_

Authorized Officer

**EXHIBIT A**

**FORM OF 2018 SERIES B BONDS**

[bracketed language applies only to Bonds to be registered in the name of CEDE & CO.]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE NORTHERN CALIFORNIA POWER AGENCY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

**NORTHERN CALIFORNIA POWER AGENCY**

**HYDROELECTRIC PROJECT NUMBER ONE REVENUE BOND,  
2018 TAXABLE REFUNDING SERIES B**

No. R-\_\_\_\_\_ \$ \_\_\_\_\_

Interest Rate	Dated Date	Maturity Date	CUSIP No.
_____%	April __, 2018	July 1, 20__	_____

Registered Holder: CEDE & CO.

Principal Amount:

**NORTHERN CALIFORNIA POWER AGENCY** (herein called “NCPA”), a joint exercise of powers agency established pursuant to the laws of the State of California, acknowledges itself indebted to, and for value received hereby promises to pay to, the registered owner specified above, or registered assigns, on the Maturity Date stated hereon, unless sooner paid as provided in the Indenture mentioned below, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the principal corporate trust office of the Trustee mentioned below, the principal amount specified above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount, by check of the Trustee hereafter mentioned mailed to such owner at his address as shown on the bond register, or as otherwise provided in the Indenture referred to below, at the interest rate per annum (calculated on the basis of a 360-day year of twelve thirty-day months) stated hereon, payable on the first days of January and July in each year, commencing July 1, 2018 (each an “Interest Payment Date”), until the payment of such principal sum. Such interest shall be payable from the most recent Interest Payment Date next preceding the date of authentication hereof to which interest has been paid,

unless the date of authentication hereof is a January 1 or July 1 to which interest has been paid, in which case from the date of authentication hereof, or unless the date of authentication hereof is on or prior to June 15, 2018, in which case from the Dated Date, or unless the date of authentication hereof is between a Record Date and the next Interest Payment Date, in which case from such Interest Payment Date. The interest so payable on any Interest Payment Date will be paid to the person in whose name this bond is registered at the close of business on the fifteenth day of the calendar month immediately preceding such Interest Payment Date at his address as shown on the bond register.

This bond is one of a duly authorized issue of bonds of NCPA designated as "Hydroelectric Project Number One Revenue Bonds" (the "Bonds") and of a series of Bonds designated as "Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B" (the "2018 Series B Bonds"). The 2018 Series B Bonds are issued pursuant to Article 4 of the Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, as amended and supplemented. The 2018 Series B Bonds have been issued in the aggregate principal amount of \$\_\_\_\_\_. The 2018 Series B Bonds are issued under, and, together with all other Bonds issued and outstanding thereunder, are equally and ratably secured by the Trust Estate and entitled to the protection given by, the Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, which Indenture was duly executed and delivered by NCPA to U.S. Bank National Association, New York, New York, the successor Trustee (the term "Trustee" where used herein refers collectively to said Trustee or its successors in said Trust) (said Indenture, as amended and supplemented and as the same may be amended and supplemented, is herein called the "Indenture").

Copies of the Indenture are on file at the office of NCPA and at the principal corporate trust office of the Trustee and reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of NCPA, the Trustee and the holders of the Bonds and the terms upon which the Bonds are or may be issued and secured under the Indenture, the rights and remedies of the holders of the Bonds, the limitations on such rights and remedies and the terms and conditions upon which Bonds are issued and may be issued thereunder. Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Indenture.

This bond is a special, limited obligation of NCPA and the principal of, Redemption Price, if any, and interest on this bond and the principal of, Redemption Price, if any, and interest on the other Bonds, are payable solely from the funds specified in the Indenture and shall not constitute a charge against the general credit of NCPA. The Bonds, including this bond, are not secured by a legal or equitable pledge of, or lien or charge upon, any property of NCPA or any of its income or receipts except the Trust Estate pledged pursuant to the Indenture which is subject to the provisions of the Indenture permitting the application of the Trust Estate for the purposes and on the terms and conditions set forth therein. Neither the State of California nor any public agency (other than NCPA from the specified sources of payment) nor any member of NCPA nor any Project Participant is obligated to pay the principal of and interest on this bond. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any member of NCPA or any Project Participant is pledged to the payment of the principal of or interest on this bond. NCPA has no taxing power. The payment

of the principal of or interest on this bond does not constitute a debt, liability or obligation of the State of California or any public agency (other than the special obligation of NCPA) or any member of NCPA or any Project Participant. Neither the members of the Commission of NCPA nor any officer or employee of NCPA shall be individually liable on the principal of or interest on this bond or in respect of any undertakings by NCPA under the Indenture.

The 2018 Series B Bonds were issued for the purpose of providing a portion of the funds necessary to refund Bonds issued under the Indenture and related purposes.

As provided in the Indenture, Bonds of NCPA may be issued thereunder from time to time pursuant to Supplemental Indentures in one or more Series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided. The aggregate principal amount of Bonds which may be issued under the Indenture is not limited except as provided in the Indenture, and all Bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and assignment and covenants made therein, except as otherwise expressly provided or permitted in the Indenture. Simultaneously with the issuance of the 2018 Series B Bonds, NCPA is issuing \$\_\_\_\_\_ aggregate principal amount of its Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A. At the time of issuance of the 2018 Series B Bonds, there was Outstanding under the Indenture \$\_\_\_\_\_ aggregate principal amount of Bonds in addition to the 2018 Series A Bonds and the 2018 Series B Bonds.

The 2018 Series B Bonds are issuable in the form of fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Under the circumstances prescribed in the Indenture, the 2018 Series B Bonds shall be available only through a Securities Depository.

The 2018 Series B Bonds are subject to redemption prior to their stated maturity, at the option of NCPA, in whole or in part in such amounts as may be specified by NCPA, on any date, on or after July 1, 20\_\_, from any source of available funds, at a Redemption Price equal to the principal amount of the 2018 Series B Bonds called for redemption plus the Make Whole Premium (as defined in the Indenture), plus unpaid accrued interest to the redemption date.

The 2018 Series B Bonds are also subject to redemption prior to their stated maturity, at the option of NCPA in whole or in part (in such amounts as may be specified by NCPA) on any date, from: (i) insurance or condemnation proceeds and (ii) from any source of money if all or substantially all of the Initial Facilities are damaged or destroyed, taken by any public entity in the exercise of its powers of eminent domain or disposed of or abandoned, at a Redemption Price equal to the principal amount of the 2018 Series B Bonds being redeemed, plus unpaid accrued interest to the redemption date, without premium; provided that the option of NCPA to call the 2018 Series B Bonds for redemption from insurance or condemnation proceeds shall expire 90 days following the receipt of such insurance or condemnation proceeds.

If less than all of the 2018 Series B Bonds of a maturity are to be redeemed, the particular 2018 Series B Bonds to be redeemed shall be selected as provided in the Indenture.

The 2018 Series B Bonds are payable upon redemption at the principal corporate trust office of the Trustee, as Paying Agent. Notice of redemption, setting forth the place of payment and the redemption date, shall be mailed, postage prepaid, not less than 30 days before the Redemption Date to the registered holders of any 2018 Series B Bonds to be redeemed in whole or in part; provided, however, that receipt of such mailing shall not be a condition precedent to such redemption and failure to receive any such notice or any defect therein shall not affect the validity of the proceedings for the redemption of the 2018 Series B Bonds. If notice of redemption shall have been given as aforesaid, the 2018 Series B Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the Redemption Date, moneys for the redemption of all the 2018 Series B Bonds or portions thereof to be redeemed, together with unpaid interest thereon to the Redemption Date, shall be available for such payment on said date, then from and after the Redemption Date interest on such 2018 Series B Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

This bond is transferable, as provided in the Indenture, only upon the books of NCPA kept for that purpose at the principal corporate trust office of the Trustee, as bond registrar, by the registered owner hereof, or by his duly authorized attorney, upon surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar duly executed by the registered owner or his duly authorized attorney, and upon payment of the charges prescribed in the Indenture a new registered 2018 Series B Bonds or Bonds, without coupons, and for the same aggregate principal amount and maturity, shall be issued to the transferee in exchange therefor as provided in the Indenture. NCPA, the Trustee and any Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by NCPA with, in certain cases, the written consent of the holders of at least sixty percent in principal amount of the Bonds then Outstanding under the Indenture; and, in case less than all of the Series of Bonds would be affected thereby, with such consent of the owners of at least sixty percent in principal amount of the Bonds of each separate Series so affected then Outstanding; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds. No such modification or amendment shall permit a change in the terms of any Sinking Fund Installment or the terms of redemption or maturity of the principal of any Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of any Paying Agent without its written assent thereto.



The Indenture may also be amended or supplemented without the necessity of the consent of the Holders of the Bonds for any one or more of the purposes specified in the Indenture.

The registered owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then Outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the 2018 Series B Bonds, together with all other indebtedness of NCPA, comply in all respects with the applicable laws of the State of California.

This bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

**IN WITNESS WHEREOF, NORTHERN CALIFORNIA POWER AGENCY** has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its General Manager and the seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, as of the Dated Date specified above.

**NORTHERN CALIFORNIA POWER  
AGENCY**

[SEAL]

ATTEST: \_\_\_\_\_  
ASSISTANT SECRETARY

BY: \_\_\_\_\_  
GENERAL MANAGER

## **TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds delivered pursuant to the within mentioned Indenture.

Date of Authentication

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

\_\_\_\_\_

BY: \_\_\_\_\_  
AUTHORIZED OFFICER

## ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

\_\_\_\_\_  
(Name, Address and Tax Identification or  
Social Security Number of Assignee)

the within Bond of the Northern California Power Agency and does hereby  
irrevocably constitute and appoint  
\_\_\_\_\_ attorney to  
transfer the said Bond on the books kept for registration thereof with full power of substitution in  
the premises.

Dated: \_\_\_\_\_

Notice: The Signature of this assignment and  
transfer must correspond with the name  
as written upon the face of this bond in  
every particular, without alteration or  
enlargement or any change whatsoever.

Signature guaranteed by

\_\_\_\_\_  
Notice: [Signature must be guaranteed by a  
member of the National Association of  
Securities Dealers or a commercial bank  
or trust company.]

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**ESCROW DEPOSIT AGREEMENT**

Between

**NORTHERN CALIFORNIA POWER AGENCY**

and

**U.S. BANK NATIONAL ASSOCIATION, as Trustee**

**Dated as of April 1, 2018**

**Relating to**

**Hydroelectric Project Number One Revenue Bonds,  
2008 Refunding Series C**

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## **ESCROW DEPOSIT AGREEMENT**

Relating to

Northern California Power Agency

Hydroelectric Project Number One Revenue Bonds,  
2008 Refunding Series C

**THIS ESCROW DEPOSIT AGREEMENT**, dated as of April 1, 2018, by and between Northern California Power Agency (“NCPA”) and U.S. Bank National Association, New York, New York, as successor trustee (the “Trustee”) under the Indenture of Trust, dated as of March 1, 1985 (the “Original Indenture”), as supplemented and amended, by and between NCPA and the Trustee,

### **W I T N E S S E T H:**

**WHEREAS**, NCPA has previously authorized and issued its Hydroelectric Project Number One Revenue Bonds, 2008 Refunding Series C under the Original Indenture as amended and supplemented, including the supplements thereto made by the Eighteenth Supplemental Indenture of Trust, dated as of July 1, 2008 (the “2008 Series C Bonds”); and

**WHEREAS**, the outstanding 2008 Series C Bonds are subject to redemption at the option of NCPA as a whole on any date and in part on any January 1 or July 1 on and after July 1, 2018; and

**WHEREAS**, NCPA has determined to exercise its option to redeem all of the outstanding 2008 Series C Bonds (the “Refunded Bonds”) on July 1, 2018 (the “Redemption Date”) at a redemption price equal to one hundred percent of the principal amount of the Refunded Bonds together with accrued but unpaid interest on the Refunded Bonds to the Redemption Date (the “Redemption Price”); and

**WHEREAS**, NCPA has determined to provide the Trustee with the funds which, together with the interest thereon as provided herein, will provide the funds necessary to pay the Redemption Price of the Refunded Bonds on the Redemption Date (such interest and Redemption Price being referred to herein as the “Escrow Requirements”); and

**WHEREAS**, for the purpose of paying and refunding the Refunded Bonds, NCPA has issued the following: pursuant to (i) the Original Indenture as supplemented by the Twenty-Fourth Supplemental Indenture of Trust, dated as of April 1, 2018, by and between NCPA and the Trustee (the “Twenty-Fourth Supplemental Indenture”), \$\_\_\_\_\_ aggregate principal amount of its Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A (the “2018 Series A Bonds”); and (ii) the Original Indenture, as supplemented by the Twenty-Fifth Supplemental Indenture of Trust, dated as of April 1, 2018, by and between NCPA and the Trustee (the “Twenty-Fifth Supplemental Indenture”), \$\_\_\_\_\_ aggregate principal amount of its Hydroelectric Project Number One Revenue Bonds, 2018 Taxable

Refunding Series B (the “2018 Series B Bonds” and, together with the 2018 Series A Bonds, the “2018 Bonds”); and

**NOW THEREFORE**, in consideration of the mutual covenants and agreements herein contained, NCPA and the Trustee agree as follows:

**SECTION 1. Definitions.** Unless otherwise defined herein, capitalized terms shall have the meanings herein given such terms in the Original Indenture, as amended and supplemented by the Supplemental Indentures of Trust.

In addition, the following terms shall, unless the context otherwise requires, have the meanings set forth below.

“**Defeasance Securities**” shall mean the noncallable, direct obligations of the United States of America described in Exhibit A hereto.

“**Escrow Fund**” shall mean the fund established pursuant to Section 2(a) of this Agreement.

**SECTION 2. The Escrow Fund.**

(a) There is hereby established with the Trustee a fund designated the “Hydroelectric Project Number One Revenue Bonds, 2018 Series A and B Escrow Fund” (the “Escrow Fund”) to be held in irrevocable trust by the Trustee for the benefit of the Holders of the Refunded Bonds separate and apart from all other funds of NCPA and the Trustee, subject, nonetheless, to the application thereof as provided in this Agreement.

Subject to the provisions of this Agreement, amounts in the Escrow Fund shall be applied solely to the payment of the Escrow Requirements as specified in Section 4 hereof. All Defeasance Securities purchased with moneys in the Escrow Fund shall be held for the credit of the Escrow Fund and all payments, including without limitation, all principal and interest payments with respect to such Defeasance Securities, shall be deposited upon receipt by the Trustee into the Escrow Fund.

(b) NCPA acknowledges that it has no right, title or interest in or to any of the moneys or Defeasance Securities held in the Escrow Fund. Under no circumstances shall any money or Defeasance Securities held in the Escrow Fund be paid over or delivered to, or upon the order of, NCPA.

(c) There has been deposited with the Trustee for deposit in the Escrow Fund the sum of \$\_\_\_\_\_ consisting of the following: (i) \$\_\_\_\_\_, representing portion of the proceeds of the 2018 Series A Bonds; (ii) \$\_\_\_\_\_, representing a portion of the proceeds of the 2018 Series B Bonds; and (iii) \$\_\_\_\_\_ representing amounts transferred from the Debt Service Account pursuant to subsection (d) below.

(d) The Trustee is hereby directed to transfer \$\_\_\_\_\_ representing amounts accumulated in the Debt Service Account with respect to the Refunded Bonds to the Escrow Fund.

(e) The Trustee acknowledges receipt of the moneys described in Section 2(c) and agrees to deposit such moneys in the Escrow Fund and apply such moneys as provided in this Agreement.

### **SECTION 3. Use and Investment of Moneys.**

(a) The Trustee is hereby directed to apply, on April \_\_, 2018, \$\_\_\_\_\_ of the moneys deposited in the Escrow Fund pursuant to Section 2(c) to the purchase of the Defeasance Securities at the purchase price and from the vendor set forth in Exhibit A hereto. Except as provided in this subsection (a), the moneys on deposit in the Escrow Fund or otherwise held by the Trustee under this Agreement shall be held uninvested by the Trustee.

(b) NCPA represents, and the Accountant's Certificate delivered by [Grant Thornton LLP] to the Trustee at the time of execution and delivery of this Agreement verifies, that the moneys to be received from the maturing principal of and interest on the Defeasance Securities shall be sufficient, together with the other funds held in the Escrow Fund, to pay the Escrow Requirements when due.

(c) The moneys held in the Escrow Fund, including receipts of payments of the principal of and interest on the Defeasance Securities, shall not be withdrawn or used for any purpose other than, and shall be held in trust for, the payment to the Holders of the Refunded Bonds of the Escrow Requirements when due as required by Section 4.

(d) The Trustee shall not be held liable for investment losses resulting from compliance with the provisions of this Agreement.

**SECTION 4. Payment of Escrow Requirements.** From the maturing principal of any Defeasance Securities held in the Escrow Fund and the investment income and other earnings thereon and any uninvested money then held in the Escrow Fund, U.S. Bank National Association, as Trustee and Paying Agent for the Refunded Bonds, shall the Redemption Price of the Refunded Bonds on the Redemption Date.

### **SECTION 5. Notice of Redemption and Notice of Defeasance.**

(a) NCPA irrevocably directs the Trustee to give the notice of redemption of the Refunded Bonds on the Redemption Date by the time and in the manner required by the Indenture. Such notice shall be in substantially the form attached hereto as Exhibit B.

(b) NCPA irrevocably directs the Trustee to give the notice of defeasance of the Refunded Bonds on the date hereof within five business days of the date hereof.

(c) Such notices directed to be given in this Section 5 shall also be provided to the 2008 Series C Bond Insurer by the Trustee.

**SECTION 6. Termination of Obligations.** As provided in subsection 2 of Section 1301 of the Original Indenture, upon the deposit of the amounts specified in Section 2(c) and the purchase of Defeasance Securities pursuant to Section 3(a), the Holders of the Refunded Bonds shall cease to be entitled to any lien, benefit or security under the Indenture with respect



to the Refunded Bonds, and all covenants, agreements and obligations of NCPA with respect to the Refunded Bonds under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied and the Refunded Bonds shall no longer be Outstanding within the meaning of the Indenture.

Notwithstanding the provisions for payment of the Refunded Bonds as provided in, and with the effect stated in, subsection 2 of Section 1301 of the Original Indenture, the provisions of the Indenture relating to record dates, medium of payment, registration, transfer, exchange and replacement shall continue to apply to the Refunded Bonds.

**SECTION 7. Performance of Duties.** The Trustee agrees to perform the duties set forth herein.

**SECTION 8. Trustee's Authority to Make Investments.** The Trustee shall have no power or duty to invest any funds held under this Agreement except as provided in Section 3 hereof. The Trustee shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Agreement.

**SECTION 9. Indemnity.** NCPA hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Trustee and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Trustee at any time (whether or not also indemnified against the same by NCPA or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Trustee in accordance with the provisions of this Agreement; provided, however, that NCPA shall not be required to indemnify the Trustee against the Trustee's own negligence or willful misconduct or the negligence or willful misconduct of the Trustee's respective successors, assigns, agents and employees or the material breach by the Trustee of the terms of this Agreement. In no event shall NCPA or the Trustee be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

**SECTION 10. Responsibilities of Trustee.** The Trustee and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested moneys held hereunder to accomplish the redemption of the Refunded Bonds, or any payment, transfer or other application of moneys or securities by the Trustee in accordance with the provisions of this

Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Trustee made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of NCPA, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the redemption of the Refunded Bonds pursuant to the Indenture or to the validity of this Agreement as to NCPA and, except as otherwise provided herein, the Trustee shall incur no liability in respect thereof. The Trustee shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Trustee shall be determined by the express provisions of this Agreement. The Trustee may consult with counsel, who may or may not be counsel to NCPA, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring an Accountant's Certificate or an Opinion of Bond Counsel) may be deemed to be conclusively established by a certificate signed by an Authorized NCPA Representative. Whenever the Trustee shall deem it necessary or desirable that a matter specifically requiring an Accountant's Certificate or an Opinion of Bond Counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such an Accountant's Certificate or such Opinion of Bond Counsel.

**SECTION 11. Compensation.** The Trustee's acts hereunder shall constitute services rendered under the Indenture for purposes of Section 1005 of the Original Indenture; provided, however, that under no circumstances shall the Trustee be entitled to any lien whatsoever on any moneys or Defeasance Securities in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Trustee under this Agreement, the Indenture or otherwise.

**SECTION 12. Amendments.** This Agreement is irrevocable and no provision hereof may be amended except as specifically set forth herein. NCPA and the Trustee may, without the consent of, or notice to, the Holders of the Bonds, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the interests of the Holders of the Refunded Bonds. The Trustee shall be entitled to rely conclusively upon an Opinion of Bond Counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the Holders of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

**SECTION 13. Term.** This Agreement shall commence upon its execution and delivery and shall terminate on the date the principal of and interest on the Refunded Bonds has been paid to the respective Holders of the Refunded Bonds as required by Section 4 hereof. After such payment, any moneys remaining in the Escrow Fund shall be transferred by the Trustee to the General Debt Service Subaccount in the Debt Service Account in the Debt Service Fund.

**SECTION 14. Severability.** If any one or more of the covenants or agreements provided in this Agreement on the part of NCPA or the Trustee to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

**SECTION 15. Representations.** NCPA represents and warrants that the statements contained in the preambles to this Agreement are true and correct.

**SECTION 16. Counterparts.** This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

**SECTION 17. Governing Law.** This Agreement shall be construed under the laws of the State of California.

**SECTION 18. Assignment.** This Agreement shall not be assigned by the Trustee or any successor thereto without the prior written consent of NCPA.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

**NORTHERN CALIFORNIA POWER  
AGENCY**

By: \_\_\_\_\_  
General Manager

**U.S. BANK NATIONAL ASSOCIATION, as  
Trustee**

By: \_\_\_\_\_  
Authorized Signatory

**EXHIBIT A**  
**DEFEASANCE SECURITIES**

<b>Description of Defeasance Securities</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Purchase Price</b>	<b>Vendor</b>
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**EXHIBIT B**

**FORM OF NOTICE OF REDEMPTION**

**NORTHERN CALIFORNIA POWER AGENCY  
HYDROELECTRIC PROJECT NUMBER ONE REVENUE BONDS  
2008 REFUNDING SERIES C**

<u><b>Maturity Date</b></u>	<u><b>Principal Amount</b></u>	<u><b>CUSIP</b></u>
July 1, 2019	\$11,210,000	
July 1, 2020	11,805,000	
July 1, 2021	12,435,000	
July 1, 2022	13,035,000	
July 1, 2023	13,095,000	
July 1, 2024	15,550,000	

TO: The Owners of the above-captioned bonds (the “Bonds”)

U.S. Bank National Association acts as the trustee (the “Trustee”) with respect to the above-referenced Bonds pursuant to the Indenture, dated as of March 1, 1985 (the “Indenture”), by and between the Northern California Power Agency (“NCPA”) and the Trustee.

On behalf of the Agency, you are hereby notified that:

1. NCPA has exercised its option to redeem all of the Bonds on July 1, 2018 (the “Redemption Date”);

2. on the Redemption Date, there shall become due and payable upon each Bond the Redemption Price thereof, which is 100% of the principal amount of the Bonds, together with unpaid accrued interest on such principal amount to the Redemption Date, and that from and after the Redemption Date interest on the Bonds shall cease to accrue and be payable;

3. on the Redemption Date, the Redemption Price shall be due and payable. by the Trustee at:

**BY MAIL:**

U.S. Bank National Association  
100 Wall Street  
New York, New York 10005

**BY HAND OR OVERNIGHT DELIVERY:**

U.S. Bank National Association  
100 Wall Street  
New York, New York 10005  
Telephone: (212) \_\_\_\_-\_\_\_\_

**NORTHERN CALIFORNIA POWER AGENCY  
Hydroelectric Project Number One Revenue Bonds**

\$ \_\_\_\_\_  
**2018 Refunding Series A**

\$ \_\_\_\_\_  
**2018 Taxable Refunding Series B**

\_\_\_\_\_, 2018

**CONTRACT OF PURCHASE**

Northern California Power Agency  
651 Commerce Drive  
Roseville, California 95678

Ladies and Gentlemen:

Citigroup Global Markets Inc., as representative (the “Representative”), on behalf of itself and Goldman Sachs & Co. LLC, as Underwriters (the “Underwriters”), hereby offers to enter into this Contract of Purchase (this “Purchase Contract”) with you, the Northern California Power Agency (“NCPA”). This offer is made subject to acceptance by NCPA prior to 11:00 P.M., New York time, on the date hereof, and upon such acceptance this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon NCPA and the Underwriters. The Representative hereby represents that it has been duly authorized to execute this Purchase Contract and to take any action hereunder on behalf of the Underwriters.

NCPA acknowledges and agrees that (i) the purchase and sale of the Bonds (as hereinafter defined) pursuant to this Purchase Contract is an arm’s-length commercial transaction between NCPA and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and are not acting as the agent or fiduciary of NCPA, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of NCPA with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether any Underwriter or any affiliate of an Underwriter has provided other services or is currently providing other services to NCPA on other matters) and the Underwriters have no obligation to NCPA with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract and (iv) NCPA has consulted its own legal, financial and other advisors to the extent it has deemed appropriate in connection with the offering and sale of the Bonds.

1. Purchase, Sale and Delivery of the Bonds.

(a) Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriters hereby agree to purchase and NCPA hereby agrees to sell to the Underwriters all (but not less than all) of NCPA's \$\_\_\_\_\_ Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A (the "2018 Series A Bonds") and \$\_\_\_\_\_ Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B (the "2018 Series B Bonds" and together with the 2018 Series A Bonds, the "Bonds"). The Bonds shall be dated the date of delivery thereof and shall mature on the dates and in the amounts set forth on Schedule I attached hereto. Interest on the Bonds shall be payable semiannually on January 1 and July 1 of each year, commencing on July 1, 2018. The aggregate purchase price of the Bonds shall be \$\_\_\_\_\_ (representing the sum of (i) the purchase price of the 2018 Series A Bonds of \$\_\_\_\_\_ (being the \$\_\_\_\_\_ aggregate principal amount of the 2018 Series A Bonds, less \$\_\_\_\_\_ Underwriters' discount, plus an original issue premium of \$\_\_\_\_\_), and (ii) the purchase price of the 2018 Series B Bonds of \$\_\_\_\_\_ (being the \$\_\_\_\_\_ aggregate principal amount of the 2018 Series B Bonds, less \$\_\_\_\_\_ Underwriters' discount)).

(b) The Bonds are to be issued and secured under and pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Fourth Supplemental Indenture of Trust, dated as of April 1, 2018, and by the Twenty-Fifth Supplemental Indenture of Trust, dated as of April 1, 2018 (collectively, the "Indenture"), by and between NCPA and U.S. Bank National Association, as successor trustee (the "Trustee"), substantially in the form previously submitted to the Underwriters, with only such changes therein as shall be mutually agreed upon. Capitalized terms used herein and not defined shall have the meanings assigned to them in the Official Statement mentioned below.

The Bonds are being issued by NCPA for the purpose of providing funds, together with other available moneys, to refund NCPA's outstanding Hydroelectric Project Number One Revenue Bonds, 2008 Refunding Series C (the "Refunded Bonds") and to pay the costs of issuance of the Bonds. Pursuant to an Escrow Agreement, dated as of April 1, 2018 (the "Escrow Agreement"), by and between NCPA and U.S. Bank National Association, as escrow agent (the "Escrow Agent"), a portion of the proceeds of the Bonds [, together with certain other available moneys,] will be deposited into an escrow fund and will either be held as cash or will be used to purchase defeasance securities that will bear interest at such rates and will be scheduled to mature at such times and in such amounts, so that sufficient moneys will be available to pay the redemption price (100.0% of the principal amount) of the Refunded Bonds and accrued interest thereon to the redemption date, July 1, 2018.

NCPA and the Significant Share Project Participants have each agreed, pursuant to a Continuing Disclosure Agreement (each, a "Continuing Disclosure Agreement"), to be dated the Closing Date (as defined below), with the Trustee, to provide to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access System (the "EMMA System") a copy of their respective annual audited financial statements, as well as certain operating data relating to the Project and such Project Participants' respective electric systems, and NCPA has agreed to provide to the MSRB notices of certain events relating to the



Bonds. A description of this undertaking is set forth in the Preliminary Official Statement and the Official Statement (both terms as defined below).

(c) At 8:00 A.M., California time, on [April \_\_\_\_,] 2018, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by NCPA and the Representative (such time and date being herein referred to as the “Closing Date”), NCPA will deliver to the Representative at the offices of Orrick, Herrington & Sutcliffe LLP, Los Angeles, California (“Bond Counsel”), the closing documents hereinafter mentioned. The Bonds, registered to Cede & Co. and in definitive form, will be made available to the Representative one business day prior to the Closing Date (hereinafter defined) at the offices of Bond Counsel, or at such other place as may be designated by the Representative and shall be subsequently delivered on such date through the facilities of DTC by the Fast Automated Securities Transfer (F.A.S.T) system. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any of the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriters to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Contract. Upon release of the Bonds, the Underwriters will pay the purchase price of each Series of the Bonds as set forth in subsection (a) of this Section 1, in immediately available funds to the order of NCPA. The releases and payments referenced in this subsection (c) are herein called the “Closing.”

## 2. Public Offering; Establishment of Issue Price.

(a) The Underwriters agree to reoffer the Bonds in a bona fide public offering at the initial offering prices or yields set forth in Schedule I attached hereto. After the initial offering, the Underwriters reserve the right to change such public offering prices as the Underwriters shall deem necessary in marketing the Bonds.

(b) The Representative, on behalf of the Underwriters, agrees to assist NCPA in establishing the issue price of the Bonds and shall execute and deliver to NCPA at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, NCPA and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(c) The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein. Except for the Hold-the-Price Maturities (defined below), NCPA will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). Schedule 1 to Exhibit A sets forth the maturities of the Bonds with respect to which the 10% test has been satisfied as of the execution of the Purchase Contract (“10% Test Maturities”).

(d) Schedule 1 to Exhibit A also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Bonds for which the 10% test has not been satisfied (the “Hold-the-

Price Maturities”) and for which NCPA and the Underwriters agree that (i) the Representative will retain the unsold Bonds of any Hold-the-Price Maturities and not allocate any such Bonds to any other Underwriter and (ii) the restrictions set forth in the next sentence shall apply, which will allow NCPA to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Representative will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative shall promptly advise NCPA when the Underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(e) The Representative confirms that any selling group agreement and any retail distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative. NCPA acknowledges that, in making the representations set forth in this Section 2, the Representative will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. NCPA further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(f) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this Section 2:

(1) “maturity” means Bonds with the same credit and payment terms; Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities,

(2) “public” means any person other than an underwriter or a related party,

(3) “underwriter” means (A) any person that agrees pursuant to a written contract with NCPA (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of Bonds to the public),

(4) a purchaser of any of Bonds is a “related party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(5) “sale date” means the date of execution of this Purchase Contract by all parties.

3. Use and Preparation of the Official Statement. NCPA has heretofore delivered to the Underwriters a Preliminary Official Statement dated \_\_\_\_\_, 2018 relating to the Bonds (as supplemented or amended with the consent of the Underwriters, the “Preliminary Official Statement”), that NCPA has deemed final as of its date in accordance with paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”). NCPA shall deliver or cause to be delivered to the Underwriters, within seven (7) business days from the date hereof, copies of an official statement relating to the Bonds executed on behalf of and approved for distribution by NCPA in the form of the Preliminary Official Statement, as revised to conform to the terms of this Purchase Contract and to reflect the reoffering terms of the Bonds and with such other changes as shall have been approved by NCPA and consented to by the Underwriters (the “Official Statement”). NCPA shall deliver the Official Statement in “designated electronic format” (as defined in MSRB Rule G-32) and in such quantities as the Underwriters may request in order to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the MSRB. NCPA hereby approves the distribution of the Preliminary Official Statement and the Official Statement and authorizes the use of copies of the Official Statement (including any amendment or supplement thereto) and the documents referred to therein in connection with the offering and sale of the Bonds by the Underwriters. The Representative hereby agrees to deliver a copy of the Official Statement to the MSRB in accordance with the applicable rules of the MSRB.

4. Representations of NCPA. NCPA represents to the Underwriters that, as of the date hereof and as of the Closing Date:

(a) NCPA has full legal right, power and authority to cause the Bonds to be authenticated and delivered, to execute and deliver this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party and the Third Phase Agreement, and to perform its obligations contained herein and therein in accordance with the Act and other applicable laws; and, by official action of NCPA prior to or concurrently with the acceptance hereof, NCPA has duly authorized and approved the issuance and delivery of the Bonds and the performance of its obligations contained herein and therein, the execution and delivery of this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party and the Third Phase Agreement and the performance of its obligations contained herein and therein and the consummation by it of all other transactions contemplated by this Purchase Contract, the Official Statement, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party and the Third Phase Agreement to have been performed or consummated at or prior to the Closing Date, all in accordance with the Act and other applicable laws, and NCPA is and will be in compliance with the provisions thereof in all material respects;

(b) NCPA is duly existing as a public entity organized under the laws of the State of California (the "State"), and under the Constitution and laws of the State has full legal right, power and authority to refinance all or part of the acquisition, construction and improvement of the Project;

(c) Between the date hereof and the Closing Date, except as contemplated by the Preliminary Official Statement and the Official Statement, NCPA will not have incurred any material liabilities, direct or contingent, or entered into any material transaction in either case other than in the ordinary course of business, and there shall not have been any material adverse change in the financial condition or prospects of NCPA or the Project;

(d) The performance by NCPA of its obligations contained in the Bonds and the execution and delivery of this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party and the Third Phase Agreement and the performance of its obligations contained herein and therein do not and will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution or agreement to which NCPA is subject or by which it is bound; NCPA is not, in any material respect, in breach of or in default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which it is a party or is otherwise subject and, no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute a default or an event of default under any such instrument;

(e) Except as disclosed in the Preliminary Official Statement and the Official Statement, no litigation is, or at the Closing Date will be, pending or, to the knowledge of NCPA, threatened in any court (i) in any way questioning the corporate existence of NCPA or the titles of the officers of NCPA to their respective offices; (ii) seeking to restrain or enjoin the issuance

or delivery of any of the Bonds, or the collection of revenues pledged or to be pledged to pay the principal of, premium, if any, and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds, this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which NCPA is a party or the Third Phase Agreement or the collection of said revenues, or the pledge thereof, or contesting the powers of NCPA or any authority for the issuance and delivery of the Bonds or the performance of its obligations contained therein or the execution and delivery of this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party or the Third Phase Agreement or the performance of its obligations contained herein or therein, (iii) which would be likely to result in any material adverse change in the business, properties, assets or financial condition of NCPA relating to the Bonds or to have a material adverse effect on the ability of NCPA to meet its obligations under the Bonds, this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party or the Third Phase Agreement; or (iv) asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that if the Representative accepts at the Closing any change in the certificate referred to in Section 5(e)(3) hereof, the representations contained in this Section 4(e) shall be deemed modified to a like extent;

(f) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, NCPA of its obligations in connection with this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party or the Third Phase Agreement or the issuance, offering and sale of the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds;

(g) All material studies undertaken by or on behalf of NCPA with respect to the Project have been disclosed and/or made available to the Representative;

(h) The Joint Powers Agreement and the Third Phase Agreement are and shall be in full force and effect, and neither NCPA nor any of the Project Participants, respectively, is or shall be in default thereunder;

(i) The Bonds, the Indenture, the Third Phase Agreement, the Escrow Agreement, the Continuing Disclosure Agreements and the other documents described in the Preliminary Official Statement and the Official Statement conform in all material respects to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement; and the Bonds, when delivered as provided herein, will be validly issued and outstanding obligations of NCPA entitled to the benefits of the Indenture and the Third Phase Agreement;

(j) NCPA will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Bonds for offer and sale under

the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for the distribution of the Bonds; provided that NCPA shall not be obligated to take any action that would subject it to the general service of process in any state or jurisdiction where it is not now so subject;

(k) As of its date and at the time of NCPA's acceptance hereof, the Preliminary Official Statement is true, complete, correct and final in all material respects, except for the omission of certain information permitted to be omitted in accordance with Rule 15c2-12, and, except for the omission of certain information permitted to be omitted in accordance with Rule 15c2-12, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(l) The Official Statement is and at all times subsequent hereto up to and including the Closing Date will be (unless an event occurs of the nature described in paragraph (m) hereof), true and correct in all material respects; and the Official Statement does not and will not (unless an event occurs of the nature described in paragraph (m) hereof) omit any statement or information necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that no representation is made as to any information included in the Official Statement relating to The Depository Trust Company ("DTC") or its book-entry only system;

(m) If between the date hereof and the date which is 25 days after the end of the underwriting period (as determined in accordance with paragraph (o) hereof), an event occurs which might or would cause the information contained in the Official Statement, as previously supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the information therein, in the light of the circumstances under which it was presented, not misleading, NCPA will notify the Representative, and, if in the opinion of NCPA or the Representative, or counsel to the Underwriters, such event requires the preparation and publication of a supplement or amendment to the Official Statement, NCPA will forthwith prepare and furnish to the Representative (at the expense of NCPA) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel to the Underwriters) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading. For the purposes of this subsection, between the date hereof and the date which is 25 days after the end of the underwriting period, NCPA will furnish such information with respect to itself as the Representative may from time to time reasonably request;

(n) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (m) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the date which is 25 days after the end of the underwriting period (as determined in accordance with paragraph (o) hereof), the Official

Statement as so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading;

(o) The term “end of the underwriting period” referred to in paragraphs (m) and (n) hereof shall mean the later of such time as (i) NCPA delivers the Bonds to the Representative or (ii) the Underwriters do not retain an unsold balance of the Bonds for sale to the public. Unless the Representative gives notice to the contrary, the end of the underwriting period shall be deemed to be the Closing Date;

(p) After the Closing, NCPA will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Representative shall reasonably object in writing or which shall be disapproved by counsel to the Underwriters;

(q) The financial statements of NCPA contained as Appendix B to the Official Statement do and will fairly present the financial position and results of operations of NCPA as of the dates and for the periods therein set forth in accordance with generally accepted accounting principles applied consistently; and

(r) (e) Except as disclosed in the Preliminary Official Statement and the Official Statement, NCPA has not, in the last five years, failed in any material respect to comply with any previous continuing disclosure undertaking entered into by it under Rule 15c2-12 and as of the date hereof, NCPA is in compliance with all of its continuing disclosure obligations under Rule 15c-12.

5. Conditions to the Obligations of the Underwriters. The Underwriters have entered into this Purchase Contract in reliance upon the representations herein and the performance by NCPA of NCPA’s obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriters’ obligations under this Purchase Contract are and shall be subject to the following further conditions:

(a) The representations of NCPA contained herein shall be true and correct in all material respects at the date hereof and on the Closing Date.

(b) As of the Closing Date, the Official Statement shall not have been amended or supplemented pursuant to Section 4(l) hereof to disclose a material adverse change in or affecting NCPA, the Project Participants, the Bonds or the security and sources of payment therefor, the status of operation of the Hydroelectric Project or the required permits, licenses or approvals relating to the Hydroelectric Project, as each of the foregoing matters were described in the Official Statement prior to such amendment or supplement;

(c) At the time of the Closing, this Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreements and the Third Phase Agreement shall have been duly authorized, executed and delivered by the respective parties thereto, and the Official Statement shall have been duly authorized, executed and delivered by NCPA, all in substantially the forms heretofore submitted to the Representative, with only such changes as

shall have been agreed to in writing by the Representative, and such Purchase Contract, Indenture, Escrow Agreement, Continuing Disclosure Agreements and Third Phase Agreement shall be in full force and effect and shall not have been amended, modified or supplemented and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; NCPA shall perform or have performed its obligations required under or specified in this Purchase Contract, the Official Statement, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party and the Third Phase Agreement to be performed at or prior to the Closing; and there shall be in full force and effect such resolution or resolutions of the Commission of NCPA as, in the opinion of Bond Counsel, shall be necessary or appropriate in connection with the transactions contemplated hereby;

(d) The Underwriters may terminate this Purchase Contract by notification to NCPA if at any time after the date hereof and prior to the Closing Date any of the following shall occur:

(i) legislation shall be enacted by the State of California, the Congress of the United States or introduced and pending in or adopted by either House thereof or a decision by a Court of the State of California or the United States or the Tax Court of the United States shall be rendered or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made with respect to federal or state taxation upon revenues or other income of the general character expected to be derived by NCPA or upon interest received on securities of the general character of the 2018 Series A Bonds in the hands of the holders thereof which, in the judgment of the Underwriters, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices or yields, of the Bonds; or

(ii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Bonds is in violation or would be in violation of any provisions of the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended or the Trust Indenture Act of 1939, as amended; or

(iii) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act, or that the



Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(iv) there shall have occurred any new outbreak or escalation of war or similar hostilities or declaration by the United States of a national emergency or war or any other national or international calamity or crisis (including in the financial markets), which, in the judgment of the Underwriters, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices or yields, of the Bonds; or

(v) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (A) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Bonds or similar obligations; or (B) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers, which, in the judgment of the Underwriters, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices or yields, of the Bonds; or

(vi) a general banking moratorium shall have been declared by Federal, New York or California authorities having jurisdiction and shall be in force or a major financial crisis or a material disruption in commercial banking or securities settlement or clearance services shall have occurred, which, in the judgment of the Underwriters, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices or yields, of the Bonds; or

(vii) any event shall occur, or information shall become known which makes untrue or incorrect in any material respect, as of the time of such event or information becoming known, any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event: (A) NCPA refuses to permit the Official Statement to be supplemented to supply such statement or information or (B) the effect of the Official Statement as so supplemented is, in the judgment of the Underwriters, to materially adversely

affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices or yields, of the Bonds; or

(viii) the downgrading, suspension or withdrawal, or any official statement as to the likely downgrading, suspension or withdrawal of any rating of the Bonds or other Hydroelectric Project debt securities of NCPA.

(e) At or prior to the Closing Date, the Underwriters shall receive the following documents:

(1) the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to NCPA, dated the Closing Date, substantially in the form attached as Appendix F to the Official Statement, together with a reliance letter thereon addressed to the Representative, as representative of the Underwriters;

(2) a certificate or certificates, dated the Closing Date, of NCPA executed by its General Manager, its Assistant General Manager/CFO, Finance and Administrative Services, or other appropriate official, to the effect that (A) on the date of the Official Statement and on the Closing Date (unless an event shall have occurred of the nature described in Section 4(l)) and an amendment or supplement as been made to the Official Statement, in which case, including any amendment or supplement to the Official Statement as of such date) (i) the descriptions and statements of or pertaining to NCPA and the Project contained in the Official Statement were and are true and correct in all material respects; (ii) insofar as NCPA and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (iii) insofar as the descriptions and statements, including financial data, of or pertaining to other bodies and their activities contained in the Official Statement are concerned, such descriptions, statements and data have been obtained from sources which NCPA believes to be reliable and NCPA has no reason to believe that they are untrue in any material respect (provided that no representation is made as to DTC and its book-entry only system); (B) during the five-day period immediately preceding the Closing Date such official spoke by telephone with the Mayor or other appropriate official of the Significant Share Project Participants and asked each such individual questions relating to the representations to be made by such Significant Share Project Participant in the certificate to be delivered by such Significant Share Project Participant on the Closing Date and the information relating to such Significant Share Project Participant included in the Preliminary Official Statement and the Official Statement (including any amendment or supplement to the Official Statement as of such date), and in the course of such conversations no facts came to the attention of such official that would lead such official to believe that either the ability of any Significant Share Project Participant to comply with its obligations under the Third Phase Agreement has been materially and adversely affected or that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made,

not misleading; and (C) the representations of NCPA in this Purchase Contract were true and correct as of the date made and are true and correct on and as of the Closing Date as if made on and as of the Closing Date, and NCPA has complied with and performed all of its covenants and agreements in this Purchase Contract to be complied with and performed at or prior to the Closing Date;

(3) a certificate dated the Closing Date, by the Chairman of the Commission or other appropriate official of NCPA and Jane E. Luckhardt, Esq., General Counsel to NCPA, to the effect that other than as described in the Preliminary Official Statement and the Official Statement (including any amendment or supplement to the Official Statement as of such date), no litigation is pending (with NCPA having received service of process) or, to their knowledge, threatened in any court (i) in any way questioning the corporate existence of NCPA or the titles of the officers of NCPA to their respective offices; (ii) seeking to restrain or enjoin the delivery of the Bonds, or the collection of revenues pledged or to be pledged to pay the principal of, premium, if any, and interest on the Bonds; (iii) in any way contesting or affecting the validity of the Bonds, the Indenture, the Escrow Agreement, the Third Phase Agreement, the Continuing Disclosure Agreements or this Purchase Contract; (iv) in any way contesting or affecting the collection of said revenues or the pledge thereof, or contesting the powers of NCPA or any authority for the issuance and delivery of the Bonds and the performance by NCPA of its obligations contained therein or the execution and delivery of the Indenture, the Escrow Agreement, the Third Phase Agreement, the Continuing Disclosure Agreement to which it is a party or this Purchase Contract and the performance of its obligations contained therein or herein; (v) which would be likely to result in any material adverse change in the business, properties, assets or the financial condition of NCPA relating to the Project or which would be likely to have a material adverse effect on the ability of NCPA to meet its obligations under the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement to which it is a party or the Third Phase Agreement; or (vi) asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, which certificate shall be in form and substance acceptable to the Representative (but in lieu of such certificate, the Representative may in its discretion accept an opinion of Bond Counsel or Counsel to NCPA, acceptable to the Representative in form and substance, that in their opinion the issues raised in any such pending or threatened litigation are without substance or that the contentions of any plaintiffs therein are without merit);

(4) opinions of Orrick, Herrington & Sutcliffe LLP; Jane E. Luckhardt, Esq., and Spiegel & McDiarmid LLP, dated the Closing Date, substantially in the respective forms attached hereto as Exhibits B, C and D, respectively, with such changes as Counsel to the Underwriters may approve;

(5) a defeasance opinion of Bond Counsel relating to the defeasance of the Refunded Bonds, dated the Closing Date and addressed to the Trustee, in form and substance satisfactory to the Representative;

(6) certificates of the Project Participants, dated the Closing Date, substantially in the form attached hereto as Exhibit E, and of the Significant Share Project Participants, dated the Closing Date, substantially in the form attached hereto as Exhibit F (the Representative may, in its discretion, accept a legal opinion to the effect that the issues raised in any pending or threatened litigation mentioned therein are without substance or that the contentions of the plaintiffs therein are without merit);

(7) an opinion of counsel to each Project Participant substantially in the form attached hereto as Exhibit G;

(8) copies of the documents referred to in Section 5(c) in substantially the form previously submitted to the Representative with only changes, amendments, modifications or supplements as agreed to by the Representative;

(9) certified copies of all proceedings relating to the authorization and issuance of the Bonds certified by the General Manager or other appropriate official of NCPA;

(10) a certified copy of the general resolution of the Trustee and Escrow Agent authorizing the execution and delivery of the Indenture, the Escrow Agreement and the Continuing Disclosure Agreements, together with a certificate to the effect that (i) the Trustee and Escrow Agent is a national association existing under the laws of the United States of America; (ii) the Trustee has full corporate trust powers and authority to serve as Trustee under the Indenture and the Continuing Disclosure Agreements and the Escrow Agent has full corporate trust powers and authority to serve as Escrow Agent under the Escrow Agreement; and (iii) the Trustee's and Escrow Agent's actions in executing and delivering the Indenture and the Continuing Disclosure Agreements and the Escrow Agreement, respectively, is in full compliance with and does not conflict with any applicable law or governmental regulation currently in effect and does not conflict with or violate any contract to which the Trustee or Escrow Agent is a party or any administrative or judicial decision by which the Trustee or Escrow Agent is bound;

(11) An opinion, dated the Closing Date and addressed to NCPA, the Underwriters, the Escrow Agent and the Trustee, of counsel to the Trustee and Escrow Agent, in such form as Bond Counsel and counsel to the Underwriters shall approve;

(12) A copy of the audited financial statements of NCPA included as Appendix B to the Preliminary Official Statement and the Official Statement, together with a letter from Baker Tilly Virchow Krause, LLP (the "Independent Auditors"), in form acceptable to the Underwriter, consenting to the references to such firm and the inclusion of such financial statements of NCPA in the Preliminary Official Statement and the Official Statement, or confirmation from NCPA in a form satisfactory to the Representative that no such consent shall be required under the terms of NCPA's contract for services of the Independent Auditors;

(13) Tax certifications by NCPA in form and substance acceptable to Bond Counsel;

(14) Evidence that a federal tax information form 8038-G has been prepared for filing with respect to the Bonds;

(15) A copy of the Notice of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code;

(16) A copy of the verification report prepared by \_\_\_\_\_, as verification agent, in connection with the Refunded Bonds;

(17) evidence satisfactory to the Representative that the Bonds shall have been rated at least “\_\_\_” and “\_\_\_” by [Standard & Poor’s and Fitch Ratings], respectively; and neither of such ratings shall have been suspended, revoked or downgraded;

(18) A copy of any Blue Sky Memorandum with respect to the Bonds, prepared by Underwriters’ Counsel;

(19) an opinion of Norton Rose Fulbright US LLP, Underwriters’ Counsel, dated the Closing Date, substantially in the form attached hereto as Exhibit H; and

(20) such additional certificates, instruments and other documents as the Underwriters may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date of NCPA’s representations and warranties contained in this Purchase Contract and the due performance or satisfaction by NCPA at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by NCPA pursuant to this Purchase Contract.

The opinions and certificates and other material referred to above shall be in form and substance satisfactory to the Representative and to Underwriters’ Counsel.

If NCPA shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Contract, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract and all obligations of the Underwriters hereunder may be terminated by the Underwriters at or at any time prior to the Closing by written notice delivered by the Representative to NCPA, and neither the Underwriters nor NCPA shall have any further obligations hereunder, except that the respective obligations of NCPA and the Underwriters set forth in Sections 6 and 8 hereof shall continue in full force and effect. In the event that the Underwriters fail (other than for a reason permitted under this Purchase Contract) to purchase, accept delivery of and pay for the Bonds on the Closing Date as herein provided, the amount of one percent (1%) of the principal amount of the Bonds will be accepted as and shall constitute full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters, and shall constitute full release and discharge of all claims and rights hereunder of NCPA against the Underwriters with respect to such failure. The Underwriters and NCPA understand that in such event the actual damages of NCPA may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the actual damages of NCPA are less than such sum, and the acceptance of this offer by NCPA shall constitute a waiver of any right NCPA may have to

additional damages from the Underwriters. Except as set forth in Sections 6 and 8 hereof, no party hereto shall have any further rights against any other party hereunder with respect to such failure.

6. Expenses. NCPA shall pay or cause to be paid (or shall reimburse the Underwriters in the expense portion of the Underwriters' Discount for their payment of) the expenses incident to the performance of its obligations hereunder including but not limited to (a) the cost of the preparation and printing or other reproduction (for distribution on or prior to the date hereof) of the Indenture and the other documents mentioned herein; (b) the fees and disbursements of Orrick, Herrington & Sutcliffe LLP, Spiegel & McDiarmid LLP, Public Financial Management, Inc., the Trustee, the Escrow Agent, the verification agent and any other experts or consultants retained by NCPA; (c) the costs and fees of the credit rating agencies; (d) the cost of preparing and delivering the definitive Bonds; (e) the cost of immediately available funds for the Closing; and (f) the cost of preparation and printing or other reproduction of this Purchase Contract and any Blue Sky Memorandum, and of the preparation of the Preliminary Official Statement and the Official Statement and any supplement thereto, including a reasonable number of certified or conformed copies thereof; (g) the cost of printing such copies of the Preliminary Official Statement and the Official Statement and any supplement thereto as the Underwriters may request for use in connection with the public offering of the Bonds; (h) all other expenses incurred by them in connection with their public offering and distribution of the Bonds, including the fee and disbursements of Norton Rose Fulbright US LLP, Counsel to the Underwriters, and the fees of Digital Assurance Certification, L.L.C. for a continuing disclosure compliance review; (i) the fees of the California Debt and Investment Advisory Commission; and (j) any expenses incurred on behalf of NCPA's employees, including but not limited to, closing costs, meals, transportation and lodging of those employees. NCPA acknowledges that the fees payable to the California Debt and Investment Advisory Commission in connection with the Bonds are the legal obligation of the Underwriters and not NCPA and NCPA consents to reimburse the Underwriters for such fees.

7. Notices. Any notice or other communication to be given to NCPA under this Purchase Contract may be given by delivering the same in writing to the Commission, Northern California Power Agency, 651 Commerce Drive, Roseville, California 95678, Attention: General Manager; and any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing to: Citigroup Global Markets Inc., 444 South Flower Street, 27th Floor, Los Angeles, CA 90071, Attention: Steve Dworkin, Managing Director.

[Remainder of page intentionally left blank.]

8. Parties in Interest; Survival of Representations and Agreements. This Purchase Contract, when accepted by NCPA in writing as heretofore specified, shall constitute the entire agreement between NCPA and the Underwriters with respect to the purchase of the Bonds and is made solely for the benefit of NCPA and the Underwriters (including any successor in business of an Underwriter). No other person shall acquire or have any right hereunder or by virtue hereof. All the representations and agreements in this Purchase Contract shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf the Underwriters, (b) delivery of and payment for the Bonds hereunder, and (c) any termination of this Purchase Contract.

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.  
GOLDMAN SACHS & CO. LLC

By: Citigroup Global Markets Inc.,  
as Representative of the Underwriters

By: \_\_\_\_\_  
Managing Director

Accepted on \_\_\_\_\_, 2018

NORTHERN CALIFORNIA POWER AGENCY

By: \_\_\_\_\_  
Assistant General Manager/CFO,  
Finance and Administrative Services

**SCHEDULE I**

**NORTHERN CALIFORNIA POWER AGENCY  
Hydroelectric Project Number One Revenue Bonds**

**\$\_\_\_\_\_**  
**2018 Refunding Series A**

<u>Maturity Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
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[\* 10% Test Maturities.]

[\*\* Hold-the-Offering Price Maturities.]

**\$\_\_\_\_\_**  
**2018 Taxable Refunding Series B**

<u>Maturity Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>
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[FORM OF ISSUE PRICE CERTIFICATE]

\$ \_\_\_\_\_  
**NORTHERN CALIFORNIA POWER AGENCY**  
**Hydroelectric Project Number One Revenue Bonds,**  
**2018 Refunding Series A**

**ISSUE PRICE CERTIFICATE**

The undersigned, Citigroup Global Markets Inc., as representative (the “Representative”), on behalf of itself and Goldman Sachs & Co. LLC, as Underwriters (as defined below) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the Northern California Power Agency (the “Issuer”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule 1 hereto.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) The Underwriters offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule 1 hereto (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule 2.

(b) As set forth in the Contract of Purchase dated \_\_\_\_\_, 2018, between the Representative and the Issuer, the Representative, on behalf of the Underwriters, agreed in writing on or prior to the Sale Date that, (i) the Representative would retain the unsold Bonds of any Hold-the-Offering-Price Maturity and not allocate any such Bonds to any other Underwriter, (ii) for each Maturity of the Hold-the-Offering-Price Maturities, the Representative would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (iii) any selling group agreement will contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement will contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, the Representative has not offered or sold any unsold Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule 1 hereto as the “General Rule Maturities.”

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule 1 hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriters sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [date of execution of Purchase Contract].

(g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the undersigned’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

IN WITNESS WHEREOF, the undersigned has executed this certificate on this \_\_\_\_th day of \_\_\_\_\_, 2018.

CITIGROUP GLOBAL MARKETS INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE 1 TO EXHIBIT A**  
**SALE PRICES OF THE GENERAL RULE MATURITIES AND**  
**INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**  
*(Attached)*

**SCHEDULE 2 TO EXHIBIT A**  
**PRICING WIRE OR EQUIVALENT COMMUNICATION**  
*(Attached)*

**EXHIBIT B**

[Letterhead of Orrick, Herrington & Sutcliffe LLP]

[Closing Date]

Citigroup Global Markets Inc.  
as Representative of the Underwriters  
Los Angeles, California

Re: NORTHERN CALIFORNIA POWER AGENCY  
Hydroelectric Project Number One Revenue Bonds

\$\_\_\_\_\_ 2018 Refunding Series A

\$\_\_\_\_\_ 2018 Taxable Refunding Series B

Ladies and Gentlemen:

This letter is addressed to you, as the Underwriters, pursuant to Section 5(e)(4) of the Contract of Purchase, dated \_\_\_\_\_, 2018 (the “Contract of Purchase”), between the Northern California Power Agency (the “Agency”) and Citigroup Global Markets Inc., as Representative, on behalf of itself and Goldman Sachs & Co. LLC, as underwriters (the “Underwriters”), providing for the purchase of the Agency’s \$\_\_\_\_\_ Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A and \$\_\_\_\_\_ Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B (collectively, the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Fourth Supplemental Indenture of Trust, dated as of April 1, 2018 and by the Twenty-Fifth Supplemental Indenture of Trust, dated as of April 1, 2018 (collectively, the “Indenture”), between the Agency and U.S. Bank National Association, as successor trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture or, if not defined in the Indenture, the Contract of Purchase.

We have delivered our final legal opinion (the “Bond Opinion”) as bond counsel to the Agency concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Agency. You may rely on such opinion as though the same were addressed to you.

In connection with our role as bond counsel and as disclosure counsel to the Agency, we have reviewed the Indenture, certain portions of the preliminary official statement of the Agency dated \_\_\_\_\_, 2018 with respect to the Bonds (the “Preliminary Official Statement”) and of the official statement of the Agency dated \_\_\_\_\_, 2018 with respect to the Bonds (the “Official Statement”), the Contract of Purchase, certificates of the Agency, the Trustee, the Underwriters, the Project Participants and others, opinions of counsels to the Agency, the Project Participants and others, and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth in the numbered paragraphs below.

The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and covers certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Agency. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Tax Certificate and the Contract of Purchase and their enforceability may be subject to bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), rights of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The statements contained in the Official Statement under the captions "INTRODUCTION," "PLAN OF REFUNDING," "THE 2018 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS," "TAX MATTERS," "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," "APPENDIX E – PROPOSED FORMS OF CONTINUING DISCLOSURE AGREEMENTS" and "APPENDIX F – PROPOSED FORM OF BOND COUNSEL OPINION," excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Act, the Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreements and the Third Phase Agreement and our Bond Opinion are accurate in all material respects; provided, however, that no opinion is expressed with respect to any statements relating to The Depository Trust Company ("DTC") or its operations.

We are not passing upon and do not assume any responsibility for the accuracy (except as explicitly stated in paragraph 3 above), completeness or fairness of any of the statements

contained in the Preliminary Official Statement or in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. We do not assume any responsibility for any electronic version of the Official Statement, and assume that any such version is identical in all respects to the printed version. In our capacity as bond and disclosure counsel to the Agency in connection with issuance of the Bonds, we participated in conferences with your representatives, your counsel, representatives of the Agency, Public Financial Management, Inc., the Significant Share Project Participants, their respective counsel and others, during which conferences the contents of the Preliminary Official Statement or the Official Statement and related matters were discussed. Based on our participation in the above-referenced conferences, and in reliance thereon and on the records, documents, certificates, opinions and matters herein mentioned, subject to the following limitations on our role as bond counsel and disclosure counsel to the Agency, we advise you as a matter of fact and not opinion that (a) as of [the pricing date], no facts had come to the attention of the attorneys in our firm rendering legal services with respect to the Bonds and the Preliminary Official Statement which caused us to believe as of its date and as of [the pricing date] that the Preliminary Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (b) as of the date of the Official Statement and as the date hereof, no facts had come to the attention of the attorneys in our firm rendering legal services with respect to the Bonds and the Official Statement which caused us to believe as of the date of the Official Statement and as of the date hereof that the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, we expressly exclude from the scope of this paragraph and express no opinion or view about (i) any difference in information contained in the Preliminary Official Statement compared to what is contained in the Official Statement, whether or not related to pricing or sale of the Bonds, and whether any such difference is material and should have been included in the Preliminary Official Statement, and (ii) with respect to both the Preliminary Official Statement and the Official Statement, any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about litigation, any management discussion and analysis, any statements about compliance with prior continuing disclosure undertakings, Appendices B through G thereto, or any information about book-entry, DTC, ratings, rating agencies, underwriters, underwriting, swaps or swap providers included or referred to therein or omitted therefrom.

This letter is furnished by us as bond and disclosure counsel to the Agency. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as the Underwriters of the Bonds, is solely for your benefit as such Underwriters and is not to be used, circulated, quoted or otherwise referred to or relied upon by you for any other purpose. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

[Form of Opinion of General Counsel to NCPA]

[Closing Date]

Citigroup Global Markets Inc.,  
as Representative of the Underwriters  
Los Angeles, California

Re: NORTHERN CALIFORNIA POWER AGENCY  
Hydroelectric Project Number One Revenue Bonds

\$ \_\_\_\_\_  
2018 Refunding Series A

\$ \_\_\_\_\_  
2018 Taxable Refunding Series B

Ladies and Gentlemen:

I am general counsel for Northern California Power Agency (“NCPA”). This opinion is being provided in accordance with your request pursuant to the Contract of Purchase, dated \_\_\_\_\_, 2018 (the “Contract of Purchase”), between NCPA and Citigroup Global Markets Inc., as Representative, on behalf of itself and Goldman Sachs & Co. LLC, as underwriters (the “Underwriters”), providing for the purchase of NCPA’s \$ \_\_\_\_\_ Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A and \$ \_\_\_\_\_ Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B (collectively, the “Bonds”). Terms used herein which are defined in said Contract of Purchase shall have the meanings specified therein or, if not defined therein, in the official statement dated \_\_\_\_\_, 2018, relating to the Bonds (the “Official Statement”).

NCPA is a joint powers agency and a public entity, created under the laws of the State of California. Certain of the members of NCPA, to wit, Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Roseville, Santa Clara and Ukiah and associate member, the Plumas-Sierra Rural Electric Cooperative, herein called the “Project Participants,” have entered into an agreement with NCPA dated as of September 1, 1982, entitled “Agreement for Construction, Operation and Financing of the North Fork Stanislaus River Hydroelectric Development Project,” which, as amended to the date hereof, is referred to as the “Third Phase Agreement.”

#### Opinion

It is my opinion that:

1. NCPA has full power, authority and legal right to execute, deliver and perform the Contract of Purchase, the Third Phase Agreement, the Escrow Agreement, the Continuing



Disclosure Agreement, dated \_\_\_\_\_, 2018 (the “Continuing Disclosure Agreement”), between NCPA and the Trustee and the Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Fourth Supplemental Indenture of Trust, dated as of April 1, 2018, and by the Twenty-Fifth Supplemental Indenture of Trust, dated as of April 1, 2018 (collectively, the “Indenture”), between NCPA and U.S. Bank National Association, as successor trustee.

2. The execution, delivery and performance by NCPA of the Contract of Purchase, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Third Phase Agreement have been duly authorized by all appropriate action and do not and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to NCPA or (ii) result in a breach of or constitute a default under any indenture or loan or credit agreement, lease or instrument to which it is a party or by which it or its properties may be bound or affected.

3. All authorizations, consents, approvals, licenses, exemptions of or registrations with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, necessary to the valid execution, delivery or performance by NCPA of the Contract of Purchase, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Third Phase Agreement have been obtained or effected, and are and will remain in full force and effect. We express no opinion regarding notice to or filings with the California Debt and Investment Advisory Commission or with respect to any securities laws.

4. The Contract of Purchase, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Third Phase Agreement constitute the legal, valid and binding obligations of NCPA enforceable against NCPA in accordance with their respective terms.

5. The respective obligations of the Project Participants under the Third Phase Agreement are secured by the promise of each Project Participant to make payments out of electric department revenues as an operating expense.

6. NCPA is entitled to receive any and all amounts payable by the Project Participants pursuant to the Third Phase Agreement free and clear of all rights and interests of others except as provided in the Indenture.

7. NCPA has duly authorized, executed and delivered the Official Statement.

8. Except as disclosed in the Preliminary Official Statement and the Official Statement, there are to my knowledge no actions, suits or proceedings pending or threatened against NCPA or its properties before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which, if determined adversely, would have a material adverse effect on the business or financial condition of NCPA.

9. I confirm my opinions set forth in the Preliminary Official Statement and the Official Statement.

10. The statements in the Preliminary Official Statement and the Official Statement under the caption “LITIGATION” and the statements as to California law under the caption[s] “RATE REGULATION” [and “FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY”] accurately summarize the matters set forth therein.

Without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement (except to the extent expressly set forth in the preceding sentence) and based upon the information made available to me during the preparation of the Preliminary Official Statement and the Official Statement as General Counsel to NCPA, nothing has come to my attention which causes me to believe that the information contained in the Preliminary Official Statement and the Official Statement under the captions “NORTHERN CALIFORNIA POWER AGENCY,” “LITIGATION” and “RATE REGULATION” (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions, as to all of which I express no view), as of its date or as of the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering my opinions herein, I have made no investigation of, and do not express any opinion with respect to, the following as they may relate to the valid, binding and enforceable nature of the Third Phase Agreement: (i) the legal existence or formation of any of the Project Participants or the incumbency of any official or officer thereof, (ii) the charter, by-laws or other governing instrument of any of the Project Participants, (iii) any local or special acts or any ordinance, resolution or other proceedings of any of the Project Participants, including, without limitation, any proceedings relating to the negotiation or authorization of the Third Phase Agreement or the execution, delivery or performance thereof, (iv) any bond resolution, indenture, contract, debt instrument, agreement or other instrument, agreement or other instrument (other than the Third Phase Agreement) or any governmental order, regulation or rule of or applicable to any of the Project Participants, (v) any judicial order, judgment or decree in a proceeding to which any of the Project Participants is a party or (vi) any approval, consent, filing, registration or authorization by or with any regulatory authority or other governmental or public agency, authority or person which may be or has been required for the authorization, execution, delivery or performance by any of the Project Participants of the Third Phase Agreement. NCPA has received, independent from this opinion, opinions with respect to, among other things, the validity and enforceability of the Third Phase Agreement rendered by the respective legal counsel to the Project Participants.

The enforceability of the Contract of Purchase, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Third Phase Agreement may be limited by bankruptcy, insolvency, moratorium and similar laws or equitable principles affecting the rights of creditors generally.

This opinion is rendered only with respect to the laws of the State of California and the United States of America, and is addressed only to the Underwriters. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

No attorney-client relationship has existed or exists between me and yourselves in connection with the Bonds or by virtue of this letter. This letter is solely for the information of, and assistance to, you as the Underwriters and is not to be used, circulated, quoted or otherwise referred to in connection with the offering of the Bonds except that reference may be made to this letter in any list of closing documents pertaining to the sale of the Bonds.

Very truly yours,

**EXHIBIT D**

[Letterhead of Spiegel & McDiarmid LLP]

[Closing Date]

Northern California Power Agency  
Roseville, California

Citigroup Global Markets Inc.,  
as Representative of the Underwriters  
Los Angeles, California

Re: NORTHERN CALIFORNIA POWER AGENCY  
Hydroelectric Project Number One Revenue Bonds

\$ \_\_\_\_\_  
2018 Refunding Series A

\$ \_\_\_\_\_  
2018 Taxable Refunding Series B

Ladies and Gentlemen:

We are counsel to Northern California Power Agency (“NCPA”) in connection with the litigation described in NCPA’s Preliminary Official Statement dated \_\_\_\_\_, 2018 (the “Preliminary Official Statement”) and the Official Statement dated \_\_\_\_\_, 2018 (the “Official Statement”), under the captions “LITIGATION – \_\_\_\_\_” and “LITIGATION – \_\_\_\_\_.” In giving this opinion, we have examined such documents and instruments as we deem appropriate, including:

- (a) the Preliminary Official Statement and the Official Statement,
- (b) The documents associated with the current status of each of the proceedings described, together with such statutes and decisions relevant thereto as we deem relevant.

Based upon the foregoing, we are of the opinion that the statements in the Preliminary Official Statement and the Official Statement under the captions “LITIGATION – \_\_\_\_\_” and “LITIGATION – \_\_\_\_\_” and “FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – Environmental Regulation and Permitting Factors,” “– Energy Regulatory Factors,” and “– ISO Markets,” and, with respect to federal regulation, under the caption “RATE REGULATION” accurately summarize the matters set forth therein, and nothing has come to our attention which would lead us to believe that such statements contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in the light of the circumstances under which they are made, not misleading. These

representations, of course, are made with respect to the current state of the law, and recognize that in these matters, as in most others, the law is subject to change from time to time.

We consent to the references to us in the Preliminary Official Statement and the Official Statement.

Sincerely,

**EXHIBIT E**

**CERTIFICATE OF PROJECT PARTICIPANT**

I, [name], [Mayor or other appropriate official] of the [name of Project Participant] do hereby certify:

Other than as set forth in the Preliminary Official Statement dated \_\_\_\_\_, 2018 (the “Preliminary Official Statement”) and the Official Statement dated \_\_\_\_\_, 2018, [as amended and supplemented to the date hereof] (the “Official Statement”) of the Northern California Power Agency, relating to the \$\_\_\_\_\_ Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A and the \$\_\_\_\_\_ Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B, no litigation is pending or, to my knowledge, threatened (1) in any way contesting or affecting the validity of the Third Phase Agreement (as defined therein), or (2) against [name of Project Participant] or involving any of the property or assets which comprise the electric system of [name of Project Participant] that could materially and adversely affect the ability of [name of Project Participant] to meet its obligations under such Third Phase Agreement.

Dated: [Closing Date]

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[Title]

**EXHIBIT F**

**CERTIFICATE OF SIGNIFICANT SHARE PROJECT PARTICIPANT**

I, [name], [Mayor or other appropriate official] of the [name of Project Participant] do hereby certify:

(a) The information concerning [name of Project Participant] (the “Participant Information”) in Appendix A to the Preliminary Official Statement dated \_\_\_\_\_, 2018 (the “Preliminary Official Statement”) and the Official Statement dated \_\_\_\_\_, 2018 [as amended and supplemented to the date hereof] (the “Official Statement”) of the Northern California Power Agency, relating to the \$\_\_\_\_\_ Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A and the \$\_\_\_\_\_ Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B (collectively, the “Bonds”) was as of the dates thereof, and is as of the date hereof, true and correct in all material respects and did not and does not omit to state any material fact which is necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(b) Since the date of the Participant Information, except as referred to in or as contemplated by the Preliminary Official Statement and the Official Statement, with respect to its electric system, [name of Project Participant] has not incurred any material liabilities, direct or contingent, or entered into any transactions, nor has there been any adverse change in the condition, financial or physical, of the electric system of [name of Project Participant], in each case that would materially and adversely affect the ability of [name of Project Participant] to meet its obligations under the Third Phase Agreement (as defined in the Preliminary Official Statement and the Official Statement) to which it is a party; and

(c) The Continuing Disclosure Agreement relating to the Bonds to which [name of Project Participant] has been duly authorized, executed and delivered by [name of Project Participant] and, [except as disclosed in the Preliminary Official Statement and the Official Statement,] [name of Project Participant] has not, in the last five years, failed in any material respect to comply with any previous continuing disclosure undertaking entered into by it under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

Dated: [Closing Date]

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[Title]

[Form of Opinion of Counsel to Participant]

[Closing Date]

Northern California Power Agency  
Roseville, California

Citigroup Global Markets Inc.,  
as Representative of the Underwriters  
Los Angeles, California

Re: NORTHERN CALIFORNIA POWER AGENCY  
Hydroelectric Project Number One Revenue Bonds

\$ \_\_\_\_\_  
2018 Refunding Series A

\$ \_\_\_\_\_  
2018 Taxable Refunding Series B

Dear Sirs:

I am [we are] acting as counsel to the \_\_\_\_\_ (the "Participant") under the Agreement for Construction, Operation and Financing of the North Fork Stanislaus River Hydroelectric Development Project, dated as of September 1, 1982, as amended (the "Agreement"), among the Participant, Northern California Power Agency (the "Agency") and certain other entities, and I [we] have acted as counsel to the Participant in connection with the matters referred to herein. As such counsel I [we] have examined and am [are] familiar with (i) those documents relating to the existence, organization and operation of the Participant, (ii) all necessary documentation of the Participant relating to the authorization, execution and delivery of the Agreement and (iii) an executed counterpart of the Agreement.

Based upon the foregoing and an examination of such other information, papers and documents as I [we] deem necessary or advisable to enable me [us] to render this opinion, including the Constitution and laws of the State of California together with the [charter], other governing instruments, ordinances and public proceedings of the Participant, I [we] am [are] of the opinion that:

1. The Participant is [state form of organization] \_\_\_\_\_, duly created, organized and existing under the laws of the State of California and duly qualified to furnish electric service within said State.

2. The Participant has the authority and right to execute, deliver, and perform pursuant to the terms of, the Agreement, and the Participant has complied with the provisions of applicable law in all matters relating to such transactions.



3. The Agreement has been duly authorized, executed and delivered by the Participant, is in full force and effect and, assuming that the Agency has all the requisite power and authority, and has taken all necessary action, to execute and deliver such Agreement, constitutes the legal, valid and binding agreement of the Participant enforceable against it in accordance with its terms, except that the rights and remedies set forth therein may be limited by or resulting from bankruptcy, insolvency, reorganization or other laws affecting creditors rights generally.

4. Payments by the Participant under the Agreement will constitute an operating expense of the Participant and are to be made solely from the Revenues of its Electric System as provided in the Agreement.

5. No approval, consent or authorization of any governmental or public agency, authority or person (that has not been obtained) is required for the execution and delivery by the Participant of the Agreement, or the performance by the Participant of its obligations thereunder.

6. The authorization, execution and delivery of the Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Participant, any commitment, agreement or other instrument to which the Participant is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the Participant (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Participant and its affairs.

7. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to my [our] knowledge, threatened against or affecting the Participant or any entity affiliated with the Participant or any of its officers in their respective capacities as such (nor to the best of my [our] knowledge is there any basis therefor), which questions the powers of the Participant referred to in paragraph 2 above or the validity of the proceedings taken by the Participant in connection with the authorization, execution or delivery of the Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreement, or which, in any way, would adversely affect the validity or enforceability of the Agreement.

This opinion is rendered only with respect to the laws of the State of California and the United States of America, and is addressed to the Agency and the Underwriters. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

Very truly yours,

**EXHIBIT H**

[Letterhead of Norton Rose Fulbright US LLP]

[Closing Date]

Citigroup Global Markets Inc.,  
as Representative of the Underwriters  
Los Angeles, California

Re: NORTHERN CALIFORNIA POWER AGENCY  
Hydroelectric Project Number One Revenue Bonds

\$ \_\_\_\_\_  
2018 Refunding Series A

\$ \_\_\_\_\_  
2018 Taxable Refunding Series B

Ladies and Gentlemen:

We have acted as counsel to you, Citigroup Global Markets Inc. and Goldman, Sachs & Co. LLC, as the underwriters (the “Underwriters”) named in the Contract of Purchase dated \_\_\_\_\_, 2018 (the “Contract of Purchase”), between you and the Northern California Power Agency (the “Agency”), in connection with the issue and sale of the Agency’s \$ \_\_\_\_\_ Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A (the “2018 Series A Bonds”) and \$ \_\_\_\_\_ Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B (the “2018 Series B Bonds and together with the 2018 Series A Bonds, the “Bonds”).

The Bonds are being issued pursuant to the provisions of Article 4 of the Joint Exercise of Powers Act of the State of California (the “Act”), Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, and an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Fourth Supplemental Indenture of Trust, dated as of April 1, 2018, and by the Twenty-Fifth Supplemental Indenture of Trust, dated as of April 1, 2018 (collectively, the “Indenture”), by and between the Agency and U.S. Bank National Association, as successor trustee (the “Trustee”). The Bonds are being issued by the Agency for the purpose of providing funds to refund certain of the Agency’s outstanding Hydroelectric Project Number One Revenue Bonds, 2008 Refunding Series C and to pay the costs of issuance of the Bonds.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Contract of Purchase, or if not defined therein, in the Indenture.

We have reviewed, among other documents, the Contract of Purchase, the Preliminary Official Statement dated \_\_\_\_\_, 2018 with respect to the Bonds (the “Preliminary Official Statement”), the Official Statement dated \_\_\_\_\_, 2018 with respect to the Bonds (the “Official Statement”), the Indenture, the Continuing Disclosure Agreements of the Agency

and the Significant Share Project Participants (the “Continuing Disclosure Agreements”), certificates of the Agency, the Project Participants, the Trustee and others, the opinions referred to in the Purchase Contract and such other records, opinions and documents, and we have made such investigations of law, as we have deemed appropriate as a basis for the conclusions hereinafter expressed.

In arriving at the conclusions hereinafter expressed, we are not expressing any opinion or view on, and with your permission are assuming and relying on, the validity, accuracy and sufficiency of the records, documents, certificates and opinions referenced above (including the accuracy of all factual matters represented and legal conclusions contained therein), including (without limitation) representations and legal conclusions regarding the due authorization, execution, delivery, validity and enforceability of the Indenture, the Continuing Disclosure Agreements, the Third Phase Agreement, the Escrow Agreement and the Bonds, the due authorization of the Official Statement, and the exclusion from the gross income of the owners thereof for federal income tax purposes of interest on the 2018 Series A Bonds. We have assumed that all records, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine.

We understand that with respect to the matters covered by the approving opinion of Orrick, Herrington & Sutcliffe LLP as bond counsel to the Agency (“Bond Counsel”), dated the date hereof, you have received a letter from Bond Counsel allowing you to rely on such opinion.

The opinions and conclusions expressed herein are limited to matters governed by the federal securities law of the United States, and we assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction.

Based on and subject to the foregoing, and in reliance thereon, we are of the opinion that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

Assuming the due authorization, execution and delivery of the Continuing Disclosure Agreements by the parties thereto and the enforceability thereof, the Continuing Disclosure Agreements are in a form which satisfies the requirements of section (b)(5)(i) of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended.

In our capacity as counsel to the Underwriters, we have rendered certain legal advice and assistance to you in connection with the preparation of the Preliminary Official Statement and the Official Statement. Rendering such legal advice and assistance involved, among other things, discussions and inquiries concerning various legal matters, review of certain records, documents and proceedings, and participation in meetings and telephonic conferences with, among others, your representatives and representatives of the Agency, counsel to the Agency, the Significant Share Project Participants and their counsel, Public Financial Management, Inc. as financial advisor, and Orrick Herrington & Sutcliffe LLP as Bond Counsel and disclosure counsel to the Agency, at which meetings and during which telephonic conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. On the basis of the information made available to us in the course of the foregoing

(but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement), no facts have come to the attention of the personnel in our firm directly involved in rendering legal advice and assistance to you in connection with the preparation of the Preliminary Official Statement and the Official Statement which cause us to believe that (a) the Preliminary Official Statement as of its date and as of [the pricing date] (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to DTC, Cede & Co. and the operation of the book-entry system; statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction; and the statements contained in the Preliminary Official Statement under the caption "TAX MATTERS" and in Appendices B through G to the Preliminary Official Statement; as to all of which we express no view) contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, except for such information as is permitted to be excluded from the Preliminary Official Statement pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, including but not limited to information as to pricing, yields, interest rates, maturities, amortization, redemption provisions, ratings, debt service requirements, Underwriters' discount and CUSIP numbers, or (b) the Official Statement as of its date or as of the date hereof (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to DTC, Cede & Co. and the operation of the book-entry system; statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction; and the statements contained in the Official Statement under the caption "TAX MATTERS" and in Appendices B through G to the Official Statement; as to all of which we express no view) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

During the period from the date of the Official Statement to the date of this opinion, except for our review of the certificates and opinions regarding the Preliminary Official Statement and the Official Statement delivered on the date hereof, we have not undertaken any procedures or taken any actions which were intended or likely to elicit information concerning the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement.

We are furnishing this letter to you solely for your benefit as Underwriters. This letter may not be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person or filed with any governmental or other administrative agency or other person or entity for any purpose without our prior written consent. This letter is not intended to, and may not, be relied upon by the owners of the Bonds. Our engagement with respect to this matter terminates upon the delivery of this letter to you at the time of the closing relating to the Bonds, and we have no obligation to update this letter.

Respectfully submitted,

**CONTINUING DISCLOSURE AGREEMENT  
BY AND BETWEEN THE  
NORTHERN CALIFORNIA POWER AGENCY  
AND  
U. S. BANK NATIONAL ASSOCIATION**

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated April \_\_, 2018, is executed and delivered by the Northern California Power Agency and U.S. Bank National Association, as successor trustee (the “Trustee”) in connection with the issuance by Northern California Power Agency (“NCPA”) of \$\_\_\_\_\_ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A and \$\_\_\_\_\_ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B (collectively, the “2018 Bonds”). The 2018 Bonds were issued pursuant to an Indenture of Trust, dated as of March 1, 1985, as amended and supplemented, including as supplemented by the Twenty-Fourth Supplemental indenture of Trust, dated as of April 1, 2018, and by the Twenty-Fifth Supplemental Indenture of Trust, dated as of April 1, 2018 (collectively, the “Indenture”), by and between NCPA and the Trustee. NCPA and the Trustee covenant and agree as follows:

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by NCPA and the Trustee for the benefit of the Bondholders and Beneficial Owners of the 2018 Bonds and in order to assist the Participating Underwriters in complying with the Rule.

**SECTION 2. Definitions.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report with respect to the 2018 Bonds provided by NCPA pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person who has or shares the power, directly or indirectly, to make investment decisions regarding ownership of any 2018 Bonds (including without limitation persons holding 2018 Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean the Chairman, General Manager, Interim General Manager, or the Assistant General Manager of NCPA or his or her designee, or such other officer or employee as NCPA shall designate in writing to the Trustee from time to time.

“Dissemination Agent” shall mean the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by NCPA and which has filed with the Trustee a written acceptance of such designation.

“EMMA System” means the MSRB’s Electronic Municipal Market Access System or such other electric system designated by the MSRB.

“Listed Event” means any of the events listed in Section 5(a) or (b) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto.

“Participating Underwriter” shall mean the original underwriter of the 2018 Bonds required to comply with the Rule in connection with the offering of the 2018 Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

### **SECTION 3. Provision of Annual Reports.**

(a) With respect to the 2018 Bonds, NCPA shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of each fiscal year of NCPA (which presently ends on June 30), commencing with the report for the Fiscal Year ending June 30, 2018, provide to the MSRB through the EMMA System, in an electronic format and accompanied by identifying information all as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided, that the audited financial statements of NCPA may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the fiscal year changes for NCPA, NCPA shall give notice of such change in the manner provided under Section 5 hereof.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, NCPA shall provide its Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report from NCPA, the Trustee shall contact NCPA and the Dissemination Agent to determine if NCPA is in compliance with this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a) of this Section, the Trustee shall send a notice to the MSRB through the EMMA System in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent shall file a report with NCPA and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

**SECTION 4. Content of Annual Reports.** NCPA's Annual Report shall contain or include by reference the following:

- (i) A summary of the peak generating capability of the Project for the prior Fiscal Year;
- (ii) A summary of the average generating capability of the Project for the prior Fiscal Year;
- (iii) A summary of total energy generated with respect to the Project for the prior Fiscal Year; and
- (iv) The audited financial statements of NCPA for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles for governmental enterprises as prescribed from time to time by any regulatory body with jurisdiction over NCPA and by the Governmental Accounting Standards Board. If NCPA's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of NCPA or public entities related thereto, which have been submitted to the MSRB through the EMMA System. If the document included by reference is a final official statement, it must be available from the MSRB. NCPA shall clearly identify each such other document so included by reference.

**SECTION 5. Reporting of Significant Events.**

- (a) Pursuant to the provisions of this Section 5, NCPA shall give, or cause to be give, notice of occurrence of any of the following events with respect to the 2018 Bonds not later than ten business days after the occurrence of the event:
  - (i) principal and interest payment delinquencies;
  - (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
  - (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (iv) substitution of credit or liquidity providers, or their failure to perform;
  - (v) issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

- (vi) tender offers;
- (vii) defeasances;
- (viii) rating changes; or
- (ix) bankruptcy, insolvency, receivership or similar event of the obligated person;

Note: for the purposes of the event identified in subparagraph (iv), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, NCPA shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2018 Bonds, if material, not later than ten business days after the occurrence of the event:

(i) unless described in paragraph 5(a)(v), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the 2018 Bonds or other material events affecting the tax status of the 2018 Bonds;

(ii) modifications to rights of the Owners of the 2018 Bonds;

(iii) optional, unscheduled or contingent 2018 Bond calls;

(iv) release, substitution or sale of property securing repayment of the 2018 Bonds;

(v) non-payment related defaults;

(vi) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(vii) appointment of a successor or additional trustee or the change of name of a trustee;



(c) The Trustee shall, with one (1) Business Day of an officer in the corporate trust department obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that NCPA promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (g).

(d) Whenever NCPA obtains knowledge of the occurrence of a Listed Event described in Section 5(b), whether because of a notice from the Trustee pursuant to subsection (c) or otherwise, NCPA shall as soon as possible determine if such event would be material under applicable federal securities laws.

(e) If NCPA obtains knowledge of the occurrence of a List Event described in Section 5(a), whether because of a notice from the Trustee pursuant to subsection (c) or otherwise, or if NCPA has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, NCPA shall promptly notify the Trustee in writing. Such notice shall instruct the Trustee to report the occurrence pursuant to subsection (g) or shall state that NCPA shall itself report such occurrence.

(f) If in response to a request under subsection (c), NCPA determines that the Listed Event described in Section 5(b) would not be material under applicable federal securities laws, NCPA shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to subsection (g).

(g) If the Trustee has been instructed by NCPA to report the occurrence of a Listed Event, the Trustee shall file a notice of such occurrence with the MSRB through the EMMA System. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(vii) and (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Bondholders of affected 2018 Bonds pursuant to the Indenture.

**SECTION 6. Termination of Reporting Obligation.** The obligations of NCPA under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2018 Bonds. If such termination occurs prior to the final maturity of the 2018 Bonds, NCPA shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

**SECTION 7. Dissemination Agent.** NCPA may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by NCPA pursuant to this Disclosure Agreement. The initial Dissemination Agent shall be U. S. Bank National Association.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, NCPA and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by NCPA which does not adversely affect

the Trustee's rights or obligations), and any provision of this Disclosure Agreement may be waived; provided that such amendment or waiver, in the opinion of nationally recognized bond counsel satisfactory to the Trustee, such amendment or waiver is permitted by the Rule.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, NCPA shall describe such amendment in its next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by NCPA. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the manner as provided under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**SECTION 9. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent NCPA from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If NCPA chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, NCPA shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 10. Default.** In the event of a failure of NCPA or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of the Bondholders of at least 25% aggregate principal amount of Outstanding 2018 Bonds and furnishing indemnity satisfactory to the Trustee against its costs and expenses, shall), or any Bondholder or Beneficial Owner of the 2018 Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause NCPA or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of NCPA or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

No Bondholder or Beneficial Owner may institute any such action, suit or proceeding to compel performance unless they shall have first filed with the Trustee and NCPA satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and NCPA shall have refused to comply therewith within a reasonable time. Any such action, suit or proceeding shall be brought in Federal or State Courts located in the County of Sacramento, California for the benefit of all Bondholders and Beneficial Owners of the 2018 Bonds.

**SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent.** Article IX of the Indenture is hereby made applicable to this Disclosure

Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture, and the Dissemination Agent were a Fiduciary thereunder. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and NCPA agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of NCPA under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2018 Bonds.

**SECTION 12. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of NCPA, the Trustee, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the 2018 Bonds, and shall create no rights in any other person or entity.

**SECTION 13. California Law.** This Disclosure Agreement shall be construed and governed in accordance with the laws of the State of California.

**SECTION 14. Notices.** All written notices to be given hereunder shall be given in person or by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

To NCPA: Northern California Power Agency  
651 Commerce Drive  
Roseville, California 95678  
Attention: General Manager  
Telephone: (916) 781-3636  
Fax: (916) 783-7693

To the Trustee: U. S. Bank National Association  
100 Wall Street, Suite 1600  
New York, New York 10005  
Attention: Corporate Trust Department  
Telephone: (212) 361-4385  
Fax: (212) 514-6841

NCPA and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

**SECTION 15. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**IN WITNESS WHEREOF**, the undersigned have executed the Disclosure Agreement to be executed as of the date set forth above.

**NORTHERN CALIFORNIA POWER AGENCY**

By: \_\_\_\_\_  
Its:

**U. S. BANK NATIONAL ASSOCIATION, as  
Trustee**

By: \_\_\_\_\_  
Authorized Signatory

## EXHIBIT A

### NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Northern California Power Agency (“NCPA”)

Name of Bond Issue: \$\_\_\_\_\_ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A and \$\_\_\_\_\_ aggregate principal amount of Northern California Power Agency Hydroelectric Project Number One Revenue Bonds, 2018 Taxable Refunding Series B (collectively, the “2018 Bonds”)

Date of Issuance: April \_\_, 2018

**NOTICE IS HEREBY GIVEN** that NCPA has not provided an Annual Report with respect to the 2018 Bonds as required by Section 3 of the Continuing Disclosure Agreement with respect to the 2018 Bonds, dated April \_\_, 2018, by and between NCPA and U. S. Bank National Association, as trustee. [NCPA anticipates that the Annual Report will be filed by \_\_\_\_\_. ]

Dated: \_\_\_\_\_

U. S. BANK NATIONAL ASSOCIATION, as  
Trustee on behalf of the Northern California Power  
Agency

cc: NCPA