



**AGENDA**  
**SONOMA CLEAN POWER AUTHORITY**  
**Joint Meeting of the**  
**BUSINESS OPERATIONS and RATEPAYER ADVISORY COMMITTEES**  
**Thursday, June 30, 2016**  
**9:00 A.M.**

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50 Santa Rosa Avenue, 5<sup>th</sup> Floor  
Santa Rosa, California

**I. CALL TO ORDER**

**II. BUSINESS OPERATIONS COMMITTEE REGULAR CALENDAR**

1. (RAC) Approve the April 12, 2016 meeting minutes of the Sonoma Clean Power Ratepayer Advisory Operations Committee
2. Receive update and provide comments to staff regarding proposed amendments to Joint Powers Agreement

**III. COMMITTEE MEMBER ANNOUNCEMENTS**

**IV. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA**

(Comments are restricted to matters within the Committee jurisdiction. The Committee will hear public comments at this time for up to thirty minutes. Please be brief and limit your comments to three minutes.)

**V. ADJOURN**

**DISABLED ACCOMMODATION:** If you have a disability which requires an accommodation, an alternative format, or requires another person to assist you while attending this meeting, please contact the Clerk at (707) 978-3463, as soon as possible to ensure arrangements for accommodation.

RATEPAYER ADVISORY COMMITTEE  
MEETING MINUTES  
TUESDAY, APRIL 12, 2016

**I. CALL TO ORDER:**

*New Committee Member (CM) Mike Nicholls sworn in by General Counsel Steve Shupe prior to the start of the meeting.*

Meeting called to order by Chair Art Deicke at 9:02 A.M.

Committee Members Present:

Chair Art Deicke, Anita Fenichel, Peter Renfro, Margaret Spaulding, Joe Como, Bob Williamson, and Mike Nicholls.

Staff/Consultants Present: Chief Executive Officer Geof Syphers, General Counsel Steve Shupe, Internal Operations Manager Stephanie Reynolds

**II. RATEPAYER ADVISORY COMMITTEE REGULAR CALENDAR**

1. Adopt minutes of the February 16, 2016 Ratepayer Advisory Committee meeting

Clarification by Chair Deicke on Summary Statement  
Public Comment: None

Motion to accept minutes as amended by CM Williamson  
Seconded: CM Renfro  
Motion carried: 6-0-1 (Nicholls abstained)

2. Operations Update  
Present: CEO Geof Syphers

The Mustang solar site came online early, staff and Board ratified sale of excess energy for 2016.

Progress being made at the California Public Utilities Commission (CPUC) for analyzing the exit fees (PCIA). Commissioner Florio has asked PG&E to provide data necessary for a ten-year forecast to CCAs for analysis.

Staffing changes include new Energy Analyst Carlos Gomes and Director of Programs Jan McFarland.

CEO Syphers stated it would be significant to convene a joint committee meeting this summer to discuss changes to the JPA, which would include committee structure changes.

The PG&E electric vehicle program and settlement were discussed. A significant adjustment is that PG&E agreed to allow the hosts of any charging stations to determine the source of electricity. This would allow SCP and CCA customers to participate in the program. No specific number of EV charging stations have been announced for Sonoma County.

Public Comment: None

3. Review draft budget and rates for Fiscal Year 2016-2017 and provide input and direction to staff as needed  
Present: CEO Geof Syphers, General Counsel Steve Shupe

Chair Deicke reviewed the last RAC meeting and process to date for the budget process.

CEO Syphers presented the current draft budget, scheduled to go to the Board of Directors for approval 5/5/16, with rates effective 7/1/16. The rates, when approved, are to be included in the joint mailer (PG&E/SCP) to be sent out in June.

CEO Syphers noted significant changes made to the budget since the last RAC meeting:

- Water Agency loan paid off. The loan payoff reduces interest costs over the next year.
- Proposed amount budgeted for Reserves and Program Reserves after receiving input from the RAC, BOD and BOC, is 3.5M for Programs and 10.7M for Reserves.
- Rates set at 2% below PG&E current rates.
- Collateral deposits reduced based on recent procurement activities. Not an expense but an obligation.
- Significant annual mailer showing SCP yearly results and services, added \$190,000 in costs

CEO Syphers reviewed PG&E demand charges. Some specific commercial distribution rates have gone up by as much as 50%. SCP proposes to moderate that increase to our customers by capping the increase at 10%.

CM Como asked staff to clarify how much program costs will affect rates and asked for further detailed analysis on the benefits of various programs at different levels of committed funds. CEO Syphers noted that more detail on program results will be included in future budget processes.

CM Williamson also noted the need for finding a standardized measure of the benefit from programs and clarification on line items for programs.



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CM Nicholls in favor of staff recommendations and interested in programs. He stressed the importance of communications/messaging on where SCP is saving ratepayers' money.

CM Deicke discussed the need for cooperation with other CCAs on issues and programs work and the goal for Reserves. CEO Syphers stated that SCP can coordinate and work with other agencies on programs, such as EV charging stations and research. The goal for Reserves, as set by the JPA is currently \$50M. In the long-term, SCP will most likely need to work towards Reserves of \$70-90M to build a strong credit rating. The current budgeted amount for Reserves in FY 16-17 is approximately 6%.

CM Fenichel suggested including educational materials in the budget so the public understands who is responsible for rate increases. CEO Syphers stated that work is ongoing.

CM Renfro asked about long-term power procurements inside of Sonoma County and if SCP has a specific goal on how much local power to procure. CEO Syphers stated that goal would originate with the Business Operations Committee and be part of the integrated resource planning process. SCP plans to procure more local energy over the next five years.

Public Comment:

Dick Dowd – Supports budgetary process with forward look. Stated the need to maintain flexibility and remain diligent.

George Beeler – questioned capping demand charges for commercial customers. Suggested working with them to lower their demand instead.

Paul Brophy – asked about outreach related to the EverGreen program and a reduction in revenues in the Budget. CEO Syphers stated outreach for EverGreen is included in the Marketing budget. The drop in revenues are a result of reductions in rates to offset the recent increase in exit fees.

Bruce Niden – asked about the excess energy from the Mustang plant. CEO Syphers stated the plant coming online early required SCP to sell excess energy.

CM Deicke summarized the recommended budget as presented by staff.

- Rates that produce a 2% total electric bill savings for all customers
- \$3.5M budgeted for Program activity
- Planned Reserve contribution at the end of FY 16-17 would be \$10,692,000
- Various minor adjustments to the budget

Motion by CM Nicholls: Approve and recommend proposed FY 16-17 Budget and Rates

Second: CM Spaulding

Motion carried: 7-0-0



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**III. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA**

Dick Dowd stated that Resource Adequacy is an important component of SCP's costs and should be discussed on an ongoing bases.

**IV. ADJOURN (10:27 A.M.) by Chair Deicke**

Respectfully submitted,

Stephanie Reynolds,  
Internal Operations Manager

## Staff Update – Item 2

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To: Sonoma Clean Power Authority Business Operations and Ratepayer Advisory Committees

From: Steve Shupe, General Counsel  
Geof Syphers, CEO

Issue: Receive updates on proposed revisions to the SCPA Joint Powers Agreement as presented to the Board of Directors on June 2, 2016.

Date: June 30, 2016

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### Status of Draft Changes to Joint Powers Agreement

At the June 2, 2016, SCPA Board of Directors meeting, staff presented a proposed update to the SCPA's Joint Powers Agreement (JPA). Elements of the changes had been discussed at several prior board meetings, and a full draft update was reviewed by the Board on May 5, 2016. Copies of the staff reports describing the proposed JPA changes are attached for the committees' convenience.

There was significant public input at the May 5 meeting and a robust discussion among Board members, and there was general consensus around several important proposed changes to the original draft. Those changes are shown in the attached redline document (which shows changes from the current JPA) and are summarized below.

Staff recommended offering presentations to the governing board of any SCPA participant that wishes to have a briefing on these proposed changes. Presentations for the cities of Rohnert Park and Petaluma have been scheduled in July.

### Summary of Changes in the Current Draft

The attached draft includes changes that are consistent with Board comments and suggestions at the May 5 meeting, which included:

- Changing the name of the proposed new consolidated advisory committee from "Customer Advisory Committee" to "Community Advisory Committee."



- Clarifying that “local distributed energy resources” are a preferred resource. This language change clarifies that SCP may focus on solutions that use fuel shifting rather than just the supply of clean electricity. Specifically, this will be helpful in clarifying that shifting from natural gas and gasoline to clean electricity is a priority to help reduce greenhouse gas emissions and support our local economy.
- Retaining previously-deleted language that “energy security, reliability and resilience” is a purpose of SCPA. A discussion around this topic helped clarify that the intent of this language is to promote the *climate and financial* security, and reliability and resilience relating to a diverse portfolio of resources. Staff explained that the responsibility for maintaining grid safety remains with PG&E.
- Removing outdated language relating to renewable energy credits, since SCP does not use unbundled “RECs” and bundled RECs are the required method for tracking renewable energy production and use in California.
- Removing outdated language relating to start-up financing.
- Deleting language that would have required the Board to set rates for any given year at a level sufficient to meet estimated budget expenses for that year. There was concern that this language might prohibit the Board from “smoothing” rates from year-to-year.
- Adding the current Voting Shares table.

In addition, the attached draft contains language requested by the Board at its March 3 meeting, giving the Executive Director the authority to make temporary rate adjustments as necessary to respond to unforeseen circumstances (such as changes in PG&E rates). The temporary rates would expire at the end of three months unless ratified by the Board.

~~Second~~Third Amended and Restated Joint Powers Agreement

Relating to and Creating the  
Sonoma Clean Power Authority

By and Among

The County of Sonoma and  
The Sonoma County Water Agency

This ~~Second~~Third Amended and Restated Joint Powers Agreement (“Agreement”), effective as of ~~July 25, 2013,~~[date], is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Sections 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the parties set forth in Exhibit B (“Parties”), and, as of this date, supersedes the original Joint Powers Agreement dated December 4, 2012 ~~and~~, the First Amended and Restated Joint Powers Agreement dated June 25, 2013, and the Second Amended and Restated Joint Powers Authority dated July 25, 2013.

RECITALS

- A. The Parties share various powers under California law, including but not limited to the power to ~~purchase, supply, generate, buy and sell power~~ and aggregate ~~electricity~~electric load for themselves and customers within their jurisdictions.
- B. In 2006, the State Legislature adopted AB 32, the Global Warming Solutions Act, which mandates a reduction in greenhouse gas emissions in 2020 to 1990 levels. The California Air Resources Board is promulgating regulations to implement AB 32 which will require local governments to develop programs to reduce greenhouse gas emissions.
- C. The purposes for the entering into this Agreement include
- ~~a.~~ a. Reducing greenhouse gas emissions ~~related to the use of power~~ in Sonoma County and neighboring regions;
  - ~~b.~~ b. Providing electric power and other forms of energy to customers at a competitive cost;
  - ~~c.~~ c. Carrying out programs to reduce energy consumption;
  - ~~d.~~ d. Stimulating and sustaining the local economy, including by developing or promoting local ~~jobs in renewable~~distributed energy resources; and
  - ~~e.~~ e. Promoting long-term electric rate stability ~~and~~, energy security ~~and~~, reliability ~~for residents through local control of electric generation resources, and~~ resilience.

- D. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar, wind, and biomass energy production. ~~The purchase of renewable power and use of renewable energy credits is intended only as a transitional method to decrease regional greenhouse gas emissions; local renewable projects are the preferred method., with a preference for local distributed sources and California sources.~~
- E. The Parties ~~desire to establish~~have established a separate public agency, known as the Sonoma Clean Power Authority (“Authority”), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”) in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
- F. The Parties ~~anticipate adopting~~have adopted an ordinance electing to implement through the Authority a common Community Choice Aggregation program, an electric service enterprise available to cities, counties, and the Sonoma County Water Agency pursuant to California Public Utilities Code Sections 331.1(c) and 366.2 (“CCA Program”). ~~The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program.~~

## AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

### ARTICLE 1: DEFINITIONS AND EXHIBITS

- 1.1 Definitions. Capitalized terms used in the Agreement shall have the meanings specified in Exhibit A, unless the context requires otherwise.
- 1.2 Documents Included. This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement.

Exhibit A: Definitions  
 Exhibit B: List of the Parties and Participants  
 Exhibit C: Annual Energy Use  
~~Exhibit D:~~ and Voting Shares

### ARTICLE 2: FORMATION OF SONOMA CLEAN POWER AUTHORITY

- 2.1 Effective Date and Term. This Agreement ~~shall become~~became effective, and the Sonoma Clean Power Authority ~~shall exist~~commenced existence as a separate public agency, ~~on the date this Agreement is executed by December 4, 2012 (the Parties. The Authority shall provide notice to the Parties of the “Effective Date.”)~~. The Authority shall continue to exist, and this Agreement shall be effective, until this Agreement is terminated in accordance with Section 7.4, subject to the rights of the Parties to withdraw from the Authority.
- 2.2 Formation. There is formed as of the Effective Date a public agency named the Sonoma Clean Power Authority. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public

agency separate from the Parties. Pursuant to Sections 6508.1 of the Act, the debts, liabilities or obligations of the Authority shall not be debts, liabilities or obligations of the individual Parties unless the governing board of a Party agrees in writing to assume any of the debts, liabilities or obligations of the Authority. A Party who has not agreed to assume an Authority debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties agree to assume the debt, liability or obligation of the Authority. Notwithstanding Section 8.4 of this Agreement, this Section 2.2 may not be amended unless such amendment is approved by the governing board of each Party.

2.3 Purpose. The purpose of this Agreement is to establish an independent public agency in order to exercise powers common to each Party to study, promote, develop, conduct, operate, and manage energy, energy efficiency and conservation, and other energy-related programs, and to exercise all other powers necessary and incidental to accomplishing this purpose. Without limiting the generality of the foregoing, the Parties intend for this Agreement to be used as a contractual mechanism by which the Parties and Participants are authorized to participate in the CCA Program, as further described in Section 5.1. The Parties intend that other agreements shall define the terms and conditions associated with the implementation of the CCA Program and any other energy programs approved by the Authority.

2.4 Powers. The Authority shall have all powers common to the Parties and such additional powers accorded to it by law. The Authority is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following powers, subject to the voting requirements set forth in Section 4.7 through 4.7.6:

2.4.1 to make and enter into contracts;

2.4.2 to employ agents and employees, including but not limited to a Chief Executive Officer;

2.4.3 to acquire, contract, manage, maintain, and operate any buildings, infrastructure, works, or improvements;

2.4.4 to acquire property by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property;

2.4.5 to lease any property;

2.4.6 to sue and be sued in its own name;

2.4.7 to incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers such as Government Code Sections 53850 et seq. and authority under the Act;

2.4.8 to form subsidiary or independent corporations or entities, if necessary to carry out energy supply and energy conservation programs at the lowest possible cost or to take advantage of legislative or regulatory changes;

2.4.9 to issue revenue bonds and other forms of indebtedness;

2.4.10 to apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state, or local public agency;

2.4.11 to submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;

2.4.12 to adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority (“Operating Rules and Regulations”); and

2.4.13 to make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services.

2.5 Limitation on Powers. As required by Government Code Section 6509, the power of the Authority is subject to the restrictions upon the manner of exercising power possessed by the Sonoma County Water Agency.

2.6 Compliance with Local Zoning and Building Laws and CEQA. Unless state or federal law provides otherwise, any facilities, buildings or structures located, constructed, or caused to be constructed by the Authority within the territory of the Authority shall comply with the General Plan, zoning and building laws of the local jurisdiction within which the facilities, buildings or structures are constructed and comply with the California Environmental Quality Act (CEQA).

### ARTICLE 3: AUTHORITY PARTICIPATION

3.1 Participation in CCA Program. The Parties may participate in the CCA Program upon the adoption of an ordinance required by Public Utilities Code Section 366.2(c)(12). Other incorporated municipalities and counties (“Participants”) may participate in the CCA Program upon (a) the adoption of a resolution by the governing body of such incorporated municipality or such county requesting that the incorporated municipality or county, as the case may be, become a participant in the CCA Program, (b) the adoption, by an affirmative vote of the Board satisfying the requirements described in Section 4.7.3 (or, if demanded by any Director, 4.7.4), of a resolution authorizing the participation of the additional incorporated municipality or county, specifying the participation payment, if any, to be made by the additional incorporated municipality or county to reflect its pro rata share of organizational, planning, and other pre-existing expenditures, and describing additional conditions, if any, associated with participation, (c) the adoption of an ordinance required by Public Utilities Code Section 366.2(c)(12) and execution of any necessary program agreements by the incorporated municipality or county, (d) payment of the membership payment, if any, and (e) satisfaction of any conditions established by the Board.

3.2 Continuing Participation. The Parties acknowledge that participation in the CCA Program may change by the addition or withdrawal or termination of Participants. The Parties agree to participate with such other Participants as may later be added, as described in Section 3.1. The Parties also agree that the withdrawal or termination of a Participant shall not affect this Agreement or the remaining Parties’ or Participants’ continuing obligations under this

Agreement.

3.3 Participants Not Liable for Authority Debts. The debts, liabilities or obligations of the Authority shall not be debts, liabilities or obligations of the individual Participants unless the governing board of a Participant agrees in writing to assume any of the debts, liabilities or obligations of the Authority. A Participant who has not agreed to assume an Authority debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties and Participants agree to assume the debt, liability or obligation of the Authority. Notwithstanding Section 8.4 of this Agreement, this Section 3.3 may not be amended unless such amendment is approved by the governing board of each Participant.

#### ARTICLE 4: GOVERNANCE AND INTERNAL ORGANIZATION

4.1 Board of Directors. The governing body of the Authority shall be a Board of Directors (“Board”). The composition of the Board shall ~~initially consist of five directors appointed by the Sonoma County Board of Supervisors, and shall upon the addition of additional Participants be comprised~~ as set forth in Section 4.7.- Each Director shall serve at the pleasure of the governing board of the Party or Participant who appointed such Director, and may be removed as Director by such governing board at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed to fill the position of the previous Director within 90 days of the date that such position becomes vacant. Directors may be (but need not be) members of the ~~Board of Supervisors or members of the~~ governing board of any municipality or county electing to participate in the CCA Program the Member or Participant they represent.

4.2 Quorum. A majority of the Directors shall constitute a quorum, except that less than a quorum may adjourn from time to time in accordance with law.

4.3 Powers and Functions of the Board. The Board shall exercise general governance and oversight over the business and activities of the Authority, consistent with this Agreement and applicable law. The Board shall provide general policy guidance to the CCA Program. The Board shall be required to approve any of the following actions:

- a. The issuance of bonds or any other financing even if program revenues are expected to pay for such financing.
- b. The hiring of a Chief Executive Officer and General Counsel.
- c. The appointment or removal of an officer.
- d. The adoption or modification of the ~~Annual Budget~~annual budget.
- e. The adoption of an ordinance.
- f. The initiation of litigation where the Authority will be the plaintiff, petitioner, cross complainant or cross petitioner, or intervenor; provided, however, that the Chief Executive Officer or General Counsel, on behalf of the Authority, may intervene in, become a party to, or file comments with respect to any proceeding pending at the California Public Utilities Commission, the Federal Energy Regulatory Commission, or any other administrative agency, without approval of the Board.

g. The setting of rates for power sold by the Authority and the setting of charges for any other category of service provided by the Authority, except as provided in Section 4.5.2.1.1.

hh. Any agreement between the Authority and any Party or Participant if the total amount payable under the agreement and other agreements with the Party or Participant is more than \$50,000 in any fiscal year.

i. Termination of the CCA Program.

4.4 Chief Executive Officer. The Board of Directors shall appoint a Chief Executive Officer for the Authority, who shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The Chief Executive Officer may exercise all powers of the Authority, except the powers specifically set forth in Section 4.3 or those powers which by law must be exercised by the Board of Directors. ~~The Board of Directors shall approve any agreement between the Authority and any Party or Participant if the total amount payable under the agreement and other agreements with the Party or Participant is more than \$50,000 in any fiscal year.~~ The Chief Executive Officer may enter into and execute any Energy Contract, in accordance with criteria and policies established by the Board.

4.5 Commissions, Boards, and Committees. The Board may establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, other energy programs, and the provisions of this Agreement ~~which.~~ All advisory commissions, boards, and committees established by the Board shall comply with the requirements of the Ralph M. Brown Act. The Board may establish rules, regulations, policies, bylaws or procedures to govern any such commissions, boards, or committees, ~~including the Ratepayer Advisory Committee and the Business Operations Committee,~~ and shall determine whether members shall be compensated or entitled to reimbursement for expenses.

4.5.1 RatepayerCommunity Advisory Committee. The Board shall establish a RatepayerCommunity Advisory Committee consisting of a minimum of seven members and a maximum of eleven members, none of whom may be members of the Board. ~~Three members of the Ratepayer Advisory Committee shall be commercial or industrial customers and four~~ In appointing members shall be residential customers (one of whom shall be a tenant). ~~Committee members shall~~ to the Committee, the Board shall use its best efforts to appoint individuals (a) to represent the interests of the customers as ratepayers- (both residential and commercial/industrial) or (b) having expertise in one or more of the areas of management, administration, finance, or contracts (in either the public or private sector), infrastructure development, renewable power generation, power sales and marketing, energy conservation, public policy development, or public relations. The Board shall publicize the opportunity to serve on the RatepayerCommunity Advisory Committee, and shall appoint members of the RatepayerCommunity Advisory Committee from those individuals expressing interest in serving. Members of the RatepayerCommunity Advisory Committee shall serve staggered four-year terms ~~(the first term of three of the members [one commercial/business, two residential] shall be two years, and four years thereafter), which may be renewed as determined by the Board of Directors.~~ A member of the RatepayerCommunity Advisory Committee may only be

removed by the Board of Directors by a two-thirds vote as provided in Section 4.7.5. Each member of the ~~RatepayerCommunity~~ Advisory Committee shall have one vote; a majority of members shall constitute a quorum; and a majority of a quorum is sufficient for committee action.

4.5.2 Duties and Powers of ~~RatepayerCommunity~~ Advisory Committee. The ~~RatepayerCommunity~~ Advisory Committee shall have the following duties and powers:

4.5.2.1 Review of Budget and Rates. The proposed annual budget of the CCA Program and any rates or charges proposed to be imposed by the Authority for CCA Program power or services shall be submitted to the ~~RatepayerCommunity~~ Advisory Committee for review and comment. Following review by the ~~RatepayerCommunity~~ Advisory Committee of any such matter, the committee shall recommend to the Board that the matter be approved, approved as amended, or disapproved by the Board. The recommendation of the ~~RatepayerCommunity~~ Advisory Committee shall be communicated to the Board and noted on the agenda for the meeting at which the Board considers the matter. The Board may impose a reasonable deadline for action on the ~~RatepayerCommunity~~ Advisory Committee as necessary to ensure the timely setting of rates by the Authority.

~~4.5.2.2 Reports to the Board. The Ratepayer~~4.5.2.1.1 Temporary Rate Changes. ~~Notwithstanding the requirements in Sections 4.3 and 4.5.2.1, the Chief Executive Officer may change any rate for power sold by the Authority or any charge for services provided by the Authority if (a) the need for the change arises from (i) unforeseen circumstances, (ii) a change in rates or charges imposed on the Authority or its customers by PG&E, the CPUC, or any other regulatory agency, or (iii) technical deficiencies or errors in an existing Authority rate or charge; and (b) the Chief Executive Officer determines, following consultation with the Chair of the Board of Directors, that the change is reasonably necessary for budgetary reasons or to keep the Authority's rates and charges competitive. Changes in rates or charges made by the Chief Executive Officer under this Section shall be brought to the Board of Directors at the next scheduled meeting for consideration and shall expire after 90 days unless ratified by the Board of Directors.~~

4.5.2.2 Review of Policies and Programs. The Community Advisory Committee may review and may make recommendations with respect to the programs, policies, and operations of the CCA Program to the Chief Executive Officer or to the Board of Directors. The Community Advisory Committee shall have the opportunity to review and comment upon proposals for new programs, policies, or significant operational changes proposed by the Chief Executive Officer for the CCA program. If requested by the Community Advisory Committee, the Chief Executive Officer shall provide the Committee with any information reasonably necessary for the Committee to carry out its duties. Actions of the Community Advisory Committee are advisory only, and Community Advisory Committee action or approval is not a prerequisite to the Board of Directors' or the Chief Executive Officer's action on any item.

4.5.2.3 Reports to the Board. The Community Advisory Committee may prepare

or cause to be prepared for presentation to the Board any reports, investigations, studies, or analyses relating to the Authority or the CCA Program.

4.5.2.34 Placing Matters on Board's Agenda. The ~~Ratepayer~~Community Advisory Committee may place any matter relating to the Authority or the CCA Program on the Board's agenda for consideration and possible action.

4.5.2.45 Support for ~~Ratepayer~~Community Advisory ~~Board~~Committee.

The Board shall provide for reasonable and necessary administrative assistance to the ~~Ratepayer~~Community Advisory Committee. ~~The Ratepayer~~If requested by the Community Advisory Committee ~~may, the Chief Executive Officer shall~~ enter into contracts as reasonably necessary to carry out ~~its~~the duties and powers of the Community Advisory Committee; provided, however, that (a) the amount payable under any contract cannot exceed \$20,000 per year, (b) the total amount payable under all contracts cannot exceed \$50,000 per year, and (c) the contracts are in a form acceptable to the Authority's Chief Executive Officer and General Counsel. The Board of Directors may authorize an amount in excess of these expenditure limits if it finds and determines that it is reasonable and necessary to do so for the ~~Ratepayer~~Community Advisory Committee to perform its obligations.

~~4.5.3 Business Operations Committee. The Board shall establish a Business Operations Committee to oversee and assist the Chief Executive Officer in implementing the CCA Program. The Business Operations Committee shall consist of five members appointed by the Board of Directors, having expertise in one or more of the areas of management, administration, finance, public contracts, infrastructure development, renewable power generation, power sales and marketing, or energy conservation. The Business Operations Committee shall meet no less frequently than bi-monthly. Committee members shall be appointed to staggered four year terms (the first term of two of the members shall be two years, and four years thereafter), which may be renewed. A member of the Business Operations Committee may be removed by the Board of Directors by majority vote. Each member of the Business Operations Committee shall have one vote; a majority of members shall constitute a quorum; and a majority of a quorum is sufficient for committee action. The Board of Directors shall determine whether the Committee members shall be compensated or entitled to reimbursement for expenses.~~

~~4.5.3.1 Duties of Business Operations Committee. The Business Operations Committee shall review the operations of the CCA Program. The Business Operations Committee may request that the Chief Executive Officer provide information reasonably necessary to such review. The Business Operations Committee may make recommendations with respect to the operations of the Authority to the Chief Executive Officer or to the Chair of the Board of Directors.~~

~~4.5.3.2 Chief Executive Officer Reports to Business Operations Committee.~~4.5.2.6 Chief Executive Officer Provides Reports to Community Advisory Committee. The Chief Executive Officer shall prepare, no later than the 20<sup>th</sup> day of each first month of each fiscal quarter, a report to the ~~Business Operations~~Community Advisory Committee on the operations of the Authority during the preceding fiscal quarter. The report shall contain information

regarding the financial performance of the Authority during the preceding quarter, the number of accounts served, the amount of power delivered, and a narrative description of energy efficiency, energy conservation, renewable power generation, and other programs carried out by the Authority.

~~4.5.3.3 Review of Major Contracts and Capital Projects. The Chief Executive Officer shall submit all proposed contracts and capital projects having a value in excess of \$250,000 to the Business Operations Committee for review and comment prior to submission to the Board for approval. This requirement shall not apply if the Chief Executive Officer determines, following consultation with the General Counsel, that an unforeseen or emergency situation exists such that execution of a major contract is required before it is feasible to hold a meeting of the Business Operations Committee to consider the contract.~~

~~4.5.3.4 4.5.2.7 Other Delegated Powers.~~ The Board of Directors may delegate such other and further powers and duties to the ~~Business Operations~~ Community Advisory Committee as it shall determine in its sole discretion.

~~4.5.2.8 Existing Committees Dissolved. Effective as of the date this Third Amended and Restated Agreement is approved, the Ratepayer Advisory Committee and the Business Operations Committee are dissolved.~~

4.6 Director Compensation. Directors shall serve without compensation from the Authority. However, Directors may be compensated by their respective appointing authorities. The Board, however, may adopt by resolution a policy relating to the reimbursement by the Authority of expenses incurred by Directors.

4.7 ~~Board of Directors Composition upon Participation by Cities or Counties in CCA Program Under Section 3.1. Except as provided in Section 4.7.6, upon~~ The Board of Directors shall consist of one appointee from each Participant located within the approval boundaries of the Board of County of Sonoma, and one joint appointee from the participation of County of Sonoma and the Sonoma County Water Agency. If the Board of Directors approves any other incorporated municipality or county (the "Participant" or "Additional as a Participant") in the CCA Program pursuant to Section 3.1, the Additional Participant Board of Directors shall be entitled to determine whether such municipality or county (or any combination thereof) may appoint one an additional member to the Board of Directors. Each Party or Participant appointing a member to the Board of Directors may also appoint an alternate(s) to serve in the absence of its Director(s). Upon such appointment, the Each appointee and alternate must be an elected member of the governing board of his or her appointing body; provided, however, that any non-elected appointee or alternate on the Board of Directors as of the date this Third Amended and Restated Joint Powers Agreement becomes effective may continue to serve on the Board of Directors for a period of one year following such effective date.

The voting shares of Directors and approval requirements for actions of the Board shall be as follows:

4.7.1. Voting Shares.

Each Director shall have a voting share as determined by the following formula: (Annual

Energy Use/Total Annual Energy) multiplied by 100, where

(a) “Annual Energy Use” means, ~~(i) with respect to the first year following the Effective Date, the annual electricity usage, expressed in kilowatt hours (“kWh”), within the Party’s or Participant’s respective jurisdiction and (ii) with respect to the period after the anniversary of the Effective Date,~~ the annual electricity usage, expressed in kWh, of accounts within a Party’s or Participant’s respective jurisdiction that are served by the Authority; and

(b) “Total Annual Energy” means the sum of all ~~Parties’ and Participants’ Annual Energy Use. The initial values for Annual Energy use are designated in Exhibit C, and shall be adjusted annually as soon as reasonably practicable after January 1, but no later than March 1 of each year.~~ Annual Energy Use, expressed in kWh, of accounts within the jurisdictions of those Parties and Participants who have appointed a director to the Board of Directors.

(c) The combined voting share of all Directors representing the County of Sonoma and the Sonoma County Water Agency shall be based upon the annual electricity usage within the unincorporated area of Sonoma County.

~~For purposes of Weighted Voting, if a Party or Participant has more than one director, then the voting shares allocated to the entity shall be equally divided amongst its directors.~~

4.7.2. Exhibit Showing Voting Shares. The ~~initial~~ voting shares of each member of the Board of Directors are set forth in Exhibit ~~DC~~. Exhibit ~~DC~~ shall be revised no less than annually as necessary to account for changes in the number of Parties or Participants appointing members to the Board of Directors, and changes in the Parties’ and Participants’ Annual Energy Use.

4.7.3. Approval Requirements Relating to CCA Program. Except as provided in Sections 4.7.4 and 4.7.5 below, action of the Board shall require the affirmative vote of a majority of Directors present at the meeting.

4.7.4. Option for Approval by Voting Shares. Notwithstanding Section 4.7.3, any Director present at a meeting may demand that approval of any matter related to the CCA Program be determined on the basis of voting shares and by the affirmative vote of a majority of Directors present at the meeting. If a Director makes such a demand with respect to approval of any such matter, then approval of such matter shall require the affirmative vote of a majority of Directors present at the meeting and the affirmative vote of Directors having a majority of voting shares of the Directors present at the meeting, as determined by Section 4.7.1 except as provided in Section 4.7.5.

4.7.5. Special Voting Requirements for Certain Matters.

A. Two-Thirds and Weighted Voting Approval Requirements Relating to Sections 4.5.1, 7.2, and 8.4. Action of the Board on the matters set forth in Section 4.5.1 (removal of member of ~~RatepayerCommunity~~ Advisory Committee), Section 7.2 (involuntary termination of a Party or Participant), or Section 8.4 (amendment of this

Agreement) shall require the affirmative vote of at least two-thirds of Directors; provided, however, that (a) notwithstanding the foregoing, any Director present at the meeting may demand that the vote be determined on the basis of voting shares and by the affirmative vote of Directors, and if a Director makes such a demand, then approval shall require the affirmative vote of at least two-thirds of Directors and the affirmative vote of Directors having at least two-thirds of the voting shares, as determined by Section 4.7.1; (b) when a Director has demanded that the vote be determined on the basis of voting shares and by the affirmative vote of Directors, if any individual Party or Participant's voting share exceeds 33 and the Director(s) for that Party or Participant votes in the negative or abstains or is absent from the meeting, then at least one other Director representing a different Party or Participant shall be required to vote in the negative, or the matter shall be deemed approved; and (c) for votes to involuntarily terminate a Party or Participant under Section 7.2, the Director(s) for the Party or Participant subject to involuntary termination may not vote, and the number of Directors constituting two-thirds of all Directors, and weighted vote of each Party or Participant, shall be recalculated as if the Party or Participant subject to possible termination were not a Party or Participant.

B. Seventy Five Percent Special Voting Requirements for Eminent Domain and Participant Contributions or Pledge of Assets.

(i) A decision to exercise the power of eminent domain on behalf of the Authority to acquire any property interest other than an easement, right-of-way, or temporary construction easement shall require a vote of at least 75% of all Directors.

(ii) The imposition on any Party or Participant of any obligation to make contributions or pledge assets as a condition of continued participation in the CCA Program shall require a vote of at least 75% of all Directors and the approval of the governing boards of the Parties and Participants who are being asked to make such contribution or pledge.

(iii) Notwithstanding the foregoing, any Director present at the meeting may demand that a vote under subsections (i) or (ii) be determined on the basis of voting shares and by the affirmative vote of Directors, and if a Director makes such a demand, then approval shall require the affirmative vote of at least 75% of Directors and the affirmative vote of Directors having at least 75% of the voting shares, as determined by Section 4.7.1, and when a Director has demanded that the vote be determined on the basis of voting shares and by the affirmative vote of Directors, if any individual Party or Participant's voting share exceeds 25% and the Director(s) for that Party or Participant votes in the negative or abstains or is absent from the meeting, then at least one other Director representing a different Party or Participant shall be required to vote in the negative, or the matter shall be deemed approved. For purposes of this section, "imposition on any Party or Participant of any obligation to make contributions or pledge assets as a condition of continued participation in the CCA Program" does not include any liabilities or obligations of a withdrawing or terminated party imposed under Section 7.3.

~~4.7.6. Reduction in Number of Members Appointed by County of Sonoma and Sonoma~~

~~County Water Agency. Upon the approval of the Board of Directors of Additional Participants in the CCA Program pursuant to Section 3.1, the number of members of the Board of Directors appointed to represent the County of Sonoma and the Sonoma County Water Agency shall be reduced as set forth below:~~

Total Number of Additional Participants	Number of Sonoma County/SCWA Directors
1	4
2	3
3-5	2
6 or more	1

~~Notwithstanding anything in Section 4.7 or Section 4.7.6 to the contrary, however, in the event that the City of Santa Rosa is one of the Additional Participants, then the City of Santa Rosa shall be entitled to the same number of Directors on the Board as the County of Sonoma and the Sonoma County Water Agency.~~

4.8 Meetings and Special Meetings of the Board. The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of California Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. All meetings of the Board, the Ratepayer Community Advisory Committee, ~~the Business Operations~~ Committee, or the governing body of any subsidiary entity or independent corporation established by the Authority shall be conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Sections 54950 et seq.).

4.9 Selection of Board Officers.

4.9.1 Chair and Vice Chair. The Directors shall select, from among themselves, a Chair, who shall be the presiding officer of all Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The office of either the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement.

4.9.2 Secretary. The Board shall appoint a Secretary, who need not be a member of the

Board, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority.

4.9.3 Treasurer and Auditor. The Sonoma County Auditor-Controller-Treasurer-Tax Collector shall act as the Treasurer and the Auditor for the Authority. Unless otherwise exempted from such requirement, the Authority shall cause an independent audit to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall act as the depositary of the Authority and have custody of all the money of the Authority, from whatever source, and as such, shall have all of the duties and responsibilities specified in Section 6505.5 of the Act. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time. The duties and obligations of the Treasurer are further specified in Article 6.

4.10 Administrative Services Provider. The Board may appoint one or more administrative services providers to serve as the Authority's agent for planning, implementing, operating and administering the CCA Program, and any other program approved by the Board, in accordance with the provisions of a written agreement between the Authority and the appointed administrative services provider or providers (an "Administrative Services Agreement"). The appointed administrative services provider may be one of the Parties. An Administrative Services Agreement shall set forth the terms and conditions by which the appointed administrative services provider shall perform or cause to be performed all tasks necessary for planning, implementing, operating and administering the CCA Program and other approved programs. The Administrative Services Agreement shall set forth the term of the Agreement and the circumstances under which the Administrative Services Agreement may be terminated by the Authority. This section shall not in any way be construed to limit the discretion of the Authority to hire its own employees to administer the CCA Program or any other program.

## ARTICLE 5 IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS

### 5.1 Preliminary Implementation of the CCA Program.

5.1.1 Enabling Ordinance. Except as otherwise provided by Section 3.1, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.

5.1.2 Implementation Plan. The Authority shall cause to be prepared an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. The Implementation Plan shall not be filed with the Public Utilities Commission until it is approved by the Board in the manner provided by Section 4.7.3.

5.1.3 Termination of CCA Program. Nothing contained in this Article or this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.

5.2 Authority Documents. The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution. The Parties agree to abide by and comply with the terms and conditions of all such documents that may be adopted by the Board, subject to the Parties' right to withdraw from the Authority as described in Article 7.

## ARTICLE 6 FINANCIAL PROVISIONS

6.1 Fiscal Year. The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

6.2 Depository.

6.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or Participant or any other person or entity.

6.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection by the Parties and Participants at all reasonable times. The Board shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.

6.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its Operating Rules and Regulations. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board.

6.3 Budget and Recovery of Costs.

6.3.1 Budget. The ~~initial annual~~ budget shall be approved by the Board. The Board may revise the budget from time to time ~~through an Authority Document~~ as may be reasonably necessary to address contingencies and unexpected expenses. ~~All subsequent budgets of the Authority shall be approved by the Board in accordance with the Operating Rules and Regulations.~~

~~6.3.2 Funding of Initial Costs. The Sonoma County Water Agency has funded certain activities necessary to implement the CCA Program. If the CCA Program becomes operational, these initial costs paid by the Sonoma County Water Agency shall be included in the customer charges for electric services as provided by Section 6.3.3 to the extent permitted by law, and the Sonoma County Water Agency shall be reimbursed from the payment of such charges by customers of the Authority. Prior to such reimbursement, the Sonoma County Water Agency shall provide such documentation of costs paid as the Board may request. The Authority may establish a reasonable time period over which such costs are recovered. In the event that the CCA Program does not become operational, the Sonoma County Water Agency shall not be entitled to any~~

~~reimbursement of the initial costs it has paid from the Authority or any Party.~~

6.3-36.3.2 CCA Program Costs. The Parties desire that all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric, conservation, efficiency, incentives, financing, or other services provided under the CCA Program, including but limited to the establishment and maintenance of various reserves and performance funds and administrative, accounting, legal, consulting, and other similar costs, shall be recovered through charges to CCA customers receiving such electric services, or from revenues from grants or other third-party sources.

## ARTICLE 7: WITHDRAWAL AND TERMINATION

### 7.1 Withdrawal.

7.1.1 Right to Withdraw. A Party or Participant may withdraw its participation in the CCA Program, effective as of the beginning of the Authority's fiscal year, by giving no less than 6 months advance written notice of its election to do so, which notice shall be given to the Authority and each Party and Participant. Withdrawal of a Party or Participant shall require an affirmative vote of its governing board.

7.1.2 Right to Withdraw After Amendment. Notwithstanding Section 7.1.1, a Party or Participant may withdraw its membership in the Authority following an amendment to this Agreement adopted by the Board which the Party or Participant's Director(s) voted against provided such notice is given in writing within thirty (30) days following the date of the vote. Withdrawal of a Party or Participant shall require an affirmative vote of its governing board and shall not be subject to the six month advance notice provided in Section 7.1.1. In the event of such withdrawal, the Party or Participant shall be subject to the provisions of Section 7.3.

7.1.3 Continuing Liability; Further Assurances. A Party or Participant that withdraws its participation in the CCA Program may be subject to certain continuing liabilities, as described in Section 7.3. The withdrawing Party or Participant and the Authority shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party or Participant from participation in the CCA Program.

7.2 Involuntary Termination of a Party or Participant. Participation of a Party or Participant in the CCA program may be terminated for material non-compliance with provisions of this Agreement or any other agreement relating to the Party's or Additional Participant's participation in the CCA Program upon a vote of Board members as provided in Section 4.7.5. Prior to any vote to terminate participation with respect to a Party or Participant, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party or Participant whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or other agreement that the Party or Participant has allegedly violated. The Party or Participant subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding

termination. A Party or Participant that has had its participation in the CCA Program terminated may be subject to certain continuing liabilities, as described in Section 7.3.

7.3 Continuing Liability; Refund. Upon a withdrawal or involuntary termination of a Party or Participant, the Party or Participant shall remain responsible for any claims, demands, damages, or liabilities arising from the Party or Participant's membership or participation in the CCA Program through the date of its withdrawal or involuntary termination, it being agreed that the Party or Participant shall not be responsible for any liabilities arising after the date of the Party or Participant's withdrawal or involuntary termination. Claims, demands, damages, or liabilities for which a withdrawing or terminated Party or Participant may remain liable include, but are not limited to, losses from the resale of power contracted for by the Authority to serve the Party or Participant's load. With respect to such liability, upon notice by a Participant that it wishes to withdraw from the program, the Authority shall notify the Party or Participant of the minimum waiting period under which the Participant would have no costs for withdrawal if the Participant agrees to stay in the CCA Program for such period. The waiting period will be set to the minimum duration such that there are no costs transferred to remaining ratepayers. If the Party or Participant elects to withdraw before the end of the minimum waiting period, the charge for exiting shall be set at a dollar amount that would offset actual costs to the remaining ratepayers, and may not include punitive charges that exceed actual costs. In addition, such Party or Participant also shall be responsible for any costs or obligations associated with the Party or Participant's participation in any program in accordance with the provisions of any agreements relating to such program provided such costs or obligations were incurred prior to the withdrawal of the Party or Participant. The Authority may withhold funds otherwise owing to the Party or Participant or may require the Party or Participant to deposit sufficient funds with the Authority, as reasonably determined by the Authority and approved by a vote of the Board of Directors, to cover the Party's or Participant's liability for the costs described above. Any amount of the Party's or Participant's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party or Participant. The liability of any Party or Participant under this section 7.3 is subject and subordinate to the provisions of Sections 2.2 and 3.3, and nothing in this section 7.3 shall reduce, impair, or eliminate any immunity from liability provided by Sections 2.2 or 3.3.

7.4 Mutual Termination. This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Participant to withdraw its participation in the CCA Program, as described in Section 7.1.

7.5 Disposition of Property upon Termination of Authority. Upon termination of this Agreement, any surplus money or assets in possession of the Authority for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement and under any program documents, shall be returned to the then-existing Parties and Participants in proportion to the contributions made by each.

7.6 Negotiations with Participants. If the Parties wish to terminate this Agreement, or if the Parties elect to withdraw from the CCA Program following an amendment to this Agreement as provided in Section 7.1.2, but two or more Participants wish to continue to participate in the CCA Program, the Parties will negotiate in good faith with such Participants to allow the Participants to become parties to this Agreement or to effect a transfer of CCA Program operations to another entity.

## ARTICLE 8 MISCELLANEOUS PROVISIONS

8.1 Dispute Resolution. The Parties, Participants, and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Should such efforts to settle a dispute, after reasonable efforts, fail, the dispute shall be settled by binding arbitration in accordance with policies and procedures established by the Board.

8.2 Liability of Directors, Officers, and Employees. The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Sections 995 et seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Participants, the Authority, or its Directors, officers, or employees.

8.3 Indemnification of Parties and Participants. The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority, the Parties, the Participants, and the public. The Authority shall defend, indemnify, and hold harmless the Parties and Participants, and each of their respective Board or Council members, officers, agents and employees, from any and all claims, losses, damages, costs, injuries, and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, and omissions of the Authority under this Agreement.

8.4 Amendment of this Agreement. This Agreement may not be amended except by a written amendment approved by a vote of Board members as provided in Section 4.7.5. The Authority shall provide written notice to all Parties and Participants of amendments to this Agreement, including the effective date of such amendments, at least 30 days prior to the date upon which the Board votes on such amendments.

8.5 Assignment. Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties or Participants may not be assigned or delegated without the advance written consent of all of the other Parties and Participants, and any attempt to assign or delegate such rights or duties in contravention of this Section 8.5 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties and Participants. This Section 8.5 does not prohibit a Party or Participant from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's or Participant's contributions to the Authority, or the disposition of proceeds which that Party or Participant receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties or Participants under this Agreement.

8.6 Severability. If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Parties, that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provision shall be deemed reformed so as to be lawful, valid and enforced to the maximum extent possible.

8.7 Further Assurances. Each Party agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.

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

8.9 Parties to be Served Notice. Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 48 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of the Authority or Party, as the case may be, or such other person designated in writing by the Authority or Party. Notices given to one Party shall be copied to all other Parties. Notices given to the Authority shall be copied to all Parties and Participants.

~~8.10 — Commitment to Consider Amendments. At one of its first three meetings after July 9, 2013, the Board of Directors shall consider all amendments to this Agreement that have been requested by any city that adopts, by July 9, 2013, the resolution and ordinance required by Section 3.1 to become a Participant in the CCA Program. Any such amendments shall be subject to the voting requirements of Section 8.4. Nothing in this Section 8.10 requires the Board of Directors to approve any specific amendment to this Agreement.~~

## Exhibit A

### Definitions

“AB 117” means Assembly Bill 117 (Stat. 2002, ch. 838, codified at Public Utilities Code Section 366.2), which created CCA.

“Act” means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 *et seq.*)

“Administrative Services Agreement” means an agreement or agreements entered into after the Effective Date by the Authority with an entity that will perform tasks necessary for planning, implementing, operating and administering the CCA Program or any other energy programs adopted by the Authority.

“Agreement” means this Joint Powers Agreement.

“Annual Energy Use” has the meaning given in Section 4.7.2.

“Authority” means the Sonoma Clean Power Authority.

“Authority Document(s)” means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions, and activities of the Authority, including but not limited to the Operating Rules and Regulations, the annual budget, and plans and policies.

“Board” means the Board of Directors of the Authority.

“CCA” or “Community Choice Aggregation” means an electric service option available to cities, counties, and the Sonoma County Water Agency pursuant to Public Utilities Code Section 366.2.

“CCA Program” means the Authority’s program relating to CCA that is principally described in Sections 2.3, 2.4, and 5.1.

“Director” means a member of the Board of Directors representing a Party or an Additional Participant.

“Effective Date” means December 4, 2012, the date on which this Agreement ~~shall become~~became effective and the Sonoma Clean Power Authority ~~shall~~began to exist as a separate public agency, ~~as further described in Section 2.1.~~

“Energy Contract” means any agreement for the purchase or sale of electrical energy or any related attributes, including but not limited to capacity, resource adequacy, transmission or congestion rights, demand response products, or environmental attributes.

“Implementation Plan” means the plan generally described in Section 5.1.2 of this Agreement that is required under Public Utilities Code Section 366.2 to be filed with the California Public Utilities Commission for the purpose of describing a proposed CCA Program.

“Initial Costs” means all costs incurred by the Authority relating to the establishment and initial operation of the Authority, such as the hiring of a Chief Executive Officer and any administrative staff, any required accounting, administrative, technical, or legal services in support of the

Authority's initial activities or in support of the negotiation, preparation, and approval of one or more Administrative Services Provider Agreements and Program Agreement 1. Administrative and operational costs incurred after the approval of Program Agreement 1 shall not be considered Initial Costs.

"Operating Rules and Regulations" means the rules, regulations, policies, bylaws and procedures governing the operation of the Authority.

"Participant" or "Additional Participant" means any incorporate municipality or county electing to participate in the CCA Program.

"Parties" means, collectively, the County of Sonoma and the Sonoma County Water Agency.

"Party" means the County of Sonoma or the Sonoma County Water Agency.

"Total Annual Energy" has the meaning given in Section 4.7.2.

**Exhibit B**

**List of Parties and Participants**

Parties: County of Sonoma, Sonoma County Water Agency

Participants: Town of Windsor; City of Cotati; City of Sebastopol; City of Sonoma; City of Santa Rosa; City of Petaluma; City of Rohnert Park; City of Cloverdale

**Exhibits C ~~and D~~**

**Annual Energy Use and Voting Shares**

<del>ANNUAL ENERGY USE WITHIN SCP JURISDICTIONS AND VOTING SHARES</del>		
<del>Twelve Months Ended November, 2012</del>		
<del>Party/Participant</del>	<del>Total KWh Annual Energy Use (kWh)</del>	<del>Voting Share Shares</del>
<del>City of Cloverdale</del>	<del>37,537,769</del>	<del>1</del>
<del>COTATI City of Cotati</del>	<del>35,225,135 33,051,134</del>	<del>21</del>
<del>SANTA ROSA City of Petaluma</del>	<del>917,356,138 047,033</del>	<del>4313</del>
<del>SEBASTOPOLE City of Rohnert Park</del>	<del>46,269,378 206,884,365</del>	<del>28</del>
<del>SONOMA City of Santa Rosa</del>	<del>70,456,332 895,830,982</del>	<del>333</del>
<del>SONOMA COUNTY/SCWA City of Sebastopol</del>	<del>962,970,050 45,381,441</del>	<del>452</del>
<del>WINDSOR City of Sonoma</del>	<del>109,156,425 69,071,078</del>	<del>53</del>
<u>County of Sonoma</u>	<u>949,469,086</u>	<u>35</u>
<u>Town of Windsor</u>	<u>101,875,412</u>	<u>4</u>

Total	2, <del>141,433,458</del> <u>695,148,300</u>	100
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