

AGENDA

SPECIAL MEETING

BOARD OF DIRECTORS OF THE ORANGE COUNTY POWER AUTHORITY

December 22, 2020

10 a.m.

Conference and Training Center

One Civic Center Plaza

Irvine, CA 92606

Due to the public health orders and guidelines in California and in accordance with the Governor's Executive Orders N-25-20 and N-29-20, there will be no location for in-person attendance. The Orange County Power Authority is providing alternatives to in-person attendance for viewing and participating in the meeting. Further details are below.

Note: Any member of the public may provide comments to the Orange County Power Authority Board of Directors on any agenda item or on a matter not appearing on the agenda, but within the jurisdiction of the Board. Please indicate whether your comment is on a specific agenda item or a non-agenda item when requesting to speak. When providing comments to the Board, it is requested that you provide your name and city of residence for the record. Commenters are requested to address their comments to the Board as a whole through the Chair. Comments may be provided in the following manner:

- Requests to Speak. In-person public attendance will not be provided. Members of the public who have requested to speak will be recognized at the appropriate time during the Zoom meeting and may speak through Zoom or telephonically. To allow the Chair to call on you, please provide the following minimum information with your request to speak: your name (if attending by videoconference) or telephone number (if attending by phone).

Comments shall be limited to three minutes when speaking. If you have anything that you wish to be distributed to the Board, please provide it via environmentalprograms@cityofirvine.org, who will distribute the information to the Members.

The public may participate using the following remote options:

ZOOM MEETING

When: Dec 22, 2020 10:00 AM Pacific Time (US and Canada)

Topic: Special Meeting of the Board of Directors of the Orange County Power Authority

Please click the link below to join the webinar:

<https://zoom.us/j/93981301897?pwd=SEtKM3BLTORHdVRnL1BZL0JhU3RzZz09>

Passcode: 974861

International numbers available: <https://zoom.us/j/9222999999>

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4. APPROVE AGREEMENT WITH PUBLIC FINANCIAL MANAGEMENT, INC. FOR FINANCIAL ADVISORY SERVICES

Recommendation:

Approve Professional Services Agreement with Public Financial Management, Inc., for energy financial services not to exceed \$25,000.

5. CONDUCT PUBLIC HEARING AND ADOPT RESOLUTION APPROVING IMPLEMENTATION PLAN AND STATEMENT OF INTENT

Recommendation:

1. Receive Orange County Power Authority Implementation Plan and Statement of Intent Summary Report.
2. Conduct a Public Hearing regarding the adoption of Orange County Power Authority Implementation Plan and Statement of Intent.
3. Adopt resolution approving the Community Choice Aggregation Implementation Plan and Statement of Intent required by California Public Utilities Code Section 366.2.

6. UPDATE REGARDING MEMBER WITHDRAWAL FROM ORANGE COUNTY POWER AUTHORITY PRIOR TO MARCH 1, 2021

Recommendation:

Direct staff to agendize Joint Power Agreement amendment to change member withdrawal date from March 1 to April 1, and provide 30 days' notice to Founding Members.

PUBLIC COMMENTS

Opportunity for members of the public to address the Board on any items not on the agenda but within the jurisdiction of the Board.

DIRECTOR COMMENTS

Board Members may briefly provide information to other members of the Board and the public, ask questions of staff, request an item to be placed on a future agenda, or report on conferences, events, or activities related to Authority business. There is to be no discussion or action taken on comments made by Board Members unless authorized by law.

REPORT BY ACTING GENERAL COUNSEL

Acting General Counsel may briefly provide information to the Board and the public. The Board may engage in discussion if the specific subject matter of the report is identified,

but the Board may not take any action other than to place the matter on a future agenda. Otherwise, there is to be no discussion or action taken unless authorized by law.

CLOSED SESSION

7. PUBLIC EMPLOYMENT

Pursuant to Government Code § 54957

Titles: Chief Executive Officer/Chief Operating Officer

8. CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code § 54957.6

Agency Designated Representative(s): Ryan Baron, General Counsel

Unrepresented Employees: Chief Executive Officer/Chief Operating Officer

REPORT FROM CLOSED SESSION

ADJOURNMENT

Compliance with the Americans with Disabilities Act

Board of Directors meetings comply with the protections and prohibitions of the Americans with Disabilities Act. Individuals with a disability who require a modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may contact 949-724-6205. Requests for disability-related modifications or accommodations require different lead times and should be provided at least 72-hours in advance of the public meeting.

Availability of Board Documents

Copies of the agenda and agenda packet are available at www.cityofirvine.org/energy/ocpa-board-meetings. Late-arriving documents related to a Board meeting item which are distributed to a majority of the Board prior to or during the Board meeting are available for public review as required by law. Until the Authority obtains offices, those public records are available for inspection at the City of Irvine, located at 1 Civic Center Plaza, Irvine CA 92612. The documents may also be posted at the above website. Late-arriving documents received during the meeting are available for review by making a verbal request to the Board Secretary in the meeting room.

**ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 1**

To: Orange County Power Authority Board of Directors
From: Power Authority Staff
Subject: APPROVAL OF THE MEETING MINUTES FOR DECEMBER 16, 2020
BOARD OF DIRECTORS MEETING
Date: December 16, 2020

RECOMMENDATION

Approve the minutes of the special meeting of the Orange County Power Authority Board of Directors held on December 16, 2020.

**ORANGE COUNTY POWER AUTHORITY
BOARD OF DIRECTORS**
City of Irvine Civic Center
Conference and Training Center
1 Civic Center Plaza
Irvine, CA 92606

MINUTES

December 16, 2020

This meeting was conducted utilizing teleconferencing and electronic means consistent with State of California Executive Order N-29-20 dated March 17, 2020, regarding the COVID-19 pandemic.

The Board minutes are prepared and ordered to correspond to the Board Agenda. Agenda Items can be taken out of order during the meeting.

The Agenda Items were considered in the order presented.

CALL TO ORDER

Ryan Baron called the Orange County Power Authority (Authority) Board of Directors meeting to order at 10:05 a.m.

PLEDGE OF ALLEGIANCE

Ryan Baron led the Pledge of Allegiance.

ROLL CALL

PRESENT: 6 Boardmember Susan Sonne (Buena Park)
 Boardmember Fred Jung (Fullerton)
 Boardmember Mike Posey (Huntington Beach)
 Boardmember Farrah Khan (Irvine)
 Boardmember Mike Carroll (Irvine)
 Boardmember Scott Voigts (Lake Forest)

*Also Present: Ryan Baron, Best Best and Krieger LLP
 Mark Steuer, Director of Public Works and Transportation (Irvine)
 Sona Coffee, Environmental Programs Administrator (Irvine)*

SWEARING IN OF AUTHORITY FORMATION MEMBERS, CITIES OF IRVINE AND FULLERTON

Ryan Baron announced that the Authority's formation members from the Cities of Irvine and Fullerton were sworn in prior to the meeting.

ITEMS TO BE ADDED, WITHDRAWN OR REORDERED ON THE AGENDA

There were none.

REGULAR CALENDAR

1. APPOINT ACTING SECRETARY

Ryan Baron explained that an Acting Secretary is needed for this meeting to swear in the additional Boardmembers.

There was no discussion or public comment received on the item.

ACTION: Motioned by Boardmember Carroll and seconded by Boardmember Khan to appoint Molly Perry as Acting Secretary of the Orange County Power Authority.

Vote: 3-0

Yes:	Boardmember Carroll, Boardmember Khan, Boardmember Jung
No:	None
Abstained:	None
Absent:	None

2. RESOLUTIONS APPROVING ADDITIONAL MEMBERS TO ORANGE COUNTY POWER AUTHORITY

Ryan Baron explained because the Joint Powers Authority (JPA) was formed on November 20, the current board members have to approve the addition of new member to the Authority. He recommended that the Authority resolutions to add the cities of Buena Park, Huntington Beach, and Lake Forest as additional members.

Public Comment

The following individuals spoke in support of the Authority formation via Zoom:

- Ayn Craciun, Irvine
- Dr. Kathleen Treseder, Irvine

There was no further discussion.

ACTION: Motioned by Boardmember Khan and seconded by Boardmember Jung to adopt resolutions approving the Cities of Huntington Beach, Buena Park, and Lake Forest as members of the Authority.

Vote: 3-0

Yes: Boardmember Carroll, Boardmember Khan, Boardmember Jung
No: None
Abstained: None
Absent: None

3. SWEARING IN OF ADDITIONAL MEMBERS OF ORANGE COUNTY POWER AUTHORITY

Ryan Baron stated that Boardmembers Carroll, Khan, and Jung were sworn in by a notary public prior to this meeting.

Molly Perry, Acting Secretary, swore in Councilmember Sonne and alternate Mayor Traut, from City of Buena Park; Councilmember Voigts from City of Lake Forest; and Councilmember Posey from City of Huntington Beach.

There was no discussion of public comment on this item.

4. APPOINTMENT OF CHAIR AND VICE CHAIR

ACTION: Motioned by Boardmember Khan and seconded by Boardmember Posey to select Boardmember Carroll to serve as Chair and Boardmember Jung to serve as Vice Chair.

Vote: 6-0

Yes: Boardmember Sonne, Boardmember Jung, Boardmember Posey,
Boardmember Khan, Boardmember Carroll, Boardmember Voigts
No: None
Abstained: None
Absent: None

There was no discussion or public comment on this item. Ryan Baron turned the meeting over to Chair Carroll.

5. APPOINT GENERAL COUNSEL AND APPROVE LEGAL SERVICES AGREEMENT

Ryan Baron gave the presentation. Baron serves as special counsel to City of Irvine on the Community Choice Aggregation (CCA) formation process, and has experience as General Counsel to other CCAs. The proposal for legal services for the Authority is consistent with that of other CCAs. Baron noted that BB&K is the City Attorney for City of Lake Forest and a conflict waiver between BB&K and the Authority, as well as between BB&K and the City of Lake Forest will be requested.

Board questions and comments ensued. There was no public comment on this item.

ACTION: Motioned by Boardmember Posey and seconded by Boardmember Voigts to appoint Ryan Baron as General Counsel of the Authority, approve legal services agreement with Best Best and Krieger LLP and delegate authority to the Chair or Vice Chair to execute, and delegate authority to Chair or Vice Chair to execute conflict waiver with Best Best and Krieger LLP.

Vote: 6-0

Yes: Boardmember Sonne, Vice Chair Jung, Boardmember Posey,
Boardmember Khan, Chair Carroll, Boardmember Voigts

No: None

Abstained: None

Absent: None

6. APPROVAL OF AGREEMENT WITH EES CONSULTING FOR COMMUNITY CHOICE ENERGY IMPLEMENTATION SERVICES

Ryan Baron explained that Gary Saleba from EES Consulting conducted the City of Irvine's feasibility study. He recommends the firm to provide implementation services for the pre-launch stage, not to exceed \$150,000, including: completion of the implementation plan and pro forma, and assist with rate-setting activities and regulatory compliance. He explained that additional consultants will be hired for other important energy market functions.

Board comments ensued. There was no public comment on this item.

ACTION: Motioned by Boardmember Voigts and seconded by Boardmember Posey to approve professional services agreement with EES Consulting for Community Choice Energy (CCE) implementation services in an amount not to exceed \$150,000, and delegate authority to the Chair to execute.

Vote: 6-0

Yes: Boardmember Sonne, Vice Chair Jung, Boardmember Posey,
Boardmember Khan, Chair Carroll, Boardmember Voigts
No: None
Abstained: None
Absent: None

7. APPROVAL OF CAPITAL LOAN AGREEMENT TO FUND AUTHORITY OPERATIONS

Ryan Baron, General Counsel, referenced Exhibit D from the staff report. He explained that the City of Irvine has budgeted up to \$250,000 for feasibility study and formation costs, which will be paid back by the capital loan. An additional \$2.5 million will be lent by the City of Irvine to the Authority, and will be used for pre-launch costs, including overhead and working capital to hire staff, consultants, and file bonds through March 2021. The last amount of loan funds will come from a bank and is anticipated to be between \$8 - \$20 million, which may require collateral of 20 percent (\$2 to \$4 million). This collateral amount may be provided by the City of Irvine if needed, and an amendment to the Capital Loan Agreement would be presented to the City in that case.

Board questions and comments ensued.

The following public comment was received via Zoom:

- Andrea Alexander
Can the capital loan can be paid off early without penalty?

Baron explained that the loan can be paid off early without penalty, and stated that with the amount of revenue expected it would be possible to pay off the loan early.

ACTION: Motioned by Boardmember Posey and seconded by Boardmember Voigt to approve the Capital Loan Agreement between the Authority and City of Irvine, and delegate authority to Chair or Vice Chair to execute agreement.

Vote: 6-0

Yes: Boardmember Sonne, Vice Chair Jung, Boardmember Posey,
Boardmember Khan, Chair Carroll, Boardmember Voigts
No: None
Abstained: None
Absent: None

8. APPROVE REGULAR MEETING DATE

Chair Carroll stated that the item requests setting the next meeting date for December 22. He mentioned that subsequent meetings may be expected on the second and fourth Tuesday of each month at 9 a.m., to be hosted via Zoom, and will be one to two hours in duration.

Ryan Baron provided an overview of what the December 22 meeting would cover, and stated that details would be provided in the next staff item. He said that the Board would decide on the meeting dates and adopt a resolution at the next meeting.

Board questions and comments ensued.

ACTION: Motioned by Boardmember Posey and seconded by Boardmember Voigts to approve December 22, 2020 at 10 a.m. for the next meeting date of OCPA.

Vote: 6-0

Yes: Boardmember Sonne, Vice Chair Jung, Boardmember Posey,
Boardmember Khan, Chair Carroll, Boardmember Voigts
No: None
Abstained: None
Absent: None

9. UPDATE ON POTENTIAL NEW MEMBERS, FILING OF IMPLEMENTATION PLAN, AND FUTURE AUTHORITY BUSINESS

Mark Steuer, City of Irvine Director of Public Works and Transportation, presented. He provided background on the JPA formation with five founding

members: on November 20 the City of Fullerton joined the City of Irvine in forming the OCPA; on December 10 the City of Huntington Beach joined; on December 15, the Cities of Buena Park and Lake Forest joined. The following Cities have expressed interest in joining the Authority in 2021: Placentia, Stanton, Santa Ana, Aliso Viejo, and Villa Park.

Ryan Baron confirmed that cities that join in 2021 would not begin serving customers until 2023

Gary Saleba, EES Consulting provided information on the Implementation Plan that needs to be submitted by December 31, 2020 to the California Public Utility Commission (CPUC). The Implementation Plan will include the electricity load data for the member cities, and have updated financials and a pro forma for the Authority to review at the December 22 meeting.

Director Steuer listed items for future Authority meetings, including: the formation of a Community Advisory Committee, agreement with Public Financial Management for a banking and credit services, approval of the initial budget, approve staffing agreements with member cities that provide staff support, direct EES Consulting to prepare Request for Proposals for portfolio manager and schedule coordinator services, appoint Interim Treasurer and establish a depository for the JPA, public hearing to approve the Implementation Plan, and discuss flexibility in the withdrawal date.

Baron explained that the JPA Agreement lists March 1 as the deadline for withdrawal to allow for enough time to file information with the CPUC by mid-April. The Agreement can be amended subject to a vote by the Board. There is risk involved in delaying to April 1, and changing the load data provided, so adequate notice will be needed.

Board questions and comments ensued.

The following individuals spoke during Public Comment in support of Authority formation via Zoom:

- Councilmember Glenn Grandis, Fountain Valley
- Jose Trinidad Casteneda, Fullerton
- Linda Kraemer, Costa Mesa
- Andrea Alexander, Lake Forest

ACTION: Motion made by Board Member Voights to amend the inclusion deadline to April 1, with notice provided by March 15, and seconded by Chair Carroll.

Vote: 6-0

Yes: Boardmember Sonne, Vice Chair Jung, Boardmember Posey,
Boardmember Khan, Chair Carroll, Boardmember Voigts
No: None
Abstained: None
Absent: None

PUBLIC COMMENTS

The following individuals spoke in support of the CCA Authority:

- Jose Trinidad Casteneda
- Josh Brock
- Senait Forthal
- Kari D.
- Danny Gray

The following individual spoke in opposition to Chair Carroll and Boardmember Khan:

- Irvine

The following individuals spoke of their support of the Authority's formation via email to environmentalprograms@cityofirvine.org:

- Ayn Craciun
- Senait Forthal
- Council Member Barbara Delgleize, Huntington Beach
- Natalie Guidotti
- Monica Compr
- Valentina Della Torre
- Hoiyin Ip
- Emanuela Bianchi
- Enrica Costa
- Tristan Miller

DIRECTOR COMMENTS

Boardmember Posey, Boardmember Sonne, Vice Chair Chung, Boardmember Voigts, Boardmember Khan, and Chair Carroll expressed gratitude for the formation of the Authority.

REPORT BY ACTING GENERAL COUNSEL

No report.

CLOSED SESSION

Ryan Baron, General Counsel, announced the following Closed Session Items:

10. PUBLIC EMPLOYMENT

11. CONFERENCE WITH LABOR NEGOTIATORS

REPORT FROM CLOSED SESSION

There were no reportable actions.

ADJOURNMENT

Chair Carroll adjourned the meeting at 12:36 p.m.

Mike Carroll
Chair
Orange County Power Authority

Julia Brooks
Secretary
Orange County Power Authority

**ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 2**

To: Orange County Power Authority Board of Directors

From: Power Authority Staff

Subject: ADOPT RESOLUTION ESTABLISHING REGULAR MEETING
SCHEDULE FOR 2021

Date: December 22, 2020

RECOMMENDATION

Adopt resolution establishing regular meeting schedule of the Orange County Power Authority Board of Directors for the 2021 calendar year.

BACKGROUND

It is anticipated that over the next few months, the Board of Directors will need to meet more frequently. Staff is proposing that Board meetings generally be held at 10 a.m. on the 2nd and 4th Tuesdays of each month through February 2021, and then move to the 2nd Tuesday of month for the remainder of the calendar year.

January 12 and 26, 2021
February 9 and 23, 2021
March 9, 2021
April 13, 2021
May 11, 2021
June 8, 2021
July 13, 2021
August 10, 2021
September 14, 2021
October 12, 2021
November 9, 2021
December 14, 2021

FISCAL IMPACT

None

ATTACHMENT

1. Resolution No. 2020-04: A Resolution of the Board of Directors of Orange County Power Authority Establishing Regular Meetings of the Board of Directors for 2021.

RESOLUTION NO. 2020-04
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE ORANGE COUNTY POWER AUTHORITY
ESTABLISHING REGULAR MEETINGS OF THE BOARD OF DIRECTORS

A. Orange County Power Authority ("OCPA") was formed on November 20, 2020 pursuant to the Orange County Power Authority Joint Powers Agreement ("JPA Agreement").

B. The Authority was formed to study, promote, develop, conduct, operate, and manage energy and energy-related climate change programs, and to exercise all other powers necessary and incidental to accomplishing this purpose, which includes, but is not limited to, the establishment of a Community Choice Energy program in accordance with the terms of the JPA Agreement.

C. The Board of Directors seeks to establish the time and meeting location for all regular meetings of the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Orange County Power Authority as follows:

1. That the Board of Directors has determined that the recitals herein are true and correct.
2. That the time and meeting location of all regular meetings of the Board of the Directors will be the following for January and February 2021:

Second and Fourth Tuesday of the Month
10 a.m.
City of Irvine - Conference and Training Center
1 Civic Center Plaza
Irvine, CA 92606

3. That the time and meeting location of all regular meetings of the Board of the Directors will be the following after March 1, 2021:

Second Tuesday of the Month
10 a.m.
City of Irvine - Conference and Training Center
1 Civic Center Plaza
Irvine, CA 92606

4. That the Board of Directors shall have the power to change the time or location of any regular meetings by amending or replacing this resolution, or cancel such meetings, or call special meetings with proper notice.

5. That notwithstanding the regular meeting locations stated above, pursuant to the Governor's Executive Orders related to COVID-19 (or any other change in law or executive orders issued after the effective date of this Resolution), the Board of Directors' regular meetings may be held fully or partially by videoconference or teleconference as authorized by applicable law.

PASSED AND ADOPTED at a meeting of the Board of Directors of the Orange County Power Authority held on December 22, 2020.

Chair
Orange County Power Authority

Secretary
Orange County Power Authority

Approved as to form:

Legal Counsel

AYES: _____ NAYS: _____ ABSENT: _____ ABSTAIN: _____

**ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 3**

To: Orange County Power Authority Board of Directors

From: Power Authority Staff

Subject: APPROVE AGREEMENT WITH MAHER CPA FOR TREASURER SERVICES AND DIRECT STAFF TO OPEN A DEPOSITORY

Date: December 22, 2020

RECOMMENDATION

1. Approve Professional Services Agreement with Maher CPA for Orange County Power Authority treasurer functions and delegate authority to the Chair to execute agreement
2. Direct staff to open a depository for Orange County Power Authority funds and delegate authority to the Chair to execute all related bank agreements.

BACKGROUND

In order for Orange County Power Authority to pay its obligations, it will need to set up accounting and banking systems. To complete this, staff is recommending that a service agreement be entered into with Maher CPA (Maher). Maher will provide monthly financial operational assistance and payroll services.

Tasks include: 1) maintaining accounting system, accounts payable system and processes; 2) Maintain the general ledger with proper support and documentation, 3) manage accounts payable, 4) assist with compliance of fiscal provisions of non-energy vendor contracts for services, 5) provide periodic and year-to-date financial statements in compliance with Generally Accepted Accounting Practices, 6) provide financial statements with comparison to budget, and 7) filing annual information returns, such as form 1099/1096's, and 8) payroll assistance services.

Maher CPA has been working with active Community Choice Aggregation throughout California.

FISCAL IMPACT

Not to exceed \$25,000.

ATTACHMENT

1. Services Agreement between Orange County Power Authority and Maher CPA.

ORANGE COUNTY POWER AUTHORITY PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“**Agreement**”) is made and entered into this _____ day of _____ 20____, by and between ORANGE COUNTY POWER AUTHORITY, a California joint powers agency (“**Authority**”) and [INSERT NAME OF CONSULTANT], a [INSERT TYPE OF ENTITY] (“**Consultant**”). Authority and Consultant are sometimes individually referred to as “**Party**” and collectively as “**Parties**.”

RECITALS

A. Consultant desires to perform and assume responsibility for the provision of certain professional services required by Authority on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing [INSERT TYPE OF SERVICES], is licensed in the State of California [IF APPLICABLE], and is familiar with the plans of Authority.

B. Authority desires to engage Consultant to render such professional services for the [INSERT BRIEF PROJECT DESCRIPTION] (“**Project**”) as set forth in this Agreement.

AGREEMENT

1. Scope of Services and Term.

1.1 General Scope of Services. Consultant promises and agrees to furnish to Authority all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the [INSERT BRIEF DESCRIPTION OF SERVICES TO BE PERFORMED] services necessary for the Project (“**Services**”). The Services are more particularly described in Exhibit A attached hereto, and which are stated in the proposal to Authority. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto, and all applicable local, state and federal laws, rules and regulations.

1.2 Term. The term of this Agreement shall be from [INSERT START DATE] to [INSERT ENDING DATE; RECOMMEND AT LEAST ONE YEAR], unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement and shall meet any other established schedules and deadlines.

2. Responsibilities of Consultant.

2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. Authority retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of

this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of Authority and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit B attached hereto. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, Authority shall respond to Consultant's submittals in a timely manner. Upon request of Authority, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of Authority.

2.4 Substitution of Key Personnel. Consultant has represented to Authority that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of Authority. In the event that Authority and Consultant cannot agree as to the substitution of key personnel, Authority shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to Authority, or who are determined by the Authority to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the Authority. The key personnel for performance of this Agreement are as follows:

[INSERT NAME(S) OF KEY PERSONNEL]

2.5 Authority's Representative. Authority hereby designates **[INSERT NAME OR TITLE]**, or his or her designee, to act as its representative for the performance of this Agreement ("**Authority's Representative**"). Authority's Representative shall have the power to act on behalf of Authority for all purposes under this Agreement. Consultant shall not accept direction or orders from any person other than Authority's Representative, or designee.

2.6 Consultant's Representative. Consultant hereby designates **[INSERT NAME]**, or his or her designee, to act as its Representative for the performance of this Agreement ("**Consultant's Representative**"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his or her best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures

and for the satisfactory coordination of all portions of the Services under this Agreement.

2.7 Coordination of Services. Consultant agrees to work closely with Authority staff in the performance of Services and shall be available to Authority's staff, consultants and other staff at all reasonable times.

2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and sub- contractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from Authority, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its subcontractors who is determined by Authority to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to Authority, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to Authority, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold Authority, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

2.10 Insurance.

2.10.1 Time for Compliance. Consultant shall not commence the Services under this Agreement until it has provided evidence satisfactory to Authority that it has secured all insurance required under this section, in a form and with insurance companies acceptable to Authority. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to Authority that the subcontractor has secured all insurance required under this section.

2.10.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subcontractors. Consultant shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(A) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001 or exact equivalent); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage (form CA 0001, code 1 (any auto) or exact equivalent); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(B) Minimum Limits of Insurance. Consultant shall maintain limits no less than: (1) *General Liability*: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: \$1,000,000 per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 per accident for bodily injury or disease.

2.10.3 Professional Liability. **[INCLUDE ONLY IF APPLICABLE - DELETE OTHERWISE]** Consultant shall procure and maintain, and require its subcontractors to procure and maintain, for a period of five (5) years following completion of the Services, errors and omissions liability insurance appropriate to their profession. Such insurance shall be in an amount not less than \$2,000,000 per claim. **[INCREASE IF NECESSARY - OTHERWISE LEAVE AS IS AND DELETE THIS NOTE]** This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the Consultant. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend.

2.10.4 Insurance Endorsements. The insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms supplied or approved by Authority to add the following provisions to the insurance policies:

(A) General Liability.

(i) Commercial General Liability Insurance must include coverage for (1) Bodily Injury and Property Damage; (2) Personal Injury/Advertising Injury; (3)

Premises/Operations Liability; (4) Products/Completed Operations Liability; (5) Aggregate Limits that Apply per Project; (6) Explosion, Collapse and Underground (UCX) exclusion deleted; (7) Contractual Liability with respect to this Agreement; (8) Broad Form Property Damage; and (9) Independent Consultants Coverage.

(ii) The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) contain any other exclusion contrary to the Agreement.

(iii) The policy shall give Authority, its directors, officials, officers, employees, and agents insured status using ISO endorsement forms 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

(iv) The additional insured coverage under the policy shall be “primary and non-contributory” and will not seek contribution from Authority’s insurance or self-insurance and shall be at least as broad as CG 20 01 04 13, or endorsements providing the exact same coverage.

(B) Automobile Liability. The automobile liability policy shall be endorsed to state that: (1) Authority, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; and (2) the insurance coverage shall be primary insurance as respects Authority, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant’s scheduled underlying coverage. Any insurance or self-insurance maintained by Authority, its directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant’s insurance and shall not be called upon to contribute with it in any way.

(C) Workers’ Compensation and Employers Liability Coverage.

(i) Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers’ compensation or to undertake self-insurance in accordance with the provisions of that code, and Consultant will comply with such provisions before commencing work under this Agreement.

(ii) The insurer shall agree to waive all rights of subrogation against Authority, its directors, officials, officers, employees, agents and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(D) All Coverages. Defense costs shall be payable in addition to the limits set forth hereunder. Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum

insurance coverage requirements and/or limits set forth herein shall be available to Authority, its directors, officials, officers, employees and agents as additional insureds under said policies. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this Agreement; or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named insured; whichever is greater.

(i) The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of Authority (if agreed to in a written contract or agreement) before Authority's own insurance or self-insurance shall be called upon to protect it as a named insured. The umbrella/excess policy shall be provided on a "following form" basis with coverage at least as broad as provided on the underlying policy(ies).

(ii) Consultant shall provide Authority at least thirty (30) days prior written notice of cancellation of any policy required by this Agreement, except that the Consultant shall provide at least ten (10) days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, the Consultant shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to Authority at least ten (10) days prior to the effective date of cancellation or expiration.

(iii) The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the work under this Agreement. Consultant shall purchase a one (1) year extended reporting period A) if the retroactive date is advanced past the effective date of this Agreement; B) if the policy is cancelled or not renewed; or C) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

(iv) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by Authority, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

(v) If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, Authority has the right but not the duty to obtain the insurance it deems necessary and any premium paid by Authority will be promptly reimbursed by Consultant or Authority will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, Authority may cancel this Agreement. Authority may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(vi) Neither Authority nor any of its directors, officials, officers, employees or agents shall be personally responsible for any liability arising under or by

virtue of this Agreement.

2.10.5 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to Authority, its directors, officials, officers, employees, agents and volunteers.

2.10.6 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by Authority. Consultant shall guarantee that, at the option of Authority, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects Authority, its directors, officials, officers, employees, agents and volunteers; or (2) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

2.10.7 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, licensed to do business in California, and satisfactory to Authority.

2.10.8 Verification of Coverage. Consultant shall furnish Authority with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to Authority. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf and shall be on forms provided by Authority if requested. All certificates and endorsements must be received and approved by Authority before work commences. Authority reserves the right to require complete, certified copies of all required insurance policies, at any time.

2.10.9 Subcontractor Insurance Requirements. Consultant shall not allow any subcontractors to commence work on any subcontract until they have provided evidence satisfactory to Authority that they have secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors shall be endorsed to name Authority as an additional insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Consultant, Authority may approve different scopes or minimum limits of insurance for particular subcontractors.

2.10.10 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life-saving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3. **Fees and Payments.**

3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit C, attached hereto. The total compensation shall not exceed [INSERT WRITTEN DOLLAR AMOUNT] (\$---) without written approval of Authority's [INSERT TITLE]. Extra Work may be authorized, as described below, and, if authorized, said Extra Work will be compensated at the rates and manner set forth in this Agreement.

3.2 Payment of Compensation. Consultant shall submit to Authority a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. Authority shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by Authority.

3.4 Extra Work. At any time during the term of this Agreement, Authority may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by Authority to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from Authority's Representative.

4. **Accounting Records.** Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of Authority during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

5. **General Provisions.**

5.1 Termination of Agreement.

5.1.1 Grounds for Termination. Authority may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to Authority, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, Authority may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such documents and other information within fifteen (15) days of the request.

5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, Authority may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Consultant: [INSERT NAME, ADDRESS & CONTACT PERSON]

Authority: [INSERT NAME, ADDRESS & CONTACT PERSON]

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

5.3 Ownership of Materials and Confidentiality.

5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for Authority to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement (“**Documents & Data**”). Consultant shall require all subcontractors to agree in writing that Authority is granted a non-exclusive and perpetual license for any Documents & Data the subcontractor prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by Authority. Authority shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at Authority’s sole risk.

5.3.2 Intellectual Property. In addition, Authority shall have and retain all right, title and interest (including copyright, patent, trade secret and other proprietary rights) in all plans, specifications, studies, drawings, estimates, materials, data, computer programs or software and source code, enhancements, documents, and any and all works of authorship fixed

in any tangible medium or expression, including but not limited to, physical drawings or other data magnetically or otherwise recorded on computer media (“**Intellectual Property**”) prepared or developed by or on behalf of Consultant under this Agreement as well as any other such Intellectual Property prepared or developed by or on behalf of Consultant under this Agreement.

Authority shall have and retain all right, title and interest in Intellectual Property developed or modified under this Agreement whether or not paid for wholly or in part by Authority, whether or not developed in conjunction with Consultant, and whether or not developed by Consultant. Consultant will execute separate written assignments of any and all rights to the above referenced Intellectual Property upon request of Authority.

Consultant shall also be responsible to obtain in writing separate written assignments from any subcontractors or agents of Consultant of any and all right to the above referenced Intellectual Property. Should Consultant, either during or following termination of this Agreement, desire to use any of the above-referenced Intellectual Property, it shall first obtain the written approval of the Authority.

All materials and documents which were developed or prepared by the Consultant for general use prior to the execution of this Agreement and which are not the copyright of any other party or publicly available and any other computer applications, shall continue to be the property of the Consultant. However, unless otherwise identified and stated prior to execution of this Agreement, Consultant represents and warrants that it has the right to grant the exclusive and perpetual license for all such Intellectual Property as provided herein.

Authority further is granted by Consultant a non-exclusive and perpetual license to copy, use, modify or sub-license any and all Intellectual Property otherwise owned by Consultant which is the basis or foundation for any derivative, collective, insurrectional, or supplemental work created under this Agreement.

5.3.3 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of Authority, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use Authority’s name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of Authority.

5.3.4 Infringement Indemnification. Consultant shall defend, indemnify and hold Authority, its directors, officials, officers, employees, volunteers and agents free and harmless, pursuant to the indemnification provisions of this Agreement, for any alleged infringement of any patent, copyright, trade secret, trade name, trademark, or any other

proprietary right of any person or entity in consequence of the use on the Project by Authority of the Documents & Data, including any method, process, product, or concept specified or depicted.

5.4 Cooperation; Further Acts. The Parties shall fully cooperate with one another and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

5.5 Attorney's Fees. If either Party commences an action against the other Party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

5.6 Indemnification.

5.6.1 To the fullest extent permitted by law, Consultant shall defend (with counsel of Authority's choosing), indemnify and hold the Authority, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant shall defend, at Consultant's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against Authority, its directors, officials, officers, employees, agents or volunteers. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against Authority or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. Consultant shall reimburse Authority and its directors, officials, officers, consultants, employees, agents and/or volunteers, for any and all legal expenses and costs, including reasonable attorneys' fees, incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, the Authority, its officials, officers, employees, agents, or volunteers. This section shall survive any expiration or termination of this Agreement.

5.6.2 If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance of "design professional" services (as that term is defined under Civil Code § 2782.8), then, and only to the extent required by Civil Code § 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

5.7 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both Parties.

5.8 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in San Diego County.

5.9 Time of Essence. Time is of the essence for each and every provision of this Agreement.

5.10 Authority's Right to Employ Other Consultants. Authority reserves right to employ other consultants in connection with this Project.

5.11 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties.

5.12 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of Authority. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

5.13 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subcontractors of Consultant, except as otherwise specified in this Agreement. All references to Authority include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

5.14 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

5.15 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

5.16 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

5.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions

shall continue in full force and effect.

5.18 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, Authority shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of Authority, during the term of his or her service with Authority, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

5.19 Equal Opportunity Employment and Subcontracting. Consultant represents that it is an equal opportunity employer and it shall not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring, or treatment of applicants, employees, subcontractors, vendors, or suppliers. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Further, Consultant shall provide equal opportunity for subcontractors to participate in subcontracting opportunities.

5.20 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for Workers' Compensation, or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

5.21 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

5.22 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

5.23 Subcontracting. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of Authority. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

**SIGNATURE PAGE TO
ORANGE COUNTY POWER AUTHORITY
PROFESSIONAL SERVICES AGREEMENT**

IN WITNESS WHEREOF, the Parties have made and executed this Agreement as of the date first written above.

**ORANGE COUNTY POWER
AUTHORITY**

[INSERT NAME OF CONSULTANT]*

By : _____
Name: _____
Title: _____

By : _____
Name: _____
Title: _____

ATTEST:

Secretary, Authority Board of Directors

APPROVED AS TO FORM:

Authority General Counsel

**A corporation requires the signatures of two corporate officers.*

One signature shall be that of the Chairman of Board, the President or any Vice President, and the second signature (on the attest line) shall be that of the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer of such corporation.

If the above persons are not the intended signators, evidence of signature authority shall be provided to Authority.

EXHIBIT A
SCOPE OF SERVICES

[INSERT]

EXHIBIT B
SCHEDULE OF SERVICES

[INSERT]

EXHIBIT C
COMPENSATION BILLING RATES

<u>Name</u>	<u>Title</u>	<u>Hourly Rate</u>
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ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 4

To: Orange County Power Authority Board of Directors

From: Power Authority Staff

Subject: APPROVE AGREEMENT WITH PUBLIC FINANCIAL MANAGEMENT,
INC. FOR FINANCIAL ADVISORY SERVICES

Date: December 22, 2020

RECOMMENDATION

Approve professional services agreement with Public Financial Management, Inc., for energy financial services not to exceed \$25,000.

BACKGROUND

At the December 16, 2020 Orange County Power Authority (Authority) Board Meeting, the Board received a presentation on future agenda items, which included bringing Public Financial Management, Inc. onboard to provide financial management services.

ANALYSIS AND DIRECTION

As outlined in the Implementation Plan, there is a need to secure outside financing to cover operation and capital costs. It is estimated that this amount will be approximately \$13.5 million. In order to find capital, it will be necessary to hire a financial management services firm. Public Financial Management (PFM), Inc., is being recommended. The costs associated with the contract falls within the authority of the Chair to execute. It is recommended that the PFM contract be approved as a sole source, since it is one of the major firms operating in this space and there is limited time to release a Request for Proposal for services.

A copy of PFM's qualifications is provided for the Authority members' review. To highlight PFM's qualifications, PFM is the only municipal advisor actively covering Community Choice Aggregation (CCA). PFM has worked with East Bay Community Energy, Silicon Valley Clean Energy, Marin Clean Energy, San Jose Clean Energy, Clean Power SF, Clean Power Alliance, Western Community Energy, San Diego Community Power, Central Coast Community Energy, and Butte Choice Energy to name a few. PFM also represents more than half of the 50 largest municipal utilities in the country and consistently is involved in more transactions year-over-year than all of their competitors combined.

PFM will provide the following services:

- Assist with scheduling and participating in any final bank meetings prior to line of credit and banking services distribution;
- Review, finalize, and distribute the Request for Proposal package for the line of credit and banking services;
- Review and edit the list of potential providers for the liquidity facility;
- Field and coordinate answers in conjunction with the Authority team to questions from potential liquidity facility providers;
- Collect, review and analyze RFP responses;
- As requested by the Authority, provide a recommendation with appropriate supporting memorandum regarding one or more potential providers, if applicable, with which the Authority might invite for further discussions/negotiation;
- Participate in any bank interviews or comparable short-listing activity;
- Participate in bank negotiations including consulting with Authority on business terms, reviewing and commenting on proposed liquidity facility terms and banking services agreements;
- Assist in the document review and negotiations with the bank(s) chosen to proceed; and
- Assist with any other related matters at the direction of Authority.

FISCAL IMPACT

Not to exceed \$25,000.

ATTACHMENTS

1. Public Financial Management, Inc., qualifications
2. Professional services agreement with Public Financial Management, Inc.



Orange County Power Authority

PFM's Qualifications to Serve as Financial Advisor

December 8, 2020

PFM Financial Advisors LLC
601 South Figueroa Street, Suite 4500
Los Angeles, CA 90017
(213) 489-4075 (Phone)
(213) 489-4085 (Fax)



December 8, 2020

Orange County Power Authority
Board of Directors

Dear Board of Directors,

On behalf of PFM Financial Advisors LLC ("PFM"), we are very pleased to have this opportunity to present our qualifications to continue to serve as Financial Advisor to Orange County Power Authority ("OCPA"). We believe PFM, through our extensive CCA experience can help OCPA navigate the waters in the coming months and years.

PFM is the nation's leading financial advisor, having been the #1 ranked financial advisor to state and local governments for over a decade. PFM has experience in key areas which makes us uniquely positioned to help OCPA with its financing and banking needs.

pfm

601 S Figueroa St
Suite 4500
Los Angeles, CA
90017
(213) 489-4075

pfm.com

Experienced CCA Team – To our knowledge, PFM is the only municipal advisor actively covering CCAs. We have worked with East Bay Community Energy, Silicon Valley Clean Energy, Marin Clean Energy, San Jose Clean Energy, Clean Power SF, Clean Power Alliance, Western Community Energy, San Diego Community Power, Central Coast Community Energy, and Butte Choice Energy to name a few. On a personal note, I was part of the team who tried desperately to launch the South San Joaquin CCA program, but we alas failed. I have been there from the beginning and been a supporter and believer in CCAs. My/PFM's decade long resume speaks to that passion.

Experienced Public Power Team – PFM represents more than half of the 50 largest municipal utilities in the country and consistently is involved in more transactions year-over-year than all of our competitors combined. We are the only financial advisory firm that is repeatedly called upon by APPA and LPPC to advocate and educate on behalf of their members. We have a higher level of activity in the financial affairs of public power issuers than all our competitors combined. All of our public power professionals have spent virtually their entire careers working with, and for, public power organizations in one capacity or another. PFM draws from this related experience to help our CCA clients.

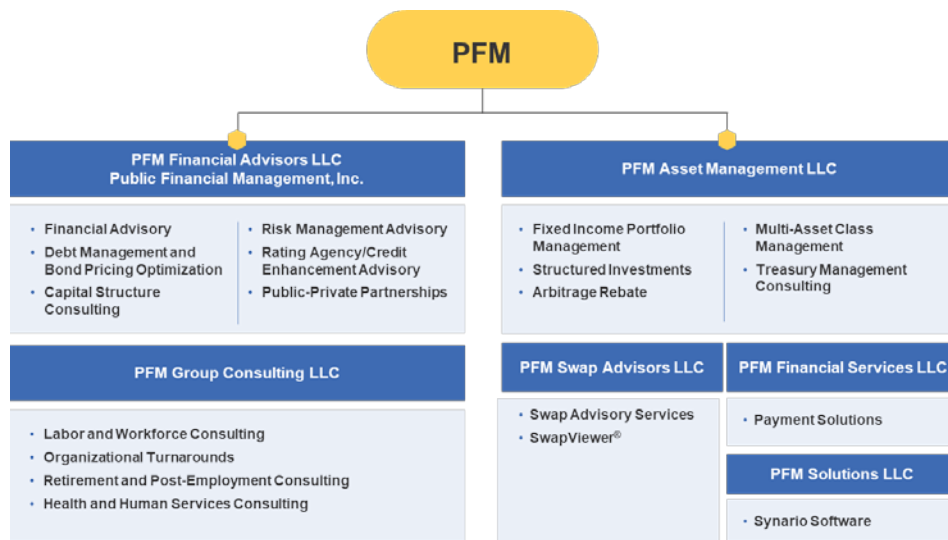
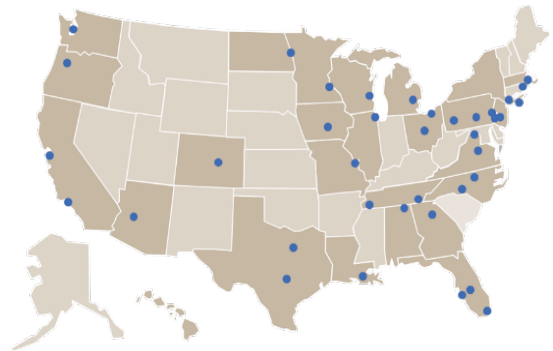
OCPA has PFM's absolute firm-wide commitment to provide a premier quality of service that will result in tangible benefits to the OCPA's activities. We look forward to the opportunity to deliver on this promise. Please contact any one of us if you have any questions concerning this proposal.

Sincerely,
PFM Financial Advisors, LLC
Michael Berwanger
Managing Director
(213) 415-1624
berwangerm@pfm.com



Introduction to PFM

PFM was founded in 1975 on the principle of providing sound independent financial advice to local, state, regional governments, and non-profit clients. For over 44 years, PFM's mission and commitment to the highest quality of service has remained unchanged while the firm has grown from its five original staffers into the nation's leading provider of independent financial and investment advisory services with over 600 employees in offices across the United States. PFM is a full service Financial Advisor and Asset Manager with the ability to provide advice on all of our clients' needs including those beyond any services typically required of a bond transaction.

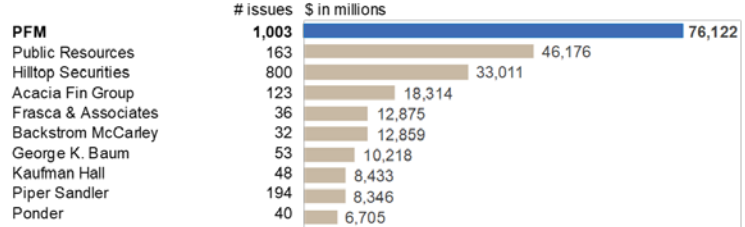


Our clients benefit from the knowledge and perspective gained from our four primary business activities: financial advisory services, management and budget consulting, asset management, and structured products. Certainly, not all of our clients use all of our services, but many cities with whom we work – especially cities with large debt programs and multiple funds – find it more efficient to have a single firm whom they can call on for all their debt management services, rather than coordinating the efforts across multiple parties.







PFM has been the number one ranked financial advisor in the nation for nineteen consecutive years, advising on 1,003 transactions throughout the nation, totaling over \$76 billion in par in 2019. Furthermore, we are the only financial advisory firm to offer a full array of financial services. In addition to the typical financial advisory services associated with a bond transaction, PFM also offers the City a variety of related services through our affiliates, which most other financial advisory firms do not offer, such as investment advice with respect to the investment of bond proceeds, preparation of arbitrage rebate calculations, and other post-issuance compliance services.

2019 Full Year Overall Long Term Municipal New Issues
Municipal Financial Advisory Ranking - Full Credit to Each Financial Advisor
Source: Ipreo



PFM's CCA Experience

PFM has extensive experience with CCAs. Some of our firms' relationships with California CCAs are shown below with a brief description services provided.

Community Choice Aggregator	PFM's Role
East Bay Community Energy (EBCE) 	<p>PFM was hired by EBCE in 2017 to assist in the procurement of start-up capital. PFM developed and distributed an RFP for short term start-up funding (1-year) and ongoing capital for the first few years of operations. The request was successful, and EBCE was able to get the funding it needed as it grew.</p> <p>PFM also assisted in the procurement of banking and lockbox services for EBCE, including the development and distribution of an RFP.</p> <p>PFM evaluated and summarized all the proposals, for both credit and banking services, and provided a concise summary for EBCE that assisted in their ultimate decision. PFM also assisted in the review and negotiation of the credit agreement.</p> <p>PFM was retained by EBCE to do an RFP to banks for a renewable prepayment transaction. EBCE and SVCE ultimately decided to select Morgan Stanley as the Counterparty.</p>
Silicon Valley Clean Energy 	<p>PFM was hired by SVCE in 2019 to create a credit presentation for its initial rating. PFM assisted SVCE in crafting their Credit Story, which ultimately led to SVCE obtaining a "Baa2" rating by Moody's.</p> <p>PFM was retained by SVCE to do an RFP to banks for a renewable prepayment transaction. SVCE and EBCE ultimately decided to select Morgan Stanley as the Counterparty.</p>
Central Coast Community Energy 	<p>PFM was hired by 3CE in 2020 (previously Monterey Bay Community Power) to create a credit presentation for its initial rating. PFM assisted 3CE in crafting their Credit Story and is currently in the confidential rating process with two agencies.</p>
San Jose Clean Energy (SJCE) 	<p>PFM was hired by the City of San Jose in 2017 to assist in the implementation of the City's Clean Energy program. PFM worked with the City to develop a pro forma model. PFM successfully assisted the City as it navigated the procurement phase for its start-up capital. We helped formulate the RFP, reviewed the response, negotiated with the bidders, and helped negotiate final form legal agreements.</p>



<p>The City of San Diego</p> 	<p>PFM was hired by the City of San Diego to help procure a line of credit and banking services. This process just concluded right in the middle of the Covid pandemic! This was the highest procurement seen by CCAs in many years.</p> <p>Prior to that activity, PFM was hired by EES Consulting as a sub-consultant to assist ES with its peer review of the Community Choice Aggregation (CCA) Business Plan for the City. PFM's review of the Community Choice Aggregation Business Plan focused on the level of cash working capital requirements, financial management metrics, and external financing assumptions.</p>
<p>Los Angeles County Community Choice Energy (LACCE)</p> 	<p>PFM was engaged by LA County ISD in 2016 as Municipal Advisor with respect to assisting with the formation, funding and launch of Los Angeles County Community Choice Energy (LACCE).</p> <p>PFM provided a discussion of funding options that was included in the LACCE Business Plan, approved by the County for the formation of the organization. PFM participated with teach-ins at various community meetings during the development stage of the JPA formation. PFM assisted LA County ISD staff in defending/debunking criticism of the business plan from various factions.</p>
<p>Clean Power Alliance (CPA)</p> 	<p>We assisted staff with an RFP to identify and structure start-up financing and third-party bank credit as well as banking services.</p>
<p>City of Long Beach</p> 	<p>The City of Long Beach is a longstanding client of PFM. The City sought PFM's advice on a Feasibility Report by MRW. City finance staff had a series of questions and concerns that PFM was able to address.</p>
<p>Butte Choice Energy</p> 	<p>PFM was hired by BCE in 2019 to help develop and distribute an RFP for Credit and Banking Services. PFM is assisting BCE as they evaluate, select, and negotiate final form documentation. This has been a difficult process during Covid, but PFM is confident we will get BCE the funding it needs!</p>
<p>Western Riverside Council of Gov't. (WRCOG)</p> 	<p>PFM was hired by WRCOG in 2009 and to help manage their HERO PACE program. In addition, we have been working with WRCOG since 2016 on the formation of a CCA and have provided input on the CCA business plan.</p> <p>PFM worked with staff to identify and review options related to start-up financing, including direct sponsor support (i.e. WRCOG funding) and third-party bank credit. PFM participated on the evaluation team for the full suite of CCA services including, but not limited to, power procurement, ongoing operation, and data management.</p> <p>PFM ran an RFP process for Credit and Banking Services. We assisted in the process of negotiations and legal paperwork with Barclays. WCE is the first CCA to solicit credit to provide Resource Adequacy one year before launch.</p>
<p>San Francisco PUC (Clean Power SF)</p> 	<p>PFM was hired by the SFPUC's CFO to provide a Risk Assessment of the Draft Business Plan. We extensively reviewed the Draft Business Plan, including a detailed exploration of various funding options available to the PUC to launch Clean Power SF.</p>



Silicon Valley Clean Energy Case Study

Silicon Valley Clean Energy ("SVCE"), a CCA established in 2016, services the majority of the southern San Francisco bay area. In 2019, SVCE contracted PFM to develop a credit strategy for its initial credit rating. SVCE's goal was to achieve an investment grade rating in order to reduce its borrowing costs. With a high rating, SVCE would be in a better financial position to provide carbon-free energy to its partnered communities.

The credit process began with a robust analysis of SVCE's business fundamentals and financial position. Because of our active role in the credit space, PFM's team is highly experienced in the credit analysis methodologies used by the major rating agencies. Therefore, PFM was able to identify the key metrics that the rating agencies' would focus on for SVCE. We made sure to highlight credit positives and provide context for potential negatives. For example, SVCE benefits from a robust customer base. Unsurprisingly, SVCE's commercial clients include many large technology companies that rely on large amounts of electricity. This institutional presence creates reliable demand. Furthermore, SVCE's household customers are generally affluent and, consequently, price-sticky. Therefore, SVCE's residential clients are expected to be willing to pay a slight premium for green energy. On the other hand, we anticipated that S&P and Moody's would have concerns around the firm's customer concentration and related Direct Access risks. The context that surrounds SVCE's customer base is critical when evaluating the organization's operations and ability to carry debt. PFM successfully prepared SVCE for a robust discussion on this subject with S&P Moody's.

After our technical analysis, we translated the results into a digestible, but compressive, presentation. The slide deck included SVCE's past, present, and future performance metrics. We consulted SVCE's senior management to ensure that the presentation accurately conveyed the firm's history and objectives. Moreover, we prepped SVCE on how to properly communicate their message to the rating agencies on the presentation days. When the days came, we traveled with SVCE to Moody's office in San Francisco to present alongside them, and participated via video call for S&P (due to COVID-19 Restrictions).

Over the next few weeks, we remained in communication with SVCE as we fielded additional questions from the Agencies. This process is near complete and currently confidential. Although we cannot yet reveal details about the rating, we can say that SVCE was so impressed with PFM's work that it hired us for another engagement. We now are working with SVCE on it's a renewable prepayment transaction in conjunction with East Bay Community Energy.

References



Silicon Valley Clean Energy

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East Bay Community Energy

Howard Chang

Chief Operating Officer
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Central Coast Community Energy

Tom Habashi, CEO

Tiffany Law, Chief Financial and Technology Officer

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thabashi@3ce.org
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PFM's National Public Power Experience

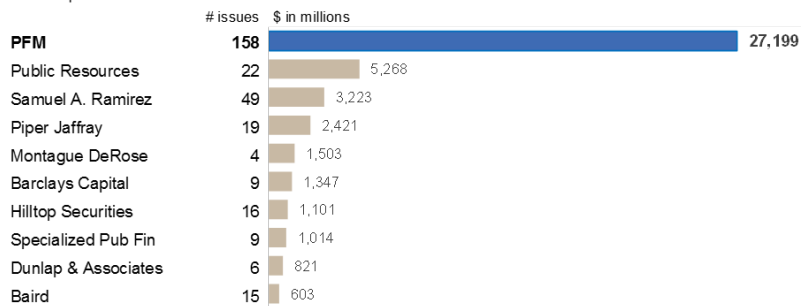
PFM is the premier advisor to public power utilities in California and nationally. PFM is Financial Advisor to more public power utilities, and has served as Financial Advisor on more public power transactions, than any other firm. In aggregate, PFM's public power professionals have, at some point in their careers, worked in a meaningful capacity with over 90% of the 50 largest public power issuers. PFM offers accumulated experience in the public power space which our team has acquired by representing more such clients than almost all of our competitors combined. PFM has worked on billion-dollar issues and complex derivative transactions for large wholesale systems, as well as plain vanilla transactions for small systems. The ranking chart on page 6 highlights this point. Over the past five years (2014 to 2019), PFM has completed 158 public power transactions with a total par amount of \$27.2 billion — more than most of our competitors combined.

The map below and the list on the following page provides a selection of our public power clients nationwide and the extent to which we represent the 50 largest public power issuers in the country.

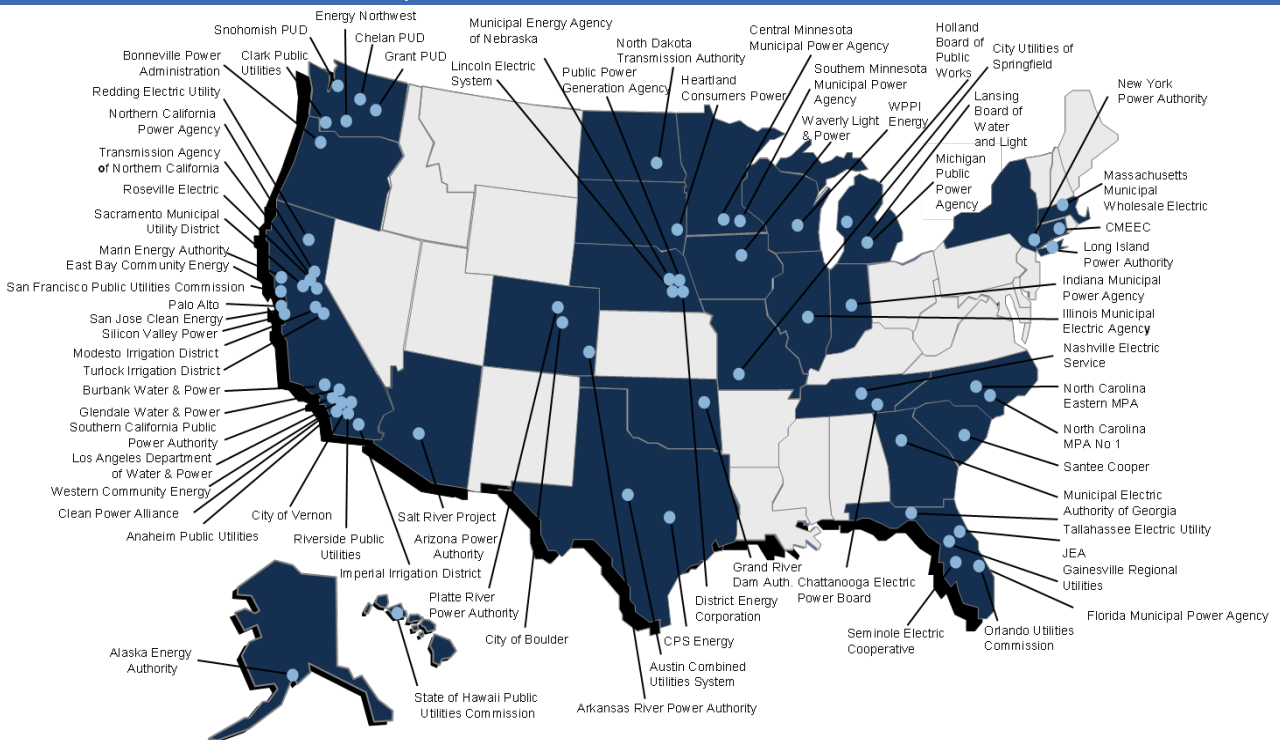
2014 - 2019 Public Power Long Term Municipal New Issues

Municipal Financial Advisory Ranking - Full Credit to Each Financial Advisor

Source: Ipreo



Map of Select PFM National Public Power Clients



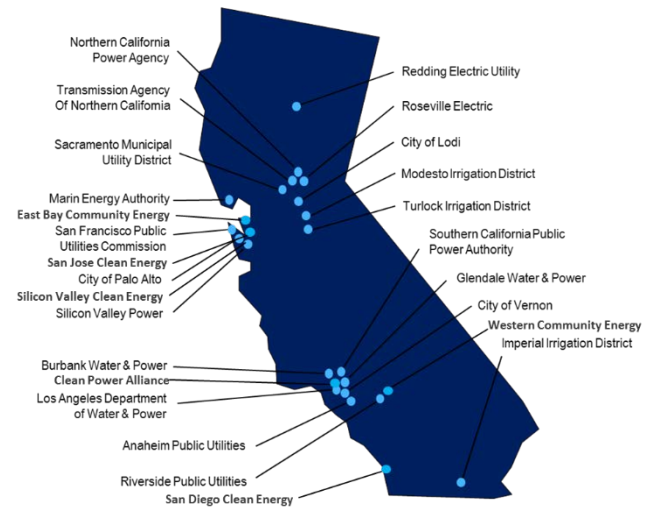
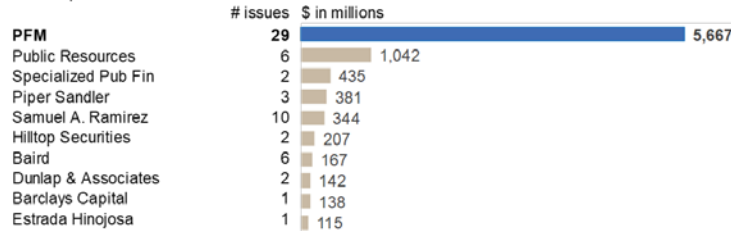


PFM's California Public Power Experience

PFM serves as Financial Advisor to many of the municipal utilities and CCAs in California, large and small, including SCPPA and many of its members, Northern California Power Agency and many of its members, and many others. Some of our firms' decade-plus relationships with California utility clients are shown below.

2019 Full Year Public Power Long Term Municipal New Issues

Municipal Financial Advisory Ranking - Full Credit to Each Financial Advisor
Source: Ipreo



PFM's Decade + Relationships with California Clients



PFM's Public Power Joint Action Agency Experience

PFM's experience with Joint Action Agencies ("JAA") is also unsurpassed. This is important to note because JAAs are unique entities with complexities that simply do not exist at the member utility level. In California, PFM has continued representation of the largest JAAs: SCPPA, Northern California Power Agency, and the Transmission Agency of Northern California. The table below lists a few of our other JAA clients throughout the country.

Joint Action Agency	State	Joint Action Agency	State
Arkansas River Power Authority	CO	Municipal Electric Authority of Georgia	GA
Central Minnesota Municipal Power Agency	MN	Northern California Power Agency	CA
Connecticut Municipal Electric Energy Cooperative	CT	North Carolina Municipal Power Agency No. 1	NC
Energy Northwest	WA	North Carolina Eastern Municipal Power Agency	NC
Heartland Consumer Power Agency	SD	Public Power Generation Agency	NE
Indiana Municipal Power Agency	IN	Southern California Public Power Authority	CA
Massachusetts Municipal Wholesale Electric Company	MA	Southern Minnesota Municipal Power Agency	MN
Missouri River Energy Services	SD	Transmission Agency of Northern California	CA
Municipal Electric Agency of Nebraska	NE	Western Minnesota Municipal Power Agency	MN



PFM's Team

Mike Berwanger, *Managing Director*, will serve as the primary contact for all financial advisory matters. Mike will be actively engaged in all activities associated with the engagement and will be fully accountable for all communications and engagements with OCPA. Mike will be available on-site as needed and with whatever frequency desired.

Mike runs PFM's West Coast Offices and heads the firm's Western Utility & CCA group. He is a former investment banker who has an extensive utility background that includes over \$40 billion in financings for utility clients, as well as swap, credit, and even some M&A experience. Mike has 23 years of experience serving almost exclusively public utilities as both an investment banker and a financial advisor.

Mike will be assisted on all matters by **Jack Medall, *Senior Analyst***, who has worked on all of PFM's CCA client accounts. Jack joined PFM in 2015 and has covered public power and water clients across the West Coast. He will assist in all day-to-day activities, providing analytical and modeling support. In addition, **Jonah Rosenberg, *Analyst***, will provide further technical and quantitative support. Since joining PFM in 2019, Jonah has worked on a variety of utility clients ranging from CCA's to public power and water districts.

Resumes

Michael Berwanger, *Managing Director*, Los Angeles, CA

- Mike Berwanger is the Head of PFM's Western Region and Western Utility & CCA group;
- Works with utility clients throughout the western region. Leads PFM's advisory relationships with a majority of utilities in California;
- Mike works with all of PFM's CCA clients: 3CE, EBCE, SVCE, WCE, CPA, and San Diego among others;
- Public Power Clients include: Anaheim, Burbank, Clark PUD, Chelan PUD, Colorado Springs, Colton, Glendale, IID, MID, Grant PUD, LADWP, NCPA, San Diego, SCPPA, Santa Clara, and TANC;
- Assisted utility clients in obtaining \$35+ billion in financing as a financial advisor and previously as a banker;
- Expertise in the most complex forms of utility financings including prepayment, tax-equity, and tax-credit financing structures used for the acquisition of gas and renewable energy;
- Prior to joining PFM in 2008, Mike served as a Director with a major investment bank, working extensively with utility issuers;
- He is a registered Municipal Advisor Representative (Series 50).

Jack Medall, *Senior Analyst*, Los Angeles, CA

- Jack Medall joined PFM in 2015 and primarily provides technical and quantitative support to public utility clients across the western United States;
- His present duties include cash flow modeling focusing on the optimization of pay go versus debt funded capital, structuring, sizing, and pricing new money and refunding municipal bond issues, and assessing municipal issuers' outstanding debt;
- Mr. Medall currently works with Grant County PUD, Clark County PUD, NCPA, Contra Costa Water District, EBCE, SVCE, MID, Snohomish PUD, Redding Electric Utility, among other California and Nevada issuers;
- Mr. Medall graduated from the University of Southern California with a Bachelor of Science degree in Industrial and Systems Engineering;
- He is a registered Municipal Advisor Representative (Series 50).



Jonah Rosenberg, Analyst, Los Angeles, CA

- Jonah Rosenberg joined the PFM team in 2019 and provides modeling and technical support for various West Coast clients;
- His primary responsibilities include structuring, sizing, and pricing new money and refunding issues; assessing municipal issuer's outstanding debt and performing analysis of refunding opportunities, and creating rating agency presentations;
- Jonah currently works with Snohomish PUD, SVCE, Sacramento County Airport Division, San Bernardino Transportation, Washoe County Nevada, and Idaho Bond Bank Authority, among other West Coast issuers;
- Jonah is also a member of PFM's Diversity and Inclusion Counsel, which reviews and creates internal business policies to foster a welcoming business culture;
- Jonah graduated cum laude from the University of Southern California with a Bachelor of Science degree in Business Administration;
- He is a registered Municipal Advisor Representative (Series 50).

PFM Fee Structure

PFM proposes to provide Orange County Power Authority with financial advisory services per a fee arrangement based on the hourly rates below:

FINANCIAL ADVISORY HOURLY RATES	
PFM EMPLOYEE TITLE	HOURLY RATE
Managing Director	\$360
Director	\$325
Senior Managing Consultant	\$295
Senior Analyst	\$260
Analyst	\$225

If any part of this letter proposal proves disagreeable to OCPA, PFM will gladly work with OCPA to arrive at an agreeable scope and fee for PFM's services.

We very much appreciate this opportunity to serve OCPA. Please contact me with any comments or questions.

ORANGE COUNTY POWER AUTHORITY PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“**Agreement**”) is made and entered into this _____ day of _____ 20____, by and between ORANGE COUNTY POWER AUTHORITY, a California joint powers agency (“**Authority**”) and [INSERT NAME OF CONSULTANT], a [INSERT TYPE OF ENTITY] (“**Consultant**”). Authority and Consultant are sometimes individually referred to as “**Party**” and collectively as “**Parties**.”

RECITALS

A. Consultant desires to perform and assume responsibility for the provision of certain professional services required by Authority on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing [INSERT TYPE OF SERVICES], is licensed in the State of California [IF APPLICABLE], and is familiar with the plans of Authority.

B. Authority desires to engage Consultant to render such professional services for the [INSERT BRIEF PROJECT DESCRIPTION] (“**Project**”) as set forth in this Agreement.

AGREEMENT

1. Scope of Services and Term.

1.1 General Scope of Services. Consultant promises and agrees to furnish to Authority all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the [INSERT BRIEF DESCRIPTION OF SERVICES TO BE PERFORMED] services necessary for the Project (“**Services**”). The Services are more particularly described in Exhibit A attached hereto, and which are stated in the proposal to Authority. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto, and all applicable local, state and federal laws, rules and regulations.

1.2 Term. The term of this Agreement shall be from [INSERT START DATE] to [INSERT ENDING DATE; RECOMMEND AT LEAST ONE YEAR], unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement and shall meet any other established schedules and deadlines.

2. Responsibilities of Consultant.

2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. Authority retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of

this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of Authority and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit B attached hereto. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, Authority shall respond to Consultant's submittals in a timely manner. Upon request of Authority, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of Authority.

2.4 Substitution of Key Personnel. Consultant has represented to Authority that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of Authority. In the event that Authority and Consultant cannot agree as to the substitution of key personnel, Authority shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to Authority, or who are determined by the Authority to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the Authority. The key personnel for performance of this Agreement are as follows:

[INSERT NAME(S) OF KEY PERSONNEL]

2.5 Authority's Representative. Authority hereby designates **[INSERT NAME OR TITLE]**, or his or her designee, to act as its representative for the performance of this Agreement ("**Authority's Representative**"). Authority's Representative shall have the power to act on behalf of Authority for all purposes under this Agreement. Consultant shall not accept direction or orders from any person other than Authority's Representative, or designee.

2.6 Consultant's Representative. Consultant hereby designates **[INSERT NAME]**, or his or her designee, to act as its Representative for the performance of this Agreement ("**Consultant's Representative**"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his or her best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures

and for the satisfactory coordination of all portions of the Services under this Agreement.

2.7 Coordination of Services. Consultant agrees to work closely with Authority staff in the performance of Services and shall be available to Authority's staff, consultants and other staff at all reasonable times.

2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and sub- contractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from Authority, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its subcontractors who is determined by Authority to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to Authority, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to Authority, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold Authority, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

2.10 Insurance.

2.10.1 Time for Compliance. Consultant shall not commence the Services under this Agreement until it has provided evidence satisfactory to Authority that it has secured all insurance required under this section, in a form and with insurance companies acceptable to Authority. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to Authority that the subcontractor has secured all insurance required under this section.

2.10.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subcontractors. Consultant shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(A) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001 or exact equivalent); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage (form CA 0001, code 1 (any auto) or exact equivalent); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(B) Minimum Limits of Insurance. Consultant shall maintain limits no less than: (1) *General Liability*: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: \$1,000,000 per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 per accident for bodily injury or disease.

2.10.3 Professional Liability. **[INCLUDE ONLY IF APPLICABLE - DELETE OTHERWISE]** Consultant shall procure and maintain, and require its subcontractors to procure and maintain, for a period of five (5) years following completion of the Services, errors and omissions liability insurance appropriate to their profession. Such insurance shall be in an amount not less than \$2,000,000 per claim. **[INCREASE IF NECESSARY - OTHERWISE LEAVE AS IS AND DELETE THIS NOTE]** This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the Consultant. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend.

2.10.4 Insurance Endorsements. The insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms supplied or approved by Authority to add the following provisions to the insurance policies:

(A) General Liability.

(i) Commercial General Liability Insurance must include coverage for (1) Bodily Injury and Property Damage; (2) Personal Injury/Advertising Injury; (3)

Premises/Operations Liability; (4) Products/Completed Operations Liability; (5) Aggregate Limits that Apply per Project; (6) Explosion, Collapse and Underground (UCX) exclusion deleted; (7) Contractual Liability with respect to this Agreement; (8) Broad Form Property Damage; and (9) Independent Consultants Coverage.

(ii) The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) contain any other exclusion contrary to the Agreement.

(iii) The policy shall give Authority, its directors, officials, officers, employees, and agents insured status using ISO endorsement forms 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

(iv) The additional insured coverage under the policy shall be “primary and non-contributory” and will not seek contribution from Authority’s insurance or self-insurance and shall be at least as broad as CG 20 01 04 13, or endorsements providing the exact same coverage.

(B) Automobile Liability. The automobile liability policy shall be endorsed to state that: (1) Authority, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; and (2) the insurance coverage shall be primary insurance as respects Authority, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant’s scheduled underlying coverage. Any insurance or self-insurance maintained by Authority, its directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant’s insurance and shall not be called upon to contribute with it in any way.

(C) Workers’ Compensation and Employers Liability Coverage.

(i) Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers’ compensation or to undertake self-insurance in accordance with the provisions of that code, and Consultant will comply with such provisions before commencing work under this Agreement.

(ii) The insurer shall agree to waive all rights of subrogation against Authority, its directors, officials, officers, employees, agents and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(D) All Coverages. Defense costs shall be payable in addition to the limits set forth hereunder. Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum

insurance coverage requirements and/or limits set forth herein shall be available to Authority, its directors, officials, officers, employees and agents as additional insureds under said policies. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this Agreement; or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named insured; whichever is greater.

(i) The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of Authority (if agreed to in a written contract or agreement) before Authority's own insurance or self-insurance shall be called upon to protect it as a named insured. The umbrella/excess policy shall be provided on a "following form" basis with coverage at least as broad as provided on the underlying policy(ies).

(ii) Consultant shall provide Authority at least thirty (30) days prior written notice of cancellation of any policy required by this Agreement, except that the Consultant shall provide at least ten (10) days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, the Consultant shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to Authority at least ten (10) days prior to the effective date of cancellation or expiration.

(iii) The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the work under this Agreement. Consultant shall purchase a one (1) year extended reporting period A) if the retroactive date is advanced past the effective date of this Agreement; B) if the policy is cancelled or not renewed; or C) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

(iv) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by Authority, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

(v) If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, Authority has the right but not the duty to obtain the insurance it deems necessary and any premium paid by Authority will be promptly reimbursed by Consultant or Authority will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, Authority may cancel this Agreement. Authority may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(vi) Neither Authority nor any of its directors, officials, officers, employees or agents shall be personally responsible for any liability arising under or by

virtue of this Agreement.

2.10.5 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to Authority, its directors, officials, officers, employees, agents and volunteers.

2.10.6 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by Authority. Consultant shall guarantee that, at the option of Authority, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects Authority, its directors, officials, officers, employees, agents and volunteers; or (2) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

2.10.7 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, licensed to do business in California, and satisfactory to Authority.

2.10.8 Verification of Coverage. Consultant shall furnish Authority with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to Authority. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf and shall be on forms provided by Authority if requested. All certificates and endorsements must be received and approved by Authority before work commences. Authority reserves the right to require complete, certified copies of all required insurance policies, at any time.

2.10.9 Subcontractor Insurance Requirements. Consultant shall not allow any subcontractors to commence work on any subcontract until they have provided evidence satisfactory to Authority that they have secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors shall be endorsed to name Authority as an additional insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Consultant, Authority may approve different scopes or minimum limits of insurance for particular subcontractors.

2.10.10 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life-saving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3. **Fees and Payments.**

3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit C, attached hereto. The total compensation shall not exceed [INSERT WRITTEN DOLLAR AMOUNT] (\$---) without written approval of Authority's [INSERT TITLE]. Extra Work may be authorized, as described below, and, if authorized, said Extra Work will be compensated at the rates and manner set forth in this Agreement.

3.2 Payment of Compensation. Consultant shall submit to Authority a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. Authority shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by Authority.

3.4 Extra Work. At any time during the term of this Agreement, Authority may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by Authority to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from Authority's Representative.

4. **Accounting Records.** Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of Authority during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

5. **General Provisions.**

5.1 Termination of Agreement.

5.1.1 Grounds for Termination. Authority may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to Authority, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

5.1.2 Effect of Termination. If this Agreement is terminated as provided herein,

Authority may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such documents and other information within fifteen (15) days of the request.

5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, Authority may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Consultant: [INSERT NAME, ADDRESS & CONTACT PERSON]

Authority: [INSERT NAME, ADDRESS & CONTACT PERSON]

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

5.3 Ownership of Materials and Confidentiality.

5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for Authority to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement (“**Documents & Data**”). Consultant shall require all subcontractors to agree in writing that Authority is granted a non-exclusive and perpetual license for any Documents & Data the subcontractor prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by Authority. Authority shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at Authority’s sole risk.

5.3.2 Intellectual Property. In addition, Authority shall have and retain all right, title and interest (including copyright, patent, trade secret and other proprietary rights) in all plans, specifications, studies, drawings, estimates, materials, data, computer programs or software and source code, enhancements, documents, and any and all works of authorship fixed in any tangible medium or expression, including but not limited to, physical drawings or other

data magnetically or otherwise recorded on computer media (“**Intellectual Property**”) prepared or developed by or on behalf of Consultant under this Agreement as well as any other such Intellectual Property prepared or developed by or on behalf of Consultant under this Agreement.

Authority shall have and retain all right, title and interest in Intellectual Property developed or modified under this Agreement whether or not paid for wholly or in part by Authority, whether or not developed in conjunction with Consultant, and whether or not developed by Consultant. Consultant will execute separate written assignments of any and all rights to the above referenced Intellectual Property upon request of Authority.

Consultant shall also be responsible to obtain in writing separate written assignments from any subcontractors or agents of Consultant of any and all right to the above referenced Intellectual Property. Should Consultant, either during or following termination of this Agreement, desire to use any of the above-referenced Intellectual Property, it shall first obtain the written approval of the Authority.

All materials and documents which were developed or prepared by the Consultant for general use prior to the execution of this Agreement and which are not the copyright of any other party or publicly available and any other computer applications, shall continue to be the property of the Consultant. However, unless otherwise identified and stated prior to execution of this Agreement, Consultant represents and warrants that it has the right to grant the exclusive and perpetual license for all such Intellectual Property as provided herein.

Authority further is granted by Consultant a non-exclusive and perpetual license to copy, use, modify or sub-license any and all Intellectual Property otherwise owned by Consultant which is the basis or foundation for any derivative, collective, insurrectional, or supplemental work created under this Agreement.

5.3.3 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of Authority, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use Authority’s name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of Authority.

5.3.4 Infringement Indemnification. Consultant shall defend, indemnify and hold Authority, its directors, officials, officers, employees, volunteers and agents free and harmless, pursuant to the indemnification provisions of this Agreement, for any alleged infringement of any patent, copyright, trade secret, trade name, trademark, or any other proprietary right of any person or entity in consequence of the use on the Project by Authority of

the Documents & Data, including any method, process, product, or concept specified or depicted.

5.4 Cooperation; Further Acts. The Parties shall fully cooperate with one another and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

5.5 Attorney's Fees. If either Party commences an action against the other Party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

5.6 Indemnification.

5.6.1 To the fullest extent permitted by law, Consultant shall defend (with counsel of Authority's choosing), indemnify and hold the Authority, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant shall defend, at Consultant's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against Authority, its directors, officials, officers, employees, agents or volunteers. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against Authority or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. Consultant shall reimburse Authority and its directors, officials, officers, consultants, employees, agents and/or volunteers, for any and all legal expenses and costs, including reasonable attorneys' fees, incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, the Authority, its officials, officers, employees, agents, or volunteers. This section shall survive any expiration or termination of this Agreement.

5.6.2 If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance of "design professional" services (as that term is defined under Civil Code § 2782.8), then, and only to the extent required by Civil Code § 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

5.7 Entire Agreement. This Agreement contains the entire Agreement of the Parties

with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both Parties.

5.8 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in San Diego County.

5.9 Time of Essence. Time is of the essence for each and every provision of this Agreement.

5.10 Authority's Right to Employ Other Consultants. Authority reserves right to employ other consultants in connection with this Project.

5.11 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties.

5.12 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of Authority. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

5.13 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subcontractors of Consultant, except as otherwise specified in this Agreement. All references to Authority include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

5.14 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

5.15 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

5.16 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

5.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

5.18 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, Authority shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of Authority, during the term of his or her service with Authority, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

5.19 Equal Opportunity Employment and Subcontracting. Consultant represents that it is an equal opportunity employer and it shall not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring, or treatment of applicants, employees, subcontractors, vendors, or suppliers. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Further, Consultant shall provide equal opportunity for subcontractors to participate in subcontracting opportunities.

5.20 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for Workers' Compensation, or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

5.21 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

5.22 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

5.23 Subcontracting. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of Authority. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

**SIGNATURE PAGE TO
ORANGE COUNTY POWER AUTHORITY
PROFESSIONAL SERVICES AGREEMENT**

IN WITNESS WHEREOF, the Parties have made and executed this Agreement as of the date first written above.

**ORANGE COUNTY POWER
AUTHORITY**

[INSERT NAME OF CONSULTANT]*

By : _____
Name: _____
Title: _____

By : _____
Name: _____
Title: _____

ATTEST:

Secretary, Authority Board of Directors

APPROVED AS TO FORM:

Authority General Counsel

**A corporation requires the signatures of two corporate officers.*

One signature shall be that of the Chairman of Board, the President or any Vice President, and the second signature (on the attest line) shall be that of the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer of such corporation.

If the above persons are not the intended signators, evidence of signature authority shall be provided to Authority.

EXHIBIT A
SCOPE OF SERVICES

[INSERT]

EXHIBIT B
SCHEDULE OF SERVICES

[INSERT]

EXHIBIT C
COMPENSATION BILLING RATES

<u>Name</u>	<u>Title</u>	<u>Hourly Rate</u>
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ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 5

To: Orange County Power Authority Board of Directors

From: Power Authority Staff

Subject: CONDUCT PUBLIC HEARING AND ADOPT RESOLUTION APPROVING
IMPLEMENTATION PLAN AND STATEMENT OF INTENT

Date: December 22, 2020

RECOMMENDATION

1. Receive Orange County Power Authority Implementation Plan and Statement of Intent Summary Report.
2. Conduct a Public Hearing regarding the adoption of Orange County Power Authority Implementation Plan and Statement of Intent.
3. Adopt resolution approving the Community Choice Aggregation Implementation Plan and Statement of Intent required by California Public Utilities Code Section 366.2.

BACKGROUND

In order to for Orange County Power Authority (Authority) to become operational in April 2022, an Implementation Plan (IP) must be submitted to the California Public Utilities Commission (CPUC) by December 31, 2020 for its certification.

The IP and any subsequent changes to it must be considered and adopted at a duly noticed public hearing and must contain all the following:

1. An organizational structure of the Program, its operations, and its funding.
2. Rate setting and other costs to participants.
3. Provisions for disclosure and due process in setting rates and allocating costs among participants.
4. The methods for entering and terminating agreements with other entities.
5. The rights and responsibilities of Program participants, including, but not limited to, consumer protection procedures, credit issues, and shutoff procedures.
6. Termination of the Program.
7. A description of the third parties that will be supplying electricity under the Program, including, but not limited to, information about financial, technical, and operational capabilities.

ANALYSIS AND DIRECTION

EES Consulting has completed the attached IP for the Authority Board to conduct a Public Hearing.

While the IP may seem overwhelming, in simplistic terms, the IP details the governance of the Authority and covers the launch of the Authority services to applicable electricity customers along with the total electric load of the cities combined. The IP includes a financial proforma that identifies the revenues and expenses for the Authority. It also provides an estimate of the potential rate savings for Community Choice Aggregation customers. The proforma provides updated forecasts that is currently available. Actual energy costs and potential rate savings will not be truly known until the Authority goes out to the market to procure electricity in 2021.

Once the IP is submitted for certification, the CPUC has 90 days to complete a review and certify the IP, though it is noted that previous reviews for other community choice energy programs the certification has been completed in less time.

The Implementation Plan is broken down into 11 Chapters, with 3 Appendices. A short explanation is also provided for what is in each chapter.

Chapter 1: Introduction

Provides an overview of activities to create the Authority. It identifies each of the members.

Chapter 2: Aggregation Process

Describes the process and consequences of aggregation. The process includes a discussion of how customers will be notified 4 times. This includes 2 notices prior to and 2 notifications after launch, as required by the CPUC. The consequences includes a discussion on various impacts, which includes Rates, Local Economic Development, Renewable Energy, and Energy Efficiency.

Chapter 3: Organizational Structure

Describes the roles and responsibility of the Authority Board, as well as, the Duties of the Executive Director.

The Board's primary duties are to establish program policies, approve rates, and provide policy direction to the Executive Director, who has general responsibility for program operations, consistent with the policies established by the Board. The Board has elected a Chairman and Vice Chairman and may establish an Executive Committee, Finance Committee, and Community Advisory Committee. In the future, the Board may also establish other committees and sub-committees, as needed, to address issues that require greater expertise in particular areas.

The Executive Director has management responsibilities over functional areas of Administration & Finance, Marketing & Public Affairs, Power Resources & Energy Programs, and Government Affairs as well as Authority's General Counsel. In performing the obligations to the Authority, the Executive Director may utilize a combination of internal staff and/or contractors. Certain specialized functions

needed for program operations, namely the electric supply and customer account management functions described below, may be performed initially by third-party contractors.

Chapter 4: Startup Plan and Funding

Describes the start-up period which is split into pre-launch and post-launch expenses. The pre-launch period is estimated to start January 1, 2021 and end on March 31, 2022 when the Authority plans to begin service to customers. Pre-launch expenses include overhead and notification for program implementation. Post launch financing includes working capital and annual debt repayment.

The start-up of the CCA Program will require capital for three major functions: (1) staffing and contractor costs; (2) deposits and reserves; and (3) working capital. Based on the Authority's anticipated start-up activities and phase-in schedule, a total need of \$15.5 million has been identified to support the aforementioned functions. The finance plan in Chapter 7 provides some additional detail regarding the Authority's expected capital requirements and general Program finances.

Chapter 5: Program Phase-in

Three phases are being considered for the Authority's roll out:

Phase 1. All Non-Residential Accounts (April 1, 2022)

Phase 2. Residential Accounts (October 1, 2022)

Phase 3. Net Energy Metering Accounts (Various)

At start-up, the Authority anticipates serving approximately 39,000 larger customer accounts, comprised of all non-residential accounts within Member Agency jurisdictions.

Chapter 6: Load Forecast and Resource Plan

Describes the planned mix of electric resources that will meet the energy demands of the Authority customers.

The Authority's initial resource mix will include a proportion of renewable energy meeting California's prevailing RPS procurement mandate. As the Authority Program moves forward, incremental renewable supply additions will be made based on resource availability as well as economic goals of the Authority Program to achieve increased renewable energy content over time.

Customer Participation is also discussed in this chapter. For all phases, the Authority anticipates a 90-95 percent participation of Southern California Edison (SCE) bundled service customers, based on reported opt-out rates for the Clean Power Alliance, Western Community Energy, Sonoma Clean Power and Lancaster Choice Energy CCA programs plus the increase in the cap on Direct Access (DA) service. It is assumed that new and existing DA customers will continue to remain with their current electricity supplier.

Chapter 7: Financial Plan

Examines the monthly cash flows expected during the start-up and customer phase-in period of the Authority Program and identifies the anticipated financing requirements.

The cash flow analysis identifies funding requirements in recognition of the potential lag between revenues received and payments made during the phase-in period. The estimated financing requirements for the startup and phase-in period, including working capital needs associated with all three phases of customer enrollments, was determined to be \$15.5 million. This \$15.5 million will be covered via \$2.5 million in cash outlay from the City of Irvine and roughly \$13 million from financial institutions.

Chapter 8: Rate setting

Describes the initial policies proposed for the Authority in setting its rates for electric aggregation services. The Authority would retain authority to modify program policies from time to time at its discretion.

The Authority will establish rates sufficient to recover all costs related to operation of the Authority Program, including any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by the Authority. As a general policy, rates will be uniform for all similarly situated customers enrolled in the Authority Program throughout the service area of the Authority.

The primary objectives of the rate setting plan are to set rates that achieve the following:

- Rate competitive tariff option including a proportionate quantity of renewable energy meeting California's prevailing renewable energy procurement mandate
- 100 percent renewable energy supply option
- Allow individual member agencies to choose the default energy supply option into which their customers will be enrolled
- Allow customers to participate in any of the three energy supply options after enrollment
- Rate stability
- Equity among customers in each tariff
- Customer understanding
- Revenue sufficiency

Chapter 9: Customer Rights and Responsibilities

Discusses customer rights, including the right to opt-out of the Authority Program and the right to privacy of customer usage information, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt out within 30 days of the fourth enrollment notice will have agreed to become full status program participants and must adhere to the obligations set forth below, as may be modified and expanded by the Authority Board from time

to time.

Chapter 10: Procurement Process

Describes the Authority's initial procurement policies and the key third party service agreements by which the Authority will obtain operational services for the Authority Program. These agreements include, but are not limited to: electric supply contracts, data management contracts, scheduling coordinator, and financial planning contracts.

Chapter 11: Contingency Plan for Program Termination

Describes the process to be followed in the case of the Authority Program termination. By adopting the Implementation Plan, the Authority will have approved the general termination process. In the unexpected event that the Authority would terminate the Authority Program and return its customers to SCE service, the proposed process is designed to minimize the impacts on its customers and on SCE. The proposed termination plan follows the requirements set forth in SCE's tariff Rule 23 governing service to CCAs.

Notice would be provided to customers six months in advance that they will be transferred back to SCE. A second notice would be provided during the final sixty-days in advance of the transfer. The notice would describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one year of advance notice would be provided to SCE and the CPUC before transferring customers, and the Authority would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers would be transferred *en masse* on the date of their regularly scheduled meter read date.

Appendix A: Authority Resolution to Adopt the Implementation Plan

Appendix B: Authority Joint Powers Agreement

Appendix C: City Enabling Ordinances for Joining Joint Power Agreement

FISCAL IMPACT

Not applicable

ATTACHMENTS

1. Orange County Power Authority Implementation Plan - DRAFT
2. Resolution

Orange County Power Authority

**COMMUNITY CHOICE AGGREGATION
IMPLEMENTATION PLAN AND STATEMENT
OF INTENT**

December 18, 2020

DRAFT

ATTACHMENT 1 to item 5

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Chapter 1 – Introduction

Orange County Power Authority (OCPA) is a public agency located within Orange County, formed for the purpose of implementing a community choice aggregation program (CCA). Member Agencies of the OCPA includes five (5) cities all of which are municipalities located within Orange County, and together the “Members” or “Member Agencies,” have elected to allow OCPA to provide electric generation service within their respective jurisdictions. Currently, the following Member Agencies comprise OCPA:

- City of Buena Park
- City of Fullerton
- City of Huntington Beach
- City of Irvine
- City of Lake Forest

This Implementation Plan and Statement of Intent (“Implementation Plan”) describes OCPA’s plans to implement a CCA program for applicable electric customers within the jurisdictional boundaries of the County that currently take bundled electric service from Southern California Edison (“SCE”). The OCPA Program will provide electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over SCE’s transmission and distribution system. The planned start date for the Program is April 1, 2022. All current SCE customers within OCPA’s service area will receive information describing the CCA Program and will have multiple opportunities to choose to remain full requirement (“bundled”) customers of SCE, in which case they will not be enrolled. Thus, participation in the OCPA Program is completely voluntary; however, customers, as provided by law, will be automatically enrolled according to the anticipated phase-in schedule later described in Chapter 5 unless they affirmatively elect to opt-out.

Implementation of OCPA will enable customers within OCPA’s service area to take advantage of the opportunities granted by Assembly Bill 117 (“AB 117”), the Community Choice Aggregation Law. OCPA’s primary objectives in implementing this Program are to provide cost competitive electric services; promote economic development, reduce electric sector greenhouse gas emissions (“GHGs”) within the County; stimulate renewable energy development; implement distributed energy resources; promote energy efficiency and demand reduction programs; and sustain long-term rate stability for residents and businesses through local control. The prospective benefits to consumers include stable and competitive electric rates, increased renewable and other low-GHG emitting energy supplies, and the opportunity for public participation in determining which technologies are utilized to meet local electricity needs.

To ensure successful operation of the Program, OCPA will solicit energy suppliers and marketers through a competitive process and will negotiate with one or more qualified suppliers throughout the summer and fall of 2021. Final selection of OCPA’s initial energy supplier(s) will be made by OCPA following administration of the aforementioned solicitation process and related contract

negotiations. Information regarding the anticipated solicitation process for OCPA's initial energy services provider(s) is contained in Chapter 10.

The California Public Utilities Code provides the relevant legal authority for OCPA to become a Community Choice Aggregator and invests the California Public Utilities Commission ("CPUC" or "Commission") with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through the OCPA Program. The CPUC also has the responsibility for registering OCPA as a Community Choice Aggregator and ensuring compliance with basic consumer protection rules. The Public Utilities Code requires that an Implementation Plan be adopted at a duly noticed public hearing and that it be filed with the Commission in order for the Commission to determine the cost recovery mechanism to be paid by customers of the Program in order to prevent shifting of costs to bundled customers of the incumbent utility.

On December 22, 2020, at a duly noticed public hearing, the OCPA Board considered and adopted this Implementation Plan, through Resolution 2020-05 (a copy of which is included as part of Appendix A). The Commission has established the methodology that will be used to determine the cost recovery mechanism, and SCE has approved tariffs for imposition of the cost recovery mechanism. Finally, each of OCPA's Members has adopted an ordinance to implement a CCA program through its participation in OCPA, and each of the Members has adopted a resolution permitting OCPA to provide service within its jurisdiction.¹ With each of these milestones accomplished, OCPA submits this Implementation Plan to the CPUC. Following the CPUC's certification of its receipt of this Implementation Plan and resolution of any outstanding issues, OCPA will take the final steps needed to register as a CCA prior to initiating the customer notification and enrollment process.

Organization of this Implementation Plan

The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by Public Utilities Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation and provides OCPA's statement of intent for implementing a CCA program that includes all of the following:

- Universal access;
- Reliability;
- Equitable treatment of all customer classes; and
- Any requirements established by State law or by the CPUC concerning aggregated service.

¹ Copies of individual ordinances adopted by the OCPA Members are included within Appendix A.

The remainder of this Implementation Plan is organized as follows:

- Chapter 2: Aggregation Process
- Chapter 3: Organizational Structure
- Chapter 4: Startup Plan & Funding
- Chapter 5: Program Phase-In
- Chapter 6: Load Forecast & Resource Plan
- Chapter 7: Financial Plan
- Chapter 8: Rate setting
- Chapter 9: Customer Rights and Responsibilities
- Chapter 10: Procurement Process
- Chapter 11: Contingency Plan for Program Termination
- Appendix A: OCPA Resolution to Adopt the Implementation Plan
- Appendix B: OCPA Joint Powers Agreement
- Appendix C: City Enabling Ordinances for Joining JPA

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in the following table.

AB 117 Cross References

AB 117 REQUIREMENT	IMPLEMENTATION PLAN CHAPTER
Statement of Intent	Chapter 1: Introduction
Process and consequences of aggregation	Chapter 2: Aggregation Process
Organizational structure of the program, its operations and funding	Chapter 3: Organizational Structure Chapter 4: Startup Plan & Funding Chapter 7: Financial Plan
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Rate setting
Rate setting and other costs to participants	Chapter 8: Rate setting Chapter 9: Customer Rights and Responsibilities
Participant rights and responsibilities	Chapter 9: Customer Rights and Responsibilities
Methods for entering and terminating agreements with other entities	Chapter 10: Procurement Process
Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities	Chapter 10: Procurement Process
Termination of the program	Chapter 11: Contingency Plan for Program Termination

Chapter 2 - Aggregation Process

Introduction

This chapter describes the background leading to the development of this Implementation Plan and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

Beginning in 2018, the City of Irvine began investigating formation of a CCA, pursuant to California state law, with the following objectives: 1) provide cost-competitive electric services; 2) promote local economic development; 3) reduce greenhouse gas emissions related to the use of electric power within the County; and 4) increase the use of renewable energy resources relative to the incumbent utility. A technical feasibility study for a CCA Program serving the City was completed County in January 2020.

After nearly 11 months of collaborative work by representatives of the Member Agency city governments plus independent consultants, local experts and stakeholders, OCPA was formed in November 2020 for purposes of implementing the OCPA Program. Subsequently, OCPA approved this Implementation Plan through a duly noted public hearing, complying with the standards stated in California Public Utilities Code Section 366.2. OCPA is continuing discussions with additional Cities regarding membership in the JPA. This Implementation Plan will be updated if and when additional Cities become partners in OCPA.

The OCPA Program represents a culmination of planning efforts that are responsive to the expressed needs and priorities of the citizenry and business community within the Member Agencies. OCPA plans to offer choices to eligible customers through the creation of innovative programs for voluntary purchases of renewable energy, net energy metering to promote customer-owned renewable generation, energy efficiency, demand responsiveness to promote reductions in peak demand, distributed energy generation, customized pricing options for large energy users, and support of local renewable energy projects through offering of a standardized power purchasing agreement or Feed-In Tariff. The analysis contained in this Plan does not include non-residential direct access customers as it is assumed that customers taking direct access service from a competitive electricity provider will continue to remain with their current supplier.

Process of Aggregation

Before they are enrolled in the Program, prospective OCPA customers will receive two written notices in the mail from OCPA that will provide information needed to understand the Program's terms and conditions of service and explain how customers can opt-out of the Program, if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date no later than thirty days following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. Non-residential Direct Access and Standby customers will not be

automatically enrolled. The initial enrollment notices will be provided to the first phase of customers in November 2021. Initial enrollment notices will be provided to subsequent customer phases consistent with statutory requirements and based on schedule(s) determined by OCPA. These notices will be sent to customers in subsequent phases twice within 60 days of automatic enrollment.

Customers enrolled in the OCPA Program will continue to have their electric meters read and to be billed for electric service by the distribution utility (SCE). The electric bill for Program customers will show separate charges for generation procured by OCPA as well as other charges related to electricity delivery and other utility charges assessed by SCE.

After service initiation, customers will have approximately 60 days (two billing cycles) to opt-out of the OCPA Program without penalty and return to the distribution utility (SCE). OCPA customers will be advised of these opportunities via the distribution of two additional enrollment notices provided within the first two months of service. Customers that opt-out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for Program charges for the time they were served by OCPA but will not otherwise be subject to any penalty for leaving the program. Customers that have not opted-out within thirty days of the fourth enrollment notice will be deemed to have elected to become a participant in the OCPA Program and to have agreed to the OCPA Program's terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 9.

Consequences of Aggregation

Rate Impacts

OCPA customers will pay the generation charges set by OCPA and no longer pay the costs of SCE generation. Customers enrolled in the Program will be subject to the Program's terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

OCPA's rate setting policies described in Chapter 8 establish a goal of providing rates that are competitive with the projected generation rates offered by the incumbent distribution utility (SCE). OCPA will establish rates sufficient to recover all costs related to operation of the Program, and actual rates will be adopted by OCPA's Board.

Initial OCPA Program rates will be established following approval of OCPA's inaugural program budget, reflecting final costs from the OCPA Program's energy supplier(s). OCPA's rate policies and procedures are detailed in Chapter 8. Information regarding final OCPA Program rates will be disclosed along with other terms and conditions of service in the pre-enrollment and post-enrollment notices sent to potential customers.

Once OCPA gives definitive notice to SCE that it will commence service, OCPA customers will generally not be responsible for costs associated with SCE's future electricity procurement contracts or power plant investments. Certain pre-existing generation costs and new generation costs that are deemed to provide system-wide benefits will continue to be charged by SCE to CCA

customers through separate rate components, called the Cost Responsibility Surcharge and the New System Generation Charge. These charges are shown in SCE's electric service tariffs, which can be accessed from the utility's website, and the costs are included in charges paid by both SCE bundled customers as well as CCA and Direct Access customers.²

Local Economic Development Impacts

The indirect effects of creating a OCPA includes the effects of increased commerce, and disposable income. The technical feasibility study completed for Orange County included an input-output (IO) analysis that analyzed indirect effects of implementing a CCA. The IO model turns on the assumption that forming a CCA will lead to lower energy rates for their customers. Three types of impacts are analyzed in the IO model. These are described below.

Local Investment – OCPA may choose to implement programs to incentivize investments in local distributed energy resources (DER). Participants in OCPA may pursue local clean DER. These resources can be behind the meter or community projects where several customers participate in a centrally located project (e.g. "community solar"). This demand for local renewable resources will lead to an increase in the manufacturing and installation of DER, and lead to an increase in employment in the related manufacturing and construction sectors.

Increased Disposable Income – OCPA retail rates may be lower than SCE rates creating more disposable income for individuals and greater revenues for businesses. These cost savings could then lead to more investment by individuals and businesses for personal or business purposes. This increase in spending could result in increased employment for multiple sectors such as retail, construction, and manufacturing.

Environmental and Health Impacts – With the creation of a CCA, such as OCPA, other non-commerce indirect effects will occur. These may be environmental, such as improved air quality or improved human health due to the CCA potentially utilizing more renewable energy sources versus continuing use of traditional energy sources which may have a greater GHG footprint.

Renewable Energy Impacts

A second consequence of the Program will be a likely increase in the proportion of energy generated and supplied by renewable resources. The resource plan includes procurement of renewable energy sufficient to meet California's prevailing renewable energy procurement mandate for all enrolled customers. OCPA customers will also have the opportunity to participate in a 100 percent renewable supply option. To the extent that customers choose 100 percent renewable energy option, the renewable content of OCPA's aggregate supply portfolio will further increase. Initially, requisite renewable energy supply will be sourced through one or more power purchase agreements. Over time, however, OCPA will likely consider independent development of new local renewable generation resources. OCPA seeks to establish a resource portfolio that encourages the use and development of cost-effective local renewable and distributed energy resources.

² For SCE bundled service customers, the Power Charge Indifference Adjustment element of the Cost Responsibility Surcharge is contained within the tariffed Generation rate. Other elements of the Cost Responsibility Surcharge are set forth in SCE's tariffs as separate rates/charges paid by all customers (with limited exceptions).

Energy Efficiency Impacts

A third consequence of the Program will be an anticipated increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by the distribution utility are not expected to change as a result of OCPA Program implementation. OCPA customers will continue to pay the public benefits surcharges to the distribution utility, which will fund energy efficiency programs for all customers, regardless of generation supplier.

The energy efficiency investments ultimately planned for the OCPA Program, as described in Chapter 6, will follow OCPA's successful application for and administration of requisite program funding (from the CPUC) to independently administer energy efficiency programs within its jurisdiction. Such programs will be in addition to the level of investment that would continue in the absence of OCPA-administered energy efficiency programs. Thus, the OCPA Program has the potential for increased energy savings and a further reduction in emissions due to expanded energy efficiency programs.

Chapter 3 – Organizational Structure

This section provides an overview of the organizational structure of OCPA and its proposed implementation of the CCA program. Specifically, the key agreements, governance, management, and organizational functions of OCPA are outlined and discussed below.

Organizational Overview

On November 20, 2020, OCPA formed its Board of Directors to serve as its Governing Board. The Board is responsible for establishing OCPA Program policies and objectives and overseeing OCPA's operation. On December 16, 2020, the Board appointed an Interim Executive Director to manage the operation of OCPA in accordance with policies adopted by the Board. When OCPA receives CPUC certification, the Executive Director will proceed to appoint staff and contractors to manage OCPA's activities. These activities include support services (administration, finance and IT), marketing and public affairs (community outreach, key account management and customer advocacy), supply acquisition (energy trading, contract negotiation and system development), and legal and government affairs.

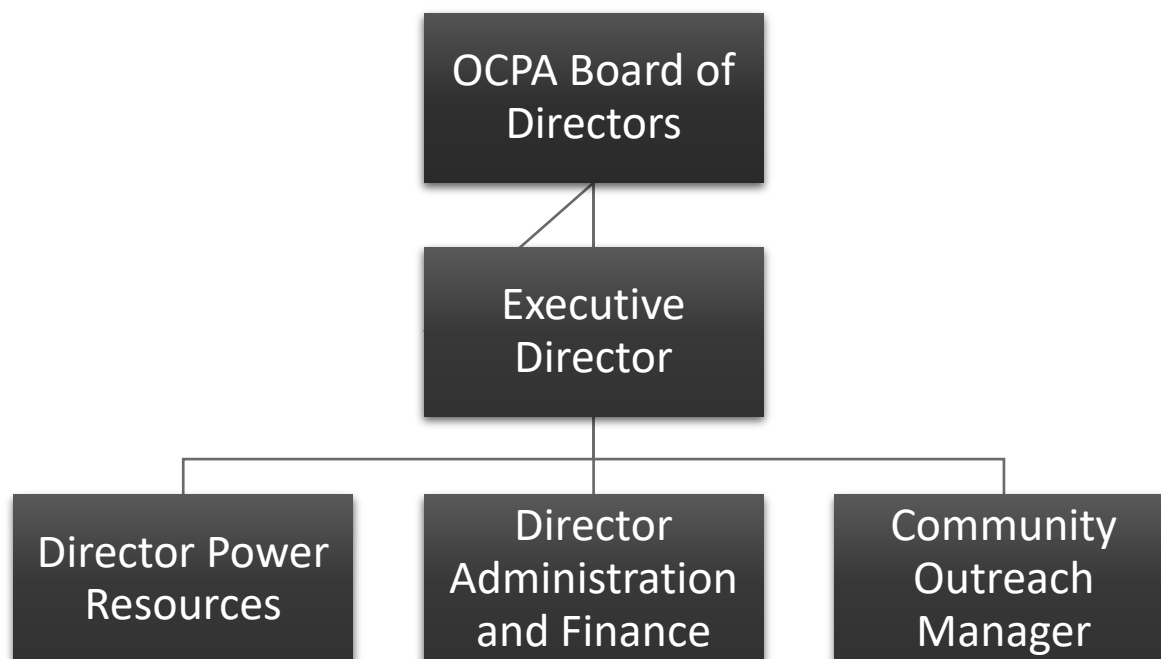
Governance

The OCPA Program will be governed by OCPA's Board, which shall include two appointed designees from the City of Irvine (initially) and one appointed designee for each of the other Members. OCPA is a joint powers agency created on November 20, 2020 and formed under California law. The Members of OCPA include five (5) municipalities located within Orange County, all of which have elected to allow OCPA to provide electric generation service within their respective jurisdictions. OCPA's Board will be comprised of representatives appointed by each of the Members in accordance with the JPA agreement with the exception of the City of Irvine, who will appoint two directors until start-up funds are repaid. The OCPA Program will ultimately be operated under the direction of an executive director appointed by the Board, with legal and regulatory support provided by a Board appointed General Counsel.

The Board's primary duties are to establish program policies, approve rates and provide policy direction to the Executive Director, who has general responsibility for program operations, consistent with the policies established by the Board. The Board has elected a Chairman and Vice Chairman and may establish an Executive Committee, Finance Committee, and Community Advisory Committee. In the future, the Board may also establish other committees and sub-committees, as needed, to address issues that require greater expertise in particular areas. OCPA may also form various standing and ad hoc committees, as appropriate, which would have responsibility for evaluating various issues that may affect OCPA and its customers and would provide analytical support and recommendations to the Board in these regards.

Management

The OCPA Board of Directors has appointed an Interim Executive Director, who has management responsibilities over functional areas of Administration & Finance, Marketing & Public Affairs, Power Resources & Energy Programs, and Government Affairs as well as OCPA's General Counsel. In performing the obligations to OCPA, the Executive Director may utilize a combination of internal staff and/or contractors. Certain specialized functions needed for program operations, namely the electric supply and customer account management functions described below, may be performed initially by third-party contractors. The organization chart below illustrates the management structure proposed for OCPA.



Major functions of OCPA that will be managed by the Executive Director are summarized below. Some of these functions will, at least initially, be fulfilled by outside consultants.

Administration

OCPA's Executive Director is responsible for managing the organization's human resources and administrative functions and will coordinate with the OCPA Board, as necessary, with regard to these functions. The functional area of administration will include oversight of employee hiring and termination, compensation and benefits management, identification and procurement of requisite office space and various other issues.

Finance

The Executive Director is also responsible for managing the financial affairs of OCPA, including the development of an annual budget, revenue requirement and rates; managing and maintaining cash flow requirements; arranging potential bridge loans as necessary; and other financial tools.

Revenues via rates and other funding sources (such as a rate stabilization fund, when necessary) must, at a minimum, meet the annual budgetary revenue requirement, including recovery of all expenses and any reserves or coverage requirements set forth in bond covenants or other agreements. OCPA will have the flexibility to consider rate adjustments within certain ranges, administer a standardized set of electric rates, and may offer optional rates to encourage policy goals such as economic development or low-income support programs, provided that the overall revenue requirement is achieved.

OCPA may also offer customized pricing options such as dynamic pricing or contract-based pricing for energy intensive customers to help these customers gain greater control over their energy costs. This would provide such customers – mostly larger energy users within the commercial sector – with greater rate-related flexibility than what is currently available.

OCPA's finance function will be responsible for arranging financing necessary for any capital projects, preparing financial reports, and ensuring sufficient cash flow for successful operation of the OCPA Program. The finance function will play an important role in risk management by monitoring the credit of energy suppliers so that credit risk is properly understood and mitigated. In the event that changes in a supplier's financial condition and/or credit rating are identified, OCPA will be able to take appropriate action, as would be provided for in the electric supply agreement(s).

Marketing & Public Affairs

The marketing and public affairs functions include general program marketing and communications as well as direct customer interface ranging from management of key account relationships to call center and billing operations. OCPA will conduct program marketing to raise consumer awareness of the OCPA Program and to establish the OCPA "brand" in the minds of the public, with the goal of retaining and attracting as many customers as possible into the OCPA Program. Outgoing communications will also promote OCPA's customer programs. Additionally, OCPA will communicate with key policy makers at the State and local level, community business and opinion leaders, and the media.

In addition to general program communications and marketing, a significant focus on customer service, particularly representation for key accounts, will enhance OCPA's ability to differentiate itself as a highly customer-focused organization that is responsive to the needs of the community. OCPA will also establish a customer call center designed to field customer inquiries and routine interaction with customer accounts.

The customer service function also encompasses management of customer data. Customer data management services include retail settlements/billing-related activities and management of a customer database. This function processes customer service requests and administers customer enrollments and departures from the OCPA Program, maintaining a

current database of enrolled customers. This function coordinates the issuance of monthly bills through the distribution utility's billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data with the distribution utility and OCPA, tracking of customer payments and accounts receivable, issuance of late payment and/or service termination notices (which would return affected customers to bundled service), and administration of customer deposits in accordance with credit policies of OCPA.

The customer data management services function also manages billing-related communications with customers, customer call centers, and routine customer notices. OCPA will initially contract with a third party that has demonstrated the necessary experience and administers an appropriate customer information system to perform the customer account and billing services functions.

Power Resources & Energy Programs

OCPA must plan for meeting the electricity needs of its customers utilizing resources consistent with its policy goals and objectives as well as applicable legislative or regulatory mandates. OCPA's long-term resource plans (addressing the 10 to 20-year planning horizon) will comply with California Law and other pertinent requirements of California regulatory bodies. OCPA may develop and administer complementary energy programs that may be offered to OCPA customers, including green pricing, energy efficiency, net energy metering, feed-in-tariff or local resource portfolios, and various other programs that may be identified to support the overarching goals and objectives of OCPA.

OCPA will develop integrated resource plans that meet program supply objectives and balance cost, risk and environmental considerations. Integrated resource plans are planning documents used by electric utilities to produce least cost resource planning by looking at both supply-side (solar, natural gas) and demand-side (energy efficiency) resources. Such integrated resource plans will also conform to applicable requirements imposed by the State of California. Integrated resource planning efforts by OCPA will make maximum use of demand side energy efficiency, distributed generation and demand response programs as well as traditional supply options which rely on structured wholesale transactions to meet customer energy requirements. Integrated resource plans will be updated and adopted by OCPA on an annual basis.

Electric Supply Operations

Electric supply operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These highly specialized activities include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of Program customers.
- *Risk Management* – application of standard industry techniques to reduce exposure to the

volatility of energy and credit markets and insulate customer rates from sudden changes in wholesale market prices.

- *Load Forecasting* – develop load forecasts, both long-term for resource planning and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.
- *Scheduling Coordination* – scheduling and settling electric supply transactions with the CAISO.

OCPA will initially contract with one or more experienced and financially sound third-party energy services providers to perform all electric supply operations for the OCPA Program. These requirements include the procurement of energy, capacity and ancillary services, scheduling coordinator services, short-term load forecasting and day-ahead and real-time electricity trading.

Local Energy Programs

A key focus of the OCPA Program will be the development and implementation of local energy programs, including energy efficiency programs, distributed generation programs (i.e. behind the meter solar or community projects), and other energy programs responsive to community interests. These programs are likely to be phased in during the first several years of operations. The implementation of such programs will follow the identification of requisite funding sources.

OCPA will eventually administer energy efficiency, demand response and distributed generation programs that can be used as cost-effective alternatives to procurement of supply-resources. OCPA will attempt to consolidate existing demand side programs into this organization and leverage the structure to expand energy efficiency offerings to customers throughout its service territory, including the CPUC application process for third party administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by OCPA customers.

Governmental Affairs & General Counsel

The OCPA Program will require ongoing regulatory and legislative representation to manage various regulatory compliance filings related to resource plans, resource adequacy, compliance with California's Renewables Portfolio Standard ("RPS"), and overall representation on issues that will impact OCPA, its Members and customers. OCPA will maintain an active role at the CPUC, the California Energy Commission, the California Independent System Operator, the California legislature and, as necessary, the Federal Energy Regulatory Commission.

In coordination with the Executive Director and Board of Directors, OCPA has retained outside legal counsel in the areas of general counsel and regulatory advice/engagement to support OCPA's administrative operations and governance, review contracts, monitor regulatory

proceedings and provide overall legal support related to the various activities of OCPA.

Chapter 4 – Startup Plan & Funding

This Chapter presents OCPA's plans for the start-up period, including necessary expenses and capital outlays. The start-up period is defined as the period where OCPA requires financing for implementation. The start-up period is split into pre-launch and post-launch expenses. The pre-launch period is estimated to start January 1, 2021 and end on March 31, 2022 when OCPA plans to begin service to customers. Pre-launch expenses include overhead and notification for program implementation. Post launch financing includes working capital and annual debt repayment. As described in the previous Chapter, OCPA may utilize a mix of staff and contractors in its CCA Program implementation.

Startup Activities

The initial program startup activities include the following:

- Hire staff and/or contractors to manage implementation
- Identify qualified suppliers (of requisite energy products and related services) and negotiate supplier contracts
 - Electric supplier and scheduling coordinator
 - Data management provider (if separate from energy supply)
 - Define and execute communications plan
 - Customer research/information gathering
- Media campaign
 - Key customer/stakeholder outreach
 - Informational materials and customer notices
- Customer call center
- Post CCA bond and complete requisite registration requirements
- Pay utility service initiation, notification and switching fees
- Perform customer notification, opt-out and transfers
- Conduct load forecasting
- Establish rates
- Legal and regulatory support
- Financial management and reporting

Other costs related to starting up the OCPA Program will be the responsibility of the OCPA Program's contractors (and are assumed to be covered by any fees/charges imposed by such contractors). These may include capital requirements needed for collateral/credit support for electric supply expenses, customer information system costs, electronic data exchange system costs, call center costs, and billing administration/settlements systems costs.

Staffing and Contract Services

Personnel in the form of OCPA staff or contractors will be added incrementally to match workloads involved in forming the new organization, managing contracts, and initiating customer outreach/marketing during the pre-operations period. During the startup period, minimal personnel requirements would include an Executive Director, a General Counsel, and other personnel needed to support regulatory, procurement, finance and communications activities.

For budgetary purposes, it is assumed that 5 to 10 full-time equivalents (staff or contracted professional services) supporting the above listed activities would be engaged during the initial start-up period. Following this period, additional staff and/or contractors may be retained, as needed, to support the roll-out of additional value-added services (e.g., efficiency projects) and local generation projects and programs.

Capital Requirements

The start-up of the CCA Program will require capital for three major functions: (1) staffing and contractor costs; (2) deposits and reserves; and (3) working capital. Based on OCPA's anticipated start-up activities and phase-in schedule, a total need of \$15.5 million has been identified to support the aforementioned functions. The finance plan in Chapter 7 provides some additional detail regarding OCPA's expected capital requirements and general Program finances.

Related to OCPA's initial capital requirement, this amount is expected to cover staffing and contractor costs during startup and pre-startup activities, including direct costs related to public relations support, technical support, and customer communications. Requisite deposits and operating reserves of \$13 million are reflected in the initial capital requirement, including the following items: 1) operating reserves to address anticipated cash flow variations (as well as operating reserve deposits that will likely be required by OCPA's power supplier(s)); 2) requisite deposit with the California Independent System Operator prior to commencing market operations; and 3) SCE financial security requirement (\$147,000). In addition, the CCA bond posted to the CPUC (\$100,000) is included in the total capital requirements of \$13 million.

Operating revenues from sales of electricity will be remitted to OCPA beginning approximately sixty days after the initial customer enrollments. This lag is due to the distribution utility's standard meter reading cycle of 30 days and a 30-day payment/collections cycle. OCPA will need working capital to support electricity procurement and costs related to program management, which is included in OCPA's initial capital requirements.

Financing Plan

OCPA's initial capital requirement will be provided via a combination of cash contributions from the Member Agencies and loans from conventional financial institutes. These loans will be repaid by OCPA no later than June 30, 2027. OCPA will recover the principal and interest costs associated with the start-up funding via retail generation rates charged to OCPA customers.

Chapter 5 – Program Phase-In

OCPA will roll out its service offering to customers over the course of three phases:

Phase 1. All Non-Residential Accounts (April 1, 2022)

Phase 2. Residential Accounts (October 1, 2022)

Phase 3. Net Energy Metering Accounts (Various)

This approach provides OCPA with the ability to initiate its program with sufficient economic scale before building to full program integration for an expected customer base of approximately 288,963 accounts, post customer opt-out. OCPA will offer service to all customers on a phased basis, which is expected to be completed within 24 months of initial service to Phase 1 customers.

The Program is targeted to begin on or about April 1, 2022, subject to a decision to proceed by OCPA. At start-up, OCPA anticipates serving approximately 35,742 larger customer accounts, comprised of all non-residential accounts within Member Agency jurisdictions. Depending on final wholesale power prices, the balance of the OCPA customers will be launched in October 2022. Net energy metering accounts will be phased into OCPA at the time of their annual true-up.

ADDITIONAL MEMBERS ROLL-OUT

Cities can join OCPA at any time they decide to join. This leaves room for OCPA to expand its territory. On a regular basis, an updated Plan will be submitted to the CPUC, if any new members join the Program, however, load will not be served until the next year, in accordance with the Resource Adequacy Proceeding and Resolution E-4907. Prior to submitting an updated Plan, OCPA will work with SCE on the timeline to begin service and will provide notification to the CPUC staff that an update will be submitted.

NEW RESIDENTIAL AND NON-RESIDENTIAL CUSTOMERS

For any new customers moving into the OCPA service territory after it has begun servicing load, OCPA intends to provide service to all customer classes (i.e., Residential, Commercial, and NEM customers) during one billing cycle. However, if a customer moves into the OCPA region prior to April 1, enrollment, OCPA will begin to service the load-based timeline stated above.

Chapter 6 – Load Forecast & Resource Plan

Introduction

This chapter describes the planned mix of electric resources that will meet the energy demands of OCPA customers using a diversified portfolio of electricity supplies. Several overarching policies govern the resource plan and the ensuing resource procurement activities that will be conducted in accordance with the plan. These key policies are as follows:

- OCPA will manage a diverse resource portfolio to increase control over energy costs and maintain competitive and stable electric rates.
- OCPA will likely seek to increase use of renewable energy resources and distributed energy resources in order to reduce reliance on fossil-fueled electric generation for purposes of reducing electric sector GHG emissions.
- OCPA will likely apply for the administration of energy efficiency program funding to help customers reduce energy costs through administration of enhanced customer energy efficiency, distributed generation, and other demand reducing programs.
- OCPA will benefit the area's economy through lower electric bills and investment in local infrastructure, energy projects and energy programs.

OCPA's initial resource mix will include a proportion of renewable energy meeting California's prevailing RPS procurement mandate. As the OCPA Program moves forward, incremental renewable supply additions will be made based on resource availability as well as economic goals of the OCPA Program to achieve increased renewable energy content over time.

OCPA's commitment to renewable generation adoption may involve both direct investment in new renewable generating resources, partnerships with experienced public power developers/operators and purchases of renewable energy from third party suppliers.

The plan described in this section would accomplish the following:

- Procure energy through one or more contracts with experienced, financially stable energy suppliers sufficient to offer three distinct generation rate tariffs: 1) 100 percent renewable energy; 2) 50 percent renewable energy; and 3) a program service option that includes a proportion of renewable energy meeting California's prevailing renewable energy procurement mandate.
- Member agencies will choose the default option into which their customers will be enrolled when service begins. After enrollment, customers will be allowed to participate in any of the three available energy supply options.
- Continue increasing renewable energy supplies over time to meet or exceed state mandates, subject to resource availability and economic viability.
- Actively pursue energy efficiency projects and programs using program revenues, in collaboration with the other efficiency program administrators in the region.

Additionally, if OCPA is successful in applying for administration of public funding to support locally administered efficiency programs, it will even more robustly work to reduce net electricity purchases within the region.

- Encourage distributed renewable generation in the local area through the offering of a net energy metering tariff, a possible standardized power purchase agreement or “Feed-In Tariff,” and other creative, customer-focused programs targeting increased access to local renewable energy sources.

OCPA will comply with regulatory rules applicable to California load serving entities. OCPA will arrange for the scheduling of sufficient electric supplies to meet the demands of its customers. OCPA will adhere to capacity reserve requirements established by the CPUC and the CAISO designed to address uncertainty in load forecasts and potential supply disruptions caused by generator outages and/or transmission contingencies. These rules also ensure that physical generation capacity is in place to serve OCPA’s customers, even if there were a need for the OCPA Program to cease operations and return customers to SCE. In addition, OCPA will be responsible for ensuring that its resource mix contains sufficient production from renewable energy resources needed to comply with the statewide RPS (33 percent renewable energy by 2020, increasing to 60 percent by 2030). The OCPA resource plan will meet or exceed all of the applicable regulatory requirements related to resource adequacy and the RPS.

Resource Plan Overview

To meet the aforementioned objectives and satisfy the applicable regulatory requirements pertaining to OCPA’s status as a California load serving entity, OCPA’s resource plan includes a diverse mix of power purchases, renewable energy, distributed energy, new energy efficiency programs, demand response and distributed generation. A diversified resource plan minimizes risk and volatility that can occur from overreliance on a single resource type or fuel source, and thus increases the likelihood of rate stability. The ultimate goal of OCPA’s resource plan is to reduce electric sector GHG emissions while offering competitive generation rates to participating customers. The planned power supply is initially comprised of power purchases from third party electric suppliers and, in the longer-term, may also include renewable generation assets owned or controlled by OCPA.

Once the OCPA Program demonstrates it can operate successfully, OCPA may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements, financial constraints and regulatory considerations. Any renewable generation owned by OCPA, or controlled under long-term power purchase agreement with a power developer, could provide a portion of OCPA’s electricity requirements on a cost-of-service basis. A cost-of-service basis means that the cost of power is based on the variable cost to operate the generation asset. Depending upon market conditions and, importantly, the applicability of tax incentives for renewable energy development, electricity purchased under a cost-of-service arrangement can be more cost-effective than purchasing

renewable energy from third party developers, which will allow the OCPA Program to pass on cost savings to its customers through competitive generation rates. Any investment decisions will be made following thorough environmental reviews and in consultation with qualified financial and legal advisors.

As an alternative to direct investment, OCPA may consider partnering with an experienced power developer and could enter into a long-term (20-to-30 year) power purchase agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to reduce the OCPA Program's operational risk associated with capacity ownership while providing its customers with all renewable energy generated by the facility under contract. This option may be attractive to OCPA as it works to achieve increasing levels of renewable energy supply and competitive rate levels for its customers.

OCPA's resource plan will integrate supply-side resources (solar, natural gas etc.) with programs that will help customers reduce their energy costs through improved energy efficiency and other demand-side measures. As part of its integrated resource plan, OCPA will actively pursue, promote and ultimately administer a variety of customer energy efficiency programs that can cost-effectively displace supply-side resources.

OCPA's indicative resource plan for the years 2022 through 2031 is summarized in the following table. Note that OCPA's projections reflect a portfolio mix of 36% renewable resources and 64% conventional resources. Subject to the availability of funds, a sizable percentage of the conventional resources reflected in the following table will be replaced with GHG-free resources.

Table 1
Orange County Power Authority
Proposed Resource Plan (GWh)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
OCA Demand (GWh)										
Retail Demand	2,399	4,124	4,150	4,175	4,201	4,228	4,254	4,280	4,307	4,334
Distributed Generation	0	0	0	0	0	0	0	0	0	0
Energy Efficiency	0	0	0	0	0	0	0	0	0	0
Losses and UFE	134	231	232	234	235	237	238	240	241	243
TOTAL DEMAND	2,533	4,355	4,382	4,409	4,437	4,464	4,492	4,520	4,548	4,576
OCA Supply (GWh)										
Total Renewable Resources	864	1,608	1,660	1,879	2,101	2,198	2,340	2,483	2,584	2,600
Total Conventional Resources	1,670	2,746	2,722	2,530	2,336	2,266	2,152	2,037	1,964	1,976
TOTAL SUPPLY	2,533	4,355	4,382	4,409	4,437	4,464	4,492	4,520	4,548	4,576
Energy Open Position	0	0	0	0	0	0	0	0	0	0

Supply Requirements

OCPA power supply requirements are developed based on the customer and consumption data provided by SCE for the Member Agencies. Program participation rates are applied such that 95% of residential and 90% of non-residential customers are included in the load forecast. Hourly load profiles, developed by SCE, are applied to customer rate classes and summed up to develop OCPA system loads by month and hour. The electric sales forecast and load profile will be affected by OCPA's plan to introduce the OCPA Program to customers in phases, and the degree to which customers choose to remain with SCE during the customer enrollment and opt-out periods. OCPA's phased roll-out plan and assumptions regarding customer participation rates are discussed below.

Customer Participation Rates

Customers will be automatically enrolled in the OCPA Program unless they opt-out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. For all phases, OCPA anticipates a 90-95% participation of SCE bundled service customers, based on reported opt-out rates for the Clean Power Alliance, Western Community Energy, Sonoma Clean Power and Lancaster Choice Energy CCA programs plus the increase in the cap on Direct Access service. It is assumed that new and existing non-residential Direct Access (DA) customers will continue to remain with their current electricity supplier.

The participation rate is not expected to vary significantly among customer classes, in part due

to the fact that OCPA will offer three distinct rate tariffs that will address the needs of cost-sensitive customers as well as the needs of both residential and business customers that prefer a highly renewable energy product. The assumed participation rates will be refined as OCPA's public outreach and market research efforts continue to develop.

Customer Forecast

Once customers enroll in each phase, they will be switched over to service by OCPA on their regularly scheduled meter read date over an approximately thirty-day period. Approximately 700 service accounts per day will be switched over during the first month of service. The estimated number of accounts by rate class is shown in Table 2 below.

Table 2
Orange County Power Authority
Eligible Retail Service Accounts
Not Adjusted for Participation Rates

OCPA Customers	Phase 1 Eligible Accounts	Phase 2 Eligible Accounts
Residential	--	271,260
Small Commercial	32,138	32,138
Medium Commercial	5,755	5,755
Large Commercial	461	461
Industrial	191	191
Street Lighting & Traffic	3,635	3,635
Agricultural & Pumping	397	397
Total	42,576	313,836

OCPA assumes that customer growth will generally offset customer attrition (opt-outs) over time, resulting in a relatively stable customer base (0.6% annual growth) over the noted planning horizon. OCPA believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the historical customer growth within Orange County and the potential for continuing customer opt-outs following mandatory customer notification periods. The forecast of service accounts (customers) served by OCPA for each of the next ten years is shown in the following table:

Table 3
Orange County Power Authority
Retail Service Accounts (End of Year)

OCPA Customers	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Residential	261,000	262,618	264,246	265,885	267,533	269,192	270,861	272,540	274,230	275,930
Small Commercial	29,000	29,180	29,361	29,543	29,726	29,910	30,096	30,282	30,470	30,659
Medium Commercial	5,000	5,031	5,062	5,094	5,125	5,157	5,189	5,221	5,253	5,286
Large Commercial	378	380	383	385	387	390	392	395	397	400
Industrial	159	160	161	162	163	164	165	166	167	168
Street Lighting & Traffic	3,000	3,019	3,037	3,056	3,075	3,094	3,113	3,133	3,152	3,172
Agricultural & Pumping	341	343	345	347	350	352	354	356	358	361
Total	298,878	300,731	302,596	304,472	306,359	308,259	310,170	312,093	314,028	315,975

Sales Forecast

OCPA's forecast of GWh sales reflects the roll-out and customer enrollment schedule shown above. Annual energy requirements are shown below in GWh.

Table 4
Orange County Power Authority
Annual Energy Requirements (GWh) 2022 to 2031

OCPA Energy Requirement (GWh)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Retail Energy	2,399	4,124	4,150	4,175	4,201	4,228	4,254	4,280	4,307	4,334
Losses and UFE	134	231	232	234	235	237	238	240	241	243
Total Load Requirement	2,533	4,355	4,382	4,409	4,437	4,464	4,492	4,520	4,548	4,576

Capacity Requirements

The CPUC's resource adequacy standards applicable to the OCPA Program require a demonstration one year in advance that OCPA has secured physical capacity for 90 percent of its projected peak loads for each of the five months May through September, plus a minimum 15 percent reserve margin. On a month-ahead basis, OCPA must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin.

A portion of OCPA's capacity requirements must be procured locally, from the SCE area as defined by the CAISO. Local area resource needs will be defined by the CPUC annually based on the capacity study. A local resource for OCPA is likely to be located within the LA Basin area on the Figure below. Local resources ensure system reliability within areas that are not constrained by transmission capacity.

Figure 1 CAISO Local Capacity Area Map³



The local capacity requirement is a percentage of the total (SCE service area) local capacity requirements adopted by the CPUC based on OCPA's forecasted peak load. OCPA must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available.

OCPA is also required to demonstrate that a specified portion of its capacity meets certain operational flexibility requirements under the CPUC and CAISO's flexible resource adequacy framework. The estimated forward resource adequacy requirements for 2022 through 2024 are shown in the following tables.⁴

Table 5

³ CAISO. 2021 Local Capacity Area Technical Study Draft. October 24, 2019.

⁴ The figures shown are estimates. The OCPA's resource adequacy requirements will be subject to modification due to application of certain coincidence adjustments and resource allocations relating to utility demand response and energy efficiency programs, as well as generation capacity allocated through the Cost Allocation Mechanism. These adjustments are addressed through the CPUC's resource adequacy compliance process.

**Orange County Power Authority
Forward Capacity and Reserve Requirements (MW)**

2021 to 2023

Month	2022	2023	2024
January		641	645
February		565	549
March		590	594
April	384	565	568
May	417	613	617
June	425	625	629
July	484	748	752
August	485	777	782
September	404	683	688
October	663	667	671
November	555	558	562
December	624	628	632

OCPA's plan ensures that sufficient reserves will be procured to meet its peak load at all times. OCPA's projected annual capacity requirements are shown in the following table:

**Table 6
Orange County Power Authority
Capacity Requirements (MW)**

2022 to 2031

Demand (MW)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Retail Demand	628	736	740	745	750	754	759	763	768	772
Losses and UFE	35	41	41	42	42	42	42	43	43	43
Total Net Peak Demand	663	777	782	787	792	796	801	806	811	816
Reserve Requirement (%)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Capacity Reserve Requirement	99	117	117	118	119	119	120	121	122	122
Capacity Requirement Including Reserve	762	894	899	905	910	916	921	927	932	938

Local capacity requirements are a function of the SCE area resource adequacy (RA) requirements and OCPA's projected peak demand. OCPA will need to work with the CPUC's Energy Division and staff at the California Energy Commission to obtain the data necessary to calculate its monthly local capacity requirement. A preliminary estimate of OCPA's annual local capacity requirement for the ten-year planning period ranges from approximately 331 MW to 408 MW as shown in the following table:

Table 7
Orange County Power Authority
Estimated Local Capacity Requirements (MW)
2022 to 2031

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
OCPA Peak	663	777	782	787	792	796	801	806	811	816
Local Capacity Req. (% of Peak)	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
OCPA Local Capacity Req., Total	331	389	391	393	396	398	401	403	405	408

The CPUC assigns local capacity requirements during the year prior to the compliance period; thereafter, the CPUC provides local capacity requirement true-ups for the second half of each compliance year. Local capacity requirements apply to a three-year process where an LSE must show 100% local RA compliance for the first 2 years and 50% for the third year. The rules around RA requirements are being reviewed as part of the central procurement proceeding.

OCPA will coordinate with SCE and appropriate state agencies to manage the transition of responsibility for resource adequacy from SCE to OCPA during CCA program phase-in. For system resource adequacy requirements, OCPA will make month-ahead showings for each month that OCPA plans to serve load, and load migration issues would be addressed through the CPUC's approved procedures. OCPA will work with the California Energy Commission and CPUC prior to commencing service to customers to ensure it meets its local and system resource adequacy obligations through its agreement(s) with its chosen electric supplier(s).

Renewables Portfolio Standards Energy Requirements

Basic RPS Requirements

As a CCA, OCPA will be required by law and ensuing CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining OCPA's renewable energy requirements, the same standards for RPS compliance that are applicable to the distribution utilities are assumed to apply to OCPA.

California's RPS requires OCPA purchase a minimum of 60% renewable energy by 2030. OCPA will also adopt an integrated resource plan in compliance with SB 350. OCPA understands that various details related to this planning requirement are continuing to be developed, and OCPA intends to monitor and participate, as appropriate, in pertinent proceedings to promote the preparation and submittal of a responsive planning document. Furthermore, OCPA will ensure that all long-term renewable energy contracting requirements, as imposed by SB 350, will be satisfied through appropriate transactions with qualified suppliers and will also reflect this intent in ongoing resource planning and procurement efforts.

In September of 2018, Governor Brown signed into law SB 100, which calls for all electricity supplies in the State to be “carbon-free” by 2045. The legislation is important for all LSEs in that it tightens the RPS targets even from SB 350. While the PCC categorization has not been determined, the overall targets in SB 100 are as follows:

- 50% eligible renewable energy by 2026
- 60% eligible renewable by 2030
- 100% carbon free by 2045 (note “carbon-free” vs. “renewable”).

Table 8 summarizes the various California targets.

Table 8
California Renewable Portfolio Standards and Greenhouse Gas Mandates

Target Date:	2017	2020	2026	2030	2045
RPS Goal	20%	33%	50%	60%	100% ¹
Year Passed	2002 (SB 1078)	2011 (SB 21X)	2018 (SB 100)	2018 (SB 100)	2018 (SB 100)

¹ 100% carbon free, 60% renewable.

For the purposes of meeting the RPS, what qualifies a resource as renewable varies by the resource’s location and type of contract. Resources which have their first point of interconnection or are delivered directly to the California grid (Balancing Authorities within California) and are contracted for by the LSE as energy bundled with their renewable energy credits (RECs) qualify as Portfolio Content Category 1 (PCC1) resources. Resources which sell energy and RECs together but are not necessarily connected to the California grid and not delivered simultaneously (i.e. the energy may be “shaped” into flat blocks of power) qualify as PCC2 resources. RECs sold independently of the energy produced qualify as PCC3 resources. Current RPS mandates are provided in the table below.

OCPA’s Renewables Portfolio Standards Requirement

OCPA’s annual RPS procurement requirements, as specified under California’s RPS program, are shown in the table below. When reviewing this table, it is important to note that OCPA projects increases in energy efficiency savings as well as increases in locally situated distributed generation capacity, resulting in only a slight upward trend in projected retail electricity sales.

Table 9
Orange County Power Authority
RPS Requirements (GWh)
2022 to 2031

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Retail Sales	2,399	4,124	4,150	4,175	4,201	4,228	4,254	4,280	4,307	4,334
Renewable Energy Purchase	864	1,608	1,660	1,879	2,101	2,198	2,340	2,483	2,584	2,600
% of Current Year Retail Sales	36%	39%	40%	45%	50%	52%	55%	58%	60%	60%
65% Long-Term Contracts	561	1,045	1,079	1,221	1,365	1,429	1,521	1,614	1,680	1,690

Table 10 illustrates additional details for renewable procurement and long-term procurement. The table does not include an estimate for the minimum margin of procurement (MMOP) at this time. The MMOP is the amount by which OCPA will over-acquire renewable resources to hedge against the risk of underperformance. OCPA plans to revise and adopt an MMOP through the IRP process and to include an estimate in its RPS procurement plan. OCPA notes that existing CCAs vary in their assessment of MMOP. Some CCAs do not adopt a specific MMOP since their base power portfolio exceeds the RPS requirement. Others assess an MMOP varying from 2% to 10%. MMOP will be established through OCPA power procurement and risk policies.

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Table 10
OCA Renewable Procurement

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Net Retail Sales (MWh)	2,399,094	4,124,068	4,149,699	4,175,490	4,201,442	4,227,554	4,253,829	4,280,268	4,306,870	4,333,638
Annual Procurement Target (MWh)	863,674	1,608,386	1,659,880	1,878,971	2,100,721	2,198,328	2,339,606	2,482,555	2,584,122	2,600,183
Minimum Margin of Procurement* (MWh)										
Annual L/T Procurement Target (MWh)	561,388	1,045,451	1,078,922	1,221,331	1,365,469	1,428,913	1,520,744	1,613,661	1,679,679	1,690,119
% of L-T Procurement Target	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Forecasted L-T Procurement (MWh)	561,388	1,045,451	1,078,922	1,221,331	1,365,469	1,428,913	1,520,744	1,613,661	1,679,679	1,690,119
% of L/T Procurement Forecasted	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Surplus of L-T Procurement (MWh)	0	0	0	0	0	0	0	0	0	0

*At this time OCA has not yet evaluated a minimum margin of procurement for renewable energy.

Purchased Power

Power purchased from power marketers, public agencies, generators, or utilities will be a significant source of supply during the first several years of OCPA Program operation. OCPA will initially contract to obtain all of its electricity from one or more third party electric providers under one or more power supply agreements, and the supplier(s) will be responsible for procuring the specified resource mix, including OCPA's desired quantities of renewable energy, to provide a stable and cost-effective resource portfolio for the Program.

Renewable Resources

OCPA will initially secure necessary renewable power supply from its third-party electric supplier(s). OCPA may supplement the renewable energy provided under the initial power supply contract(s) with direct purchases of renewable energy from renewable energy facilities or from renewable generation developed and owned by OCPA. At this point in time, it is not possible to predict what projects might be proposed in response to future renewable energy solicitations administered by OCPA, unsolicited proposals or discussions with other agencies. Renewable projects that are located virtually anywhere in the Western Interconnection can be considered as long as the electricity is deliverable to the CAISO control area, as required to meet the Commission's RPS rules and any additional guidelines ultimately adopted by OCPA. The costs of transmission access and the risk of transmission congestion costs would need to be considered in the bid evaluation process if the delivery point is outside of OCPA's load zone, as defined by the CAISO.

Energy Efficiency

OCPA's energy efficiency goals will reflect a commitment to increasing energy efficiency within the County, expanding beyond the savings achieved by SCE's programs. To promote the achievement of this goal, OCPA will likely complete the CPUC application process for third party administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by OCPA customers. To the extent that OCPA is successful in this application process, it will seek to maximize end-use customer energy efficiency by facilitating customer participation in existing utility programs as well as by forming new programs that will displace OCPA's need for traditional electric procurement activities. Additional details related to OCPA's energy efficiency plan will be developed once OCPA Program phase-in is underway.

Demand Response

Demand response programs provide incentives to customers to reduce demand upon request by the load serving entity (i.e., OCPA), reducing the amount of generation capacity that must be maintained as infrequently used reserves. Demand response programs can be cost effective alternatives to procured capacity that would otherwise be needed to comply with California's resource adequacy requirements. The programs also provide rate benefits to customers who have the flexibility to reduce or shift consumption for relatively short periods of time when generation capacity is most scarce. Like energy efficiency, demand response can be a win/win proposition, providing economic benefits to the electric supplier as well as customer service benefits.

In its ruling on local resource adequacy, the CPUC found that dispatchable demand response resources as well as distributed generation resources should be counted for local capacity requirements. This resource plan will likely anticipate that OCPA's demand response programs would partially offset its local capacity requirements.

SCE offers several demand response programs to its customers, and OCPA intends to recruit those customers that have shown a willingness to participate in utility programs into similar programs offered by OCPA. OCPA may also adopt a demand response program that enables it to request customer demand reductions during times when capacity is in short supply or spot market energy costs are exceptionally high.

Appropriate limits on customer curtailments, both in terms of the length of individual curtailments and the total number of curtailment hours that can be called should be included in OCPA's demand response program design. It will also be important to establish a reasonable measurement protocol for customer performance of its curtailment obligations and deploy technology to automate customer notifications and responses. Performance measurement should include establishing a customer specific baseline of usage prior to the curtailment request from which demand reductions can be measured. OCPA may utilize experienced third-party contractors to design, implement and administer its demand response programs.

Distributed Generation

Consistent with OCPA's policies and the state's Energy Action Plan, clean distributed generation is a component of the integrated resource plan. OCPA will work to promote deployment of photovoltaic (PV) plus storage systems within OCPA's service territory, with the goal of optimizing the use of the available incentives that are funded through current utility distribution rates and public benefits surcharges. OCPA also plans to implement a net energy metering program and possibly a feed-in-tariff to promote local investment in distributed generation.

There are clear environmental benefits and strong customer interest in distributed PV systems. To support such systems, OCPA may provide direct financial incentives from revenues funded by customer rates to further support use of solar power or other renewable resources within the local area. Due to the increasing penetration of solar PV in California's energy mix, OCPA will also consider incentives for behind the meter solar plus storage projects.

With regard to OCPA's prospective net energy metering program, it is anticipated that OCPA will adopt a program that would allow participating customers to sell excess energy produced by customer-sited renewable generating sources to OCPA. Such a program would be generally consistent with principles identified in Assembly Bill 920 ("AB 920"), which directed the CPUC to establish and implement a compensation methodology for surplus renewable generation produced by net energy metered facilities located within the service territories of California's large investor owned utilities, including SCE. However, OCPA may choose to offer enhanced compensation structures, relative to those implemented as a result of AB 920, as part of the direct incentives that may be established to promote distributed generation development within Orange County. To the extent that incentives offered by OCPA improve project economics for its customers, it is reasonable

to assume that the penetration of distributed generation within the County would increase.

Chapter 7 – Financial Plan

This Chapter examines the monthly cash flows expected during the startup and customer phase-in period of the OCPA Program and identifies the anticipated financing requirements. It includes estimates of program startup costs, including necessary expenses and capital outlays. It also describes the requirements for working capital and long-term financing for the potential investment in renewable generation, consistent with the resource plan contained in Chapter 6.

Description of Cash Flow Analysis

OCPA's cash flow analysis estimates the level of capital that will be required during the startup and phase-in period. The analysis focuses on the OCPA Program's monthly costs and revenues and specifically accounts for the phased enrollment of OCPA Program customers described in Chapter 5.

Cost of CCA Program Operations

The first category of the cash flow analysis is the Cost of CCA Program Operations. To estimate the overall costs associated with CCA Program Operations, the following components were taken into consideration:

- Electricity Procurement
- Ancillary Service Requirements
- Grid Management and other CAISO Charges
- Scheduling Coordination
- Exit Fees
- Staffing and Professional Services
- Data Management Costs
- Administrative Overhead
- Billing Costs
- CCA Bond and Security Deposit
- Pre-Startup Cost
- Debt Service

Revenues from CCA Program Operations

The cash flow analysis also provides estimates for revenues generated from CCA operations or from electricity sales to customers. In determining the level of revenues, the analysis assumes the customer phase-in schedule described herein, and assumes that OCPA charges a standard, default electricity tariff similar in rate design as the generation rates of SCE for each customer class and an optional 100% renewable energy tariff, both at a premium reflective of incremental renewable power costs. More detail on OCPA Program rates can be found in Chapter 8. In general, CCA

generation rates are expected to be 20-30% lower than SCE generation rates to account for the PCIA rate charged to CCA customers.

Cash Flow Analysis Results

The results of the cash flow analysis provide an estimate of the level of capital required for OCPA to move through the CCA startup and phase-in periods. This estimated level of capital is determined by examining the monthly cumulative net cash flows (revenues from CCA operations minus cost of CCA operations) based on assumptions for payment of costs or other cash requirements (e.g., deposits) by OCPA, along with estimates for when customer payments will be received. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit.

The cash flow analysis identifies funding requirements in recognition of the potential lag between revenues received and payments made during the phase-in period. The estimated financing requirements for the startup and phase-in period, including working capital needs associated with all three phases of customer enrollments, was determined to be \$15.5 million. This \$15.5 million will be covered via \$2.5 million in cash outlay from the City of Irvine and roughly \$13 million from financial institutions.

CCA Program Implementation Pro Forma

In addition to developing a cash flow analysis which estimates the level of working capital required to move OCPA through full CCA phase-in, a summary pro forma analysis that evaluates the financial performance of the CCA program during the phase-in period is shown below. The difference between the cash flow analysis and the CCA pro forma analysis is that the pro forma analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with CCA Program operations and rates charged to customers remain the same. Cash provided by financing activities are shown in the pro forma analysis as are the payments for debt service.

The results of the pro forma analysis are shown in the following tables. In particular, the summary of CCA program startup and phase-in addresses projected OCPA Program operations for the period beginning January 2021 through December 2031.⁵ OCPA has also included a summary of Program reserves, which are expected to accrue over this same period of time.

⁵ Costs projected for staffing & professional services and other administrative & general relate to energy procurement, administration of energy efficiency and other local programs, generation development, customer service, marketing, accounting, finance, legal and regulatory activities necessary for program operation.

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Table 11
OCPA 10-Year Pro Forma

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenues from Operations (\$)											
Electric Sales Revenues for CCE	\$0	\$159,153,839	\$258,745,572	\$263,271,475	\$258,480,484	\$262,537,580	\$265,418,956	\$269,097,975	\$271,936,858	\$274,738,599	\$285,555,703
Less Uncollected Accounts	\$0	\$795,769	\$1,293,728	\$1,316,357	\$1,292,402	\$1,312,688	\$1,327,095	\$1,345,490	\$1,359,684	\$1,373,693	\$1,427,779
Total Revenues for CCA	\$0	\$158,358,070	\$257,451,844	\$261,955,118	\$257,188,082	\$261,224,892	\$264,091,862	\$267,752,485	\$270,577,174	\$273,364,906	\$284,127,924
Cost of Operations (\$)											
Block Energy Purchases		\$82,303,089	\$125,785,751	\$124,184,542	\$115,170,755	\$111,516,665	\$101,943,339	\$97,859,441	\$93,674,492	\$90,593,344	\$90,723,327
RPS Adders and Long-Term Energy		\$17,105,348	\$39,363,554	\$41,250,983	\$47,582,645	\$53,929,147	\$58,405,483	\$63,220,341	\$67,896,565	\$71,529,617	\$72,155,610
Resource Adequacy		\$25,315,557	\$45,047,355	\$47,505,682	\$50,283,976	\$53,126,324	\$56,129,338	\$59,302,100	\$62,654,206	\$66,195,793	\$69,937,571
Everything Else		\$12,122,663	\$20,895,425	\$21,614,984	\$22,539,900	\$23,263,758	\$25,253,021	\$26,937,643	\$28,635,523	\$30,342,289	\$31,960,530
Total Cost of Power Supply	\$0	\$136,846,658	\$231,092,085	\$234,556,191	\$235,577,275	\$241,835,893	\$241,731,181	\$247,319,525	\$252,860,786	\$258,661,042	\$264,777,037
<i>Operating & Administrative</i>											
Data Management	\$0	\$867,484	\$3,834,572	\$3,935,573	\$4,047,890	\$4,154,510	\$4,263,937	\$4,376,247	\$4,491,515	\$4,609,819	\$4,731,239
Scheduling Coordinator	\$0	\$340,000	\$516,800	\$527,136	\$538,563	\$549,334	\$560,321	\$571,527	\$582,958	\$594,617	\$606,509
SCE Fees (includes billing)	\$0	\$8,338	\$36,193	\$36,418	\$36,663	\$36,891	\$37,120	\$37,351	\$37,583	\$37,817	\$38,052
Consulting Services	\$586,500	\$993,582	\$923,251	\$941,716	\$960,550	\$979,761	\$999,357	\$1,019,344	\$1,039,731	\$1,060,525	\$1,081,736
Staffing	\$656,370	\$1,248,010	\$2,103,498	\$2,166,460	\$2,213,406	\$2,257,674	\$2,302,828	\$2,348,884	\$2,395,862	\$2,443,779	\$2,492,655
General & Administrative expenses	\$24,480	\$302,548	\$207,682	\$244,446	\$249,743	\$254,738	\$259,833	\$265,029	\$270,330	\$275,737	\$281,251
Debt Service Payment on Financing	\$0	\$2,292,855	\$2,751,426	\$3,613,981	\$3,613,981	\$3,613,981	\$458,571	\$0	\$0	\$0	\$0
Total O&A Costs	\$1,267,350	\$6,052,817	\$10,373,421	\$11,465,730	\$11,660,797	\$11,846,889	\$8,881,966	\$8,618,383	\$8,817,978	\$9,022,294	\$9,231,442
Total Cost of Operations	\$1,267,350	\$142,899,475	\$241,465,506	\$246,021,921	\$247,238,072	\$253,682,783	\$250,613,147	\$255,937,908	\$261,678,764	\$267,683,336	\$274,008,479
Net Income	(\$1,267,350)	\$15,458,595	\$15,986,339	\$15,933,197	\$9,950,009	\$7,542,109	\$13,478,715	\$11,814,577	\$8,898,409	\$5,681,570	\$10,119,445
Cash From Operations and Financing											
Net Income From Operations	(\$1,267,350)	\$15,458,595	\$15,986,339	\$15,933,197	\$9,950,009	\$7,542,109	\$13,478,715	\$11,814,577	\$8,898,409	\$5,681,570	\$10,119,445
Cash from Financing	\$2,500,000	\$13,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Available	\$1,232,650	\$28,458,595	\$15,986,339	\$15,933,197	\$9,950,009	\$7,542,109	\$13,478,715	\$11,814,577	\$8,898,409	\$5,681,570	\$10,119,445
Net Income Allocation											
Reserve Fund Contribution	\$416,663	\$28,458,595	\$15,986,339	\$15,933,197	\$9,950,009	\$7,542,109	\$9,718,568	\$0	\$0	\$0	\$2,079,499
Money Available for Discretionary Programs	\$475,987	\$0	\$0	\$0	\$0	\$0	\$3,760,146	\$11,814,577	\$8,898,409	\$5,681,570	\$8,039,946
Total Cash Outlays	\$1,232,650	\$0	\$0	\$0	\$0	\$0	\$3,760,146	\$11,814,577	\$8,898,409	\$5,681,570	\$8,039,946
Rate Stabilization Reserve Balance	\$416,663	\$28,875,258	\$44,861,597	\$60,794,793	\$70,744,803	\$78,286,912	\$88,005,480	\$88,005,480	\$88,005,480	\$88,005,480	\$90,084,980
Reserve Balance Target	\$416,663	\$46,980,649	\$79,385,920	\$80,883,919	\$81,283,750	\$83,402,559	\$82,393,363	\$84,143,970	\$86,031,375	\$88,005,480	\$90,084,980
CCA Total Bill		\$485,278,313	\$876,756,236	\$900,502,297	\$915,604,019	\$940,253,495	\$964,455,280	\$990,212,406	\$1,015,918,138	\$1,042,407,959	\$1,070,562,853
SCE Total Bill		\$494,209,857	\$892,307,669	\$915,810,576	\$931,263,827	\$955,792,818	\$980,967,890	\$1,006,806,059	\$1,033,324,792	\$1,060,542,014	\$1,088,476,124
Difference		\$8,931,544	\$15,551,434	\$15,308,279	\$15,659,808	\$15,539,324	\$16,512,609	\$16,593,653	\$17,406,654	\$18,134,055	\$17,913,271
Total Bill Savings		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Generation Rate Discount		4%	4%	4%	4%	4%	4%	4%	4%	4%	4%

Orange County Power Authority Implementation Plan

Table 12
Orange County Power Authority
Reserves Summary

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Reserve Additions										
Operating Reserve Contr.	\$28,875,258	\$44,444,934	\$31,919,535	\$25,883,206	\$17,492,119	\$17,260,678	\$9,718,568	\$0	\$0	\$2,079,499
Cash from Financing	\$15,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Additions	\$44,375,258	\$44,444,934	\$31,919,535	\$25,883,206	\$17,492,119	\$17,260,678	\$9,718,568	\$0	\$0	\$2,079,499
Reserves Outlays										
Start-Up Funding Payments	\$0	\$0	\$862,555	\$862,555	\$862,555	\$0	\$0	\$0	\$0	\$0
Working Capital Repayment	\$2,292,855	\$2,751,426	\$2,751,426	\$2,751,426	\$2,751,426	\$458,571	\$0	\$0	\$0	\$0
New Programs	\$0	\$0	\$0	\$0	\$0	\$3,760,146	\$11,814,577	\$8,898,409	\$5,681,570	\$8,039,946
Total Reserve Outlays	\$3,276,465	\$5,639,788	\$14,375,635	\$14,226,893	\$12,707,456	\$10,338,615	\$19,423,723	\$17,225,072	\$16,421,966	\$16,232,700
Rate Stabilization Reserve Balance	\$28,875,258	\$44,861,597	\$60,794,793	\$70,744,803	\$78,286,912	\$88,005,480	\$88,005,480	\$88,005,480	\$88,005,480	\$90,084,980

The surpluses achieved during the phase-in period serve to build OCPA's net financial position and credit profile and to provide operating reserves for OCPA in the event that operating costs (such as power purchase costs) exceed collected revenues for short periods of time. In addition, financial surpluses could be used to increase renewable and GHG-free resources within OCPA's resource mix.

OCPA Financing

It is anticipated that one or more rounds of financing, inclusive of prospective direct term loans between OCPA and its Member Agencies, will be necessary to support OCPA Program implementation. Subsequent capital requirements will be self-funded from OCPA's accrued financial reserves. The anticipated financing approach is described below.

CCA Program Start-up and Working Capital

As previously discussed, the anticipated start-up and working capital requirements for the OCPA Program are \$15.5 million. This amount is dependent upon the electric load served by OCPA, actual energy prices, payment terms established with the third-party supplier and program rates. This figure would be refined during the startup period as these variables become known. Once the OCPA Program is up and running, these costs would be recovered from customers through retail rates.

The City of Irvine has provided \$2.5 million in initial funding for start-up costs. OCPA currently projects repaying this loan by 2027, subject to change based on final power prices. It is assumed that the remaining financing will be primarily secured via a short-term loan or letter of credit, which would allow OCPA to draw cash as required. Requisite financing would need to be arranged no later than the first quarter of 2021.

Renewable Resource Project Financing

OCPA may consider project financings for renewable resources, likely local wind, solar, biomass or geothermal as well as energy efficiency projects. These financings would only occur after a sustained period of successful OCPA Program operation and after appropriate project opportunities are identified and subjected to appropriate environmental review. OCPA's ability to directly finance projects will likely require a track record of five to ten years of successful program operations demonstrating strong underlying credit to support the financing.

In the event that such financing occurs, funds would include any short-term financing for the renewable resource project development costs, and financing would likely extend over a 20- to 30-year term. The security for such bonds would be the revenue from sales to the retail customers of OCPA.

Chapter 8 – Rate Setting, Program Terms and Conditions

Introduction

This chapter describes the initial policies proposed for OCPA in setting its rates for electric aggregation services. These include policies regarding rate design, rate objectives and provision for due process in setting Program rates. Program rates are ultimately approved by OCPA's Board. OCPA would retain authority to modify program policies from time to time at its discretion.

Rate Policies

OCPA will establish rates sufficient to recover all costs related to operation of the OCPA Program, including any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by OCPA. As a general policy, rates will be uniform for all similarly situated customers enrolled in the OCPA Program throughout the service area of OCPA.

The primary objectives of the rate setting plan are to set rates that achieve the following:

- Rate competitive tariff option including a proportionate quantity of renewable energy meeting California's prevailing renewable energy procurement mandate
- 100 percent renewable energy supply option
- Allow individual member agencies to choose the default energy supply option into which their customers will be enrolled
- Allow customers to participate in any of the three energy supply options after enrollment
- Rate stability
- Equity among customers in each tariff
- Customer understanding
- Revenue sufficiency

Each of these objectives is described below.

Rate Competitiveness

OCPA's primary goal is to offer its customers competitive rates for electric services relative to the incumbent utility SCE. As planned, the value provided by the OCPA Program will also include options for a higher proportion of renewable energy and reduced GHG emissions relative to the incumbent utility, enhanced energy efficiency and customer programs, community focus, local investment and control. OCPA currently plans to offer customers rates that are lower than SCE's bundled rates. Final rates for the launch phase will be subject to final power price bids.

As previously discussed, the OCPA Program will offer increased renewable energy supply to program customers, relative to the incumbent utility, by offering three distinct rate tariffs. The initial renewable energy content provided under OCPA's base Tariff will meet California's

prevailing renewable energy procurement mandate, and OCPA will endeavor to increase this percentage on a going forward basis, subject to operational and economic constraints. OCPA will also offer its customers a 50% and 100% renewable energy Tariff, which will supply participating customers with reflective renewable energy supply at rates equal to the procurement cost for those portfolios.

Participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy (CARE) program, will be automatically enrolled in the standard Tariff and will continue to receive related discounts on monthly electricity bills through SCE.

Rate Stability

OCPA will offer stable rates by hedging its supply costs over multiple time horizons and by including longer-term renewable energy supplies that exhibit stable costs. OCPA will attempt to maintain general rate design parity with SCE to ensure that OCPA Program rates are not drastically different from the competitive alternative.

Equity Among Customer Classes

OCPA's initial rates will be set at a discount to the rates offered by SCE, subject to final power price bids. The level of the discount will depend upon the default product chosen by the Member Agency. Rate differences among customer classes will reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by OCPA.

Customer Understanding

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only minimizes customer confusion and dissatisfaction but will also result in fewer billing inquiries to the OCPA Program's customer service call center. Customer understanding also requires rate structures to reflect rational rate design principles (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

Revenue Sufficiency

OCPA Program rates must collect sufficient revenue from participating customers to fully fund OCPA's annual budget. Rates will be set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all of costs of the OCPA Program, subject to the disclosure and due process policies described later in this chapter. To ensure rate stability, funds available in OCPA's rate stabilization fund may be used from time to time to augment operating revenues.

Rate Design

OCPA will generally match the rate structures from the utilities' standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures that would take effect following enrollment in the OCPA Program. In October 2020, SCE began to move bundled residential customers toward default time-of-use rates. OCPA anticipates that rates implemented at launch will be based on default SCE TOU rates. OCPA will review SCE rate structure changes and finalize the OCPA rate structures closer to the proposed launch date.

Custom Pricing Options

OCPA may work to develop specially-tailored rate and electric service products that meet the specific load characteristics or power market risk profiles of larger commercial and industrial customers. This will allow such customers to have access to a wider range of products than is currently available under the incumbent utility and potentially reduce the cost of power for these customers. OCPA may provide large energy users with custom pricing options to help these customers gain greater control over their energy costs. Some examples of potential custom pricing options are rates that are based on an observable market index (e.g., CAISO prices) or fixed priced contracts of various terms.

Net Energy Metering

As planned, customers with on-site generation eligible for net metering from SCE will be offered a net energy metering rate from OCPA. Net energy metering allows for customers with certain qualified solar or wind distributed generation to be billed on the basis of their net energy consumption. The objective is that OCPA's net energy metering tariff will apply to the generation component of the bill, and the SCE net energy metering tariff will apply to the utility's portion of the bill. OCPA plans to pay customers for excess power produced from net energy metered generation systems in accordance with the rate designs adopted by OCPA.

Disclosure and Due Process in Setting Rates and Allocating Costs among Participants

Initial program rates will be adopted by OCPA following the establishment of the first year's operating budget prior to initiating the customer notification process. Subsequently, OCPA will prepare an annual budget and corresponding customer rates. Any proposed rate adjustment will be made to the Board of Directors and ample time will be given to affected customers to provide comment on the proposed rate changes.

After proposing a rate adjustment, OCPA will furnish affected customers with a notice of its intent to adjust rates. The notices may be issued via separate mail to affected customers, as part of the regular billing and/or placed on the various social media options. The notice will provide a summary of the proposed rate adjustment and will include a link to the OCPA Program website where information will be posted regarding the amount of the proposed adjustment, a brief statement of the reasons for the adjustment and the mailing address of OCPA to which any customer inquiries relative to the proposed adjustment, including a request by the customer to receive notice of the date, time and place of any hearing on the proposed adjustment, may be directed.

Chapter 9 – Customer Rights and Responsibilities

This chapter discusses customer rights, including the right to opt-out of the OCPA Program and the right to privacy of customer usage information, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt out within 30 days of the fourth enrollment notice will have agreed to become full status program participants and must adhere to the obligations set forth below, as may be modified and expanded by the OCPA Board from time to time.

By adopting this Implementation Plan, OCPA will have approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. OCPA retains authority to modify program policies from time to time at its discretion.

Customer Notices

At the initiation of the customer enrollment process, a total of four notices will be provided to customers describing the Program, informing them of their opt-out rights to remain with utility bundled generation service and containing a simple mechanism for exercising their opt-out rights. The first notice will be mailed to customers approximately sixty days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. OCPA will likely use its own mailing service for requisite enrollment notices rather than including the notices in SCE's monthly bills. This is intended to increase the likelihood that customers will read the enrollment notices, which may otherwise be ignored if included as a bill insert. Customers may opt out by notifying OCPA using the OCPA Program's designated telephone-based or internet opt-out processing service. Should customers choose to initiate an opt-out request by contacting SCE, they would be transferred to the OCPA Program's call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt out, and the customer would be automatically enrolled.

Following automatic enrollment, at least two notices will be mailed to customers within the first two billing cycles (approximately sixty days) after OCPA service commences. Opt-out requests made on or before the sixtieth day following start of OCPA Program service will result in customer transfer to bundled utility service with no penalty. Such customers will be obligated to pay charges associated with the electric services provided by OCPA during the time the customer took service from the OCPA Program, but they will otherwise not be subject to any penalty or transfer fee from OCPA.

Customers who establish new electric service accounts within the Program's service area will be automatically enrolled in the OCPA Program and will have sixty days from the start of service to opt out if they so desire. Such customers will be provided with two enrollment notices within this sixty-day post enrollment period. Such customers will also receive a notice detailing OCPA's privacy policy regarding customer usage information. OCPA will have the authority to implement entry fees for customers that initially opt out of the Program, but later decide to participate.

Termination Fee

Customers that are automatically enrolled in the OCPA Program can elect to transfer back to the incumbent utility without penalty within the first two months of service. After this free opt-out period, customers will be allowed to terminate their participation but may be subject to payment of a Termination Fee. Customers that relocate within OCPA's service territory would have OCPA service continued at their new address. If a customer relocating to an address within OCPA's service territory elected to cancel OCPA service, the Termination Fee could be applied. Program customers that move out of OCPA's service territory would not be subject to the Termination Fee. If deemed applicable by OCPA, SCE would collect the Termination Fee from returning customers as part of OCPA's final bill to the customer.

For illustrative purposes, OCPA Termination Fees could be set at \$5 per residential account and \$25 per non-residential account. Actual fee amounts and requirements to impose Termination Fees are subject to a final determination by OCPA.

If adopted, the Termination Fee would be clearly disclosed in the four enrollment notices sent to customers during the sixty-day period before automatic enrollment and following commencement of service. The fee could also be changed prospectively by OCPA subject to applicable customer noticing requirements.

Customers electing to terminate service after the initial notification period would be transferred to SCE on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Such customers would also be liable for the nominal reentry fees imposed by SCE and would be required to remain on bundled utility service for a period of one year, as described in the utility CCA tariffs.

Customer Confidentiality

OCPA will establish policies covering confidentiality of customer data that are fully compliant with the required privacy protection rules for CCA customer energy usage information, as detailed within Decision 12-08-045. OCPA will maintain the confidentiality of individual customer data including service addresses, billing addresses, telephone numbers, account numbers and electricity consumption, except where reasonably necessary to conduct business of OCPA or to provide services to customers, including but not limited to where such disclosure is necessary to (a) comply with the law or regulations; (b) enable OCPA to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; or (e) resolve customer disputes or inquiries. OCPA will not disclose customer information for telemarketing, e-mail or direct mail solicitation. Aggregate data may be released at OCPA's discretion.

Responsibility for Payment

Customers will be obligated to pay OCPA Program charges for service provided through the date of transfer including any applicable Termination Fees. Pursuant to current CPUC regulations, OCPA will not be able to direct that electricity service be shut off for failure to pay OCPA bills. However, SCE has the right to shut off electricity to customers for failure to pay electricity bills, and SCE Electric Rule 23 mandates that partial payments are to be allocated pro rata between SCE and the CCA. In most circumstances, customers would be returned to utility service for failure to pay bills in full and customer deposits (if any) would be withheld in the case of unpaid bills. SCE would attempt to collect any outstanding balance from customers in accordance with Rule 23 and the related CCA Service Agreement.

The proposed process is for two late payment notices to be provided to the customer within 30 days of the original bill due date. If payment is not received within 45 days from the original due date, service would be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service cannot be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC and that customer has paid the disputed amount into an escrow account.

Customer Deposits

Under certain circumstances, OCPA customers may be required to post a deposit equal to the estimated charges for two months of CCA service prior to obtaining service from the OCPA Program. A deposit would be required for an applicant who previously had been a customer of SCE or OCPA and whose electric service has been discontinued by SCE or OCPA during the last twelve months of that prior service arrangement as a result of bill nonpayment. Such customers may be required to reestablish credit by depositing the prescribed amount. Additionally, a customer who fails to pay bills before they become past due as defined in SCE Electric Rule 11 (Discontinuance and Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the prescribed amount. This rule will apply regardless of whether or not service has been discontinued for such nonpayment⁶. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with SCE.

⁶ A customer whose service is discontinued by OCPA is returned to SCE generation service.

Chapter 10 - Procurement Process

Introduction

This chapter describes OCPA's initial procurement policies and the key third party service agreements by which OCPA will obtain operational services for the OCPA Program. By adopting this Implementation Plan, OCPA will have approved the general procurement policies contained herein to be effective at Program initiation. OCPA retains Authority to modify Program policies from time to time at its discretion.

Procurement Methods

OCPA will enter into agreements for a variety of services needed to support program development, operation and management. It is anticipated that OCPA will generally utilize Competitive Procurement methods for services but may also utilize Direct Procurement or Sole Source Procurement, depending on the nature of the services to be procured. Direct Procurement is the purchase of goods or services without competition when multiple sources of supply are available. Sole Source Procurement is generally to be performed only in the case of emergency or when a competitive process would be an idle act.

OCPA will utilize a competitive solicitation process to enter into agreements with entities providing electrical services for the program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at OCPA's discretion. Authority for terminating agreements will generally mirror the Authority for entering into such agreements.

Key Contracts

Electric Supply Contract

OCPA will initiate service using supply contracts with one or more qualified providers to supply sufficient electric energy resources to meet OCPA customer demand as well as applicable resource adequacy requirements, ancillary and other necessary services. OCPA may complete additional solicitations to supplement its energy supply and/or to replace contract volumes provided under the original contract. OCPA would begin such procurement sufficiently in advance of contract expiration so that the transition from the initial supply contract occurs smoothly, avoiding dependence on market conditions existing at any single point in time.

OCPA will solicit the services of a certified Scheduling Coordinator to schedule loads and resources to meet OCPA customer demand. OCPA may designate the primary supplier to be responsible for day-to-day energy supply operations of the OCPA Program and for managing the predominant supply risks for the term of the contract. The primary supplier will ensure OCPA meets renewable energy mandates as well as resource-specific mandates such as the storage requirement.⁷ Finally, the primary supplier may be responsible for ensuring OCPA's compliance with all applicable resource adequacy and regulatory requirements imposed by the CPUC or FERC.

⁷ Assembly Bill 2514 requires LSEs to procure energy storage targets by 2020

OCPA will be commencing the requisite competitive solicitation process to identify its initial energy supplier(s). OCPA anticipates executing the electric supply contract for Phase 1 loads in late 2021. The contracts for Phase 2 loads will be executed shortly thereafter. Resource adequacy may be acquired prior to the rest of power supply in order to meet CPUC requirements.

Data Management Contract

A data manager will provide the retail customer services of billing and other customer account services (electronic data interchange or EDI with SCE, billing, remittance processing and account management). Recognizing that some qualified wholesale energy suppliers do not typically conduct retail customer services whereas others (i.e., direct access providers) do, the data management contract may be separate from the electric supply contract. It is anticipated that a single contractor will be selected to perform all of the data management functions.⁸

The data manager is responsible for the following services:

- Data exchange with SCE
- Technical testing
- Customer information system
- Customer call center;
- Billing administration/retail settlements
- Settlement quality meter data reporting
- Reporting and audits of utility billing

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can impose significant information technology costs and take significant time to deploy. Separation of the data management contract from the energy supply contract gives OCPA greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

OCPA will be commencing the requisite competitive solicitation process to identify its data management services provider. It is anticipated that OCPA will execute a contract for data management services by January 31, 2021.

⁸ The contractor providing data management may also be the same entity as the contractor supplying electricity for the program.

Electric Supply Procurement Process

In the latter half of 2021, OCPA plans to solicit proposals for shaped energy, renewable energy, carbon free energy and resource adequacy capacity from a highly qualified pool of suppliers. OCPA will also solicit proposals for scheduling coordinator services from a separate bidder. Contract negotiations will commence immediately following proposal evaluation. It is anticipated that selection of the final suppliers will be made by OCPA in early 2022.

Chapter 11 – Contingency Plan for Program Termination

Introduction

This chapter describes the process to be followed in the case of OCPA Program termination. By adopting the original Implementation Plan, OCPA will have approved the general termination process contained herein to be effective at Program initiation. In the unexpected event that OCPA would terminate the OCPA Program and return its customers to SCE service, the proposed process is designed to minimize the impacts on its customers and on SCE. The proposed termination plan follows the requirements set forth in SCE's tariff Rule 23 governing service to CCAs. OCPA retains authority to modify program policies from time to time at its discretion.

Termination by OCPA

OCPA will offer services for the long term with no planned Program termination date. In the unanticipated event that OCPA decides to terminate the Program, each of its Member Agencies would be required to adopt a termination ordinance or resolution and provide adequate notice to OCPA consistent with the terms set forth in the JPA Agreement. Following such notice, OCPA's Board would vote on Program termination subject to voting provisions as described in the JPA Agreement. In the event that OCPA affirmatively votes to proceed with JPA termination, OCPA would disband under the provisions identified in its JPA Agreement.

After any applicable restrictions on such termination have been satisfied, notice would be provided to customers six months in advance that they will be transferred back to SCE. A second notice would be provided during the final sixty-days in advance of the transfer. The notice would describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one year of advance notice would be provided to SCE and the CPUC before transferring customers, and OCPA would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers would be transferred *en masse* on the date of their regularly scheduled meter read date.

OCPA will post a bond or maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves would be maintained against the fees imposed for processing customer transfers (CCASRs). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of re-entry fees is the responsibility of the energy services provider or the community choice aggregator, except in the case of a customer returned for default or because its contract has expired. OCPA will post financial security in the appropriate amount as part of its registration materials and will maintain the financial security in the required amount, as necessary.

Termination by Members

The JPA Agreement defines the terms and conditions under which Members may terminate their participation in the program.

Appendix A – OCPA Resolution to Adopt the Implementation Plan

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Appendix B – OCPA Joint Powers Agreement

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Appendix C – Ordinances for Joining JPA

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RESOLUTION NUMBER 2020-05

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF ORANGE COUNTY POWER AUTHORITY
ADOPTING THE COMMUNITY CHOICE AGGREGATION
IMPLEMENTATION PLAN AND STATEMENT OF INTENT
REQUIRED BY CALIFORNIA PUBLIC UTILITIES CODE SECTION 366.2**

A. Orange County Power Authority ("OCPA") is a joint powers agency formed pursuant to the Joint Exercise of Powers Act, Cal. Gov. Code § 6500 et seq., on November 20, 2020, to establish an independent public agency to study, promote, develop, conduct, operate, and manage energy, energy efficiency and conservation, and other energy-related and climate change programs under authority granted to it pursuant to California Public Utilities Code § 366.2.

B. The member agencies of OCPA are the Cities of Buena Park, Fullerton, Huntington Beach, Irvine, and Lake Forest.

C. California Public Utilities Code § 366.2 requires that prior to commencing a community choice aggregation program, OCPA must first prepare and adopt an Implementation Plan and Statement of Intent to be filed with and certified by the California Public Utilities Commission.

D. OCPA's Implementation Plan and Statement of Intent were presented to the Board of Directors at a duly noticed public hearing for consideration and adoption on December 22, 2020.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Orange County Power Authority as follows:

Section 1. In accordance with California Public Utilities Code § 366.2, the Board of Directors hereby considers and adopts the Implementation Plan and Statement of Intent at a duly noticed public hearing held virtually on December 22, 2020 at 10 a.m. with Board Members in attendance at the offices of the City of Irvine, One Civic Center Plaza, Irvine, CA 92606, after allowing interested persons the opportunity to provide public comment on the Implementation Plan and Statement of Intent.

Section 2. The Board of Directors hereby directs the Authority staff Executive Director to file the Implementation Plan and Statement of Intent with the Energy Division of the California Public Utilities Commission no later than December 31, 2020.

Section 3. Effective Date of Resolution. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Board of Directors of the Orange County Power Authority held on December 22, 2020.

Chair
Orange County Power Authority

Secretary
Orange County Power Authority

Approved as to form:

Legal Counsel

AYES: _____ NAYS: _____ ABSENT: _____ ABSTAIN: _____

**ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 6**

To: Orange County Power Authority Board of Directors

From: Power Authority Staff

Subject: UPDATE REGARDING MEMBER WITHDRAWAL FROM ORANGE
COUNTY POWER AUTHORITY

Date: December 22, 2020

RECOMMENDATION

Direct staff to agendize Joint Power Agreement amendment to change member withdrawal date from March 1 to April 1, and provide 30 days' notice to Founding Members.

BACKGROUND

At the December 16, 2020, Authority Board Meeting, the Board discussed members' interest to conduct a peer review of the Authority Implementation Plan and the desire to move the March 1 no-penalty withdrawal date to April 1.

ANALYSIS AND DIRECTION

Section 6.1.1 of the Joint Powers Authority (JPA) Agreement allows any member to withdraw without reason or costs if it provides 15 days' notice to the Authority and withdraws by March 1, 2021. The City of Lake Forest has expressed interest in moving the March 1 date to April 1 to allow time for the City to hire a consultant firm to peer review the Implementation Plan per the direction of its City Council who approved the JPA Agreement on December 15, 2020.

Section 3.9.4.1 of the JPA Agreement provides that any amendments to the agreement must be done by a 2/3 vote of the Board of Directors. Section 3.9.4.3 provides that 30 days advance written notice be made to the member agencies for all special voting items, including JPA Agreement amendments and a copy of all substantive documents.

In the alternative, the Authority could receive an update from the members conducting the peer review in January to see how much time is needed and notice and modify the JPA Agreement if additional time is needed.

FISCAL IMPACT

None.