



**AGENDA
SONOMA CLEAN POWER AUTHORITY
BOARD OF DIRECTORS
THURSDAY, JUNE 2, 2016
8:45 A.M.**

50 Santa Rosa Avenue, Fifth Floor, Santa Rosa, California

I. CALL TO ORDER

II. BOARD OF DIRECTORS CLOSED SESSSION CALENDAR

1. The Board of Directors of the Sonoma Clean Power Authority will consider the following in closed session: Public Employee Performance Evaluation – Chief Executive Officer (Gov’t Code Section 54957); Public Employee Labor Negotiations – Chief Executive Officer Position. Authority negotiators: Chair, Patrick Slayter; Vice-Chair, Dave King; General Counsel, Steve Shupe (Govt. Code Section 54957.6)

III. BOARD OF DIRECTORS CONSENT CALENDAR

2. Approve the May 5, 2016 meeting minutes of the Sonoma Clean Power Authority Board of Directors.

IV. BOARD OF DIRECTORS REGULAR CALENDAR

3. Receive Operations Update and provide direction as appropriate
4. Receive State Legislative Update and provide direction as appropriate
5. Approve Update to SCPA’s Terms and Conditions of Service of the Customer Service Policy (A-2)
6. Receive updates on proposed revisions to the SCPA Joint Powers Agreement and provide direction as appropriate; consider providing direction to staff to provide an update to the County of Mendocino relating to JPA revision progress and possible future expansion of service.

V. BOARD MEMBER ANNOUNCEMENTS

VI. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

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

VII. 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 of the Board at (707) 978-3467, as soon as possible to ensure arrangements for accommodation.



There are no printed materials for Item #1 on the agenda.



**MEETING MINUTES
SONOMA CLEAN POWER AUTHORITY
BOARD OF DIRECTORS
THURSDAY, MAY 5, 2016
50 SANTA ROSA AVENUE, SANTA ROSA, CA**

I. CALL TO ORDER (8:45 A.M.)

The meeting was called to order by Chair Slayter.

Present: Chair Slayter, Vice Chair King, Directors Okrepkie, Schwartz, Carrillo, Landman, Cox, Wysocky, and Cook

Staff present: CEO Geof Syphers, General Counsel Steve Shupe, Director of Public Affairs and Marketing Kate Kelly, Internal Operations Manager Stephanie Reynolds

II. BOARD OF DIRECTORS CONSENT CALENDAR (8:45 A.M.)

1. Approve the April 7, 2016 meeting minutes of the Sonoma Clean Power Authority Board of Directors.

Public Comment: None

Motion to approve Consent Calendar by Director Carrillo.
Seconded by Director Schwartz

Motion approved 7-0-2 (Wysocky and Cox abstained)

III. BOARD OF DIRECTORS REGULAR CALENDAR (8:42 A.M.)

2. Receive Operations Update and provide direction as appropriate
Present: CEO Syphers

CEO Syphers noted that SCP celebrated its 2-year anniversary for serving customers and Clean Power SF launched service on the same day.

SCP was referenced in an article in the Press Democrat. The article reviewed SCP's goals of greenhouse gas emissions, reduction of rates, and stimulation to the local economy. Syphers stated it was a challenge to do all three, but SCP has done it.

SONOMA CLEAN POWER AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
THURSDAY, May 5, 2016

Progress made on exit fee issue (PCIA), SCP is working with consultants and other CCAs on long-term efforts.

Chair Slayter and staff from SCP attended the Mendocino County Board of Supervisors meeting on April 19th and staff also recently attended a public meeting in Willits to respond to inquiries regarding CCAs, SCP and possible service to the area.

Lake County suspended the exploration of CCA options for at least 9-12 months.

The e-Lab Accelerator event was attended at the Rocky Mountain Institute in Utah. The SCP Drive Evergreen team discussed ways to support renewable energy and shift funds from gasoline to local renewable sources.

Public Comment: None

3. Receive State Legislative Update and provide direction as appropriate (8:56 A.M.)

Present: Director of Public Relations and Marketing, Kate Kelly

Director Kelly reviewed the legislative report provided by consultant Kate Brandenburg. Kate Brandenburg to be invited to attend a future meeting for a detailed discussion on relevant legislation.

Public Comment: None

4. Approve Budget for Fiscal Year 2016/2017 (9:01 A.M.)

Present: CEO Geof Syphers

(At the request of the Chair, discussion on Items 4 & 5 occurred together, with a vote to be taken separately.)

CEO Syphers stated that the message received from both the Ratepayer Advisory (RAC) and Business Operations (BOC) committees is that growing reserves is crucial. Changes from the previous draft budget reflect an increase in reserves to \$10.7M and a lower contribution to programs. Options for the budget allocation to programs were discussed with a scale showing options from \$2.5M to \$6M. Other small updates were based on current market conditions and the Water Agency loan being paid off, which eliminated interest costs. Another item added at the request of the RAC was \$190,000 to increase customer communication and \$100,000 for legislative advocacy/support. Collateral was adjusted down by \$500,000.

Art Deicke, Chair of the RAC, provided a briefing from RAC budget meetings. He was pleased with a unanimous vote to recommend the budget and the good balance of building reserves, while keeping rates competitive with flexible

funding for programs. He expressed the need to continually return to the JPA goals as a reminder of SCP's mission. He stated the need for a good tool to evaluate how the local economy is being affected by SCP, with metrics showing where improvements can be made. He suggested a 3rd party audit to see how the \$50 million already saved by SCP customers has affected the local economy.

Director Wysocky discussed the frequency of rate setting and how it can affect businesses if there is only one large rate change per year. CEO Syphers stated that staff would come back to the Board in 4-6 months to revisit the idea of more frequent rate adjustments for commercial accounts. Director Wysocky also stressed the importance of having a local preference policy for project bids.

Director Landman agreed with Chair Deicke about being mindful of the JPA goals when planning the budget.

Director Schwartz discussed the need to clarify that NetGreen payouts are not a subsidy from ratepayers. CEO Syphers stated that funds are primarily coming from reselling excess energy produced and that the cost above that is minimal.

Director Cook asked for clarification on the cap to demand-rate customers. CEO Syphers clarified that the purpose was to avoid unusually large increases on any customer's rates, and stated that the customer who would be most affected by removing the cap are industrial commercial businesses. Director Cook asked if staff would be working with those customers on how to use off peak hours or other energy saving options. CEO Syphers stated that staff is working with the wine industry and others who have high demand charges and that those customers may be a good fit for local solar charged batteries and smart EV charging.

Director Carrillo asked about the effect of reducing the program budget on the scope of existing programs. CEO Syphers stated that staff was requested to produce more detail before programs funds are allocated from the budget. When staff create detailed plans for additional programs, staff would return to present to the BOC and Board for up to \$2.5 million in additional program funds. Carrillo suggested working with the County model for local preferences when drafting a possible future policy.

Vice Chair King asked staff to present a mid-year budget review, adding into the review an analysis of customers who have opted out. He stressed the need to plan for a sufficient legislative budget to do the work needed. He asked for a chart that can be made available to the public showing all locally purchased power in Sonoma County, referencing the type of power and location.

Director Cox stated there needs to be more work done with how the PCIA is explained to the public and would like to see more messaging on how to defend SCP when the PCIA increases.

Chair Slayter asked about a need to increase reserve amounts if SCP should expand service. CEO Syphers stated the \$50M goal for reserves was a number arrived at during formation and it will need to be revised, regardless of expansion. CEO Syphers also stated that Mendocino County would increase SCP's load by approximately 25%. SCP would be proportionately be accumulating reserves 25% faster, with addition of more program costs and risk. CEO Syphers proposed bringing more specifics to the Board on the cost of expansion, not a net cost, but possibly an up-front cost, preparing implementation plan, procuring additional energy, public outreach, etc.

Public Comment:

Fred Allenbach - Acknowledges greenhouse gas emissions are a problem and is in support of switching to electric vehicles and EverGreen, expansion

Kevin Conway - Interested in being off the grid, wide-scale approach would help reduce greenhouse gas emissions. He would like profits to go towards solar panel purchases for homes.

George Beeler - Would like to track demand charge cap to see what that is costing SCP. Also need to educate public on demand charges, along with PCIA.

Director Cook agreed with the idea of an audit of how money saved by customers is affecting the local economy and using it as a tool for the future. Director Okrepkie agreed with the need to work on a local preference policy, to continue to look at local projects, helping the local economy, and continue working on being self-sufficient. Director Schwartz would like to see how funds spent on programs produce greenhouse gas reductions. Director Carrillo agreed with setting greenhouse gas reduction goals and stated the importance of looking at expansion as a way to be more competitive. Director Landman stated he did not see NetGreen and other programs as subsidized as they assist in keeping funds in the local economy. Vice Chair King stated he would like to see a collective summary of programs and progress so the public is aware that the agency is pushing towards clean and renewable power of all types. He also stated the importance of remembering that customers primarily make decisions on the amount of their bills, so important to keep rates stable and competitive. Director Wysocky stated the importance of not losing sight of how the public views rates and outreach should continue to educate the public about CCAs. Chair Slayter stated that all goals were presented in the packet and that reducing rates, increasing customer outreach and the other goals can all make a difference.

SONOMA CLEAN POWER AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
THURSDAY, May 5, 2016

Motion to approve Fiscal Year 2016/2017 Budget by Director Landman
Seconded by Director Cox

Motion approved 9-0-0

5. Approve SCP Rates for Fiscal Year 2016/2017 (9:01 A.M.)

Public Comment: No additional comment

Motion to approve Fiscal Year 2016/2017 Rates by Director Okrepkie.
Seconded by Don Schwartz

Motion approved 9-0-0

IV. BOARD MEMBER ANNOUNCEMENTS (10:47 A.M.)

Chair Slayter noted upcoming SCP Board meeting dates,
Director Carrillo noted SCP was acknowledged at the Green Business Awards
and encouraged SCP to work with local companies that are working to improve
the climate and local economy.

V. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA (10:50 A.M.)

Bob Anderson – noted carbon-reduction amounts in report.

VI. ADJOURN

The meeting was adjourned at 10:51 A.M.

Respectfully submitted,

**Stephanie Reynolds,
Internal Operations Manager**

Staff Update – Item 3

To: Sonoma Clean Power Authority Board of Directors
From: Geof Syphers, CEO
Stephanie Reynolds, Internal Operations Manager
Issue: Operations Report
Date: June 2, 2016

NEWS & MILESTONES

NetGreen annual cash-out completed with payments of \$690,000 to 1,392 customers.

Peninsula Clean Energy and Silicon Valley Clean Energy hire CEOs and announce launch dates in 2016 and 2017.

The four operating community choice programs are forming a trade association to help advocate on behalf of California CCA programs.

FUTURE MEETINGS:

July 7, 2016, 8:45 A.M. – Board of Directors Meeting

June 23, 2016, 9:00 A.M. - Business Operations Committee (BOC) Meeting

June 30, 2016, 9:00 A.M. - Joint BOC and Ratepayer Advisory Committee (RAC) Meeting

August 4, 2016, 8:45 A.M. - Board of Directors Meeting

September, 2016 – No Board Meeting



Programs Update

NetGreen

Over the month of May, customers whose accounts had accumulated more than \$100 of NetGreen credits (for generating more value than they used) were mailed checks for those credit amounts. 1,392 accounts received checks, which totaled nearly \$690,000, with approximately \$70,000 going to schools. This total reflects a moderate increase over the forecast amount of \$650,000, and a significant increase over last year's \$207,000 value. This increase is due to having all jurisdictions participating and continued growth in customer-sited solar installations.

Drive Electric Events

To continue to increase awareness around electric vehicles, SCP has hired REACH Strategies and the Center for Climate Protection to conduct six electric vehicle test drive events at local workplaces. This work includes all elements of planning and executing these events, including partnering with local dealers to offer test drives and surveying participants about their electric vehicle experience and, in the months after the events, following up to see how many participants purchased or leased electric vehicles.

Drive EverGreen

SCP Staff is actively developing the details of the Drive EverGreen electric vehicle program. A program outline, budgetary scope and schedule for the first phase of the Drive EverGreen program will be presented to the Business Operations Committee at their next meeting, which is tentatively scheduled for June 23, 2016.

Statewide Community Choice Trade Association

SCP has been working with Clean Power SF, Marin Clean Energy, and Lancaster Choice Energy to form a community choice trade association. The organization is still in formation stage, but is designed to support both legislative and regulatory efforts. It will also work to develop standards for the industry. This organization will show that CCAs are maturing and working together to deal with legislative and other issues.



SCP Supports Mendocino Outreach

SCP staff are supporting Mendocino County's outreach to their cities. Staff visited Willits and will provide presentations in Fort Bragg on June 20 and at a County workshop on June 21. The purpose of these presentations is to provide basic information about community choice, and help educate cities and the public on the benefits, risks and details of a CCA in Mendocino County.

Marketing Update

Sonoma Clean Power has recently updated the website homepage to reflect our growing focus on programs, integrating our social media feeds and improved presentation of recent press stories. We continue to feature prominent local businesses through testimonial campaigns. SCP has recently participated in the following community/business-to-business events: The Roseland Cinco de Mayo Festival; Social Advocates for Youth's Annual Fundraiser; Presenting Sponsor of the North Coast Wine Challenge and the Rohnert Park Chamber of Commerce Business Showcase. Upcoming events include the Sonoma County Hispanic Chamber's Dream Big Scholarship Dinner; Sebastopol Independence Day Fireworks; Cotati Kids Day & Parade, the Sonoma County Fair and farmers' markets/concert series in Cloverdale, Rohnert Park, Windsor, Sonoma and Petaluma. SCP has been featured in a variety of press/media stories recently, including local media outlets, trade publications and a recent article in the *New York Times* regarding the floating solar project.

MONTHLY COMPILED FINANCIAL STATEMENTS

Sonoma Clean Power closed out its winter rate season in April, a period where aggregate rates are lower than in the summer season. SCP plans for lower revenues each month during this season, with the actual result for April being a decrease in net position. The year-to-date growth in net position remains above projections, and is expected to increase when the summer rate season kicks in during the final months of the fiscal year. Year-to-date operating revenue reached \$133,561,000, with the full Phase 3 rollout in effect.



Electricity sales (as reported on the Statement of Revenues, Expenses and Changes in Net Assets) is being offset by our estimate of uncollectible accounts, which is currently set at approximately 0.5% of electricity sales. As historical data is gathered on the collection patterns specific to SCP customers, this rate will be revisited and adjusted as necessary. Note that the accounts receivable line on the Statement of Net Position is also decreased by this allowance for uncollectibles.

SCP continues to procure electricity from multiple sources. The total cost for the year is slightly below projections. This is primarily due to the lower than expected cost of energy. The effect of this is seen by an excess of electricity sales over cost of electricity of \$27,549,000 for the year-to-date. You will notice a total net position of positive \$34,206,000, which indicates healthy growth as SCP continues to make progress towards its reserve goals. Of this net position, approximately \$6,273,000 and \$1,107,000 is considered set aside for operating and project reserves, respectively.

Overall, other operating expenses continued near or slightly below planned levels for the year.

In April, 2016 SCP retired its remaining debt early, a loan with Sonoma County Water Agency.

BUDGETARY COMPARISON SCHEDULE

The accompanying budgetary comparison includes the 2015/16 budget approved by the Board of Directors in June 2015 and the budget adjustments made in the February 2016 and April 2016 board meetings.

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2015/16 YTD Budget, allocates the Board approved annual budget at expected levels throughout the year with considerations for the timing of additional customers, usage volumes, staffing needs etc. This column represents our best estimates and this granular approach was not part of the Board approved budget.

Revenue from electricity sales is slightly below budget. This variance may be partially explained by lower volume usage by certain customer types than planned, combined with the effect of Phase 3 opt out rates.

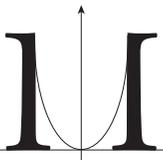


The cost of electricity is around 98% of amended budget-to-date. Some of this variance is caused by the fluctuating market cost of energy on open position purchases.

Major operating categories of Data Management and PG&E Service fees costs are closely aligned to the annual budgeted amount. These costs are tied to the customer account total, which increased with the implementation of Phase 3. Due to lower than expected customer opt-outs, the Board approved an increase to these budget categories to account for costs related to these additional customers.

Other than the items mentioned above, SCP continues its trend of remaining near or under budget for most of its operating expenses.

In April 2016 SCP retired its remaining debt early, a loan with Sonoma County Water Agency.



ACCOUNTANTS' COMPILATION REPORT

Management
Sonoma Clean Power

Management is responsible for the accompanying financial statements of Sonoma Clean Power (a California Joint Powers Authority) which comprise the statement of net position as of April 30, 2016, and the related statement of revenues, expenses, and changes in net position, and the statement cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
May 25, 2016

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION

As of April 30, 2016

ASSETS

Current assets	
Cash and cash equivalents	\$ 27,499,229
Accounts receivable, net of allowance	12,942,396
Other receivables	142,794
Accrued revenue	6,350,565
Prepaid expenses	28,860
Short-term investments	7,000,000
Total current assets	<u>53,963,844</u>
Noncurrent assets	
Capital assets, net of depreciation	201,023
Deposits	794,666
Total noncurrent assets	<u>995,689</u>
Total assets	<u>54,959,533</u>

LIABILITIES

Current liabilities	
Accounts payable	759,435
Accrued cost of electricity	19,494,291
Other accrued liabilities	181,054
User taxes and energy surcharges due to other governments	318,450
Total current liabilities	<u>20,753,230</u>

NET POSITION

Net investment in capital assets	201,023
Unrestricted	34,005,280
Total net position	<u>\$ 34,206,303</u>

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
July 1, 2015 through April 30, 2016

OPERATING REVENUES

Electricity sales, net	\$ 133,027,497
Evergreen electricity premium	237,838
Electricity sales for resale	295,427
Total operating revenues	<u>133,560,762</u>

OPERATING EXPENSES

Cost of electricity	106,012,255
Staff compensation	1,286,808
Data manager	2,735,685
Service fees - PG&E	866,692
Consultants and other professional fees	656,092
Legal	402,096
Communications	743,402
General and administration	296,567
Total operating expenses	<u>112,999,597</u>
Operating income	<u>20,561,165</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	24,127
Interest expense	(36,004)
Total nonoperating revenues (expenses)	<u>(11,877)</u>

CHANGE IN NET POSITION

	20,549,288
Net position at beginning of period	<u>13,657,015</u>
Net position at end of period	<u><u>\$ 34,206,303</u></u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS July 1, 2015 through April 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	\$ 134,300,232
Cash receipts from electricity sales for resale	152,633
Return of supplier security deposits	(3,450,000)
Cash payments to purchase electricity	(100,371,008)
Cash payments for staff compensation	(1,228,642)
Cash payments for contract services	(4,536,113)
Cash payments for communications	(622,440)
Cash payments for general and administration	(309,813)
Net cash provided (used) by operating activities	<u>23,934,849</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Principal payments on loan	(1,640,537)
Deposits and collateral paid	(560,200)
Deposits and collateral returned	105,300
Interest expense payments	(40,049)
Net cash provided (used) by non-capital financing activities	<u>(2,135,486)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	<u>(50,667)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

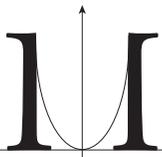
Purchase of certificate of deposit	(7,000,000)
Interest income received	24,127
Net cash provided (used) by investing activities	<u>(6,975,873)</u>

Net change in cash and cash equivalents	14,772,823
Cash and cash equivalents at beginning of year	<u>12,726,406</u>
Cash and cash equivalents at end of period	<u>\$ 27,499,229</u>

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF CASH FLOWS (continued)
July 1, 2015 through April 30, 2016

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 20,561,165
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	32,512
(Increase) decrease in net accounts receivable	(763,437)
(Increase) decrease in other receivables	(142,794)
(Increase) decrease in accrued revenue	1,889,996
(Increase) decrease in prepaid expenses	650,646
Increase (decrease) in accounts payable	131,668
Increase (decrease) in accrued cost of electricity	4,761,045
Increase (decrease) in accrued liabilities	355,710
Increase (decrease) in user taxes and energy surcharges due to other governments	(91,662)
Increase (decrease) in supplier security deposits	(3,450,000)
Net cash provided (used) by operating activities	<u>\$ 23,934,849</u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power

Management is responsible for the accompanying special purpose statement of Sonoma Clean Power (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended April 30, 2016, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of SCP.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the special purpose budgetary comparison statement, they might influence the user's conclusions about the Authority's results of operations. Accordingly, this special purpose budgetary comparison statement is not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
May 25, 2016

**SONOMA CLEAN POWER AUTHORITY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
July 1, 2015 through April 30, 2016**

	2015/16 YTD Budget (amended)	2015/16 YTD Actual	2015/16 YTD Budget Variance (Under) Over	2015/16 YTD Actual/Budget %	2015/16 Annual Budget (amended)	2015/16 Budget Remaining
REVENUE AND OTHER SOURCES:						
Revenue - Electricity (net of allowance)	\$ 136,983,568	\$ 133,027,497	\$ (3,956,071)	97%	\$ 164,824,000	\$ 31,796,503
Revenue - Evergreen Premium (net of allowance)	557,661	237,838	(319,823)	43%	671,000	433,162
Revenue - Electricity sales for resale *	-	295,427	-	-	-	-
Revenue - Interest income	-	24,127	24,127	-	-	-
Total revenue and other sources	<u>137,541,229</u>	<u>133,584,889</u>	<u>(4,251,767)</u>	<u>97%</u>	<u>165,495,000</u>	<u>32,229,665</u>
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	108,463,445	106,012,255	(2,451,190)	98%	130,110,000	24,097,745
Data management	2,777,575	2,735,685	(41,890)	98%	3,298,000	562,315
Service fees- PG&E	877,500	866,692	(10,808)	99%	1,051,000	184,308
Personnel	1,521,000	1,286,808	(234,192)	85%	1,883,000	596,192
Outreach and communications	651,667	521,409	(130,258)	80%	782,000	260,591
Required noticing	318,222	221,993	(96,229)	70%	352,000	130,007
Legal	483,333	402,096	(81,237)	83%	520,000	117,904
Accounting and auditing	137,500	111,000	(26,500)	81%	165,000	54,000
Technical consultants	500,000	145,883	(354,117)	29%	630,000	484,117
Legislative consultants	195,833	69,720	(126,113)	36%	235,000	165,280
Other consultants	133,333	118,368	(14,965)	89%	160,000	41,632
Program development	1,121,591	211,121	(910,470)	19%	1,350,000	1,138,879
General and administration	406,667	264,055	(142,612)	65%	488,000	223,945
Total current expenditures	<u>117,587,666</u>	<u>112,967,085</u>	<u>(4,620,581)</u>	<u>96%</u>	<u>141,024,000</u>	<u>28,056,915</u>
OTHER USES						
Collateral deposit payments	7,000,000	560,000	(6,440,000)	8%	7,000,000	6,440,000
Collateral deposit payments returned **	-	(100,000)	(100,000)	-	-	-
Capital outlay	246,000	62,493	(183,507)	25%	282,000	219,507
DEBT SERVICE	1,668,333	1,676,541	8,208	100%	1,732,000	55,459
Total expenditures, Other Uses and Debt Service	<u>126,501,999</u>	<u>115,166,119</u>	<u>(11,335,880)</u>	<u>91%</u>	<u>150,038,000</u>	<u>34,771,881</u>
Net increase (decrease) in available fund balance	<u>\$ 11,039,230</u>	<u>\$ 18,418,770</u>	<u>\$ 7,084,113</u>	<u>167%</u>	<u>\$ 15,457,000</u>	<u>\$ (2,542,216)</u>

** Electricity sales for resale is the result of sales to other utilities for resale purposes. This revenue is not separately budgeted.

** Collateral deposit payments returned provides for the display of the return of collateral during the year, this inflow is not budgeted separately.

SONOMA CLEAN POWER AUTHORITY
OPERATING FUND
BUDGET RECONCILIATION TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 1, 2015 through April 30, 2016

Total revenues and other sources over (under) total expenditures, debt service and other uses per budgetary comparison schedule:	\$ 18,418,770
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(32,512)
Add back capital asset acquisitions	62,493
Add back principal payments on debt	1,640,537
Subtract collateral deposits returned	(100,000)
Add back collateral deposits	560,000
Change in net position	<u><u>\$ 20,549,288</u></u>



Staff Update – Item 4

To: Sonoma Clean Power Authority Board of Directors

From: Kate Kelly/Director, Public Affairs & Marketing

Issue: Legislative Update

Date: June 2, 2016

Attached, please find Sonoma Clean Power's (SCP's) Legislative Report for the month of May.

Memorandum

Katherine S. Brandenburg
Policy Director
916.594.9709 tel
916.594.9701 fax
kbrandenburg@bhfs.com

DATE: May 23, 2016
TO: Kate Kelly
FROM: Katherine S. Brandenburg
RE: Monthly Legislative Update

California Politics

The Governor released his May Revision for the 2016-17 fiscal year last week. As predicted, tax revenues are down a total of \$1.9 billion. This reduction reflects poor April income tax receipts and more sluggish sales tax receipts than expected. Due to the reduction in revenue, the required contribution into the Rainy Day Fund is reduced by a combined \$1.6 billion. The Governor stated that this reduced deposit into the Rainy Day Fund, along with the passage of the Managed Care Organization (MCO) tax earlier this year, is what is making up for the \$1.9 billion in reduced revenues.

As expected, the Governor urged continued fiscal restraint and made clear that he knew that would be a fight he would have with the Legislature. The Governor again stressed that we are in the eighth year of an economic recovery. The longest recovery has been 10 years and assuming the recovery continues, next year will be the second longest economic recovery in history. The Governor believes that an economic downturn is inevitable and wants to prepare for it.

The Governor also stressed that he is not willing to make any significant new ongoing spending commitments at this time. Without the Proposition 30 tax extension, the budget will remain balanced over the next two years assuming there is not a down-turn in the economy. The Governor also made it very clear that he would not be taking a position on the Proposition 30 extension and would not make any commitments based on that potential money until the voters decide in November.

The Secretary of State's office has reported that there are 58 initiatives that have been cleared for circulation, 15 initiatives that have reached 25% of the required signatures, and

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10 initiatives are pending review of the signatures. The June primary will only have one statewide ballot measure. The measure pertains to the suspension of legislators. This measure stems from the FBI investigations of Senators Leland Yee and Ron Calderon. Senator Yee has been sentenced for his crime and Senator Calderon's case is still pending before the Federal Court.

Of the 80 plus initiatives currently in circulation, it is anticipated that voters could face as many as 17 initiatives in November. A few of the initiatives are:

- Governor Brown's criminal justice initiative
- Legalization of recreational marijuana
- Prescription drug price standards - qualified
- \$9 billion bond initiative for K-12 schools and community colleges- qualified
- Death penalty (2 initiatives)
 - Discontinue death penalty
 - Speed up the appeals process
- Tobacco Tax (\$2 a pack of cigarettes)
- Firearms and ammunition sales
- Proposition 30 tax extension
- Single-use plastic shopping bags (2 initiatives)
 - Phase out single-use shopping bags - qualified
 - Redirects funds collected by grocery and retail stores to a special fund for environmental projects.
- Use of condoms by adult film actors – qualified
- Voter approval for any revenue bond over \$2 billion – qualified
- Hospital fee to support uninsured patients and children's health coverage – qualified
- Referendum to overturn a bill that removed the requirement that all children be taught in English – qualified

Legislation

All measures currently in the Senate and Assembly Appropriations Committees must be passed out of the committee by Friday, May 27th in order to continue down the legislative path and in order to move to the next house, all bills must be passed out of the house of origin by June 3rd.

[ACA 11](#) (Gatto) would modernize the California Public Utilities Commission in order to provide greater accountability.

Status: Assembly Appropriations Committee

[AB 1110](#) (Ting) requires every retail supplier of electricity in California annually to report to its customers the emissions of greenhouse gases associated with the supplier's electricity sources. SCP supports the broad goal of AB 1110 whereby creating a standard greenhouse gas reporting for retail electricity providers. AB 1110 is a two-year bill and SCP is continuing to work with Assemblyman Ting's office and other stakeholders.

Status: Senate Inactive File – 2-Year Bill

[AB 1530](#) (Levine) establishes the category “clean distributed energy resource” (clean DER) to mean a facility of 15 megawatts or less, located on a customer's premises that generates electricity, or electricity and useful heat, and sized to meet the customer's onsite demand. AB 1530 further reduces non-by passable charges for installation of distributed energy resources. Assemblyman Levine's staff stated that the current version of the bill will be amended next month and they will share the amendments with us before they are released. Bloom Energy is the sponsor of the bill.

Status: Senate Environmental Quality Committee

[AB 2868](#) (Gatto) requires IOUs to submit applications to the CPUC to accelerate widespread deployment of distributed energy storage systems. AB 2868 is a cost shifting mechanism for installation of distributed energy storage systems. The California Energy Storage Alliance and SolarCity are in support of the measure.

Status: Assembly Appropriations Committee

[SB 886](#) (Pavley) requires LSEs, including CCAs, to consider battery storage in their IRP filed with the CPUC under SB 350. SB 886 could affect the procurement autonomy of a CCA's Board of Directors.

Status: Senate Appropriations Committee

[SB 1030](#) (McGuire) extends the provisions of the Sonoma County Regional Climate Protection Authority. SB 1030 passed off the Senate Floor earlier this month and will be heard in the Assembly Local Government Committee in June.

Status: Assembly Local Government Committee



Staff Update – Item 5

To: Sonoma Clean Power Authority Board of Directors

From: Erica Torgerson, Customer Care Manager

Issue: Update to SCPA's Customer Service Policy A.2
(Terms and Conditions of Service)

Date: June 2, 2016

Requested Actions:

Approve the updated Terms and Conditions of Service of the Customer Service Policy as shown in as red-line version on the following pages.

Background: The California Public Utilities Commission has issued Decision 12-08-045, which extends privacy protections to customers of community choice aggregation. To be in compliance with this Decision, staff has updated the Terms and Conditions of Service section of SCPA's Customer Service Policy to include a notice of its Customer Privacy Policy. Please see the red-line version on the following pages.

Custom Service Policy A.2

Terms and Conditions of Service

As attached to this Customer Service Policy A.2, Sonoma Clean Power Authority shall maintain at all times an official copy of Sonoma Clean Power's (SCP's) terms and conditions. An identical version of the terms and conditions shall be used to fulfill legal noticing requirements and in other instances where references to the terms and conditions are made. Pursuant to Administrative and General Policy D.3, SCP Staff shall, on no less than a quarterly basis, review the terms and conditions, making any ministerial updates as needed. Also in accord with Administrative and General Policy D.3, substantive changes to the terms and conditions shall be presented as an amendment to this Customer Service Policy A.2, to the Business Operations Committee for review, comment and recommendation, and subsequently presented to the Board for approval by motion.



CUSTOMER SERVICE POLICY A.2 ATTACHMENT Terms and Conditions of SCP Service

RATES: Sonoma Clean Power (SCP) electric generation rates are managed with the intention of providing cleaner power at more competitive rates. Changes to SCP rates are adopted at duly noticed public meetings of the Sonoma Clean Power Authority Board of Directors. Please visit sonomacleanpower.org or call toll free 1 (855) 202-2139 for more information. PG&E will also charge SCP customers a Power Charge Indifference Adjustment (PCIA) and Franchise Fee Surcharge. Please contact PG&E for more information about these charges.

BILLING: Sonoma Clean Power (SCP) customers receive a single monthly bill from PG&E that includes all electricity related charges, including SCP electric generation charges. PG&E forwards payments for SCP generation to SCP. PG&E will continue to charge for transmission, distribution, public goods programs and other non-generation charges at the same rates it charges customers who do not receive SCP service.

ENROLLMENT: Sonoma Clean Power (SCP) is the default electricity provider in the unincorporated areas of Sonoma County, the cities of Cotati, Santa Rosa, Sebastopol, and Sonoma, and the Town of Windsor. Customers in these areas automatically receive SCP's CleanStart 33 percent renewable electricity. If, however, a customer chooses to receive electric generation from PG&E, the customer must opt out of SCP service. **Opting out of SCP service can be done at any time.** SCP customers can also choose, at any time, to receive SCP's EverGreen 100 percent local, renewable electricity. To opt out of SCP service or sign up for Evergreen, please have a PG&E bill on hand and call 1 (855) 202-2139 or visit sonomacleanpower.org.

OPT OUT: Customers who opt out of Sonoma Clean Power (SCP) before or within the first 60 days after the start of service with SCP can return to SCP service at any time. Customer's opting out of SCP service 60 days after SCP service starts will be subject to the payment of an SCP termination fee of \$25 (for commercial customers) or \$5 (for residential customers), and will be subject to PG&E's terms and conditions of service, including not having the option to return to SCP for one year. For information on PG&E's terms and conditions visit pge.com/cca. SCP termination fees are not assessed for opting out within the first 60 days after initial enrollment with SCP or if electric service is completely discontinued (e.g. a customer moves). Customers who opt out are charged for all SCP electricity used before transferring electric service to PG&E. Accounts will be transferred to PG&E on the day of the electric account meter read and cannot be transferred during the middle of a billing cycle. Opt out requests received at least 5 business days prior to a customer's meter read date will be processed for that meter read date; all other opt out requests will be processed on the subsequent meter read date.

FAILURE TO PAY: Sonoma Clean Power (SCP) may transfer delinquent accounts to PG&E upon 14 calendar days' written notice. Delinquent accounts will be required to pay the termination fee described above, and may be subject to collections.

CUSTOMER PRIVACY POLICY: [Sonoma Clean Power's Notice of Accessing, Collection, Storing, Using, and Disclosing Energy Usage Information Policy can be found at www.sonomacleanpower.org/customer-confidentiality or by calling 1 \(855\) 202-2139.](http://www.sonomacleanpower.org/customer-confidentiality)

Staff Update – Item 6

To: Sonoma Clean Power Authority Board of Directors

From: Steve Shupe, General Counsel
Geof Syphers, CEO

Issue: Receive updates on proposed revisions to the SCPA Joint Powers Agreement and provide direction as appropriate; authorize staff to provide an update to the County of Mendocino relating to JPA revision progress and possible future expansion of service. .

Date: June 2, 2016

Requested Action

- (1) Review second draft of updates to the Joint Power Agreement and direct staff to reach out and offer presentations to any participating cities and the county.
- (2) Direct staff to provide an update to the County of Mendocino on progress toward an offer of service to that county.

Status of Draft Changes to Joint Powers Agreement

The SCPA Board of Directors has asked staff to propose an update to the SCPA's Joint Powers Agreement (JPA). Elements of the changes have been discussed at several prior board meetings, and a full draft update was reviewed by the board on May 5, 2016. There was significant public input at that 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 recommends that this version be presented to the Business Operations Committee and Ratepayer Advisory Committee for input. Staff also recommends offering presentations to the governing board of any SCPA participant that wishes to have a briefing on these proposed changes. If a final version were approved by the SCPA Board of Directors by September, it would allow the Board the option of offering service to Mendocino County beginning in the summer of 2017.



Summary of Changes in the Second Draft

The changes in the draft that resulted from public and Board comments at the May meeting include:

- 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.

Communication with Mendocino County

Staff has been assisting Mendocino County in giving presentations to the County Board of Supervisors and the city councils of various cities in Mendocino County on possible community choice aggregation service. Staff requests authorization from the Board to provide an update to Mendocino County staff on the status of JPA amendments and the potential extension of SCPA service to Mendocino County.



Such a communication will encourage Mendocino County to continue its investigation of implementation of a CCA program within the county.

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 Third Amended and Restated Joint Powers Agreement (“Agreement”), effective as of [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, 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 generate, buy and sell power and aggregate 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. Reducing greenhouse gas emissions in Sonoma County and neighboring regions;
 - b. Providing electric power and other forms of energy to customers at a competitive cost;
 - c. Carrying out programs to reduce energy consumption;
 - d. Stimulating and sustaining the local economy; by developing local distributed energy resources; and
 - e. Promoting long-term electric rate stability, energy security, reliability, 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, with a preference for local distributed sources and California sources. ~~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.~~

- E. The Parties 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 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”).

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 and Voting Shares

ARTICLE 2: FORMATION OF SONOMA CLEAN POWER AUTHORITY

- 2.1 Effective Date and Term. This Agreement became effective, and the Sonoma Clean Power Authority commenced existence as a separate public agency, on December 4, 2012 (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 be 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 governing board of 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.
- 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.
- h. 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 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. 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, and shall determine whether members shall be compensated or entitled to reimbursement for expenses.

4.5.1 CustomerCommunity Advisory Committee. The Board shall establish a CustomerCommunity Advisory Committee consisting of a minimum of seven members and a maximum of eleven members, none of whom may be members of the Board. ~~Four of~~ In appointing members to the Committee ~~members shall be designated by,~~ the Board shall use its best efforts to appoint individuals (a) to represent the interests of customers as ratepayers, ~~three of whom shall be (both residential customers, and one of whom shall be and commercial or industrial customer (either as owner or as a manager). The remaining three Committee members shall have)~~ 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 CustomerCommunity Advisory Committee, and shall appoint members of the CustomerCommunity Advisory Committee from those individuals expressing interest in serving. Members of the CustomerCommunity Advisory Committee shall serve staggered four-year terms as determined by the Board of Directors. A member of the CustomerCommunity 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 CustomerCommunity 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 CustomerCommunity Advisory Committee. The CustomerCommunity 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 CustomerCommunity Advisory Committee for review and comment. Following review by the CustomerCommunity 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 CustomerCommunity 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 ~~Customer~~Community Advisory Committee as necessary to ensure the timely setting of rates by the Authority.

4.5.2.2 Review of Policies and Programs. ~~No less than annually, the Chief Executive Officer shall present to the Customer Advisory Committee an overview of the major programs carried out by the CCA Program in the prior year and planned for the next year. At the request of the Chief Executive Officer, the Customer Advisory Committee shall review and comment upon proposals for new programs, policies, or significant operational changes for the CCA program. The Customer Advisory Committee~~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 ~~Chair of the Board of Directors.~~ The Community Advisory Committee shall 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 ~~Customer~~Community Advisory Committee are advisory only, and ~~Customer~~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 ~~Customer~~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.

4.5.2.4 Placing Matters on Board's Agenda. The ~~Customer~~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.

4.5.2.5 Support for ~~Customer~~Community Advisory Committee. The Board shall provide for reasonable and necessary administrative assistance to the ~~Customer~~Community Advisory Committee. If requested by the ~~Customer~~Community Advisory Committee, the Chief Executive Officer shall enter into contracts as reasonably necessary to carry out the duties and powers of the ~~Customer~~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 ~~Customer~~Community Advisory Committee to perform its obligations.

4.5.2.6 Chief Executive Officer Reports to ~~Customer~~Community Advisory Committee. The Chief Executive Officer shall prepare, no later than the 20th day of each first month of each fiscal quarter, a report to the ~~Customer~~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.

4.5.2.7 Other Delegated Powers. The Board of Directors may delegate such other and further powers and duties to the CustomerCommunity 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. The Board of Directors shall consist of one appointee from each Participant located within the boundaries of the County of Sonoma, and one joint appointee from the County of Sonoma and the Sonoma County Water Agency. If the Board of Directors approves any other municipality or county as a Participant pursuant to Section 3.1, the Board of Directors shall determine whether such municipality or county (or any combination thereof) may appoint 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 to serve in the absence of its Director. 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,~~ (a) “Annual Energy Use” means 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 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.

4.7.2. Exhibit Showing Voting Shares. The voting shares of each member of the Board of Directors are set forth in Exhibit C. Exhibit C 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 [CustomerCommunity](#) 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.

4.8 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 [CustomerCommunity](#) Advisory 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 depository 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 annual budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses.

~~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.~~

~~6.3.3 CCA Program Costs. 6.3.2 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. ~~In setting rates and charges for services provided by the Authority for any fiscal year, the Board shall assure that such rates and charges are set at levels to produce sufficient revenues to meet the estimated budgeted expenses of the Authority in that fiscal year, and to produce or maintain such financial reserves as may be determined by the Board or required under the terms of any Authority agreement for energy supply.~~

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.

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 became effective and the Sonoma Clean Power Authority began to exist as a separate public agency.

“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

Annual Energy Use and Voting Shares

{Need to Update}

<u>Party/Participant</u>	<u>Annual Energy Use (kWh)</u>	<u>Voting Shares</u>
<u>City of Cloverdale</u>	<u>37,537,769</u>	<u>1</u>
<u>City of Cotati</u>	<u>33,051,134</u>	<u>1</u>
<u>City of Petaluma</u>	<u>356,047,033</u>	<u>13</u>
<u>City of Rohnert Park</u>	<u>206,884,365</u>	<u>8</u>
<u>City of Santa Rosa</u>	<u>895,830,982</u>	<u>33</u>
<u>City of Sebastopol</u>	<u>45,381,441</u>	<u>2</u>
<u>City of Sonoma</u>	<u>69,071,078</u>	<u>3</u>
<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>
<u>Total</u>	<u>2,695,148,300</u>	<u>100</u>