



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

NOTICE OF MEETING

Board Of Directors

NOTICE IS HEREBY GIVEN by the undersigned, as the Executive Director of the Southern California Public Power Authority, that a regular meeting of the Board of Directors is to be held as follows:

Thursday, October 18, 2018

10:00 AM

SCPPA Glendora Office
1160 Nicole Court | Glendora, California
(626) 793-9364

The following matters are the business to be transacted and considered by the Board of Directors:

1. NOTICE / AGENDA AND OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD

Members of the public may address the Board at this time on any item on today's agenda or any other item that is within the subject matter jurisdiction of the Board. Comments from members of the public shall be limited to three (3) minutes unless additional time is approved by the board. Any member of the Board may request that items on the agenda be taken out of order, or that items be added to the agenda pursuant to the provisions of Section 54954.2(b) of the California Government Code.

2. CONSENT CALENDAR

All matters listed under the Consent Calendar are considered to be routine and will all be enacted by one motion. There will be no separate discussion of these items prior to the time the Board votes on the motion, unless one or more board members, staff or the public request that specific items be discussed and/or removed for separate discussions or action.

A. Minutes of the Board of Directors

For September 20, 2018

B. Minutes of the Magnolia Coordinating Committee (Project Vote)

For September 20, 2018

C. Monthly Investment Report

For August 2018

D. Resolution 2018-091

Participation Agreement with Los Angeles Department of Water and Power for Training Program Services

E. Resolution 2018-092

Approval of a Goods and Services Agreement with Pandora Consulting, LLC

3. EXECUTIVE DIRECTOR'S REPORT

The Executive Director will report on activities since the last Board Meeting.

- Strategic Objectives

4. CHIEF FINANCIAL AND ADMINISTRATIVE OFFICER'S REPORTS

The Chief Financial Officer will report on the status of current financing activities. Topics include:

- 2018 SCE/ SDG&E Rate Forecast
- Natural Gas and Energy Prepayment Program Request for Proposal – Discuss current status of member interest in soliciting an RFP and Term Sheet for a possible pre-pay discount for natural gas and energy commodity services

A. Finance Committee Minutes

For September 10, 2018

B. Resolution 2018-094 (Project Vote)

Authorizing suspension of Barclays basis swap

C. Resolution 2018-095 (Project Vote)

Authorizing suspension of RBC basis swap

D. Resolution 2018-096

Third Amendment to Professional Services Agreement with PFM Financial Advisors, LLC

5. DIRECTOR OF RESOURCE AND PROGRAM DEVELOPMENT'S REPORTS

The Director of Resource and Program Development will report on current activities, including renewable energy project development, resource planning issues, Public Benefits, and smart grid. Topics include:

- Community Choice Aggregate Update
- Low Carbon Fuel Standard Update

- Mammoth Casa Diablo IV Energy Project

A. Resolution 2018-093

Mammoth Casa Diablo IV Energy Project to provide in total approximately 20 MWs of long-term geothermal supply of renewable electrical energy through the Southern California Public Power Authority ("SCPPA" or "the Authority") to two of its participating Members, the City of Banning ("Banning") for 5 MWs and the City of Colton ("Colton") for 15 MWs, for the purpose of satisfying each utility's renewable electrical energy resource goals.

6. DIRECTOR OF ASSET MANAGEMENT AND SPECIAL PROJECTS' REPORTS

The Director of Project Administration will report on project-related staff and agent activities. Topics include:

- Project Performance Update

A. Project Reports

- MPP Operations Report 09-2018
- Palo Verde Status Report 10-2018

7. DIRECTOR OF GOVERNMENT AFFAIRS' REPORTS

The Director of Government Affairs will report on regional, state, and/or federal legislative and regulatory activities affecting Southern California public power utilities including: climate change and air quality, wildfires, renewable energy and traditional energy resources, transportation and building electrification, alternative energy supplies, resource planning, market and utility operations, and joint powers agreements.

- Greenhouse Gas Emissions Regulations

A. SCPPA Monthly Federal Legislative Report

8. ROUNDTABLE DISCUSSION

Opportunity for Board Members to bring up informational items or request that an item be added to a future Board Agenda.

9. CLOSED SESSION

- **Security:** Consultation with Michael S. Webster, Executive Director, and Richard J. Morillo, General Counsel regarding security issues pertaining to the essential public services (water and electric service), pursuant to Section 54957 (a) of the California Government Code.
- **Potential Litigation:** Conference with legal counsel regarding the potential initiation of litigation pursuant to subdivision (c) of section 54956.9 of the California Government Code (one potential case).
- **Potential Litigation:** Conference with legal counsel regarding significant exposure to litigation pursuant to subdivision (b) of section 54956.9 of the California Government Code (one potential case).

The Authority upon request will provide reasonable accommodation to the disabled to ensure equal access to its meetings. To ensure availability, such request should be made 48 hours in advance by contacting the Authority at (626) 793-9364 during business hours.

A handwritten signature in blue ink that reads "Michael S. Webster". The signature is written in a cursive style and is positioned above a horizontal line.

MICHAEL S. WEBSTER

Executive Director
Southern California Public Power Authority

**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

A regular meeting of the Board of Directors was held on September 20, 2018 at the offices of the Authority, 1160 Nicole Court, Glendora, California.

This meeting was called to order at 10:00 AM by the President.

The following Board Members (B) and Alternates (A) were present:

Dukku Lee (B), Manny Robledo (B), Thomas Miller (B), Jorge Somoano (B), Stephen Zurn (B), David Wright (B), Gurcharan Bawa (B), Todd Jorgenson (B), Kelly Nguyen (B)

Vince Brar (A), Rebecca Gallegos (A), Henry Martinez (A), Reiko Kerr (A), Danny Garcia (A)

Staff Members present were:

Michael Webster, Ted Beatty, Richard J. Morillo, Katherine Ellis, Daniel Hashimi, Bryan Cope, Joanna Lopez, Tanya DeRivi, Amy Mmagu, Nicholas Blair

Attorneys, Member Employees, and Consultants present were:

Yolanda Pantig (SCPPA-Downtown), Greg Broeking (Michael Bell Management Consulting), Stephen Cole (Norton Rose Fulbright), Victor Hsu (Norton Rose Fulbright), Benjamin Herhold (Next Era Energy), Ray Burgess (Public)

1. Notice/Agenda and Opportunity for the Public to Address the Board

Mr. Lee offered the public an opportunity to address the Board. There being no request to do so, the Board proceeded to the Consent Calendar.

2. Consent Calendar

- Board Meeting Minutes from August 16, 2018
- Monthly Investment Report for July 2018
- **Resolution 2018-071** – Authorization to enter the West Coast Clean Transit Corridor Initiative Collaboration Agreement with Southern California Edison (SCE) and other utilities.
- **Resolution 2018-088** – Participation Agreement with the Los Angeles Department of Water and Power for Energy Efficiency Improvement Program Services and Products.
- **Resolution 2018-089** – Authorizing the Executive Director to pay annual dues on behalf of participating Members to Western Energy Institute (WEI).

- **Resolution 2018-090** – Fiscal Agency Agreement between SCPPA and LADWP for various projects.

The consent calendar was approved as follows:

Moved By: **David Wright**

Seconded By: **Thomas Miller**

Unanimously Approved

Mr. Lee asked that *Resolution 2018-087* be pulled from the Consent Calendar for further discussion and clarification regarding the list of consultants.

- **Resolution 2018-087** - Participation Agreement with the City of Anaheim for Energy Efficiency Improvement Program Services and Products.

Resolution 2018-087 was approved as follows:

Moved By: **Dukku Lee**

Seconded By: **Manny Robledo**

Unanimously Approved

3. Executive Director's Report

Mr. Webster reported on the progress of the Strategic Objectives and highlighted three areas for discussion: Legislative & Regulatory initiatives, Clarification on Strategic initiatives, and Communication.

Mr. Webster stressed the importance of the Board in continuing support to inform and educate their Legislative and Regulatory staff on key stakeholder issues. Mr. Webster also noted that policies would be created to support member success in these areas.

Mr. Webster addressed that action is being taken to clearly define the outlines strategic initiatives that SCPPA is to do on behalf of its Members.

Mr. Webster noted the progress of the Communication initiative between Working Groups and through the Value of SCPPA Brochure/Presentation. Mr. Webster discussed the current communication strategies moving towards social media/informational news outlets noting the differences from the previous campaign that was presented to the Board. Mr. Webster highlighted the workshops to be hosted by SCPPA to include outside vendors and utilities to foster diverse participation amongst SCPPA.

Mr. Webster announced that an election was held at the previous Finance Committee meeting to elect a Chair and Vice-Chair. Mario Ignacio of LADWP was elected Committee Chair and

Brian Beelner of Anaheim was elected Vice-Chair. Mr. Webster stated that the motions made were attributed to the new Finance Committee appointment structure implemented and approved by the Board in August 2018. Mr. Webster noted that Mario Ignacio and Brian Beelner would hold their respective Finance Committee positions until the end of 2019. Mr. Webster asked that the Board affirm the motion made by Finance Committee.

The Finance Committee Chair and Vice-Chair were approved as follows:

Moved By: **Stephen Zurn**

Seconded By: **Manny Robledo**

Unanimously Approved

STAFF REPORTS

4. Director of Government Affairs' Report

Ms. DeRivi and Ms. Mmagu provided the board with the 2018 State Legislative Recap noting that the majority of the outcomes were favorable to SCPPA. Ms. Mmagu reported the positive outcome of SB100, highlighting that the amendment was accepted and the bill was signed into law on September 19, 2018. Ms. Mmagu also noted the enactment of the AB 2450 bill regarding warning labels on mylar balloons.

5. Director of Resource and Program Development's Report

Mr. Beatty reported on the Development Update and SB100 impacts. Mr. Beatty noted the postponement of the NROL presentation to the October or November Board of Director's meeting.

Mr. Beatty noted the solar, biomass, geothermal, and wind projects in development and the potential compressed air energy storage and pumped storage projects. Mr. Beatty provided the Board with the cost comparisons amongst the renewable resources for 2018 and noted the changes in price trends. Mr. Beatty noted that 192 proposals were received in the last year.

Mr. Beatty highlighted the impacts of SB 100 stating that the bill accelerated renewable targets. Mr. Beatty also noted that SB 100 plans to supply 100% of California's retail load from eligible renewable to zero-carbon resources by 2045. Mr. Beatty noted how SB 100 will impact the renewable requirements for SCPPA.

6. Director of Asset Management and Special Projects' Report

Ms. Ellis announced the Magnolia Coordinating Committee's acceptance of the Magnolia Power Project Audit to be complete and final. Ms. Ellis also noted the decision of the Committee to move forward with a complaint to CPUC regarding the Southern California Gas Company's billing discrepancy.

Ms. Ellis proclaimed that the SCPPA Factbook was nominated by Fiona Hutton & Associates for the Prism Awards and that SCPPA is a top candidate for this award. Ms. Ellis also stated that the SCPPA Factbook was nominated for the APPA communications award. Ms. Ellis noted that both awards are to be announced in October 2018.

7. Chief Financial & Administrative Officer's Report

Mr. Broeking reported on the efforts of Michael Bell and Mario Ignacio to refund the STS 2018 subordinate refunding series A bonds. Mr. Broeking highlighted the savings as a result of these efforts.

8. Roundtable Discussion

Board Members were given a two minute opportunity to bring up informational items or request that an item be added to a future Board Agenda.

9. Closed Session

The President declared an end to the public portion of the meeting and the Board then went into closed session to discuss the items listed on the meeting notice. The meeting was adjourned at **12:52 PM** by the Board at the conclusion of the closed session discussion.

Respectfully Submitted,

David H. Wright
Secretary



TO: Magnolia Power Project Coordinating Committee
FROM: Michael S. Webster
SUBJECT: Minutes of the Magnolia Power Project Coordinating Committee Meeting
DATE: September 20, 2018

A meeting of the Magnolia Power Project Coordinating Committee was held on September 20, 2018 at the SCPPA Office in Glendora.

Committee Members Present Were: Dukku Lee (Anaheim), Jorge Somoano (Burbank), Vince Brar (Cerritos), Rebecca Gallegos (Colton), and Stephen Zurn (Glendale).

Others Participating Were: Michael S. Webster (SCPPA), Greg Broeking (SCPPA), Richard Morillo (SCPPA), Daniel Hashimi (SCPPA), Katie Ellis (SCPPA), and Joanna Lopez (SCPPA).

The following are the business matters transacted by the Committee:

1. **OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE COMMITTEE**

No public comments were made.

2. **RESOLUTION 2018-001 COMPLETION AND FINALIZATION OF OPERATING AGENT AUDIT**

The Committee reviewed and considered adoption of Resolution 2018-001 based on the recommendation of the project participant's financial officials to accept the final audit report and consider the audit of the Magnolia Power Project Operating Agent (City of Burbank) complete and final. The Committee agreed to continue to meet for contract clarification post-resolution approval.

Moved By: Dukku Lee

Seconded By: Vince Brar

Unanimously Approved

3. **REPORT BY THE AUTHORITY'S DIRECTOR OF ASSET MANAGEMENT CONCERNING THE SOUTHERN CALIFORNIA GAS COMPANY'S BILLING DISCREPANCY**

The Director of Asset Management provided an oral report to the Committee regarding the Southern California Gas Company's billing discrepancy in connection with the volume adjustment for deliveries of natural gas to the Magnolia Power Project. The Director of Asset Management detailed the financial impact of filing a complaint to rectify the matter in relation to the total financial loss and recommended

that the Committee move forward with a complaint to the CPUC. The Committee authorized staff to pursue a complaint with the CPUC as recommended by the Director of Asset Management.

Respectfully Submitted,

MICHAEL S. WEBSTER
Executive Director
Southern California Public Power Authority



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ANAHEIM • AZUSA • BANNING • BURBANK • CERRITOS
COLTON • GLENDALE • LOS ANGELES • PASADENA
RIVERSIDE • VERNON • IMPERIAL IRRIGATION DISTRICT

September 26, 2018

Mr. Michael Webster
Executive Director
Southern California Public Power Authority
1160 Nicole Court
Glendora, California 91740

Dear Mr. Webster:

Enclosed is the **August 2018 Investment Report** for the Palo Verde, Southern Transmission System (STS), San Juan, Magnolia Power, Natural Gas, Natural Gas Prepaid, Mead-Adelanto, Mead Phoenix, Ormat Geothermal, Don A. Campbell/Wild Rose Geothermal, Don A. Campbell 2 Geothermal, Canyon Power, Pebble Springs Wind, Tieton Hydropower, MWD Hydro, Linden Wind, Milford Wind I, Milford Wind II, Windy Point/Flats, Ameresco, Apex Power, Copper Mountain Solar 3, Columbia 2 Solar, Heber 1 Geothermal, Ormat No. Nevada Geothermal, Ormesa Geothermal, ARP – Loyaltan Biomass, Springbok 1 Solar, Springbok 2 Solar, Kingbird Solar, Summer Solar, Astoria 2 Solar, Antelope Big Sky Ranch, Antelope DSR 1, Antelope DSR 2, and Puente Hills Landfill Gas Projects; and for the Project Development, Project Stabilization, San Juan Mine Reclamation Trust, San Juan Decommissioning Trust, and the SCPPA Decommissioning Trust Funds. The Portfolios for the Projects and Funds included in the Investment Report are in compliance with the SCPPA Investment Policy.

During the month of August, the Investment Group coordinated variable debt service payments of \$83,368 for the Magnolia and Canyon Power Projects. Net swap payments of \$543,164 were made in accordance with the Interest Swap agreements for the Magnolia Power, Mead-Adelanto, and Natural Gas Prepaid Projects. The net commodity swap receipt for the Natural Gas Prepaid Project was \$1,239,618.

\$108 million of cash and maturities were invested in the various SCPPA project trust funds. Assets managed by the Investment Group for these funds had a market value of \$783 million as of August 31, 2018 with an average yield of 1.84%. Total interest earned on the project funds for the month was \$1.01 million and year to date was \$3.15 million.

The escrow funds had a market value of \$166 million with an average yield of 1.20%. Total interest earned on the escrow funds for the month was \$170,363 and year to date was \$340,725.

Based upon anticipated expenditures for each Project and required receipts from each Participant, SCPPA believes that it will be able to meet all of its expenditure requirements for the next six months.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matt Curtis', is written over a light blue horizontal line.

MATTHEW E. CURTIS
Manager of Investments & Investor Relations
Los Angeles Department of Water & Power

**Monthly Investment Report
August 31, 2018**

Projects	Portfolio Yield	Investment Cost	Carrying Value	Market Value	Portfolio Life (yrs) (1)	Cost of Capital (2)
Palo Verde	1.91%	50,849,567	50,917,621	50,656,320	0.18	2.41%
San Juan	2.00%	16,411,674	16,431,786	16,432,763	0.10	3.91%
Magnolia	1.80%	84,213,428	84,365,525	83,962,471	0.25	4.79%
STS	3.05%	31,566,628	32,681,567	32,712,161	0.72	4.44%
Mead-Phoenix	1.92%	3,053,276	3,053,453	3,053,429	0.11	4.56%
Mead-Adelanto	1.94%	10,888,617	10,921,963	10,910,539	0.31	4.43%
Natural Gas (3)	1.88%	48,101,201	48,161,802	47,797,059	0.16	5.58%
Natural Gas Prepaid (4)	4.14%	21,229,009	21,229,889	21,230,083	13.57	5.02%
Canyon Power (5)	1.66%	16,351,188	16,356,990	16,276,351	0.14	1.07%
Apex Power Project	1.75%	26,901,178	26,912,290	26,679,441	0.11	N/A
SCPPA Decomm Trust Fund	1.58%	179,249,767	179,272,437	175,596,962	0.52	N/A
Project Stabilization Fund	1.70%	119,110,109	119,203,064	118,586,387	0.27	N/A
Tieton	1.51%	6,076,746	6,076,882	6,030,406	0.27	0.76%
Linden Wind	2.13%	5,718,995	5,721,913	5,720,416	0.50	0.63%
Milford Wind 1	1.62%	30,185,963	30,204,926	30,027,286	0.27	4.16%
Milford Wind 2	1.90%	11,279,318	11,298,620	11,202,748	0.16	3.75%
Windy Point Flats	1.97%	25,551,772	25,576,553	25,419,218	0.20	3.49%
Pwr Purchase Agreements Combined	1.47%	70,561,470	70,623,268	70,627,898	0.05	N/A
Project Development Fund	0.00%	469,652	469,652	469,652	0.00	N/A
San Juan Reclaim Trust Fund	2.02%	25,908,845	25,917,839	25,566,096	0.45	N/A
San Juan Decomm Trust Fund	2.32%	3,723,519	3,730,869	3,704,881	1.76	N/A

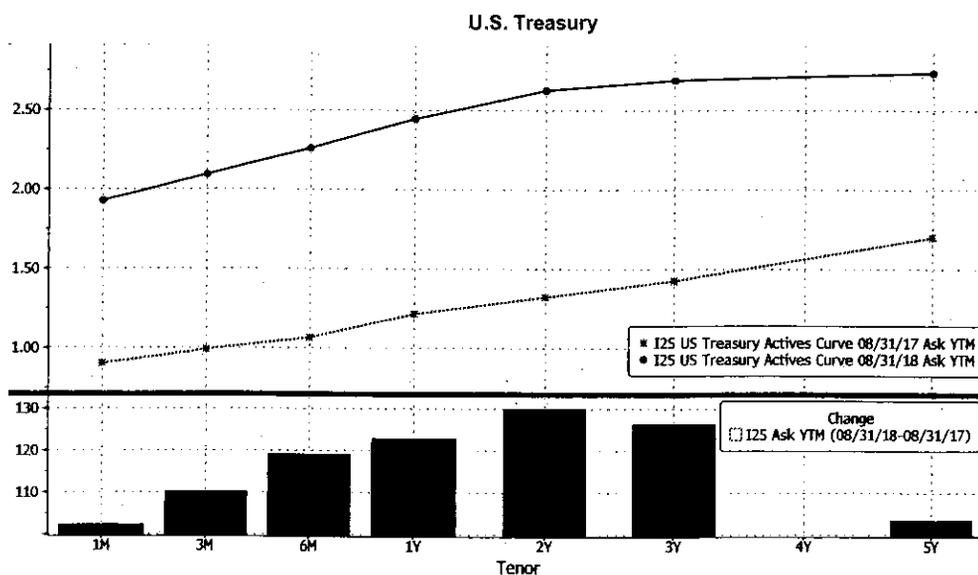
(1) Weighted average remaining portfolio life for STS, NG Prepaid, and PV includes GICs with AGL, and FSA respectively.

(2) Cost of capital as of June 30, 2006 as provided by PFM, unless otherwise noted below.

(3) Cost of capital as of January, 2008 as provided by PFM

(4) Cost of capital as of October, 2008 as provided by PFM

(5) Cost of capital as of December 2, 2008 as provided by Citi



	Tenor	I25 Ask YTM US Treasury Actives Curve 08/31/18	I25 Ask YTM US Treasury Actives Curve 08/31/17	I25 Ask YTM (Change) 08/31/18-08/31/17
11)	1M	1.929	0.904	102.4
12)	3M	2.094	0.991	110.3
13)	6M	2.260	1.068	119.2
14)	1Y	2.447	1.217	123.0
15)	2Y	2.627	1.326	130.1
16)	3Y	2.691	1.427	126.5
17)	5Y	2.738	1.702	103.6



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Board of Directors Meeting

AGENDA ITEM STAFF REPORT

MEETING DATE: October 18, 2018

RESOLUTION NUMBER: 2018-091

CONSENT

DISCUSSION

RENEWAL

NEW

Place an X in box next to the appropriate consideration(s) above.

FROM:		METHOD OF SELECTION:	
Finance	<input type="checkbox"/>	Competitive	<input checked="" type="checkbox"/>
Energy Systems	<input type="checkbox"/>	Cooperative Purchase	<input type="checkbox"/>
Program Development	<input checked="" type="checkbox"/>	Sole Source	<input type="checkbox"/>
Regulatory/Legislative	<input type="checkbox"/>	Single Source	<input type="checkbox"/>
Project Administration	<input type="checkbox"/>	Other	<input type="checkbox"/>
Legal	<input type="checkbox"/>	<i>If other, please describe:</i>	

Place an X in box next to the appropriate consideration(s) above.

Approved By Executive Director: 

INITIAL MEMBER PARTICIPANTS:					
Anaheim	<input type="checkbox"/>	Colton	<input type="checkbox"/>	LADWP	<input checked="" type="checkbox"/>
Azusa	<input type="checkbox"/>	Cerritos	<input type="checkbox"/>	Pasadena	<input type="checkbox"/>
Banning	<input type="checkbox"/>	Glendale	<input type="checkbox"/>	Riverside	<input type="checkbox"/>
Burbank	<input type="checkbox"/>	IID	<input type="checkbox"/>	Vernon	<input type="checkbox"/>

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

SUBJECT: Participation Agreement with Los Angeles Water and Power for Training Program Services.

RECOMMENDATION: Approve the Resolution authorizing the Executive Director to enter into a Participation Agreement with the City of Los Angeles, acting by and through the Department of Water and Power (LADWP) to secure services from ASWB Engineering (ASWB) on behalf of LADWP.

BACKGROUND: ASWB has been a contractor with SCPPA for more the 15 years, providing Energy Efficiency-related Services and Products including training programs on program design, mechanical engineering and other efficiency-related services. LADWP, and other Members, continue to request support services from ASWB because of their high-quality performance.

FISCAL IMPACT: None. Participating Members are responsible for ensuring funds are in their respective budgets to fully pay for all services received from the Consultant.

RESOLUTION NO. 2018-091

RESOLUTION OF THE SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A PARTICIPATION AGREEMENT WITH LOS ANGELES DEPARTMENT OF WATER AND POWER, AND PROVIDING FOR ADDITIONAL CONTRIBUTIONS TO THE AUTHORITY'S REVOLVING GENERAL FUND, AND TAKING CERTAIN RELATED ACTION (RESTRUCTURING)

WHEREAS, the Southern California Public Power Authority (the Authority) owns interests in various generation and transmission projects, the output of which has been sold to Members of the Authority (Members); and

WHEREAS, certain SCPPA member utilities ("Participants") are engaged in the generation, transmission, and distribution of electrical energy to retail customers, including assisting such customers with the efficient use of said energy; and

WHEREAS, ASWB Engineering (ASWB) currently provides energy efficiency engineering related services and associated training programs ("Services") for Participants through an agreement executed on or about February 15, 2013; and

WHEREAS, the Los Angeles Department of Water and Power has expressed interest in continuing to receive Services from ASWB and is willing and able to pay all proportionate expenses and costs for ASWB's performance of said Services; and

WHEREAS, the Board of Directors of Authority, in its Resolution No. 1990-15, established a revolving general fund (the General Fund) for the payment of costs and expenses incurred by the Authority from time to time in carrying out its purposes; and

WHEREAS, the Board of Directors of the Authority, in its Resolution No. 1992-1, provided for the continuation of the General Fund and established a procedure to be followed with respect to additional contributions to the General Fund; and

WHEREAS, the Board of Directors of the Authority, in its Resolution No. 1995-2, provided for a separate bank account (the Joint Planning Account) to hold and disburse the additional contributions to the General Fund with respect to joint planning matters; and

WHEREAS, the Board of Directors of the Authority, in its Resolution No. 1995-13, changed the name of the Joint Planning Account to the Restructuring Account; and

WHEREAS, the Board of Directors of the Authority wishes to provide for additional contributions to the General Fund, and certain Members of the Authority are willing to make such additional contributions.

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

1. The Executive Director is authorized and directed to enter into the appropriate Participation Agreement with Los Angeles Department of Water to secure appropriate Services for and in coordination with LADWP.
2. The Board of Directors hereby provides for additional contributions to the General Fund. Notwithstanding anything to the contrary in Resolution No. 1992-1, such additional contributions,
 - a) shall be solely for the purpose of paying costs and expenses incurred by the Authority with respect to Services provided by ASWB and pending application for such purpose the contributions shall not be expended to pay costs or expenses properly allocable to one or more projects as provided in Section 3 of Resolution No. 1992-1;
 - b) with respect to each bill SCPPA receives from ASWB, shall be billed to the Members that have received Services from a Selected Respondent with respect to such bill, with the amount charged to each Member apportioned according to the Services provided to such Member; and
 - c) such invoice shall be billed and collected by adding the invoiced amount to the Authority's Palo Verde Project billings, with such amounts designated as "Resolution No. 2018-088 Charge." In the alternative, Members who have elected to be billed under the Alternative Billing Method authorized by Resolution 2015-025 shall be billed separately according to the method prescribed therein.
3. Although the amounts to be contributed under this Resolution and related income shall constitute part of the General Fund, they shall be held and accounted for in a separate subaccount within the existing Restructuring Account. The Executive Director of the Authority is hereby directed to establish a subaccount (the Efficiency Program Subaccount) within the Restructuring Account for the purpose of holding contributions and related income, and making disbursements, under this Resolution. The President, Vice President, Secretary, any Assistant Secretary and the Executive Director of the Authority are each authorized to execute checks drawn on the Restructuring Account from time to time.
4. Amounts so held in the General Fund and the Restructuring Account pursuant to this Resolution will not be contributed or held for the purposes of any project for which the Authority has obtained any form of external financing. Such amounts shall not constitute (a) Revenues, or (b) revenues, income, rents or receipts

derived by the Authority from or attributable to Authority Capacity (or to the payment of the costs thereof) or the ownership or operation of any Project. As used herein, "Revenues," "Authority Capacity" and "Project" shall have the respective meanings set forth in the indentures of trust and other instruments governing the external financing arrangements entered into from time to time by the Authority.

5. The President, Vice President, Secretary, any Assistant Secretary, Executive Director and any other officer of the Authority are each hereby authorized to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution.
6. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority this 18th day of October 2018.

PRESIDENT
Southern California Public
Power Authority

ATTEST:

ASSISTANT SECRETARY
Southern California Public
Power Authority

TRAINING PROGRAM

PARTICIPATION AGREEMENT

BETWEEN

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

AND

**THE CITY OF LOS ANGELES, ACTING BY AND THROUGH
THE DEPARTMENT OF WATER AND POWER**

Dated: October ___, 2018

TRAINING PROGRAM PARTICIPATION AGREEMENT

1. **PARTIES.** This Training Program Participation Agreement (“Agreement”), dated October __, 2018 (the “Effective Date”), is made and entered into by and between the SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY, a joint powers agency and a public entity organized under the laws of the State of California, hereinafter designated as "SCPPA," and the CITY OF LOS ANGELES acting by and through the DEPARTMENT OF WATER AND POWER, a municipal corporation, hereinafter designated as “the Department” or, depending upon context, as a "Program Participant” or “LADWP”. LADWP and SCPPA are also sometimes herein referred to individually as a "Party" and together as "Parties". In addition, LADWP and certain other members of SCPPA that are not parties to this Agreement and do not participate through this Agreement, but which nevertheless may participate through other agreements with SCPPA for Training related services ("Services"), are referred to collectively, in this agreement, as "Program Participants."

2. **RECITALS.** This Agreement is entered into with reference to the following facts and circumstances, among others:
 - 2.1 SCPPA is a joint powers agency created pursuant to provisions contained in the Joint Exercise of Powers Act found in Chapter 5 of Division 7 of Title 1 of the California Government Code, (referred to herein as "the Act"), by its members, including LADWP, for the purpose of collectively undertaking the planning, contracting for, development, improvement, betterment, operation, and implementation of generation and transmission projects, which includes the development and implementation of systems and frameworks to assist its members in the efficient management and more effective utilization of the members' existing generation capacity and generation resources.
 - 2.2 SCPPA has executed or will execute agreements (“Program Agreements”) with ASWB. LADWP intends to implement and procure various Services provided by ASWB through SCPPA.
 - 2.3 This Agreement authorizes SCPPA to issue one or more additional competitive solicitations to procure efficiency-related products and services from qualified firms for all future Training programs not yet identified by LADWP.
 - 2.4 SCPPA desires to proceed pursuant to this Agreement with the implementation of related Services.
 - 2.5 In order to enable SCPPA to assist with the provision of Energy Efficiency Training Services, it is necessary for SCPPA to have a binding agreement with LADWP, through which LADWP agrees to pay all of the costs incurred by SCPPA in the provision of related Services and to employ those payments made pursuant to this Agreement for the purpose of securing the rights and deliverables desired by LADWP.
 - 2.6 SCPPA will enter into those agreements and arrangements referenced herein to be utilized by LADWP for its programs, and LADWP shall pay all amounts payable to SCPPA for the purpose of covering all costs (“Contract Costs”) incurred by SCPPA under this Agreement.

3. **AGREEMENT.** For and in consideration of the promises and the mutual covenants and agreements hereinafter set forth, it is agreed by and between the Parties hereto as follows.

4. **TERM, SERVICES AND RESPONSIBILITIES.**

4.1 Term. This Agreement shall be effective on the Effective Date and shall expire five (5) years thereafter ("Term"), unless sooner terminated pursuant to an express provision of this Agreement; and (2) any Contract Cost incurred by SCPPA on behalf of LADWP and any obligation of LADWP to make payments to SCPPA or any other outstanding liability of LADWP hereunder that exists as of the date of termination or expiration of this Agreement shall survive such termination or expiration.

4.2 Purchase and Sale of Contracted Services. In accordance with the terms and conditions hereof, commencing on the first date that Services that are available to LADWP and continuing throughout the Term, SCPPA shall deliver, consign and cause to be provided to LADWP those services and resources set forth and afforded to SCPPA, and requested by LADWP through a Task Order, for LADWP's utilization pursuant to the Program Agreements and LADWP shall purchase, utilize, direct and pay the specified costs for those Services provided for its benefit under the Program Agreements.

4.3 Utilization of Services. SCPPA shall provide and LADWP shall utilize and pay for those Services LADWP elects to procure pursuant to a Task Order.

5. **OBLIGATIONS OF SCPPA AND LADWP.**

5.1 Program Manager. LADWP shall act as the Program Manager for those Services it procures pursuant to this Agreement and shall provide each Contractor providing such Services with such information and direction as may be necessary to perform those Services. LADWP, when acting as Program Manager, shall be deemed to act as SCPPA's agent.

5.2 Authorized Representative. LADWP shall designate, in writing, one or more persons as its authorized representative ("Authorized Representative") to act on its behalf and having authority to administer and carry out the provisions of this Agreement. LADWP shall notify SCPPA within thirty (30) calendar days after execution of this Agreement of its Authorized Representative(s) and shall notify SCPPA in writing of any subsequent change in such designations. The Authorized Representative(s) shall provide day to day direction, including Task Assignments and Orders, concerning the Services provided to LADWP under and pursuant to this Agreement.

5.3 Records and Accounts. SCPPA will keep, or cause to be kept, accurate records and accounts associated with this Agreement, including but not limited to Contract Costs, billings and collections under this Agreement.

5.5 Provide information. SCPPA agrees to supply LADWP, upon request, with information and documentation associated with Contract Costs, including an authorized price list of materials and services from Contractors. LADWP agrees to

supply SCPPA with information and documentation, if any, requisite and necessary to reconcile and allocate Contract Costs.

6. TASK ORDER DEVELOPMENT AND APPROVAL

- 6.1 During the Term, LADWP shall have the right to request a Task Order (“Task Order”) for the Services contemplated by this Agreement. Task Orders may be based either upon a lump sum or a time and materials basis.
- 6.2 Task Order Structure. Task Orders should specify the following:
- a. Purpose and Objective
 - b. Prerequisites to Contractors' performance
 - c. Scope of Work
 - d. Schedule
 - e. Premises (assumptions, conditions, restrictions, project location, etc.)
 - f. Key Contractors and subcontractor personnel required for the task
 - g. Applicable rate schedules
 - h. Method of compensation (i.e. lump sum or time and materials)
 - i. LADWP designated Task Order administrator.
 - j. Provisions related to confidentiality, insurance and bonds to be furnished by a Contractor to the extent not already covered by the Program Agreement between SCPPA and that Contractor.
- 6.3 Task Order Modifications. LADWP or Contractors may seek modifications to an authorized Task Order to address needed services, work, tasks, deliverables, or costs associated with the task assignment or to address changed conditions. All modifications shall be in writing signed by SCPPA, LADWP and the Contractor.

7. OWNERSHIP

- 7.1 Ownership Rights. It is understood and agreed that the Task Order deliverables are being developed by Contractors for the sole and exclusive use of LADWP and that LADWP shall be deemed the sole and exclusive owner of all rights, title, and interest therein, including all copyright and proprietary rights relating thereto, except as may be otherwise provided in the applicable Program Agreement.
- 7.2 Use of Deliverables. LADWP has the right to use or not use the Task Order deliverables and to use, reproduce, re-use, alter, modify, edit, or change the deliverables as it sees fit and for any purpose. If LADWP determines that a deliverable, or any part thereof, requires correction prior to LADWP approval, LADWP has the absolute right to use the deliverable until such time as the Contractors can remedy the identified deficiency.

8. **REFERENCE CHECKS.** To the extent permitted by applicable law, LADWP may conduct reference checks on Contractors, its employees, agents, and subcontractors who shall have, or may have, access to LADWP customer, employee, power system, or water system information and data during performance of this Agreement.

9. COMPENSATION AND BILLINGS.

- 9.1 Not-to-Exceed Amount. The total compensation that may be paid to all Contractors for Services utilized by LADWP pursuant to this Agreement shall not exceed Five Hundred Million Dollars (\$500,000,000) over the Term, with no annual or fiscal year limitations. LADWP shall only be obligated to pay for Services procured by LADWP under a duly executed Task Order.
- 9.2 Billing Statement. SCPPA shall prepare and deliver a monthly billing statement to LADWP under SCPPA's standard billing practices for LADWP's share of costs identified in any outstanding invoices submitted to SCPPA by a Contractor.
- 9.3 Additional Billing Methodologies or Cost Reconciliation Mechanisms. The Authorized Representative and SCPPA may agree to other billing methodologies or cost reconciliation mechanisms to address the potential variability of costs associated with the performance of SCPPA's Contractor under any Program Agreements. The Board of Directors may, by resolution, authorize or prescribe other billing, payment, costing and cost reconciliation mechanisms to address such billing, payment, costing and cost reconciliation issues as may from time to time arise with respect to the Project.

10. INDEMNITY; NO LIABILITY OF SCPPA OR OTHER PROGRAM PARTICIPANTS

- 10.1 LADWP agrees to hold SCPPA and all other SCPPA members harmless for payment for work performed under a fully executed Task Order. LADWP agrees to indemnify, defend and hold harmless SCPPA directors, officers, agents, representatives, employees, successors and assigns from and against any and all losses, injuries, costs and expenses, damages, liens, claims, or liabilities, including reasonable attorney's fees incurred by SCPPA in connection with a fully executed Task Order.
- 10.2 The Parties acknowledge that the purpose of this Agreement is to pass on to LADWP, through SCPPA, the benefits and obligations of the Program Agreements. LADWP agrees that neither SCPPA nor any of its directors, officers, employees and agents shall be liable to LADWP for loss of profits or direct or consequential loss or damage suffered by LADWP as a result of (i) the performance or non-performance by SCPPA under the Program Agreements (whether negligent or otherwise) or (ii) the performance or non-performance (whether negligent or otherwise) of SCPPA or any of its directors, officers or employees under this Agreement. LADWP releases SCPPA and its directors, officers, employees from any claim or liability (whether negligent or otherwise) as a result of any actions or inactions of SCPPA under this Agreement or under the Program Agreements. No such performance or non-performance by SCPPA shall relieve LADWP from its obligations under this Agreement, including its obligation to make payments required under this Agreement if such payments are required of SCPPA under the Program Agreements, and, except as otherwise may be provided in this Agreement, such payments shall not be subject to any reduction or offset unless such reduction or offset is provided to SCPPA under the Program Agreements. No other SCPPA Member shall be liable for any debt or obligation

incurred by LADWP under this Agreement. The provisions of this Section 10.1 shall not be construed in any manner or fashion to relieve a Contractor from any obligation or liability under the Program Agreements or to relieve any other counterparty, other than SCPPA, under any other applicable agreement.

- 10.3 The exculpation provision set forth in Section 10.2 hereof shall apply to all types of claims or actions including, but not limited to, claims or actions based on contract or tort. Notwithstanding the foregoing, LADWP may protect and enforce its rights under this Agreement by a suit or suits in equity for specific performance of any obligations or duty of SCPPA, and LADWP shall at all times retain the right to recover, by appropriate legal proceedings, any amount determined to have been an overpayment by LADWP in accordance with the provisions of this Agreement or the respective Program Agreements.
- 10.4 Notwithstanding the provisions of Sections 10.1, 10.2 and 10.3 hereof, LADWP or SCPPA, as applicable, may determine, protect and enforce its rights under this Agreement or the Program Agreements by a suit or suits in equity for specific performance of, or declaratory action with respect to, any obligation or duty hereunder or thereunder. The rights which SCPPA, or LADWP, respectively, may so determine, protect and enforce, include but are not limited to, the rights associated with the delivery of the services set forth under this Agreement and the Program Agreements, as applicable and any payment obligation on the part of either Party pursuant to this Agreement.
- 10.5 Notwithstanding any provision in this Agreement to the contrary, including but not limited to the provisions in this Section 10, the provisions of this Section 10 shall not be construed or applied so as to relieve any insurer of its obligation to pay any insurance claims in accordance with any applicable insurance policy.
- 10.6 It is hereby recognized and agreed that no member of the Board of Directors of SCPPA, or any officer, employee or agent of SCPPA or member of SCPPA in its capacity as a member of SCPPA shall be individually liable in respect of any undertakings by SCPPA under the Program Agreements or this Agreement. The undertakings by SCPPA under this Agreement shall never constitute a debt or indebtedness of SCPPA within the meaning of any provision or limitation of the Constitution or statutes of the State of California and shall not constitute or give rise to a charge against its general credit.
11. **SEVERABILITY.** In case any one or more of the provisions of this Agreement shall for any reason be held to be illegal or invalid by a court of competent jurisdiction, it is the intention of each of the parties hereto that such illegality or invalidity shall not affect any other provision hereof, but this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein unless a court holds that the provisions are not separable from all other provisions of this Agreement.
12. **SECTION HEADINGS.** Section headings appearing in this Agreement are for convenience only and shall not be construed as interpretations of text.

13. **CONDITIONS TO TERMINATION OR AMENDMENT.** LADWP may terminate this Agreement upon the termination of all outstanding Task Orders. LADWP may terminate its participation in any Program Agreements pursuant to the termination rights set forth in the Task Order. Should the Parties terminate this Agreement or otherwise alter or amend the performance obligations hereunder, the Parties agree that all obligations, costs, expenses and liabilities incurred by SCPPA under this Agreement shall be paid by LADWP. The Parties agree that this obligation on behalf of LADWP shall survive termination of this Agreement.
14. **ARBITRATION AND ATTORNEYS FEES.** If a dispute arises between the Parties which the Parties are unable to resolve, the Parties agree that each Party shall bear its own attorneys' fees and costs. Notwithstanding the forgoing, LADWP and SCPPA recognize and agree that SCPPA's attorneys' fees associated with any dispute or litigation relating to the Services, or this Agreement, shall constitute a Contract Cost which shall be allocated and billed as set forth in Section 9 of this Agreement.
15. **NOTICES.** Any notice, demand or request provided for in this Agreement shall be in writing and shall be deemed properly served, given or made if delivered in person or sent by registered or certified mail, postage prepaid, to the persons specified below or to such persons as are designated in writing and served upon the other Party by the respective persons specified below. Any notice, demand or request directed to LADWP shall be delivered to:

DEPARTMENT OF WATER AND POWER

David H. Wright
General Manager
111 North Hope Street
Los Angeles, CA 90012

with a copy to:
Antonio Quirante, Utility Administrator
Office of Sustainability
111 North Hope Street, Room 1057
Los Angeles, CA 90012

Any notice, demand, or request directed to SCPPA shall be delivered to:

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Attn: Bryan Cope, Program Development Manager
1160 Nicole Court
Glendora, CA 91740

Such correspondence shall be in writing, except as specified elsewhere in this Agreement. Service will be deemed complete upon receipt. Any Party, by written notice, may designate different or additional person(s) or different addresses.

16. REPRESENTATION AND GOVERNING LAW. The Parties acknowledge that each party was represented by counsel in the negotiation and execution of this Agreement. This Agreement shall be interpreted, governed by and construed under the laws of the State of California. Unless the Parties shall otherwise agree, venue for any dispute with respect to this Agreement shall be in Los Angeles County, California.

17. COUNTERPARTS AND ELECTRONIC SIGNATURES: This Agreement may be executed in one or more counterparts, each of which when executed by each party shall be deemed to be an original and all of which, when taken together, shall be deemed to be one and the same agreement or document. A signed copy of this Agreement transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement for all purposes, to the extent and as provided for in any applicable law, including California's Uniform Electronic Transactions Act.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly caused this Agreement to be executed by their duly authorized representatives, effective the date first referenced above.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

By: _____
Michael S. Webster
Executive Director

Approved as to Legal Form and Content

Richard J. Morillo
General Counsel

**THE CITY OF LOS ANGELES ACTING BY AND
THROUGH THE DEPARTMENT OF WATER AND POWER**

By: _____
David H. Wright
General Manager

Approved as to Legal Form and Content

Dirk P. Broersma
Deputy City Attorney

Secretary



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Board of Directors Meeting

AGENDA ITEM STAFF REPORT

MEETING DATE: October 18, 2018

RESOLUTION NUMBER: 2018-092

CONSENT

DISCUSSION

RENEWAL

NEW

Place an X in box next to the appropriate consideration(s) above.

FROM:		METHOD OF SELECTION:	
Finance	<input type="checkbox"/>	Competitive	<input checked="" type="checkbox"/>
Energy Systems	<input type="checkbox"/>	Cooperative Purchase	<input type="checkbox"/>
Program Development	<input checked="" type="checkbox"/>	Sole Source	<input type="checkbox"/>
Regulatory/Legislative	<input type="checkbox"/>	Single Source	<input type="checkbox"/>
Project Administration	<input type="checkbox"/>	Other	<input type="checkbox"/>
Legal	<input type="checkbox"/>	<i>If other, please describe:</i>	
<i>Place an X in box next to the appropriate consideration(s) above.</i>			
Approved By Executive Director:			

POTENTIAL MEMBER PARTICIPANTS:					
Anaheim	<input type="checkbox"/>	Colton	<input type="checkbox"/>	LADWP	<input checked="" type="checkbox"/>
Azusa	<input type="checkbox"/>	Cerritos	<input type="checkbox"/>	Pasadena	<input type="checkbox"/>
Banning	<input type="checkbox"/>	Glendale	<input type="checkbox"/>	Riverside	<input type="checkbox"/>
Burbank	<input type="checkbox"/>	IID	<input type="checkbox"/>	Vernon	<input type="checkbox"/>
<i>Place an X in box next to the applicable Member(s) shown above.</i>					

SUBJECT: Approval of a Goods and Services Agreement with Pandora Consulting, LLC (Pandora).

RECOMMENDATION: Approve the Resolution authorizing SCPPA to execute a Goods and Services Agreement with Pandora.

BACKGROUND: SCPPA issued a competitive Request for Qualifications to secure Efficiency-related Services and Products from qualified firms. Pandora was selected as a qualified firm to provide such services and products

SCPPA FISCAL IMPACT: None. Members are required to pay for all related services and product received from Pandora.

RESOLUTION NO. 2018-092

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A GOODS AND SERVICES AGREEMENT WITH PANDORA CONSULTING, LLC, AND PROVIDING FOR ADDITIONAL CONTRIBUTIONS TO THE AUTHORITY'S REVOLVING GENERAL FUND, AND TAKING CERTAIN RELATED ACTIONS

WHEREAS, certain SCPPA member utilities are engaged in the generation, transmission, and distribution of electrical energy to retail customers, including assisting such customers with the efficient use of said energy; and

WHEREAS, SCPPA members have a need for Efficiency Improvement-related Services and Products (“Services”); and

WHEREAS, SCPPA issued a Request for Qualifications and Quotations (RFQ) seeking firms that are qualified to provide cost-effective Services; and

WHEREAS, Pandora Consulting LLC (“Pandora”) was selected to provide Services based upon its experience and response to the RFQ;

WHEREAS, the Authority is willing and able to (i) retain Pandora to provide the Services under a Goods and Services Agreement (“Agreement) and (ii) bill all expenses and costs for related Services, including costs for retaining Pandora, to the SCPPA members receiving the Services; and

WHEREAS, the Board of Directors of the Authority, in its Resolution No. 1990-15, established a revolving general fund (the General Fund) for the payment of costs and expenses incurred by the Authority from time to time in carrying out its purposes; and

WHEREAS, the Board of Directors of the Authority, in its Resolution No. 1992-1, provided for the continuation of the General Fund and established a procedure to be followed with respect to additional contributions to the General Fund; and

WHEREAS, the Board of Directors of the Authority, in its Resolution No. 1995-2, provided for a separate bank account (the Joint Planning Account) to hold and disburse the additional contributions to the General Fund with respect to joint planning matters; and

WHEREAS, the Board of Directors of the Authority, in its Resolution No. 1995-13, changed the name of the Joint Planning Account to the Restructuring Account; and

WHEREAS, the Board of Directors of the Authority wishes to provide for additional contributions to the General Fund, and the SCPPA members requesting Services are willing to make such additional contributions.

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

1. The Executive Director is authorized and directed to negotiate, complete and execute the Agreement, in substantially final form as included in the agenda packet, with Pandora to deliver Services to SCPPA members, provided that such members agree, in writing, to bear all costs and expenses associated with Services provided to such members pursuant to the Agreement, including under one or more Task Orders.
2. The Board of Directors hereby provides for additional contributions to the General Fund. Notwithstanding anything to the contrary in Resolution No. 1992-1, such additional contributions:
 - a) shall be solely for the purpose of paying costs and expenses incurred by the Authority with respect to Services provided by Pandora and pending application for such purpose the contributions shall not be expended to pay costs or expenses properly allocable to one or more projects as provided in Section 3 of Resolution No. 1992-1;
 - b) with respect to each invoice SCPPA receives from Pandora each such invoice shall be billed to the SCPPA members receiving Services; and
 - c) such invoice shall be billed and collected by adding the amounts provided above to the Authority's Palo Verde Project billings, with such amounts designated as "Resolution No. 2018-092 Charge." In the alternative, if a particular SCPPA member has elected to be billed under the Alternative Billing Method authorized by Resolution 2015-025, then such member shall be billed separately according to the method prescribed therein.
3. Although the amounts to be contributed under this Resolution and related income shall constitute part of the General Fund, they shall be held and accounted for in the Restructuring Account. The Executive Director of the Authority is hereby directed to utilize the Restructuring Account for the purpose of holding contributions and related income, and making disbursements, under this Resolution. The President, Vice President, Secretary, any Assistant Secretary and the Executive Director of the Authority are each authorized to execute checks drawn on the Restructuring Account from time to time.
4. Amounts contributed to and held in the General Fund and the Restructuring Account pursuant to this Resolution will not be contributed or held for the purposes of any project for which the Authority has obtained any form of external financing. Such amounts shall not constitute (a) revenues, or (b) revenues, income, rents or receipts derived by the Authority from or attributable to Authority Capacity (or to the payment of the costs thereof) or the ownership or operation of any Project. As used herein, "Revenues," "Authority Capacity," and "Project" shall have the respective meanings set forth in the indentures of trust and other instruments governing the external financing arrangements entered into from time to time by the Authority.
5. The President, Vice President, Secretary, any Assistant Secretary, Executive Director and any other officer of the Authority are each hereby authorized to execute and deliver any

and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution.

6. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority this 18th day of October 2018.

PRESIDENT
Southern California Public
Power Authority

ATTEST:

ASSISTANT SECRETARY
Southern California Public
Power Authority

**MASTER PROFESSIONAL SERVICES AGREEMENT
BETWEEN
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
AND
PANDORA CONSULTING ASSOCIATES, LLC**

This MASTER PROFESSIONAL SERVICES AGREEMENT (“Agreement”) is dated and effective as of October 19, 2018, by and between Pandora Consulting Associates, LLC (“Consultant”), a California Limited Liability Corporation, doing business at 4872 Topanga Canyon Blvd, #343, in Woodland Hills, CA 91364 and the Southern California Public Power Authority (“SCPPA”), a joint powers agency created pursuant to the laws of the State of California, with offices at 1160 Nicole Court, Glendora, California 91740. SCPPA and Consultant are also referred to herein individually as (“Party”) and together as (“Parties”).

WHEREAS, SCPPA member utilities (“Members”) are engaged in the generation, transmission, and distribution of electrical energy to retail customers; and

WHEREAS, SCPPA has a need for professional and technical services to assist Members; while SCPPA’s Members have a need for such services to continue to improve upon the electric service they provide in their respective communities; and

WHEREAS, SCPPA issued a Request for Qualifications (RFQ) from firms to provide efficiency-related services and products for the benefit of Members in June 2018; and

WHEREAS, Consultant was selected as being qualified and capable of providing such services based on their response to SCPPA’s competitive RFQ solicitation; and

NOW, THEREFORE, in consideration of the promises herein and for other good and valuable consideration, the parties agree as follows:

1. **Services to be Provided:** SCPPA engages the Consultant to provide support services for new and/or modified, energy and water saving measures, or technologies and other related customer programs, services and/or products (“Services”), as outlined in Consultant’s response to the aforementioned RFQ that is made part of this Agreement by reference. Specific tasks and responsibilities of Consultant, including but not limited to schedules, deliverables and associated compensation shall be set forth in a separate task order (“Task Order”) substantially in the form attached hereto as Exhibit A.

A Member who participates in any Task Order shall be referred herein as the "Participating Member". A Task Order may be made on behalf of SCPPA and/or one or more Members and in all cases shall be signed by the Consultant and SCPPA; provided the Participating Member shall not be liable for any Task Order related costs unless Participating Member(s),

at its election, signs the Task Order or submits a letter to SCPPA confirming its participation and funding commitment in form and content mutually acceptable to SCPPA and Participating Member. Consultant will perform the Services within the applicable Task Order at the direction of and on behalf of SCPPA and/or the Participating Member. There may be one or more Task Orders associated with this Agreement. A Task Order may be amended only upon written agreement executed by Consultant and SCPPA and the participating Member(s), as may be elected by Participating Member(s). Alternatively, when a Participating Member has elected to confirm its Task Order participation through a letter, the Participating Member may confirm its consent to an amendment of a Task Order by an updated participation letter.

2. **Independent Consultant:** Consultant is an independent Consultant, is not an employee of SCPPA or any SCPPA Member and shall not be entitled to any benefits or rights, including, but not limited to, sick leave, vacation leave, holiday pay, worker's compensation or other insurance benefits. Consultant shall furnish the Services in its own manner and method except as required by this Agreement. Consultant shall have no authority, express or implied, to act on behalf of or bind SCPPA or its Members in any capacity whatsoever as agents or otherwise. Consultant may use the services of sub-contractors to perform a portion of its obligations under this Agreement with the prior written approval of SCPPA. Sub-contractors shall be provided with a copy of this Agreement and Consultant shall have an affirmative duty to assure that all sub-contractors comply with the same and agree to be bound by its terms. Consultant shall be the responsible party with respect to all actions of its sub-contractors. Consultant is not required to perform the services at fixed hourly or daily times, nor at SCPPA or Member premises unless as provided in the Scope of Services. Consultant's time spent at SCPPA, Member, or project location premises shall be subject to normal business hours, appropriate safety standards and security requirements.
3. **Standard of Care:** The Consultant will perform Services under this Agreement with the degree of skill and diligence normally practiced in the same industry by Consultants performing the same or similar services. Consultant shall comply with all Federal, State, County, local and other governing laws, rules and regulations applicable to the performance of the Services including participating Member(s) business practices or other requirements set forth in a Task Order, including, but not limited to, equal opportunity practices, living wage ordinances, applicable business licenses, taxpayer protection acts (limiting gifts or campaign contributions), and assignment of antitrust causes of action.
4. **Changes/Amendments:** The terms and conditions of this Agreement may not be changed except as to a particular Task Order. Any such change can be made in a new Task Order or an amendment to an existing Task Order, all consistent with the requirements of Section 1 above. Any change(s) from the terms and conditions of this Agreement shall only apply to the Services performed under the particular Task Order in which such change(s) were made. Services not expressly set forth herein or in a Task Order are excluded. Consultant shall promptly notify SCPPA and participating Member(s) if changes to the Scope of Services will affect the schedule, level of effort or payment to Consultant. If Consultant determines that

changes should be made to a Task Order, Consultant shall notify SCPPA and participating Member(s) of such proposed changes in writing, including the effects on the schedule, level of effort and compensation for such changes.

5. **Payment:** SCPPA shall pay Consultant for Services in accordance with the terms and payment schedule contained in the applicable Task Order. Each invoice shall include the following:
 - a. A reference to SCPPA Resolution No. 2018-091;
 - b. Name of the participating Member(s) and the contact information for participating Member(s) designated representative(s);
 - c. The basis for the amount invoiced, including a description of services provided, units and costs.

Consultant shall provide all invoices to both the participating Member(s) and to SCPPA. Invoices delivered to SCPPA should be sent to billinginvoices@scppa.org. Invoices received by SCPPA on or before the 26th day of a given month and subsequently approved by the participating Member(s) on or before the 3rd day of the next month, will typically be paid to Consultant by SCPPA before the end of that month. All properly invoiced amounts shall be paid not more than sixty (60) days after delivery of an invoice, provided that the funds for the payment of such invoices have been transmitted to SCPPA by the participating Member(s). SCPPA will use best efforts to pay invoices within a sixty (60) day period.

6. **Taxes:** Any and all taxes imposed on Consultant's income, imposed or assessed by reason of this agreement or its performance, including but not limited to sales or use taxes, shall be paid by Consultant. Consultant shall be responsible for any taxes or penalties assessed by reason of any claims that Consultant is an employee of SCPPA. SCPPA and Consultant specifically agree that Consultant is not an employee or agent of SCPPA.
7. **Indemnity:** Consultant shall defend, indemnify and hold harmless SCPPA, its participating Member(s) and their officers, agents, representatives and employees from and against any and all suits and causes of action, claims, charges, damages, demands, judgments, civil fines and penalties, or losses of any kind or nature whatsoever for death, bodily injury or personal injury to any person, including Consultant's employees and agents, or damage or destruction to any property of either Party, or third person in any manner arising by reason of negligent acts, errors, omissions or willful misconduct incident to the performance of this Agreement on the part of the Consultant, or the Consultant's officers, agents, employees, or sub-contractors of any tier, except for the sole active negligence or willful misconduct of SCPPA, its participating Member(s) and their officers, agents, representatives or employees.
8. **Intellectual Property Infringement.** Consultant shall defend, indemnify and hold SCPPA and its participating Member(s) free and harmless from and against any loss, cost and expense that SCPPA or any participating Member(s) incurs because of a claim that any deliverables, materials or equipment (hereinafter "Product") provided pursuant to this Agreement infringes on the intellectual property right of others. Consultant's obligations under this indemnification are expressly conditioned on the following: (i) SCPPA must promptly notify Consultant of any such claim; (ii) SCPPA must in writing grant Consultant

sole control of the defense of any such claim and of all negotiations for its settlement or compromise (if SCPPA chooses to represent its own interests in any such action, SCPPA may do so at its own expense, but such representation must not prejudice Consultant's right to control the defense of the claim and negotiate its settlement or compromise); (iii) SCPPA and its participating Member(s) must cooperate with Consultant to facilitate the settlement or defense of the claim; (iv) the claim must not arise from modifications to or misuse of the Product by SCPPA, its participating Member(s) or others. In the event of any such infringement claim, Consultant, at its sole option and expense, may (A) retake title and possession of the Product and refund all compensation paid by SCPPA, or (B) obtain for SCPPA the right to continue using the Product under the terms of this Agreement; or (C) replace the Product with another that is substantially equivalent in function, or modify the Product so that it becomes non-infringing and substantially equivalent in function.

9. **Insurance.** Consultant shall at its sole cost and expense procure, provide and maintain, and shall require each sub-contractor (regardless of tier) to provide and maintain, in effect during the performance of any Services under this Agreement insurance coverage with carriers reasonably satisfactory to SCPPA, as follows:

- (a) Workers' Compensation insurance in accordance with statutory limits, as required by the state in which the services are to be performed, including a waiver of subrogation favoring SCPPA, and, if Worker's Compensation insurance is required, Employer's Liability insurance with limits of not less than one million dollars (\$1,000,000) each employee for accident, \$1,000,000 each employee for disease, and \$1,000,000 policy limit for disease.
- (b) Commercial General Liability insurance providing coverage for bodily injury, property damage, personal injury, advertising liability, blanket contractual liability, Consultant's obligations under this Agreement, products and completed operations, and coverage for independent Consultants with limits of not less than one million dollars (\$1,000,000) for each occurrence, an annual aggregate of two million dollars (\$2,000,000), and a products/completed operations aggregate of two million dollars (\$2,000,000). Such policy shall cover SCPPA and each participating Member(s) as an additional insured, include a severability of interest provision, and be primary and not contributory with respect to any insurance carried by SCPPA or its Members.
- (c) Commercial Automobile Liability insurance providing coverage for all owned, non-owned, and hired automobiles used by Consultant in the performance of the services with a combined single limit of not less than one million dollars (\$1,000,000) for each occurrence of bodily injury and property damage.
- (d) Errors & Omissions/Professional Liability insurance, including cover for liability arising from intellectual property infringement, information technology and software development services, with limits of one million dollars (\$1,000,000).

The insurance to be provided by Consultant under this Agreement shall not include any of the following: except for Professional Liability Insurance, any claims-made insurance policies; any self-insured retention or deductible amount greater than two hundred fifty

thousand dollars (\$250,000) unless approved in writing by SCPPA; any endorsement limiting coverage available to SCPPA or participating Member(s) that is otherwise required by this Section 9; and any policy or endorsement language that (i) negates coverage to SCPPA of participating Member(s) for SCPPA's or participating Members' own negligence; (ii) limits the duty to defend SCPPA or participating Member(s) under the policy; (iii) provides coverage to SCPPA or participating Member(s) only if Consultant is negligent, or (iv) permits the recovery of defense costs from any additional insured. The insurance provided under this Agreement shall not contain any restrictions or limitations which are inconsistent with SCPPA's or the participating Members' rights under this Agreement.

Consultant shall furnish SCPPA a certificate of insurance evidencing the required coverages prior to commencement of Services under this Agreement or any Task Order issued pursuant to this Agreement. Consultant shall provide SCPPA a new or renewed certificate of insurance upon any changes or modifications to coverage including any extension or renewal of required insurance coverage; provided that any changes or modifications to coverage shall be consistent with the requirements of this Agreement.

10. Term and Termination: The term of this Agreement shall be three (3) years from the date hereof, unless sooner terminated in accordance with this Section 10, at which time it shall either expire or be extended for one (1) additional term of three (3) years in writing by SCPPA, subject again to earlier termination in accordance with this Section 10; provided, that in no case shall this Agreement expire while Services pursuant to any Task Order remain to be completed. SCPPA's decision to grant an extension for an additional three (3) year term shall be at the sole discretion of the SCPPA Executive Director. Notwithstanding anything to the contrary contained herein, either Party may terminate this Agreement, with or without cause, upon thirty (30) days' written notice to the other Party. SCPPA shall pay Consultant for all Services rendered up to the date of termination plus reasonable expenses for winding down the Services. Any rights or obligations pursuant to Sections 5, 6, 7, 8, and 11 shall survive the expiration or termination of this Agreement.

11. Use and Ownership of Work Products:

(a) As used in this agreement, the term "Work Product" means any and all deliverables or materials fixed in a tangible medium of expression, including software code, written procedures, written documents, abstracts and summaries thereof, or any portions or components of the foregoing created, written, developed, conceived, perfected or designed in connections with the Services provided under this Agreement.

(b) SCPPA shall retain all rights, title and interest in and to the Work Product, including all intellectual property rights therein and any and all enhancements, improvements and derivative works thereof, and Consultant obtains no rights therein.

12. Information Provided by Others: To the extent available to SCPPA or the participating Members(s), SCPPA, the participating Member(s), or both shall provide to the Consultant in a timely manner any information reasonably needed to perform the Services hereunder. Consultant may rely on the accuracy of information provided by SCPPA and its

representatives. Any Customer Data furnished to Consultant by SCPPA or its participating Member(s) shall be deemed Confidential Information subject to Section 13 of this Agreement. The term "Customer Data" shall mean any and all data that describes anything whatsoever about an individual customer of a participating Member(s), such as address, employment, contact information, usage history, financial transactions and/or credit history, or that affords a clear basis for inferring things done by or to an individual or entity such as a record of a person's presence in a place, or requests for temporary changes in service. "Customer Responses" shall be any and all information or opinion collected or gathered from an individual customer of a participating Member(s), either verbally, in writing, or electronically.

13. **Confidential Information:** With respect to any information supplied in connection with this Agreement, Confidential Information shall be any and all: (1) Customer Data provided by SCPPA or any participating Member to Consultant or any of Consultant's sub-contractors; and (2) Customer Responses collected by Consultant or any of Consultant's sub-contractors from customers of any Members; and (3) any information provided to one Party from another that is labeled and/or marked confidential. The recipient agrees to protect the Confidential Information in a reasonable and appropriate manner, and to use and reproduce the Confidential Information only as necessary to realize the benefits of or perform its obligations under this Agreement and for no other purpose.

Notwithstanding the foregoing, Confidential Information does not include information which (i) at the time of disclosure is within the public domain through no breach of this Agreement by either Party; (ii) has been known or independently developed by and is currently in the possession of recipient prior to disclosure or receipt thereof; (iii) was or is acquired by recipient from a third party (other than a SCPPA Member Customer contacted by Consultant in the course of performance of this Agreement) or (v) disclosed pursuant to a legal requirement or order. The recipient may disclose the Confidential Information on a need-to-know basis to its Consultants, agents and affiliates who agree to confidentiality and non-use terms that are substantially similar to these terms. The parties acknowledge and agree that any proprietary software provided by Consultant in connection with this Agreement shall be considered the Confidential Information of Consultant.

In the case of a *bona fide* request received by SCPPA under the California Public Records Act ("CPRA,") Cal. Gov't Code § 6250 et seq.) from a third party for access to Consultant's Confidential Information subject to this Agreement, SCPPA shall promptly notify Consultant of such request and shall follow Consultant's reasonable instructions in responding thereto subject to the understanding that SCPPA cannot delegate the responsibilities imposed on it by the CPRA to Consultant. In the event access to such Confidential Information is denied and the third party requesting the same initiates litigation to compel access under the CPRA, SCPPA shall promptly advise Consultant of such litigation, and SCPPA shall have no other duty or obligation to Consultant under this Agreement with respect to the denial of access to such Confidential Information or to oppose or defend any such litigation. Consultant, at its own cost and expense, shall indemnify, defend and hold SCPPA free and harmless from such litigation or any claim, suit, cost, expense, judgment or order related thereto or otherwise arising from the denial of access to Consultant's Confidential Information to said third party.

Confidential Information must be kept in a secure location. Confidential Information received from customers of a Member will only be provided by Consultant to SCPPA and its designated representatives, and to no other party. Consultant shall, when directed by SCPPA, create aggregated data derived from Confidential Information in such a way such that individual customer responses or data cannot be determined. Consultant will retain the Confidential Information only so long as it is necessary to perform Consultant's tasks under the Agreement, and after such time, the Confidential Information will be returned to SCPPA (or at SCPPA's written option, destroyed), and Consultant will retain no copies of the Confidential Information.

Consultant shall be responsible to ensure that any sub-contractors used to provide Services that have access to Confidential Information or who will collect Customer Responses comply with the provisions of this Section 13.

14. **Dispute Resolution:** Consultant and SCPPA shall attempt to resolve conflicts or disputes which arise under this Agreement or which relate in any way to this Agreement or the subject matter of this Agreement in a fair and reasonable manner. The Parties agree that conflicts or disputes not otherwise resolved the Parties will attempt to mediate the conflict or dispute by a professional mediator. If mediation does not settle any conflict or dispute the Parties may agree in writing to arbitration under the rules governing commercial arbitration as promulgated by the American Arbitration Association, arbitrability shall be subject to the Federal Arbitration Act and the locale of the arbitration shall be Southern California.

15. **Representatives**

Each Parties representative for administration of this Agreement, such as notices, requests, demands and other communications hereunder shall be deemed given only if in writing signed by an authorized representative of the sender and delivered by first class mail, postage prepaid; by electronic mail or facsimile, with a hard copy mailed first class, postage prepaid; or when sent by a courier or service guaranteeing overnight delivery to the receiving party, addressed as follows:

To SCPPA:
Bryan Cope
1160 Nicole Court
Glendora, CA 91740
(626) 793-9364
bcope@scppa.org

To Consultant:
Marco Sands
4141 Matisse Ave
Woodland Hills, CA 91364
(818) 642 2588
sands@pandoraconsultingassociates.com

All questions pertaining to this Agreement shall be referred to the above-named person(s), or to the representative's designee. Except as otherwise provided herein, the representatives set forth herein shall have authority to give all notices required herein.

Either party may change its address for the purposes of this Agreement by giving written notice of such change to the other party in the manner provided in this Section.

Notice shall be deemed effective: 1) immediately, upon personal delivery; 2) two calendar days after transmission by electronic mail or facsimile; five calendar days after deposit in first class mail, if mailed within the United States; and ten calendar days after deposit in the mail, if mailed from outside the United States.

16. Miscellaneous:

- (a) This Agreement is binding upon and will inure to the benefit of SCPPA and Consultant and their respective successors and assigns. Neither Party may assign its rights or obligations hereunder without the prior written consent of the other Party; provided, however, that either Party may assign this Agreement to a successor of the Party's entire business relating to this Agreement.
- (b) If any provision of this Agreement is rendered invalid or unenforceable under any circumstance, the remainder of this Agreement shall continue to be in full force and effect and the provision declared invalid or unenforceable shall continue to be in full force and effect as to other circumstances in accordance with, the laws of the State of California.
- (c) This Agreement is entered into in Los Angeles County in the State of California and shall be governed by, and construed in accordance with, the laws of the State of California.

17. Counterparts: This Agreement may be executed in counterparts (each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement).

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first written above.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

By: _____
MICHAEL S. WEBSTER
Executive Director

and;

PANDORA CONSULTING ASSOCIATES, LLC

By:  _____
MARCO SANDS
Managing Director

EXHIBIT A

TASK ORDER FORM

TASK ORDER No.: [...input number, sequential to prior task orders, if applicable...]

Date: []

Project Description: []

Participating SCPPA Member(s) (if applicable): []

Consultant: []

Consultant, SCPPA and the participating Member(s) (“Participant(s)”) identified above (if any) agree that Consultant shall provide the Services specified herein pursuant to the terms and conditions of the Master Professional Services Agreement (“Agreement”) between SCPPA and Consultant dated [...input Master Professional Services Agreement date...], except as specifically modified herein.

Scope of Services

[Add Introduction or General Description of Services, if desired]

Task 1: []

Task 2: []

Task 3: []

[Add tasks as needed]

Compensation and Schedule

[Specify fees and schedule]

Representative(s) of Participating Member(s)

[Identify Names and appropriate Contact information for all Member staff who are authorized representatives for the administration of the Agreement and who should be sent invoices from Consultant]

Amendment(s) to the Agreement

[Specify, or indicate “None.”]

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have signed this Task Order as of the date first written above.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

By: _____
MICHAEL S. WEBSTER
Executive Director

and;

PANDORA CONSULTING ASSOCIATES, LLC

By: _____
MARCO SANDS
Managing Director

Participant’s Acknowledgement and Agreement

By signing this Task Order, Participant agrees to reimburse SCPPA for all fees and expenses invoiced by Consultant and will be responsible for all payment obligations incurred by SCPPA in connection with the work performed at the direction of or on behalf of Participant. Participant agrees to hold SCPPA and all other SCPPA members harmless for payment for work performed at the direction of, and for the exclusive benefit of Participant.

LOS ANGELES DEPARTMENT OF WATER AND POWER

Check here if Participant has indicated acknowledgement and agreement by letter addressed to SCPPA or other legally binding commitment.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY (SCPPA)

STRATEGIC OBJECTIVES

July 1, 2018 – June 30, 2019

Updated: October 18, 2018

GOAL: <u>Develop Overarching SCPPA Strategic Platform</u>						
WHEN	WHO	WHAT	STATUS			COMMENTS
			<i>DONE</i>	<i>ON TARGET</i>	<i>REVISED</i>	
October 2018	Webster/Beatty	Develop organizational structure, process for collaboration, process for decision making, and a management plan to clearly define this goal and establish supporting objectives.		X		Established a Board Member advisory group to further define goal and held initial kick-off meeting on 8/16/18.
December 2018	Beatty	Compile technical information from Member Integrated Resource Plans to support development of common themes for a strategic platform.		X		Member IRPs are in progress and will be completed later in 2018.
January 2019	Beatty/DeRivi	Develop briefing paper on the common strategic vision shared by the Member utilities.		X		Advisory Group is aligning towards a shared member vision.
February 2019	DeRivi	Develop advocacy briefing and position papers on important issues being discussed in Washington and Sacramento in addition to position papers that support the SCPPA Strategic Platform.		X		List of possible topics created. Requires refining and prioritizing.
May 2019	DeRivi/Ellis	Develop Member specific communications collateral to use to communicate the strategic platform to their stakeholders (i.e. brochure, presentation, short briefing document(s)).				

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY (SCPPA)

STRATEGIC OBJECTIVES

July 1, 2018 – June 30, 2018

Updated: October 18, 2018

GOAL: <u>Facilitate And Support Decarbonization Strategies For The Member's Benefit</u>						
WHEN	WHO	WHAT	STATUS			COMMENTS
			<i>DONE</i>	<i>ON TARGET</i>	<i>REVISED</i>	
1. October 2018	Beatty/ Krager	Hold three workshops for Member participation to learn about developing technologies, facilitate member collaboration and discussion on implementation plans, pilot projects, or programs. Identify areas in which SCPPA can support cost effective solutions. Workshops will be driven by Member input and might include building electrification, transportation electrification, energy storage, etc. 1. Energy Storage		X		Scheduled Energy Storage workshop for 10/15/18.
2. February 2019	Beatty/ Cope	2. Transportation Electrification		X		Planning for early 2019 workshop.
3. June 2019	Beatty	3. Blockchain in Energy (?)		X		
On-Going	Beatty	Evaluate opportunity for new contracts for goods and services and recommend appropriate contracts to the SCPPA Board for consideration.		X		

GOAL: Facilitate And Support Decarbonization Strategies For The Member's Benefit

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. October 2018	Beatty	Develop technical reports and business case models for Members to use in support of their own development of product and service offerings. 1. Develop a list of potential business cases.		X		List of potential business cases will be presented to the Board on 10/18/18.
2. December 2018	Beatty	2. Create first business case report for Member discussion and review.		X		Transportation Electrification is planned to be the first business case to be developed.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY (SCPPA)

STRATEGIC OBJECTIVES

July 1, 2018 – June 30, 2018

Updated: October 18, 2018

GOAL: <u>Enhance The Value Of SCPPA To Its Members</u>						
WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
On-Going		Refocus SCPPA Board meeting discussions on the most important and timely strategic topics		X		<ul style="list-style-type: none"> Legislative Discussion with Legislative Working Group held on 8/16/18 SB100 and 100% Renewable study is planned for 10/18/18 board meeting.
1. December 2018	CFO/ Morillo	Make SCPPA more professional and auditable in its operations: 1. Update Procurement Code.		X		Goal is to present updated Procurement Code to Board at October 2018 meeting
2. April 2019	CFO/ Ortiz	2. Implement Contract Management System.		X		Contract templates to track key data is being developed.
3. May 2019	CFO/ Ortiz	3. Revise Employee Handbook.				
4. May 2019	CFO/ Ortiz	4. Consolidate, review, and implement new policies and procedures as may be appropriate.				

GOAL: Enhance The Value Of SCPPA To Its Members

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
5. ON-GOING	CFO	5. Analyze workflows and identify and implement process improvements.				
6. May 2019	CFO	6. Review and validate cost allocations.				
7. October 2018	CFO/ Morillo	7. Fiscal Agency Agreement to cover projects without a separate agreement.		X		On September 2018 Board agenda
8. December 2018	Morillo	8. Update bylaws for the Finance Committee.	X			Adopted by Board at August 2018 meeting
9. May 2019	CFO/ Morillo	9. Develop comprehensive insurance and risk management policy to protect SCPPA's portfolio of assets.				
1. November 2018	Ellis/ Beatty/ Ortiz	Increase Communications with Members and among Members to increase SCPPA effectiveness (i.e. workforce development, working group collaboration and connectivity to strategic goals, product and service offering, etc.). 1. Communication strategy.		X		Communication survey to be sent on Monday, September 24.
2. May 2019	Ellis/ Beatty/ Ortiz	2. Implement communication strategies.				
December 2018	Webster	Hire and train new CFO/CAO.		X		
December 2018	Beatty	Select and contract with best vendor for scheduling and trading services.		X		Short list of vendors has been selected. Beginning negotiations on an agreement.

GOAL: Enhance The Value Of SCPPA To Its Members

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
June 2019	Beatty	Select and finalize negotiations on energy storage projects.		X		Compressed Air Energy Storage (CAES) proposals are under review.
June 2019	Beatty	Negotiate Agreements for renewable energy (geothermal, solar, biomass, wind).		X		Currently negotiating 4 PPAs for renewable energy.



TO: Board of Directors
FROM: Michael S. Webster
SUBJECT: Finance Committee Report
DATE: September 10, 2018

A meeting of the Finance Committee was held on September 10, 2018 at the SCPPA office in Glendora and by teleconference from Imperial Irrigation District.

Committee members present were: Mario Ignacio (*LADWP*); Brian Beelner (*Anaheim*); Shari Thomas (*Pasadena*); Belen Valenzuela (*IID-Teleconference*); Laura Chavez-Nomura (*Riverside*); Rebecca Gallegos (*Colton*); Manny Robledo (*Azusa*); and Bob Liu (*Burbank*).

Others participating were: Victor Hsu (*Norton Rose Fulbright*); Mike Berwanger (*Public Financial Management*) and Tyler Old (*Public Financial Management-Teleconference*); Matthew Curtis and Yolanda Pantig (*LADWP/SCPPA*); Michael S. Webster, Michael Bell, Robert Duran, Katie Ellis, Ted Beatty, Rick Morillo, and Daniel Hashimi (*SCPPA*).

The following are the business matters transacted by the Committee:

1. Opportunity for the Public to Address the Committee

No public comments were made.

2. Minutes

The Committee reviewed and approved the minutes for the August 6, 2018 Finance Committee meeting.

Moved By: Laura Chavez-Nomura

Seconded By: Shari Thomas

Unanimously Approved

3. Investment Reports

The Committee reviewed the monthly Investment Reports for the month ended July 31, 2018. The Committee recommended forwarding the Reports to the Board for receipt and filing.

Moved By: Bob Liu

Seconded By: Brian Beelner

Unanimously Approved

4. Finance Committee Governance

The Committee received a status on the action taken by the Board at its August meeting. The Committee elected Mario Ignacio as Chair and Brian Beelner as Vice Chair.

5. Fiscal Agency Agreement

The Committee received status update and discussed the draft of the Fiscal Agency Agreement.

6. Natural Gas Prepay RFP/RFI

The Committee received an update from PFM regarding the natural gas prepay banking and gas supply services RFP/RFI.

7. STS Refunding Update

The Committee received an update from PFM on the status of the issuances of refunding bonds to refund the STS 2008 Series A Bonds and most of the STS 2009 Series A Bonds.

8. Pension and OPEB Funding Levels

The Committee discussed how to address the Board's directive on funding the shortfalls for pension and OPEB costs. Additional questions were to be addressed at next Finance Committee meeting.

9. Draft 2018 SCE and SDG&E Rate Forecast

The Committee discussed the Draft 2018 SCE and SDG&E Rate Forecast.

10. Market and VRDO Update

The Committee received a market and VRDO status report from PFM.

11. Unsolicited Proposals

The Committee reviewed unsolicited proposals that have been received from investment bankers. The Committee may take action with respect to such proposals.

12. Future Agenda Topics

The Committee members were given the opportunity to suggest topics for future Committee meetings.

The Authority upon request will provide reasonable accommodation to the disabled to ensure equal access to its meetings. To ensure availability, such request should be made 48 hours in advance by contacting the Authority at (626) 793-9364 during business hours.

**THE NEXT REGULARLY SCHEDULED
FINANCE COMMITTEE MEETING WILL BE OCTOBER 1, 2018.**



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Board of Directors Meeting

AGENDA ITEM STAFF REPORT

MEETING DATE: October 18, 2018

RESOLUTION NUMBER: 2018-094

CONSENT

DISCUSSION

RENEWAL

NEW

Place an X in box next to the appropriate consideration(s) above.

FROM:		METHOD OF SELECTION:	
Finance	<input checked="" type="checkbox"/>	Competitive	<input type="checkbox"/>
Project Development	<input type="checkbox"/>	Cooperative Purchase	<input type="checkbox"/>
Program Development	<input type="checkbox"/>	Sole Source	<input checked="" type="checkbox"/>
Regulatory/Legislative	<input type="checkbox"/>	Single Source	<input type="checkbox"/>
Project Administration	<input type="checkbox"/>	Other	<input type="checkbox"/>
Legal	<input type="checkbox"/>	<i>If other, please describe:</i>	
Executive Director	<input type="checkbox"/>	<hr/>	

Place an X in box next to the appropriate consideration(s) above.

Approved By Executive Director: 

INITIAL MEMBER PARTICIPANTS:					
Anaheim	<input checked="" type="checkbox"/>	Colton	<input checked="" type="checkbox"/>	LADWP	<input checked="" type="checkbox"/>
Azusa	<input checked="" type="checkbox"/>	Cerritos	<input checked="" type="checkbox"/>	Pasadena	<input checked="" type="checkbox"/>
Banning	<input checked="" type="checkbox"/>	Glendale	<input checked="" type="checkbox"/>	Riverside	<input checked="" type="checkbox"/>
Burbank	<input checked="" type="checkbox"/>	IID	<input checked="" type="checkbox"/>	Vernon	<input checked="" type="checkbox"/>

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

SUBJECT: Resolution Authorizing Suspension of Barclays Basis Swap

RECOMMENDATION: Adopt Resolution 2018-094.

BACKGROUND: SCPPA has previously entered into an interest rate swap agreement relating to the Magnolia Power Project with Barclays Bank PLC (the "Barclays Swap") that involves SCPPA making payments based on the LIBOR index and receiving payments based on the SIFMA index. This type of floating-to-floating swap is also known as a basis swap.

PFM monitors the termination value of all of SCPPA's outstanding swaps. Recently, PFM reported to the Finance Committee an opportunity to suspend the Barclays Swap for up to five years and receive an upfront payment for this suspension. For example, under current market conditions, the upfront payment to SCPPA for a five-year suspension could exceed the payment SCPPA would receive under the



full termination of the Barclays Swap. The attached Resolution No. 2018-094 authorizes suspension of the Barclays Swap, within specified parameters.

FISCAL IMPACT: Reduction in the effective interest rate payable by the Magnolia Participants.

RESOLUTION NO. 2018-094

**RESOLUTION RELATING TO THE MAGNOLIA POWER PROJECT:
(I) AUTHORIZING THE EXECUTION AND DELIVERY OF
DOCUMENTS RELATING TO THE SUSPENSION OF AN EXISTING
INTEREST RATE SWAP AGREEMENT WITH BARCLAYS BANK PLC
AND (II) AUTHORIZING THE OFFICERS AND EXECUTIVE
DIRECTOR OF THE AUTHORITY TO DO ALL OTHER THINGS
DEEMED NECESSARY OR ADVISABLE**

WHEREAS, the Southern California Public Power Authority (the “Authority”) has previously entered into that certain International Swaps and Derivatives Association, Inc. Master Agreement, related Schedule and related Credit Support Annex, each dated as of March 1, 2010, and a related Confirmation, dated May 7, 2010 (the “Barclays Swap”), between the Authority and Barclays Bank PLC (the “Swap Counterparty”); and

WHEREAS, the Authority desires to suspend the Barclays Swap for a limited period of time, in consideration for which the Authority would receive an up-front payment from the Swap Counterparty; and

WHEREAS, the Authority desires to authorize the suspension of the Barclays Swap for a limited period of time and the execution and delivery of documents in connection therewith;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Southern California Public Power Authority as follows:

1. Each of the President, First Vice President, Second Vice President and Executive Director of the Authority is hereby authorized and directed to execute and deliver a Confirmation with the Swap Counterparty with a notional amount thereunder of \$100,000,000 to provide for the suspension of the Barclays Swap and the payment to the Authority of an up-front payment in consideration therefor, such Confirmation to include such provisions (subject to Paragraph 2 hereof) as shall be approved by said President, First Vice President, Second Vice President or Executive Director (such approval to be conclusively evidenced by such officer’s or Executive Director’s execution and delivery thereof). Said Confirmation, in the form in which executed and delivered, is hereinafter referred to as the “2018 Barclays Confirmation.”

2. Each of the President, First Vice President, Second Vice President and Executive Director of the Authority is hereby authorized to determine, in connection with the execution and delivery of the 2018 Barclays Confirmation, the following:

(a) the period of time, if any, during which the Barclays Swap will be suspended, which period shall not exceed five (5) years;

(b) the amount of the up-front payment to be received by the Authority from the Swap Counterparty in consideration for such suspension of the Barclays Swap, which up-front payment shall not be less than \$900,000 (a portion of which may be used by the Authority to pay costs incurred by the Authority with respect to effecting the suspension); and

(c) such other matters as may be determined by the Finance Committee.

3. Each of the President, First Vice President, Second Vice President, Executive Director, Secretary, any Assistant Secretary and any other officer of the Authority is hereby authorized to execute and deliver any and all agreements (including but not limited to any bilateral agreement with the Swap Counterparty) and to approve any and all documents and instruments and to do and cause to be done any and all acts and things deemed necessary or advisable for carrying out the transactions contemplated by this Resolution. Each reference in this Resolution to the President, First Vice President, Second Vice President, Executive Director, Secretary or Assistant Secretary shall refer to the person holding such office or position, as applicable, at the time a given action is taken and shall not be limited to the person holding such office or position at the time of the adoption of this Resolution. All actions heretofore taken by the officers, employees and agents of the Authority in furtherance of the transactions contemplated by this Resolution are hereby approved, ratified and confirmed.

4. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority this 18th day of October, 2018.

PRESIDENT
Southern California Public
Power Authority

ATTEST:

ASSISTANT SECRETARY
Southern California Public
Power Authority



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Board of Directors Meeting

AGENDA ITEM STAFF REPORT

MEETING DATE: October 18, 2018

RESOLUTION NUMBER: 2018-095

CONSENT

DISCUSSION

RENEWAL

NEW

Place an X in box next to the appropriate consideration(s) above.

FROM:		METHOD OF SELECTION:	
Finance	<input checked="" type="checkbox"/>	Competitive	<input type="checkbox"/>
Project Development	<input type="checkbox"/>	Cooperative Purchase	<input type="checkbox"/>
Program Development	<input type="checkbox"/>	Sole Source	<input checked="" type="checkbox"/>
Regulatory/Legislative	<input type="checkbox"/>	Single Source	<input type="checkbox"/>
Project Administration	<input type="checkbox"/>	Other	<input type="checkbox"/>
Legal	<input type="checkbox"/>	<i>If other, please describe:</i>	<hr/>
Executive Director	<input type="checkbox"/>	<hr/>	<hr/>

Place an X in box next to the appropriate consideration(s) above.

Approved By Executive Director: *Michael S. Webster*

INITIAL MEMBER PARTICIPANTS:					
Anaheim	<input checked="" type="checkbox"/>	Colton	<input checked="" type="checkbox"/>	LADWP	<input checked="" type="checkbox"/>
Azusa	<input checked="" type="checkbox"/>	Cerritos	<input checked="" type="checkbox"/>	Pasadena	<input checked="" type="checkbox"/>
Banning	<input checked="" type="checkbox"/>	Glendale	<input checked="" type="checkbox"/>	Riverside	<input checked="" type="checkbox"/>
Burbank	<input checked="" type="checkbox"/>	IID	<input checked="" type="checkbox"/>	Vernon	<input checked="" type="checkbox"/>

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

SUBJECT: Authorizing Suspension of RBC Basis Swap

RECOMMENDATION: Adopt Resolution 2018-095

BACKGROUND: SCPPA has previously entered into an interest rate swap agreement relating to the Magnolia Power Project with Royal Bank of Canada (the "RBC Swap") that involves SCPPA making payments based on the LIBOR index and receiving payments based on the SIFMA index. This type of floating-to-floating swap is also known as a basis swap.

PFM monitors the termination value of all of SCPPA's outstanding swaps. Recently, PFM reported to the Finance Committee an opportunity to suspend the RBC Swap for up to five years and receive an upfront payment for this suspension. For example, under current market conditions, the upfront payment to SCPPA for a five-year suspension could exceed the payment



SCPPA would receive under the full termination of the RBC Swap. The attached Resolution No. 2018-095 authorizes suspension of the RBC Swap, within specified parameters.

FISCAL IMPACT: Reduction in the effective interest rate payable by the Magnolia Participants.

RESOLUTION NO. 2018-095

**RESOLUTION RELATING TO THE MAGNOLIA POWER PROJECT:
(I) AUTHORIZING THE EXECUTION AND DELIVERY OF
DOCUMENTS RELATING TO THE SUSPENSION OF AN EXISTING
INTEREST RATE SWAP AGREEMENT WITH ROYAL BANK OF
CANADA AND (II) AUTHORIZING THE OFFICERS AND EXECUTIVE
DIRECTOR OF THE AUTHORITY TO DO ALL OTHER THINGS
DEEMED NECESSARY OR ADVISABLE**

WHEREAS, the Southern California Public Power Authority (the “Authority”) has previously entered into that certain International Swaps and Derivatives Association, Inc. Master Agreement, related Schedule and related Credit Support Annex, each dated as of May 3, 2010, and a related Confirmation, dated May 10, 2010 (the “RBC Swap”), between the Authority and Royal Bank of Canada (the “Swap Counterparty”); and

WHEREAS, the Authority desires to suspend the RBC Swap for a limited period of time, in consideration for which the Authority would receive an up-front payment from the Swap Counterparty; and

WHEREAS, the Authority desires to authorize the suspension of the RBC Swap for a limited period of time and the execution and delivery of documents in connection therewith;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Southern California Public Power Authority as follows:

1. Each of the President, First Vice President, Second Vice President and Executive Director of the Authority is hereby authorized and directed to execute and deliver a Confirmation with the Swap Counterparty with a notional amount thereunder of \$100,000,000 to provide for the suspension of the RBC Swap and the payment to the Authority of an up-front payment in consideration therefor, such Confirmation to include such provisions (subject to Paragraph 2 hereof) as shall be approved by said President, First Vice President, Second Vice President or Executive Director (such approval to be conclusively evidenced by such officer’s or Executive Director’s execution and delivery thereof). Said Confirmation, in the form in which executed and delivered, is hereinafter referred to as the “2018 RBC Confirmation.”

2. Each of the President, First Vice President, Second Vice President and Executive Director of the Authority is hereby authorized to determine, in connection with the execution and delivery of the 2018 RBC Confirmation, the following:

(a) the period of time, if any, during which the RBC Swap will be suspended, which period shall not exceed five (5) years;

(b) the amount of the up-front payment to be received by the Authority from the Swap Counterparty in consideration for such suspension of the RBC Swap, which up-front payment shall not be less than \$900,000 (a portion of which may be used by the Authority to pay costs incurred by the Authority with respect to effecting the suspension); and

(c) such other matters as may be determined by the Finance Committee.

3. Each of the President, First Vice President, Second Vice President, Executive Director, Secretary, any Assistant Secretary and any other officer of the Authority is hereby authorized to execute and deliver any and all agreements (including but not limited to any bilateral agreement with the Swap Counterparty) and to approve any and all documents and instruments and to do and cause to be done any and all acts and things deemed necessary or advisable for carrying out the transactions contemplated by this Resolution. Each reference in this Resolution to the President, First Vice President, Second Vice President, Executive Director, Secretary or Assistant Secretary shall refer to the person holding such office or position, as applicable, at the time a given action is taken and shall not be limited to the person holding such office or position at the time of the adoption of this Resolution. All actions heretofore taken by the officers, employees and agents of the Authority in furtherance of the transactions contemplated by this Resolution are hereby approved, ratified and confirmed.

4. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority this 18th day of October, 2018.

PRESIDENT
Southern California Public
Power Authority

ATTEST:

ASSISTANT SECRETARY
Southern California Public
Power Authority



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Board of Directors Meeting

AGENDA ITEM STAFF REPORT

MEETING DATE: October 18, 2018

RESOLUTION NUMBER: 2018-096

CONSENT

DISCUSSION

RENEWAL

NEW

Place an X in box next to the appropriate consideration(s) above.

FROM:	METHOD OF SELECTION:
Finance <input checked="" type="checkbox"/>	Competitive <input type="checkbox"/>
Project Development <input type="checkbox"/>	Cooperative Purchase <input type="checkbox"/>
Program Development <input type="checkbox"/>	Sole Source <input checked="" type="checkbox"/>
Regulatory/Legislative <input type="checkbox"/>	Single Source <input type="checkbox"/>
Project Administration <input type="checkbox"/>	Other <input type="checkbox"/>
Legal <input type="checkbox"/>	<i>If other, please describe:</i>
Executive Director <input type="checkbox"/>	_____
<i>Place an X in box next to the appropriate consideration(s) above.</i>	
Approved By Executive Director: <u><i>Mubal S. Webb</i></u>	

INITIAL MEMBER PARTICIPANTS:		
Anaheim <input checked="" type="checkbox"/>	Colton <input checked="" type="checkbox"/>	LADWP <input checked="" type="checkbox"/>
Azusa <input checked="" type="checkbox"/>	Cerritos <input checked="" type="checkbox"/>	Pasadena <input checked="" type="checkbox"/>
Banning <input checked="" type="checkbox"/>	Glendale <input checked="" type="checkbox"/>	Riverside <input checked="" type="checkbox"/>
Burbank <input checked="" type="checkbox"/>	IID <input checked="" type="checkbox"/>	Vernon <input checked="" type="checkbox"/>
<i>Place an X in box next to the applicable Member(s) shown above.</i>		

SUBJECT: Third Amendment to Professional Services Agreement (“Agreement”) with PFM Financial Advisors LLC (“PFM”)

RECOMMENDATION: Adopt Resolution approving an extension of the agreement with PFM to November 30, 2019.

BACKGROUND: The current contract with PFM expires on November 30, 2018. It has been several years since SCPPA has issued a Request for Proposals (RFP) for financial services, and it had intended to do so before the current expiration date of the agreement with PFM (November 30, 2018) but the current vacancy of SCPPA’s Chief Financial and Administrative Officer position does not allow for the issuance of an RFP this year. In order to maintain continuity of services, staff proposes that the term of the Agreement be extended for one year, through and including November 30, 2019.

FISCAL IMPACT: \$8,000 per month plus expenses.

RESOLUTION NO. 2018-096

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY APPROVING AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A THIRD AMENDMENT TO THE AGREEMENT WITH PFM FINANCIAL ADVISORS LLC, INC., EXTENDING THE TERM TO NOVEMBER 30, 2019.

WHEREAS, the Southern California Public Power Authority (the "Authority" or "SCPPA") was created pursuant to provisions contained in the Joint Exercise of Powers Act found in Chapter 5 of Division 7 of Title 1 of the Government Code of California, as amended from time to time (the "Act"), by its members, which are municipalities and an irrigation district that supply, among other things, electrical energy, in the State of California, for the purpose of jointly and cooperatively undertaking the planning, financing, development, acquisition, construction, improvement, betterment, operation, and maintenance, of projects for the generation or transmission of electric energy, including the development and implementation of systems and frameworks for the acquisition and delivery of secure, long-term reliable supplies of renewable electric energy.

WHEREAS, the Authority has need from time to time for financial advisory services in connection with the financing and refinancing of its projects; and

WHEREAS, the Authority has an agreement for such services with PFM Financial Advisors LLC (as assignee of Public Financial Management, Inc.) (hereinafter "PFM") that will expire on November 30, 2018 (such agreement referred to hereinafter as the "Agreement"); and

WHEREAS, it is the desire and intent of the Board and of PFM that the Agreement be extended for an additional year to November 30, 2019.

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

1. The Board of Directors hereby approves the Third Amendment to the Agreement between the Authority and PFM Financial Advisors LLC, a copy of which has been presented to the Board herewith, extending the term for one year, through and including November 30, 2018, and the Executive Director of the Authority is authorized and delegated the authority to execute and deliver said Amendment on behalf of the Authority.
2. The Executive Director of the Authority is further authorized to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or

proper for carrying out the transactions contemplated by this Resolution.

3. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority this 18th day of October, 2018.

PRESIDENT
Southern California Public
Power Authority

ATTEST:

ASSISTANT SECRETARY
Southern California Public
Power Authority

**THIRD AMENDMENT TO THE
PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
AND
PFM FINANCIAL ADVISORS LLC.**

This Third Amendment to the Professional Services Agreement between Southern California Public Power Authority (“SCPPA”) and PFM Financial Advisors LLC (“PFMFA”) is entered into effective as of the 18th day of October 2018, for the purpose of amending and extending the Professional Services Agreement between SCPPA and PFMFA (“Agreement”).

The Agreement is hereby amended as follows:

1. Paragraph 8 of the Agreement is amended read as follows:

"Terms and Termination: The term of this Agreement shall be from the date hereof through November 30, 2019, at which time it shall either terminate or be extended by written agreement between the Authority and the Advisor, unless sooner terminated in accordance with this section. Either party may terminate this Agreement without cause upon thirty (30) days’ written notice to the other party. The Authority shall pay Advisor for all Services rendered satisfactorily to the date of termination plus reasonable expenses for winding down the Services."

Except as modified herein, all other terms and conditions of the Agreement shall remain and continue in full force and effect.

IN WITNESS WHEREOF the Parties hereto have executed this First Amendment to the as of the date first written above.

SOUTHERN CALIFORNIA PUBLIC
POWER AUTHORITY

By: _____
Michael S. Webster, Executive Director

PFM Financial Advisors LLC

By: _____
Michael Berwanger, Managing Director



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Board of Directors Meeting

AGENDA ITEM STAFF REPORT

MEETING DATE: October 18, 2018

RESOLUTION NUMBER: 2018-093

CONSENT

DISCUSSION

RENEWAL

NEW

Place an X in box next to the appropriate consideration(s) above.

FROM:		METHOD OF SELECTION:	
Finance	<input type="checkbox"/>	Competitive	<input checked="" type="checkbox"/>
Project Development	<input checked="" type="checkbox"/>	Cooperative Purchase	<input type="checkbox"/>
Program Development	<input type="checkbox"/>	Sole Source	<input type="checkbox"/>
Regulatory/Legislative	<input type="checkbox"/>	Single Source	<input type="checkbox"/>
Project Administration	<input type="checkbox"/>	Other	<input type="checkbox"/>
Legal	<input type="checkbox"/>	<i>If other, please describe:</i>	

Place an X in box next to the appropriate consideration(s) above.

Approved By Executive Director: *Michael S. Weber*

INITIAL MEMBER PARTICIPANTS:					
Anaheim	<input type="checkbox"/>	Colton	<input checked="" type="checkbox"/>	LADWP	<input type="checkbox"/>
Azusa	<input type="checkbox"/>	Cerritos	<input type="checkbox"/>	Pasadena	<input type="checkbox"/>
Banning	<input checked="" type="checkbox"/>	Glendale	<input type="checkbox"/>	Riverside	<input type="checkbox"/>
Burbank	<input type="checkbox"/>	IID	<input type="checkbox"/>	Vernon	<input type="checkbox"/>

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

SUBJECT: Mammoth Casa Diablo IV Energy Project to provide in total approximately 20 MWs of long-term geothermal supply of renewable electrical energy through the Southern California Public Power Authority ("SCPPA" or "the Authority") to two of its participating Members, the City of Banning ("Banning") for 5 MWs and the City of Colton ("Colton") for 15 MWs, for the purpose of satisfying each utility's renewable electrical energy resource goals.

RECOMMENDATION: Authorize the Mammoth Casa Diablo IV Energy Project and authorize the negotiation, execution, and delivery of the project power purchase agreement and power sales agreement.



BACKGROUND: In pursuit of the goals of the renewable development study project to provide opportunities for its members to supply 33 percent by 2020, the Authority has issued requests for proposals for potential renewable electric energy resources to address the renewable electrical energy needs of its members, including Banning and Colton (the “Project Participants”). Pursuant to this process the Project Participants have

identified the Mammoth Casa Diablo IV Energy Project (CD4) as a viable geothermal power project which will further its renewable electrical energy goals and needs. The Authority and the Project Participants have negotiated and developed, in substantial form, with ORNI 50 LLC a power purchase agreement with an expected capacity of 20 MW. CD4 is a new geothermal facility located in Mono County, California. ORNI 50 LLC, an affiliate of Ormat Technologies Inc., directly controls CD4 denominated to deliver energy under the power purchase agreement to the Authority. Point of delivery is the 115 kV bus at the SCE Control Substation within the CAISO. The Authority expects to receive energy deliveries pursuant to the power purchase agreement beginning on December 31, 2021. The twenty-five year term power purchase agreement is expected to begin upon completion of certain conditions as required under the power purchase agreement and is expected to end on December 31, 2046. The energy price under the power purchase agreement is fixed at \$68.00/MWh for the terms of the contract. Any test energy delivered prior to a facility’s commercial operation date and at the consent of the Project Participants, as appropriate, will be paid for at the rate of \$51.00/MWh.

FISCAL IMPACT: None. Banning and Colton are responsible for their respective share of the full compensation to pay for all energy products and services received from Ormat over the term of the Agreement.

RESOLUTION NO. 2018-093

RESOLUTION RELATING TO THE MAMMOTH CASA DIABLO IV ENERGY PROJECT: AUTHORIZING THE NEGOTIATION, EXECUTION AND DELIVERY OF A POWER PURCHASE AGREEMENT, TWO SEPARATE POWER SALES AGREEMENTS EACH WITH THE TWO PROJECT PARTICIPANTS AND SUCH OTHER DOCUMENTS, INSTRUMENTS AND AGREEMENTS AS MAY BE NECESSARY OR APPROPRIATE TO ACHIEVE THE FULL UTILIZATION OF THE RESOURCES OF THE PROJECT AND AS SHALL BEST CARRY FORTH THE INTERESTS OF THE AUTHORITY AND THE PROJECT PARTICIPANTS AND AS SHALL BEST ACHIEVE THE AUTHORITY'S AND THE PROJECT PARTICIPANTS' OBJECTIVES

WHEREAS, the Southern California Public Power Authority ("SCPPA" or "the Authority") has issued Requests for Proposals for potential renewable electric resources to address SCPPA member renewable energy needs, as part of that process the Authority together with the Cities of Banning and Colton (the "Project Participants") have identified a geothermal energy generation resource denominated as the Mammoth Casa Diablo IV Energy Project ("Project"). The Project is being developed by ORNI 50 LLC ("Power Purchase Provider"), a Delaware limited liability company, and an affiliate of Ormat Technologies, Inc.. The Project is planned to be situated in Mono County, California;

WHEREAS, SCPPA and the Project Participants have negotiated and developed in substantial final form with the Power Purchase Provider a power purchase agreement with a term of 25 years (the "Power Purchase Agreement") whereby the Power Purchase Provider, will sell and SCPPA will purchase geothermal renewable energy and associated environmental rights and benefits;

WHEREAS, the Authority and each of the Project Participants desire to enter into separate power sales agreements (the "Power Sales Agreements"), whereby the Authority will provide to the Project Participants the full output of the Project, and the Project Participants will pay all costs, liabilities and obligations of the Authority in connection with the Project;

WHEREAS, the Project is subject to the California Energy Commission's ("Commission") Emission Performance Standard regulations ("EPS Regulations;" 20 CCR § 2900 *et seq.*), including the requirement in 20 CCR § 2909 that a publicly-owned utility submit a "compliance filing" with the Commission within 10 business days after it enters into a "covered procurement" as therein defined; and

WHEREAS, SCPPA and the Project Participants desire to provide for the further development, negotiation, entering into, execution and delivery of such other documents, instruments, agreements and arrangements with respect to the resources of the Project so as to facilitate the generation, transmission and delivery of energy associated with the Project and to provide for the negotiation and approval of those terms and conditions with respect to such

agreements and arrangements as shall best carry forth the interests of the Authority and the Project Participants and as shall best achieve the Authority's and the Project Participants' objectives.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Southern California Public Power Authority as follows:

1. The Executive Director is hereby delegated all right power and authority to negotiate and finalize, and each of the President, Vice President and Executive Director of the Authority is hereby authorized and directed, upon the successful negotiation thereof, to execute and deliver the Power Purchase Agreement, in substantial form as on file with the Authority, and each of such other agreements, documents and instruments the substance or form of which are referenced in or otherwise attached to the Power Purchase Agreement or which may be contemplated by the terms of the Power Purchase Agreement and to which the Authority is to be a party or is to sign, each with such changes, insertions and omissions as shall be approved by said President, Vice President or Executive Director (such approval to be conclusively evidenced by her or his execution and delivery thereof), and each of the Secretary and any Assistant Secretary is hereby authorized to attest to such signature. The Power Purchase Agreement (including such other agreements, documents and instruments the form of which is attached to the Power Purchase Agreement or is referenced therein) is hereby approved in substantially the form as on file with the Authority.

2. Each of the President, Vice President and Executive Director of the Authority is hereby authorized and directed to execute and deliver the Power Sales Agreements, with the Cities of Banning and Colton, each in substantially the form on file with the Authority, with such changes, insertions and omissions as shall be approved by said President, Vice President or Executive Director (such approval to be conclusively evidenced by her or his execution and delivery thereof), and each of the Secretary and any Assistant Secretary is hereby authorized to attest to such signature. The form of the Power Sales Agreements each in substantial final form on file with the Authority are each hereby made a part of this Resolution as though set forth in full herein and the same hereby is approved.

3. In addition to the foregoing, in order to facilitate the negotiation and consummation of the contemplated arrangements for the generation and delivery of energy from the Project and to carry forth other necessary or appropriate agreements associated with the acquisition of energy and geothermal generation resources of the Project and the delivery of the energy and environmental attributes of the Project to Southern California, and to achieve the full utilization of the resources of the Project, the Board of Directors hereby delegates to the Executive Director of the Authority all right, power and authority to negotiate, approve and execute agreements and arrangements with respect to the resources of the Project to facilitate the generation, transmission and delivery of energy associated with the Project and to negotiate and approve those terms and conditions with respect to such agreements and arrangements as shall best carry forth the interests of the Authority and the Project Participants and as shall best achieve the Authority's and the Project Participants' objectives, including the negotiation, development and execution of any consent agreement or other agreement pursuant to a change in control, project related financing, or as otherwise necessary or appropriate to carry forward the interests of the Authority and the Project Participants which does not require a material modification to or material change to the Power Purchase Agreement.

4. Each of the President, Vice President, Secretary, any Assistant Secretary, the Executive Director and any other officer of the Authority is hereby authorized to execute and deliver any and all agreements, documents and instruments and to do and cause to be done any and all acts and things deemed necessary or advisable for carrying out the transactions contemplated by this Resolution (including, but not limited to, making such changes to the agreements, documents and instruments referred to in this Resolution if such changes are determined by the President, Vice President or Executive Director to be necessary or advisable). Each reference in this Resolution to the President, Vice President, Secretary, Assistant Secretary or Executive Director shall refer to the person holding such office or position, as applicable, at the time a given action is taken and shall not be limited to the person holding such office or position at the time of the adoption of this Resolution. All actions heretofore taken by the officers, employees and agents of the Authority in furtherance of the transactions contemplated by this Resolution are hereby approved, ratified and confirmed.

5. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority this 18th day of October, 2018.

PRESIDENT
Southern California Public
Power Authority

ATTEST:

ASSISTANT SECRETARY
Southern California Public
Power Authority

MAGNOLIA POWER PLANT OPERATIONS REPORT September 2018

Reporting Period

September 1-30, 2018

Workforce Safety Statistics

- There were no lost time accidents this month and none this calendar year-to-date (YTD).
- There were zero (0) reportable incidents in September and zero (0) YTD.

Plant Performance Information

- **Availability:** 100.0% in September, 95.2% fiscal year-to-date (FYTD), and 96.6% YTD. (A table showing monthly plant availability for the past twenty one [21] months is attached.)
- **Unit Capacity Factor (240 MW):** 75.0% in September, 71.2% FYTD, and 72.5% YTD.
- **Fired Factored Hours:** 720.0 hours in September 2018.
- **Plant Starts (5 starts/month allowed):** Zero (0) starts were used this month.
- **Statistics:** Details are provided on the attached monthly production report entitled “Year-to-Date Summary of Statistics CY 2018 & FY 2018-2019.”

Plant Outage Summary and Other Actions Taken by Operating Agent

- There were no plant trips or other outages during September 2018. A table entitled “Outage Summary” is attached; it shows the outages that have occurred over the past twelve (12) months. The “2018-2022 Scheduled Inspection Plan” is also attached and shows the calendar for future planned outages at the Magnolia Power Plant (MPP).
- There were zero (0) instances of stranded energy in September and zero (0) FYTD.

MAGNOLIA MONTHLY PRODUCTION REPORT
Year-to-Date Summary of Statistics
CY 2018 & FY 2018-2019

		2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018		
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FYTD	YTD
<u>ENERGY</u>															
Combustion Turbine (Gross)	MWH	89,402	77,913	79,124	81,663	84,261	76,898	90,259	69,486	83,559				243,304	732,565
Steam Turbine	MWH	54,363	48,159	48,740	51,283	53,083	47,543	54,836	42,816	51,378				149,030	452,201
Plant Generation (Gross)	MWH	143,766	126,071	127,864	132,945	137,343	124,442	145,094	112,301	134,937				392,332	1,184,763
Plant Auxiliaries (Unit Aux.)	MWH	5,380	4,709	4,566	4,841	5,058	4,602	5,448	4,284	5,306				15,038	44,194
Plant Auxiliaries (Reserve)	MWH	7	9	260	7	6	304	7	611	7				625	1,218
Plant Generation (Net)	MWH	138,386	121,354	123,298	128,104	132,285	119,840	139,646	108,017	129,631				377,294	1,140,561
Capacity Factor (240 MW Net)	%	77.5%	75.2%	69.1%	74.1%	74.1%	69.4%	78.2%	60.5%	75.0%				71.2%	72.5%
<u>THERMAL EFFICIENCY</u>															
Combustion Turbine (Gross)	BTU/KWh	11,496	11,655	11,673	11,784	11,815	11,678	11,519	11,682	11,639				11,607	11,657
Total Plant (Gross)	BTU/KWh	7,149	7,203	7,225	7,239	7,249	7,216	7,167	7,230	7,207				7,199	7,208
Total Plant (Net)	BTU/KWh	7,427	7,482	7,493	7,512	7,526	7,493	7,447	7,516	7,502				7,486	7,487
<u>AVAILABILITY</u>															
Hours in the Month	Hours	744.0	672.0	743.0	720.0	744.0	720.0	744.0	744.0	720.0				2,208.0	6551.0
Plant Operating Hours	Hours	744.0	672.0	685.1	720.0	744.0	660.1	744.0	602.5	720.0				2,066.5	6291.7
Duct Burner Operating Hours	Hours	0.0	0.0	0.4	0.0	0.0	0.1	3.0	3.0	0.0				6.1	6.6
Plant Availability	%	100.0%	100.0%	92.2%	100.0%	100.0%	91.7%	100.0%	85.0%	100.0%				95.2%	96.6%
Offline yet Available Hours	Hours	0.0	0.0	0.0	0.0	0.0	0.0	0.0	36.0	0.0				36.0	36.0
Planned Outage Hours	Hours	0.0	0.0	57.9	0.0	0.0	59.9	0.0	0.0	0.0				0.0	117.8
Forced Outage Hours	Hours	0.0	0.0	0.0	0.0	0.0	0.0	0.0	105.5	0.0				105.5	105.5
Forced Outage	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15.0%	0.0%				4.8%	1.6%
Total Hours Offline	Hours	0.0	0.0	0.0	0.0	0.0	59.9	0.0	141.6	0.0				141.6	201.5
Forced Derated Hours	Hours	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				0.0	0.0
(FFH) From Steam Injection	Hours	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				0.0	0.0
Total Factored Fired Hours	Hours	744.0	672.0	685.1	720.0	744.0	660.1	744.0	602.5	720.0				2,066.5	6,291.7
(FFH) Before Next Inspection	Hours	24,693	24,021	23,336	22,616	21,872	21,212	20,468	19,866	19,146				-	-
Estimated Date of Next Major Outage														Jan 2021	
<u>FUEL USAGE AND QUALITY</u>															
Combustion Turbine	DTH	1,027,739	908,064	923,643	962,326	995,547	898,012	1,039,662	811,734	972,547				2,823,943	8,539,274
Duct Burner	DTH	0	2	190	4	2	6	268	149	2				419	623
Duct Burner	MMSCF	0.0	0.0	0.2	0.0	0.0	0.0	0.3	0.1	0.0				0.4	1
Duct Burner Fuel Remaining	MMSCF	572.0	572.0	571.8	571.8	571.8	571.8	571.5	571.4	571.4				-	571.4
Total Plant Usage	DTH	1,027,739	908,066	923,833	962,330	995,549	898,018	1,039,930	811,883	972,549				2,824,362	8,539,897
Gas BTU (HHV)	BTU/SCF	1,036	1,034	1,029	1,028	1,032	1,034	1,035	1,033	1,050				1,039	1,035

Magnolia Power Plant - Outage Summary

Outages During the Reporting Period September 1-30, 2018

Outage Type	Start Date/Time	End Date/Time	Hours this month	Comments
None				

Summary of Outages During the Past Twelve Months

Forced (FO) or Planned Outage (PO) or Reserve Shutdown (RS)	Start Date	End Date	Hours	Cause
PO	December 8, 2017	December 13, 2017	107.8	CT water wash and borescope inspection
FO	December 13, 2017	December 14, 2017	24.0	Repaired a crack in the combustion turbine bearing support shroud.
FO	December 14, 2017	December 15, 2017	22.6	Repaired a blown gasket in the steam turbine lube oil system.
PO	March 9, 2018	March 12, 2018	58.9	CT water wash
PO	June 15, 2018	June 18, 2018	59.9	CT water wash
FO	August 10, 2018	August 14, 2018	105.5	ST tripped due to electrical short, extended by MSV failure.
RS	August 14, 2018	August 16, 2018	36.0	Plant was available but not placed online, CT water wash

Magnolia Power Plant - Availability Summary Table

Monthly	Quarterly	Semi-Annually	Annually
Jan-17 100.0%	Q1 '17 57.1%	H1 '17 76.6%	Yr '17 84.7%
Feb-17 9.8%			
Mar-17 56.9%			
Apr-17 96.7%	Q2 '17 95.9%		
May-17 100.0%			
Jun-17 90.8%			
Jul-17 93.6%	Q3 '17 92.6%	H2 '17 92.7%	
Aug-17 92.5%			
Sep-17 91.7%			
Oct-17 100.0%	Q4 '17 92.8%		
Nov-17 100.0%			
Dec-17 78.7%			
Jan-18 100.0%	Q1 '18 97.3%	H1 '18 97.3%	
Feb-18 100.0%			
Mar-18 92.2%			
Apr-18 100.0%	Q2 '18 97.3%		
May-18 100.0%			
Jun-18 91.7%			
Jul-18 100.0%	Q3 '18 95.2%		
Aug-18 85.0%			
Sep-18 100.0%			



Magnolia Power Project

2018-2022

Scheduled Inspection Plan with 32K Hardware

Offline Water Wash ■

Hot Gas Path / Minor Inspection ■

Major Inspection ■

As of Sept. 24th, 2018

Total Fired Time

93,790.8 Hours

Total Fired Hours PROJECTED ANNUALLY	2018 (8,395 Hours)	2019 (8,424 Hours)	2020 (8,496 Hours)	2021 (7,176 Hours)	2022 (8,472 Hours)
INSPECTIONS	45 89,287.8 hrs	49	53	57 2	61
Water Wash 90 Day Intervals Every 2,160 Hours	March 2018 Offline 6:00 PM 3/09/2018 Online 6:00 AM 3/12/2018	February 2019 Offline 6:00 PM 2/15/2019 Online 6:00 AM 2/22/2019 CT Borescope/Boiler Inspection	February 2020 Offline 6:00 PM 2/14/2020 Online 6:00 AM 2/19/2020 CT Borescope/Boiler Inspection	January 2021 Offline 6:00 PM 1/08/2021 Online 6:00 AM 3/08/2021 Major Inspection/Boiler Inspection	February 2022 Offline 6:00 PM 2/25/2022 Online 6:00 AM 3/02/2022 CT Borescope/Boiler Inspection
Hot Gas Path / Minor Inspection Every 32,000 Hours Last HGP @ 81,095 Hrs	46 91,579.7 hrs June 2018 Offline 6:00 PM 6/15/2018 Online 6:00 AM 6/18/2018	50 May 2019 Offline 6:00 PM 5/17/2019 Online 6:00 AM 5/20/2019	54 May 2020 Offline 6:00 PM 5/15/2020 Online 6:00 AM 5/18/2020	58 June 2021 Offline 6:00 PM 6/04/2021 Online 6:00 AM 6/07/2021	62 June 2022 Offline 6:00 PM 6/03/2022 Online 6:00 AM 6/06/2022
Major Inspection Every 64,000 Hours Last Major @ 49,277 Hrs	47 92,854.4 hrs August 2018 Online 6:00 AM 8/16/2018	51 August 2019 Offline 6:00 PM 8/16/2019 Online 6:00 AM 8/19/2019	55 August 2020 Offline 6:00 PM 8/14/2020 Online 6:00 AM 8/17/2020	59 August 2021 Offline 6:00 PM 8/27/2021 Online 6:00 AM 8/30/2021	63 August 2022 Offline 6:00 PM 8/26/2022 Online 6:00 AM 8/29/2022
Upcoming Inspections ■ Major Inspection 1/08/2021 - 3/08/2021	48 November 2018 Offline 6:00 PM 11/16/2018 Online 6:00 AM 11/19/2018	52 November 2019 Offline 6:00 PM 11/15/2019 Online 6:00 AM 11/18/2019	56 November 2020 Offline 6:00 PM 11/13/2020 Online 6:00 AM 11/16/2020	60 December 2021 Offline 6:00 PM 12/03/2021 Online 6:00 AM 12/06/2021	64 December 2022 Offline 6:00 PM 12/02/2022 Online 6:00 AM 12/05/2022
End Of Year Totals	96,100 Hours	104,524 Hours	113,020 Hours	120,196 Hours	128,668 Hours

All Future Dates are estimates based on run hours and are subject to change

Stranded Energy Monthly Report

Month	Participant	Energy (MWh)
Jul-18	-	-
Aug-18	-	-
Sep-18	-	-

SCPPA BOARD MEETING
 October 18th, 2018
 PALO VERDE NUCLEAR GENERATING STATION
 STATUS REPORT

Plant Operations:

Following is the status of the plant as of October 10, 2018:

- Unit 1 is operating at full power and is on its 90th day of continuous operation.
- Unit 2 is offline and is in the 5th day of its 45-day refueling outage.
- Unit 3 is operating at full power and is on its 101st day of continuous operation.

Through August 2018, the year-to-date maximum dependable capacity factors of the units and the station are as follows:

	Capacity Factor
Unit 1	95.8%
Unit 2	99.4%
Unit 3	85.8%
Station	93.6%

Budget:

Through August 2018, the year-to-date cost report is summarized as follows:

(In \$millions)

Year-to-Date	Budget	Actual	Variance
O&M	399.08	396.05	(3.03)
Capital	155.29	131.21	(24.08)
Fuel	148.58	136.53	(12.06)
Total	702.95	663.79	(21.68)

The year-to-date \$3.03M under-run in the O&M budget is largely driven by “Budget Savings” category items (\$14.02M) in an attempt to balance out the effect of “Budget Impacts” category items (\$10.72M). Items that fell under budget savings include, but not limited to, increased operations and maintenance overtime loads, increased cost for site maintenance and construction material cost, and operations license payment adjustments fall under the category of budget impacts.

The month-to-date \$0.06M over-run is due to the spring Unit 2 outage. The budget was impacted by early material withdrawals as well as service milestone payments.

The year-to-date \$24.08M under-run in the Capital Budget is largely due to items classified under Budget Timing. This would be due to the timing of milestone payments of various projects. This includes but is not limited to the Clarifier Life Extension, where Train 5 was moved out to 2019. The timing associated the emergency diesel generator – spare generator milestone payment has been withheld. The main generator rotor rewind project also falls under this category as well. Palo Verde staff is still projecting an on target year-end forecast.

The month-to-date \$13.2M under-run in the Capital Budget is due to items classified under Budget Timing. Many of the same projects associated with the year-to-date underrun are the same drivers for the month-to-date as well and are associated with the current spring outage.

The year-to-date \$12.06M under-run in the Fuel Budget was due to a combination of factors including but not limited to favorable market conditions in the uranium market, renegotiated prices in the cost of enrichment, less than expected vendor qualification cost, across the board savings in dry cast storage cost due to few systems ordered than originally budgeted.

The year-end budget projection is as follows:

Year-End	Budget	Forecast	Variance
O&M	639.10	637.10	(2.00)
Capital	240.00	240.00	0.00
Fuel	248.19	243.45	(4.75)
Total	1,127.29	1,120.55	(6.75)

Developments:

Unit 2 began its 21st refueling outage on October 6, 2018. Previous outages have lasted approximately 30 days. This particular outage will be 45 days in duration. The additional time is required for staff to address capital projects such as the replacement of the original polar crane and rewinding of the generator stator. The polo crane is actually located inside of the Unit 2 containment dome and is expected to require 496 hours to complete. Replacing the generator stator is a once-in-a-working-life replacement. Staff from GE is on sight to oversee the project. Next to the condenser vacuum maintenance being performed the stator project requires the greatest time of the outage at 844 hours.



TO: Board of Directors
FROM: Tanya DeRivi, Director of Government Affairs
Amy Mmagu, State Government Affairs Manager
Nick Blair, Regulatory Policy Analyst
SUBJECT: Government Affairs Update
DATE: October 10, 2018

This memorandum includes brief updates on major policy matters.

CARB UPDATE

On September 4, CARB released the 45-day Cap-and-Trade and Mandatory Reporting Regulation rulemaking package. SCPPA is working through a third draft of a detailed comment letter to address desired changes on the proposed price ceiling (set at \$50 above the escalating floor price, rather than \$65 starting in 2021 with an annual 5% + inflation escalator), additional clarifications on use of allowance value (including the need for a case-by-case process for programs/projects not explicitly identified in the regulation), and potentially significant concerns on the CAISO EIM GHG accounting methodology (where our CAISO members could have an unknown and unpredictable compliance obligation). SCPPA is meeting with CARB on October 10 as part of the Joint Utilities Group to discuss potential regulatory revisions; while comments are due on October 22, utilities are working under an accelerated October 15 deadline. Staff will then present the rulemaking package to the Board at the October 25-26 Board Meeting after which we expect only one 15-day revision prior to final adoption at CARB's December meeting.

CEC UPDATES

- **AB 1110.** CEC released a long-anticipated third version of the AB 1110 (Ting, 2016) proposal, to report GHG emissions intensities on your Power Content Label, on October 9. Comments are due October 25 as part of the pre-rulemaking stage. SCPPA will be discussing methodological revisions for reporting unbundled RECs, firmed & shaped power, null power, and the newly-proposed "grandfathering adjustment" with the Regulatory Working Group on October 17.
- **RPS Verification.** CEC posted the RPS Verification Methodology Report, 2nd Edition, that verifies RPS eligibility claims, confirms Portfolio Content Category classifications for POUs, confirms retail sales and calculates each POU's procurement requirements based upon those, and determines whether each POU met the RPS procurement requirement. For each POU, verification results will be issued in separate reports that are also adopted by the CEC at a regularly-scheduled business meeting to be used for compliance and enforcement activities. Any CEC enforcement action could be transferred to CARB to assess any penalties.

2017-18 STATE LEGISLATIVE SESSION CONCLUDES

The Legislative Working Group will next meet in-person on November 14, following the mid-term elections. Below is the final 2018 SCPA State Legislative Scorecard given passage of the September 30, 2018 gubernatorial bill signing (or vetoed) deadline.

2018 SCPA State Legislative Scorecard

BILL / ISSUE	SCPA POSITION	OUTCOME/STATUS
SB 100 "100% Clean Energy"	Support if Amended	Enacted/Letter to the Journal
SB 901 Wildfires	Neutral	Enacted
AB 813 Grid Regionalization	Oppose	Favorable/Held in Senate
AB 2787 CAISO Bulk Storage Procurement Mandate	Oppose	Favorable/Held in Senate
AB 893 Renewables Procurement Mandate	Oppose	Favorable/Held in Senate
SB 1339 Microgrids Tariff Mandate	Oppose	Favorable/Revised & Neutral – Enacted
SB 64 Fossil-Fuel Generation Units Data Reporting/Priority	Oppose	Favorable/Held in Assembly
SB 1440 Biomethane Procurement Mandate Targets	Oppose	Unfavorable/Revised – Enacted
AB 3232 Building Stock Emissions Reduction Assessment	Concerned	Favorable/Revised & Neutral – Enacted
AB 327 SCAQMD Rule 1196 Expansion / Fleet Turnover	Oppose Unless Amended	Favorable/Held in Senate
AB 2208 RPS Baseload Procurement Mandate	Oppose	Favorable/Held in Assembly
AB 1912 JPA Pension Liability/Obligations	Oppose Unless Amended	Favorable/Revised & Neutral – Enacted
SB 700 Energy Storage Mandate for Larger Utilities	Oppose	Favorable/Dropped & Revised
SB 692 Transmission and Wheeling Access Charges	Oppose	Favorable/Hearing Cancelled
AB 2447 CEQA Environmental Justice	Concerned	Favorable/Revised & Watch – Vetoed
AB 2693 Natural Gas-Fired Generation Prioritization	Oppose	Favorable/Held in Senate
SB 1076 Electromagnetic Pulse & Geomagnetic Disturbance	Concerned	Favorable/Revised & Neutral – Enacted
AB 2068 Discounted School Rates	Concerned	Favorable/Revised & Neutral
SB 1144 Tripling Air Quality Penalties	Oppose	Favorable/Dropped & Revised
AB 2450 Warning Label on Mylar Balloons	Support	Favorable/Enacted



TO: Southern California Public Power Authority

FROM: Lori J. Pickford, Principal

RE: Federal Legislative Report

DATE: October 9, 2018

October Federal Legislative Report on Energy Policy

Overview

Congress heads into the mid-term elections in less than four weeks with strong political divisions between the two political parties. On October 6, the Senate confirmed 53-year old Justice Brett Kavanaugh to the U.S. Supreme Court by a vote of 50-48-1, the narrowest margin of victory for a Supreme Court nominee since 1981.

The House adjourned on September 28, while the Senate is slated to vote this week on the House-passed ***"America's Water Infrastructure Act of 2018"*** ([S. 3021](#)) (more commonly known as the Water Resources Development Act or WRDA), which would authorize numerous port revitalization, flood control and other infrastructure projects. The bill includes a number of target hydropower reform provisions which are outlined below. The bill is expected to pass and be sent to the President's desk for his signature.

Even though the highly visible contentious battle over Justice Kavanaugh's confirmation seemingly cast the Senate into partisan rage, the Senate last week passed a bipartisan package to reauthorize the Federal Aviation Administration (FAA) which includes major reforms to federal disaster relief programs. The bill, which also would also provide \$1.68 billion to victims of Hurricane Florence, easily passed on a 93-6 vote. On September 26, the House passed the conference report on a 398 to 23 bipartisan vote.

After the November elections, during the lame duck session, Congress will need to complete the final seven appropriation bills by December 7 when federal funding runs out. They may also address the final Farm Bill conference report, a tax reform 2.0 bill and, potentially, energy extenders and a lands bill.

Federal Energy Regulatory Commission

On October 3, 2018, President Donald J. Trump announced his intent to nominate Bernard L. McNamee of Virginia, to be a Member of the Federal Energy Regulatory Commission (FERC), for the term expiring June 30, 2020. See the White House Press Release [here](#).

Interestingly, McNamee has been intricately involved in DOE Secretary Rick Perry’s plan to use emergency authority under provide incentives to coal and nuclear generation facilities in regional markets with key attributes such as on-site fuel.). The most [recent proposal](#) (May 29, 2018), would direct purchases for a period of up to two years from “at-risk” coal or nuclear power plants to ensure a resilient power grid. McNamee would take the place of Robert Powelson, who opposed such efforts. Powelson abruptly left the Commission in August, to lead the National Association of Water Companies.

Mr. McNamee currently serves as the Executive Director of the Office of Policy for the U.S. Department of Energy. Previously, he served as Deputy General Counsel for Energy Policy at the U.S. Department of Energy and was a senior counsel in the energy practice at McGuireWoods, LLP. Additionally, Mr. McNamee served four Attorneys General in two states (Virginia and Texas), was a policy advisor to former Virginia Governor George Allen (R), and served as a senior domestic policy advisor to Senator Ted Cruz (R-TX). He earned his B.A. from the University of Virginia and J.D. from Emory University School of Law.

Federal Aviation Administration

Disaster Recovery and the Use of Unmanned Aircraft Systems

Following House passage, the Senate passed by a vote of 93-6, a five-year Federal Aviation Administration (FAA) reauthorization bill ([H.R. 302](#)), which includes favorable provisions for public power related to commercial drone use to assist in post disaster recovery and Federal Energy Management Agency (FEMA) reforms that recognize taking action before a catastrophe disaster occurs.

In particular, the “*Disaster Recovery Reform Act*” (DRRA) of 2018 ([Division D](#)) reforms FEMA programs to help communities better prepare for, respond to, recover from, and mitigate against disasters of all types. DRRA increases focus on pre-disaster mitigation – actions taken before disaster strikes to help lessen future impacts, reduce disaster costs, help speed recovery, and prevent loss of life. Specifically, the bill would:

- Reform FEMA and the Stafford Act by ensuring that a percentage of assistance provided in the wake of disasters is invested in pre-disaster hazard mitigation so that states, tribal, and local governments can pre-empt the damage and distress that results from disasters.
- Clarify what may be eligible for mitigation funding, to ensure investments are cost effective and reduce risk.
- Speed recovery by getting structures inspected faster.
- Clarify federal programs to help expedite assistance for recipients of FEMA aid, resolve issues quickly, and rebuild more efficiently.
- Provide more flexibility in meeting disaster survivors’ housing needs.
- Simplify federal requirements for individuals and state, locals, and Indian tribal governments.
- Helps communities meet the needs of pets in disasters.
- Increases transparency and oversight in the disaster assistance process.

Of particular interest is a provision that would impose a three-year statute of limitations on FEMA’s ability to “claw back” FEMA funds.

In response to a catastrophe disaster, the bill (Title III, Subtitle B, Sec. 341) addresses the use of Unmanned Aircraft Systems (UAS), or drones, to “help facilitate post-catastrophic response operations, such as utility and infrastructure restoration efforts...” It implements a pilot program to test the integration into national airspace beyond the line-of-sight, night time operations, and operations over people, etc. and implement provisions that reduce the need for waivers. It also includes a number of provisions to promote safe and efficient use of UAS, such as protecting covered facilities and assets when there is a security risk posed by and unmanned aircraft, and the development of sense-and-avoid and other safety technology. Lastly, it includes a study on fire and emergency services agencies use of UAS to help with disaster recovery.

President Trump signed the bill into law on October 5, 2018. (Click here for a [section-by-section](#) summary, and the [Disaster Relief and Reform Act](#) provisions.

Pole Attachment Exemption in Jeopardy

The Federal Communication Commission’s adoption, on September 29, 2018, of its 5G Small Cell Wireless Facilities Order could potentially impact public power utilities longstanding exemption (under Section 224 of the Communication Act) of the Commission’s Pole Attachment rules. The Order appears to override parts of the exemption. The lack of legal clarity is due, in part, to the definition of “siting authority” in the Order’s appendix. If a public utility entity, public utility district, or public power district can be construed as an “instrumentality of a State or local government,” it could potentially no longer be exempt from the FCC’s Pole Attachment rules. However, cooperatives are still explicitly exempt from these rules.

Under Section 224 of the Communications Act, the FCC has jurisdiction over electric utility pole attachments, except those owned by public power and electric cooperative utilities. The Order defines “siting authorities” as “a state government, local government, or instrumentality of a State government or local government, including any official or organizational unit thereof, whose authorization is necessary prior to the deployment of personal wireless service facilities.” Often public power utilities are defined as an instrumentality of a State or local government. Furthermore, public utility districts could also be covered under the ‘instrumentality’ interpretation. However, cooperatives are still explicitly exempt from the FCC’s pole attachment rules. Legal counsel for the American Public Power Association and the National Rural Electric Cooperative Association are reviewing the Order. [See [10-1-18 TFG Issue Brief on the FCC 5G Small Cell Order.](#)]

Even though State and local opposition to Senate Commerce Committee Chair John Thune’s (R-SD) bill, the “*STREAMLINE Small Cell Deployment Act*,” ([S. 3157](#)) is fierce, he plans to move forward with a legislative hearing this year. The bill would essentially repeal the public power pole attachment exemption, among other things. SCPPA had previously sent letters of opposition on the bill to our delegation and to the committee.

Water Resources Development Act

Senate Majority Leader Mitch McConnell (R-KY) announced that the Senate will vote on the “*America’s Water Infrastructure Act of 2018*,” ([S. 3021](#)) (formerly known as the Water Resources Development Act, or WRDA) will get a procedural vote tonight (October 9, 2018), the first test for the Senate after last week’s partisan

Supreme Court confirmation vote. The House of Representative passed the bill, under “suspension of the rules,” an expedited procedure for bipartisan non-controversial bills, on September 13, 2018. The bill is expected to pass and be sent to the President’s desk for his signature.

Of interest to public power is the energy title of S. 3021, which includes several targeted hydropower bills, all of which would streamline the regulatory approval process. They include:

- providing FERC with authority to extend the construction start time for a licensed hydropower project for up to 10 years without an act of Congress ([section 3001](#));
- promoting small conduit hydro projects ([section 3002](#));
- promoting hydropower development at existing non-powered dams ([section 3003](#));
- promoting closed loop pumped storage projects ([section 3004](#)); and,
- considering project-related investments under the new license and project related investments made over the term of the existing license in determining the term of a new license issued when an existing license expires ([section 3005](#)).

The energy title also includes language ([section 3006](#)) similar to the Fair Rates Act ([H.R. 587/S. 186](#)) which amends the Federal Power Act to enable parties adversely affected by the inaction of the Federal Energy Regulatory Commission (FERC) to have the right to a rehearing. The purpose of the legislation is when the Commission has only four siting members and a vote is tie; there is no further action. This would allow, once the fifth Commissioner is approved by the Senate, a rehearing on the matter with the five-member Commission panel. [See 9-14-18 TFG Special Report on the “*America’s Water Infrastructure Act.*”]

Municipal Bonds

On September 24, 2018, the Municipal Bonds for America (MBFA) coalition, of which SCPPA is an active member, held two educational briefings on Capitol Hill for House and Senate staff on the importance of preserving the tax-exemption for municipal bonds. MBFA Executive Chair Steve Benjamin, Mayor of Columbia, S.C., and current president of the U.S. Conference of Mayors presided over the events to highlight the benefits of the municipal bond market, the tax-exemption, and the importance to restore advanced refunding bonds. The panelists focused on the impact that municipal bonds play in our daily lives, the economic efficiency of the municipal exemption, and advance refunding bonds play in America's infrastructure investment.

In addition to holding two Congressional briefings, the MBFA coalition held over 40 meetings on Tuesday, September 25, with key members of congress and their staffs focused on tax and infrastructure policy. Members of the MBFA's Executive Committee and legislative task force (TFG's Aindriu Colgan is co-chair) also met with the Deputy Assistant to the President for Financial Policy for the National Economic Council (NEC) at the White House to advocate to maintain the current law status of the municipal bond tax-exemption and to restore advance refundings. The delegation highlighted that municipal bonds are the original public-private partnership and tax-exempt bonds are used for core local government infrastructure that is the foundation for our nation's economy.

MBFA members advocated in support of H.R. 5003, introduced by Reps. Randy Hultgren (R-IL) and Dutch Ruppersberger (D-MD), which would reinstate advanced refunding bonds. SCPPA supports the legislation and has sent a letter to its Congressional delegation encouraging their co-sponsorship. In addition the MBFA featured the Bond Dealers Association’s recent release of a primer on municipal bonds, titled [“The Municipal Bond Market: Building American Infrastructure.”](#)

Clean Water Act

On October 4, the Senate Environment and Public Work (EPW) Committee Chair, John Barrasso (R-WY), and Sens. Jim Inhofe (R-OK), Shelley Moore Capito (R-WV), Mike Enzi (R-WY), and Steve Daines (R-MT), sent a [letter](#) to the Environmental Protection Agency's (EPA) Acting Administrator, Andrew Wheeler, asking for regulatory guidance regarding the implementation of Section 401 of the Clean Water Act.

The Senators requested a review of the government's implementation of CWA Section 401 to ensure it is consistent with the statute. "We ask that you work with other federal agencies to determine whether new clarifying guidance or regulations are needed in light of recent abuses of the Section 401 process by certain states." Chair Barrasso said it's a "troubling trend" when states delay or block development on energy infrastructure. His concerns are primarily directed at actions that have blocked the development of natural gas pipelines and a coal export terminal, but there have been many energy projects, including hydropower, that are often required to implement mandatory condition that are unrelated to the project itself.

The Senate letter comes after EPA Assistant Administrator for the Office of Water, David Ross, told the Environmental Council of the States (ECOS) Fall Meeting in August that the EPA is considering revising the 401 process, including clarifying the timeliness and scope of state reviews, and raised the possibility of new guidance or rulemaking.

On July 31, 2018, Chair Barrasso introduced S. 3303, the "[Water Quality Certification Improvement Act](#)," which would limit the scope of Section 401 review to water quality impacts, and when evaluating water quality, the State can only consider discharges that would result from federally permitted or licensed activity itself – not from other sources. [See 8-23-18 TFG Issue Brief on S, 3303, the "[Water Quality Certification Improvement Act](#)."]

The EPW committee held a [legislative hearing](#) titled, "Hearing to Examine Implementation of Clean Water Act Section 401 and S. 3303 on August 16, 2018. However, the bill faces stiff opposition from state-oriented groups, such as the Western Governors' Association (WGA), the Association of Clean Water Administrators (ACWA), and the Association of State Wetland Managers (ASWM). [See 8-16-18 TFG Senate EPW Hearing Memo on S. 3303] A House companion ([H.R. 6889](#)) was also introduced by Representatives David McKinley (R-WV), Doug LaMalfa (R-CA) and others, and referred to the House Transportation Committee.

Grid Security

In an effort to educate Congressional staff regarding mandatory physical, cyber and reliability rules applicable to the electric utility industry as well as activities underway within the industry and in combination with the Federal government, the energy trade associations hosted a briefing for congressional staff on October 1, 2018. In addition to the trade association representatives, Karen Evans, DOE's new Assistant Secretary for Cybersecurity, Energy Security and Emergency Response, was the key note speaker. The program was part of the National Cybersecurity Awareness Month.

Karen Evans also [testified](#) before the House Energy & Commerce Committee's Subcommittee on Energy. At the hearing, Evan said she is confident that utilities are adequately prepared to protect the grid from a coordinated cyberattacks. [See 8/28/18 TFG Memo on the House E&C Cybersecurity Hearing.]

Net Neutrality Law

On September 30, U.S. Attorney General Jeff Sessions [announced](#) that the Justice Department would be suing the State of California in the U.S. District Court for the Eastern District of California to block the implementation of a brand new law, the “[California Internet Consumer Protection and Net Neutrality Act of 2018](#).” The bill restores net neutrality rules in California that were repealed under the Trump Administration, setting up a legal battle with the federal government over whether states can prevent companies from blocking access to the Internet. The state law prohibits broadband and wireless companies from blocking, throttling or otherwise hindering access to Internet content, and from favoring some websites over others by charging for faster speeds. California is one of more than 25 states to consider net neutrality protections since the FCC voted in late 2017 to reverse the Obama-era Internet regulations.

Lame Duck

Tax Reform and Energy Extenders

The House recently voted on “[Tax Reform 2.0](#),” and approved three separate tax bills which make individual and small business tax cuts permanent, encourage retirement accounts savings and promote new business innovation through start-up costs write offs. The cost of the three bills is \$627 billion over 10-year, in addition to the 1.5 trillion estimate cost of the recently enacted “*Tax Cuts and Jobs Act*.” It is unlikely all three bills will be considered by the Senate, but it is possible the retirement saving bill could be considered by the Senate in a post-election lame-duck session in December.

Both the Senate Finance Committee Chairman Orin Hatch (R-UT) and House Ways and Means Committee Chairman Kevin Brady (R-TX) [noted](#) that tax extenders, which include renewable and energy efficiency tax credits, may be considered during the lame duck session. Chairman Brady would like to make permanent credits where there’s a consensus, or a glide path to a free market. Chairman Brady also indicated they are having “constructive discussions” with the Senate now. With regard to energy tax credits, such as those for geothermal or hydropower resources, it is unclear if they will consider a one-year retroactive extension (these provisions expired on December 31, 2017) as they did previously, or include a 5-year extension with a phase out schedule that reduces the amount of the credits. (*i.e.* [H.R. 4137](#), the “[Renewable Electricity Tax Credit Equalization Act](#)”)

Farm Bill

House and Senate Agriculture Committee leaders hoped they could reach agreement on reconciling differences between the House and Senate versions of the Farm Bill (H.R.2) before the November election; however they will likely not. Many believe they will be able to move an agreement in the post-election lame duck, however, the major sticking point has been the changes made to the Supplemental Nutrition Assistance Programs (SNAP). Programs of interest include mandatory funding (not subject to appropriations) for the Rural Energy Assistance Program (REAP), which provides funding for public power to develop renewables, specialty crops including the legalization of industrial hemp production, and conservation programs, especially the Watershed program and the Regional Conservation Partnership Program, which could be highly beneficial to the Salton Sea.