REGULAR MEETING of the Board of Directors of the 
Clean Power Alliance of Southern California 
Thursday, August 16, 2018 
2:00 p.m. 

Southern California Association of Governments 
Policy Committee Room A 
900 Wilshire Blvd., Ste. 1700 
Los Angeles, CA 90017 

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact Jacquelyn Betha at least two (2) working days before the meeting at 
jbetha@cleanpoweralliance.org or (213) 269-5870, ext. 1001.

Notification in advance of the meeting will enable us to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it.

Members of the public may also participate in this meeting remotely at the following addresses:

Calabasas City Hall – Council Conference Room 
100 Civic Center Way, Calabasas, CA 91301

Ventura County Government Center 
Point Mugu Conference Room, 4th Floor Hall of Administration 
800 South Victoria Avenue, Ventura, CA 93009
I. WELCOME AND ROLL CALL

II. PUBLIC COMMENT

This item is reserved for persons wishing to address the Board on any Clean Power Alliance-related matters not on today’s agenda. Public comments on matters on today’s agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are requested to complete a speaker’s slip and provide it to Clean Power Alliance staff. If you have anything that you wish to be distributed to the Board and included in the official record, please hand it to a member of the staff who will distribute the information to the Board members and staff. Speakers are customarily limited to two minutes, but an extension can be provided at the discretion of the Chair.

III. CONSENT AGENDA

1. Approve Minutes from July 12, 2018 Board of Directors Meeting
2. Adopt Resolution 18-010 Authorizing Section 125 Administration of Benefits for CPA Employees
3. Adopt Resolution 18-011 Authorizing Participation in State Disability Insurance Program
4. Authorize Executive Director to Execute Amendment No. 1 to Memorandum of Understanding between County of Los Angeles and Clean Power Alliance
5. Approve Execution of Master Agreement and Task Order No. 1 between CPA and MRW & Associates for Rate Setting and Cost of Service Consulting Services
6. Approve Execution of Master Agreement and Task Order No. 1 between CPA and LevelTen Energy for Long-Term RFO Support Consulting Services
7. Adopt Resolution 18-012 to Approve the Clean Power Alliance Employee Handbook
8. Adopt Resolution 18-013 to Approve Addition of New Rate to Clean Power Alliance Phase 2 Rate Schedule

IV. CLOSED SESSION

9. PUBLIC EMPLOYMENT
(Government Code 54957)
Recruitment of General Counsel

V. REGULAR AGENDA

10. Approve General Counsel Employment Agreement
11. Approve 2019 Rate Structure
12. Approve Contract Amendment No. 1 and Scope of Work #2 with The Energy Coalition for Communications & Marketing

VI. LEGISLATIVE & REGULATORY UPDATE

VII. REPORT FROM THE EXECUTIVE DIRECTOR

VIII. BOARD MEMBER COMMENTS

IX. REPORT FROM THE CHAIR

X. ADJOURN – TO OCTOBER 4, 2018

Public records that relate to any item on the open session agenda for a regular Board Meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all, or a majority of, the members of the Board. The Board has designated Clean Power Alliance, 555 W. 5th Street, 35th Floor, Los Angeles, CA 90013, for making those public records available for inspection. The documents are also available online at www.cleanpoweralliance.org.
REGULAR MEETING of the Board of Directors of the
Clean Power Alliance of Southern California
Thursday, July 12, 2018, 2:00 p.m.

Metropolitan Water District of Southern California – Room 1-102
700 North Alameda Street, Los Angeles, California 90012

Calabasas City Hall – Council Conference Room
100 Civic Center Way, Calabasas, CA 91301

Ventura County Hall of Administration – 4th Floor Channel Island Conference Room
800 South Victoria Avenue, Ventura CA 93009

Whittier City Hall – Admin. Committee Room
13230 Penn Street, Whittier, CA 90602

MINUTES

I. WELCOME & ROLL CALL
Chair Diana Mahmud called the meeting to order at 2:03 p.m. Board Secretary
Jacquelyn C. Betha conducted roll call.

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## II. PUBLIC COMMENT

There were no public comments on items not on the agenda.

## III. CONSENT AGENDA

1. Approved Minutes from June 7, 2018 Board of Directors Meeting

2. Approved Revised Minutes from June 22, 2018 Board of Directors Retreat
3. **Adopted Resolution 18-008 Authorizing CPA to access Department of Justice Criminal History Information**

Director Corey Calaycay requested a revision to Item 2 to reflect that Alternate Roger Bradley did not attend the Board Retreat.

Motion: Camarillo, Director Tony Trembley. Second: Los Angeles County, Vice Chair Sheila Kuehl. Vote: The Consent Agenda, with noted change to Item 2, was approved by a unanimous roll call vote.

### IV. REGULAR AGENDA

4. **Reviewed 2019 Ratemaking Schedule and Phase-In Scenarios**

5. **Approved Selection of Calpine Energy Solutions for Data Management and Call Center Services and Authorize Executive Director to Execute Contract with Calpine Energy Solutions.**

   Sarah Friedman (Sierra Club), and David Haake (Sierra Club) provided public comments on Item 5.

   Motion: Los Angeles County, Vice Chair Sheila Kuehl. Second: Hawthorne, Director Angie Reyes English. Vote: Item 5 was approved by a unanimous roll call vote.

6. **Received Update on 2018 Integrated Resource Plan**

   Yvonne Rojo (IBEW Local 11), Mathew Cose (IBEW Local 11), Francisco Arago (IBEW Local 11), Jennifer Kropke (IBEW Local 11), and Jan Dietrick (Ventura County Climate Hub) provided public comments on Item 6.
7. **Approved Energy Risk Management Policy (ERMP) and Adopt Resolution 18-009 Delegating Procurement Authority to the Executive Director pursuant to the ERMP**

Sarah Friedman (Sierra Club), David Haake (Sierra Club), and Stephanie Dashiel (The Nature Conservancy), provided public comments on Item 7.

Executive Director Ted Bardacke commented that the City of Carson identified several clarifications on the ERMP and Resolution, and staff noted several typos on the Resolution. These requested amendments were made available to the Board and members of the public for review, and staff will make these amendments upon Board approval of the Item.

Motion: Los Angeles County, Vice Chair Sheila Kuehl. Second: Oxnard, Director Carmen Ramirez. Vote: Item 7, as amended, was approved by a unanimous roll call vote.

V. **LEGISLATIVE & REGULATORY UPDATE**

There was no discussion on Item V.

VI. **REPORT FROM THE EXECUTIVE DIRECTOR**

Executive Director Ted Bardacke expressed the positive outcome of the June 25, 2018 phase 2 launch and service transition, which added about 34,000 customers in unincorporated LA County, Rolling Hills Estates, and South Pasadena. In addition, the opt-out rate remains much lower than projections. The first bills customers will receive will be higher than usual due to the recent heatwave. There were questions regarding whether the heatwave and power outages would impact CPA, and staff has initiated a process with Southern California Edison to know when power outages might occur and be better prepared to answer questions from CPA customers.

Staff received positive feedback on the Board Retreat and takeaways were: staying the course on CPA’s planned rate options, with some tweaking; by the
end of the year, CPA should set a financial reserve policy to weather risk and to build up finances to seek a future credit rating; and that CPA should implement a strategic plan to deploy local programs once funding becomes available, but also examine some pilot programs that are cost-neutral or cost-beneficial.

The Community Advisory Committee has received seven applications thus far, and staff will continue to monitor and determine if the deadline may have to be extended.

VII. BOARD MEMBER COMMENTS

Vice Chair Supervisor Kuehl complimented the design and execution of the Board Retreat and commented that perhaps staff could work to determine a way for CPA customers to be notified of certain information on their bill as compared to the prior year.

VIII. REPORT FROM THE CHAIR

Chair Mahmud seconded the sentiments of Supervisor Kuehl on the successful and well executed Board Retreat. She also reminded the Board of the August 16, 2018, Board meeting date and that the September 6, 2018, Board Meeting is being rescheduled due to the CalCCA Annual Meeting to be held on September 5–6, 2018. Finally, she thanked the Board members for their continued full participation at meetings and encouraged greater participation on the various Committees.

IX. ADJOURN – TO AUGUST 16, 2018

Chair Mahmud adjourned the meeting.
To: Clean Power Alliance (CPA) Board of Directors
From: Monique Edwards, Director of Technology Integration and Data Analytics
Approved By: Ted Bardacke, Executive Director
Subject: Adopt Resolution 18-010 to Authorize Section 125 Administration of Benefits for CPA Employees
Date: August 16, 2018

RECOMMENDATIONS
1. Adopt Resolution 18-010 to authorize Section 125 administration of benefits for CPA employees.

2. Authorize the Executive Director, or designee, to take such actions that are deemed necessary and proper in order to implement the Section 125 Plan, including but not limited to executing the Section 125 Plan Adoption Agreement, Section 125 Plan Document, and to set up adequate accounting and administrative procedures to provide benefits under the Section 125 Plan.

BACKGROUND
On April 5, 2018, the CPA Board adopted an employee benefits package for vacation, sick leave, retirement, and health care to balance the objectives of recruiting and retaining top talent to CPA while limiting long-term liabilities and cost uncertainty, particularly regarding retirement benefits.

The Section 125 Premium Only Plan (POP), regulated by Section 125 of the Internal Revenue Code, is a tax-savings plan for groups where employees share in the cost of
benefits through payroll deduction. The Section 125 POP enables CPA employees to save an average of 30% on health insurance and premiums that they voluntarily deduct from their pay by allowing premiums to be deducted on a pre-tax basis. The Section 125 POP also saves CPA approximately 7.65% (the FICA payroll tax match) on every dollar employees contribute through payroll deduction.

Subsequent to the Board’s approval of CPA’s benefits package in April, staff completed the necessary steps to establish the Section 125 POP on June 1, 2018. A Board Resolution, presented here for approval, is required to certify CPA’s participation in the Section 125 POP and enable staff to complete the final account processing steps for administration of these benefits. The following documents, which provide additional details on the Section 125 POP, are attached to the Resolution: Adoption Agreement, Plan Document, and Summary Plan Description. Participation in the plan does not automatically confer any new benefits to CPA employees.

Attachment: 1) Resolution 18-010 with Attachments
RESOLUTION NO. 18-010

RESOLUTION OF THE BOARD OF DIRECTORS OF CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA CERTIFYING SECTION 125 ADMINISTRATION OF BENEFITS FOR CPA EMPLOYEES

THE BOARD OF DIRECTORS OF CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA HEREBY RESOLVES AS FOLLOWS:

WHEREAS, Clean Power Alliance of Southern California, the “Employer” (formerly known as Los Angeles Community Choice Energy Authority) (“Clean Power Alliance” or “CPA”) was formed on June 27, 2017; and

WHEREAS, the Section 125 Premium Only Plan (Section 125 Plan), regulated by Section 125 of the Internal Revenue Code, is a tax-savings plan for groups where employees share in the cost of benefits through payroll deduction.

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF THE CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA:

1. The form of Section 125 Plan effective June 1, 2018 is hereby approved and adopted by the Board and that the Executive Director is hereby authorized and directed to execute and deliver the Section 125 Plan to Clean Power Alliance employees;

2. The Executive Director, or designee, shall be instructed to take such actions that are deemed necessary and proper in order to implement the Section 125 Plan, including but not limited to executing the Adoption Agreement, Section 125 Plan Document, attached hereto as Attachments A and B, and to set up adequate accounting and administrative procedures to provide benefits under the Section 125 Plan; and

3. The Executive Director, or designee, shall act as soon as possible to notify the Clean Power Alliance employees of the adoption of the Section 125 Plan by delivering to each employee a copy of the summary description of the Section 125 Plan in the form of the Summary Plan Description presented to the Board, which form is hereby approved and attached as Attachment C.

AND BE IT FURTHER RESOLVED, the undersigned certifies that true copies of the Adoption Agreement, Plan Document, and the Summary Plan Description, approved and adopted in the foregoing Resolution, are attached.

ADOPTED AND APPROVED this ____ day of __________ 2018.

______________________________
Chair

ATTEST:

______________________________
Secretary
Adoption Agreement (2018)
For Clean Power Alliance of Southern California
Section 125 Premium Only Plan

The undersigned Employer adopted the Premium Only Plan for those Employees who shall qualify as Participants hereunder. It shall be effective as of the date specified below. The Employer hereby selects the following Plan specifications:

1. **Name of Employer:** Clean Power Alliance of Southern California
2. **Effective Date:** This adopted Premium Only Plan shall be effective as of **June 1, 2018.** This Plan’s original effective date is June 1, 2018
3. **Plan number:** 520
4. **Plan Year:** Your Plan’s records are maintained over a twelve-month period. This is known as the Plan Year. The adopted plan year begins on June 1, 2018 and ends on May 31, 2019. Future plan years will be based on the same twelve-month period beginning each June 1 and ending each May 31.
5. **Employer’s Principal Office:** This Premium Only Plan shall be governed under the laws of the:
   a. (X) State of California
   b. ( ) Commonwealth of
6. **Benefits:** All the benefits listed below are included in this plan whether or not you currently offer them:
   - **Health Plan.** Premiums that are payroll deducted on a pre-tax basis may include low-deductible or high-deductible medical insurance, dental insurance, vision care, critical illness insurance, accidental death/dismemberment (ADD) insurance, hospital indemnity and/or cancer insurance.
   - **Group-Term Life Insurance up to $50,000.** The $50,000 limit must include any employer-provided group-term life insurance coverage. For example, if the employer provides $20,000 of group-term life insurance for employees, then participants in the POP can payroll deduct premiums on a pre-tax basis for up to $30,000 of additional coverage.
   - **Disability Plan.** Short-term and long-term disability policies. If payroll deducted on a pre-tax basis, any future benefits received will be taxable to the employee.
   - **Health Savings Account (HSA).** Allows employees to payroll deduct contributions to their individual HSA on a pre-tax basis. Employers may also make contributions to the employee’s HSA plan on each employee’s behalf, in the manner set forth in the Plan.

by ______________________________________

Clean Power Alliance of Southern California

For Clean Power Alliance of Southern California
Section 125 Premium Only Plan

Introduction

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**Introduction**

The Employer has adopted this Plan to recognize the contribution made to the Employer by its Employees. Its purpose is to reward them by providing benefits for those Employees who shall qualify hereunder and their dependents and beneficiaries. The concept of this plan is to allow Employees to choose among different types of benefits based on their own particular goals, desires, and needs.

The intention of the Employer is that the Plan qualify as a “Cafeteria Plan” within the meaning of Section 125 of the Internal Revenue Code of 1986, as amended, and that the benefits which an Employee elects to receive under the Plan be includable or excludable from the Employee’s income under Section 125(a) and other applicable sections of the Internal Revenue Code of 1986, as amended. The Plan is also intended to meet any applicable state mandates that may otherwise apply to the Employer as an employer of Employees who are eligible to participate in a “premium only plan” sponsored by the Employer, as applicable.

**Article I — Definitions**

1.1 “Administrator” means the individual(s) or corporation appointed by the Employer to carry out the administration of the Plan. The Employer shall be empowered to appoint and remove the Administrator from time to time as it deems necessary for the proper administration of the plan. In the event the Administrator has not been appointed, or resigns from a prior appointment, the Employer shall be deemed to be the Administrator.

1.2 “Affiliated Employer” means the Employer and any corporation which is a member of a controlled group of corporations (as defined in Code Section 414(b)) which includes the Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code Section 414(c)) with the Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code Section 414(m)) which includes the Employer; and any other entity required to be aggregated with the Employer pursuant to Treasury regulations under Code Section 414(o).

1.3 “Benefit” means any of the optional benefit choices available to a Participant as outlined in Section 4.1.

1.4 “Cafeteria Plan Benefit Dollars” means the amount available to Participants, pursuant to Article III, to purchase Benefits. Each dollar contributed to this Plan shall be converted to one Cafeteria Plan Benefit Dollar.

1.5 “Code” means the Internal Revenue Code of 1986, as amended or replaced from time to time, and which shall also include any governing regulations or applicable guidance thereunder.

1.6 “Compensation” means the total cash remuneration received by the Participant from the Employer during a Plan Year prior to any reductions pursuant to a Salary Redirection Agreement authorized hereunder.

1.7 “Dependent” means any individual who is defined under an Insurance Contract or who is a Qualifying Child or Participant’s child (within the meaning of Code Section 152(f)(1) who has not attained age 27 as of the end of the taxable year or Qualifying Relative who qualifies as a dependent under an Insurance Contract or under Code Section 152 (as modified by Code Section 105(b)), as applicable.

Certain provisions of “Michelle’s Law” in which the requirement that a Dependent child have a full-time status in order to extend coverage past a stated age will generally not apply if the child’s failure to maintain full-time status is due to a medically necessary leave of absence or other change in enrollment (such as reduction of hours).

Notwithstanding anything in the Plan to the contrary, the Plan will comply with Michelle’s Law.

1.8 “Effective Date” means the effective date as specified in Item 2 of the Adoption Agreement.

1.9 “Election Period” means the period immediately preceding the beginning of each Plan Year established by the Administrator for the election of Benefits and Salary Redirections, such period to be applied on a uniform and nondiscriminatory basis for all Employees and Participants. However, an Employee’s initial Election Period shall be determined pursuant to Section 5.1.
1.10 “Eligible Employee” means any Employee who has satisfied the provisions of Section 2.1. However, 2% shareholders as defined under Code Section 1372(b) and self-employed individuals as defined under Code Section 401(c) shall not be eligible to participate in this Plan.

An individual shall not be an “Eligible Employee” if such individual is not reported on the payroll records of the Employer as a common law employee. In particular, it is expressly intended that individuals not treated as common law employees by the Employer on its payroll records are not “Eligible Employees” and are excluded from Plan participation even if a court or administrative agency determines that such individuals are common law employees and not independent contractors.

1.11 “Employee” means any person who is employed by the Employer, but for all portions of the Plan other than provisions relating to the Health Savings Account Program, generally excludes any person who is employed as an independent contractor or any person who is considered self-employed under Code Section 401(c), as well as a greater than two percent (2%) shareholder in a Subchapter S corporation, a partner in a partnership or an owner or member of a limited liability company that elects partnership status on its tax return. The term Employee shall include leased employees within the meaning of Code Section 414(n)(2).

1.12 “Employer” means the Corporation or any such entity specified in Item 1 of the Adoption Agreement, and any Affiliated Employer (as defined in Section 1.2), which shall adopt this plan; and any successor, which shall maintain this Plan; and any predecessor, which has maintained this Plan.

1.13 “Health Savings Account” means an account established in accordance with Code Section 223(d) to which part of any Eligible Employee’s Cafeteria Plan Benefit Dollars may be allocated.

1.14 “Highly Compensated Employee” means, for the purposes of determining discrimination, an Employee described in Code Section 125 and the Treasury Regulations thereunder.

1.15 “HSA Trustee” means the designated Trustee (as defined under Code Section 223(d)(1)(B) of any Trust established for qualifying account beneficiaries who elect to establish a Health Savings Account.

1.16 “Insurance Contract” means any contract issued by an Insurer underwriting a Benefit.

1.17 “Insurance Premium Payment Plan” means the plan of benefits contained in Section 4.1 of this Plan, which provides for the payment of Premium Expenses.

1.18 “Insurer” means any insurance company that underwrites a Benefit under this Plan.

1.19 “Key Employee” means an employee defined in Code Section 416(i)(1) and the Treasury regulations thereunder.

1.20 “Participant” means any Eligible Employee who elects to become a Participant pursuant to Section 2.3 and has not for any reason become ineligible to participate further in the Plan.

1.21 “Plan” means this instrument, including all amendments thereto.

1.22 “Plan Year” means the 12-month period beginning and ending on the dates specified in the Adoption Agreement. The Plan Year shall be the coverage period for the Benefits provided for under this Plan. In the event a Participant commences participation during a Plan Year, then the initial coverage period shall be that portion of the Plan Year commencing on such Participant’s date of entry and ending on the last day of such Plan Year.

1.23 “Premium Expenses” or “Premiums” mean the Participant’s cost for the insured Benefits described in Section 4.1.

1.24 “Qualifying Child” means an individual who, unless otherwise described under Code Section 152(b):

- Is a child (as defined under Code Section 152(f)(1)), or descendant of such child, or a brother, sister, stepbrother, stepsister, father, mother or any of their ancestors, or any other
relative as described under Code Section 152(d)(2), including an individual who has the same principal residence as the Employee and who is a member of the Employee’s household;

- Who has the same principal residence, if allowed under local law, as the Employee for more than one-half of the current taxable year;
- Is younger than the taxpayer claiming such individual as a qualifying child, and is under the age of 19 as of the end of the Plan Year in which the Employee was eligible under this Plan, or is under the age of 24 when covered as a full time student (as defined under Code Section 152(f)(2)), after consideration of Code Section 152(c)(3) as applicable;
- Has not provided over one-half of his or her own support during the current Plan Year; and
- Who has not filed a joint return (other than only for a claim of refund) with the individual’s spouse under section 6013 for the taxable year beginning in the calendar year in which the taxable year of the taxpayer begins; or
- Is a child (within the meaning of Code Section 152(f)(1) who has not attained age 27 as of the end of the taxable year.

Notwithstanding anything in the Plan to the contrary, the Plan will comply with Michelle’s Law.

1.25 “Qualifying Relative” means an individual who, unless otherwise described under Code Section 152(d) or (e):

- Is a child (as defined under Code Section 152(f)(1)), or descendant of such child, or a brother, sister, stepbrother, stepsister, father, mother or any of their ancestors, or any other relative as described under Code Section 152(d)(2), including an individual who has the same principal residence as the Employee and who is a member of the Employee’s household;
- Has (with the exception of certain handicapped dependents described under Code Section 152(d)(4)) gross income for the Plan Year that is less than the allowable income exemption amount (as defined under Code Section 151(d) for that taxable year;
- For whom the Employee provides over one-half of the individual’s support for that calendar year; and
- Is not an otherwise Qualifying Child of the Employee for any portion of the Plan Year.

1.26 “Regulations” means either temporary, proposed or final regulations, as applicable, issued from the Department of Treasury, as well as any further related guidance or interpretations issued as applicable.

1.27 “Salary Redirection” means the contributions made by the Employer on behalf of Participants pursuant to Section 3.1. These contributions shall be converted to Cafeteria Plan Benefit Dollars and allocated to the funds or accounts established under the Plan pursuant to the Participants’ elections made under Article V.

1.28 “Salary Redirection Agreement” means an agreement between the Participant and the Employer under which the Participant agrees to reduce his Compensation or to forego all or part of the increases in such Compensation and to have such amounts contributed by the Employer to the Plan on the Participant’s behalf. The Salary Redirection Agreement shall apply only to Compensation that has not been actually or constructively received by the Participant as of the date of the agreement (after taking this Plan and Code Section 125 into account) and, subsequently does not become currently available to the Participant.

1.29 “Spouse” means the legally married husband or wife of a Participant in accordance with applicable state and federal law, unless legally separated by court decree or otherwise specified by the Insurance Contract.

1.30 “Uniformed Services” means the Armed Forces, the Army National Guard, and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the
commissioned corps of the Public Health Service, and any other category of persons designated by the President of the United States in time of war or emergency.

All other defined terms in this Plan shall have the meanings specified in the various Articles of the Plan in which they appear.

Article II — Participation

2.1 Eligibility

As to each Benefit provided hereunder, any Eligible Employee shall be eligible to participate as of the date he satisfies the eligibility conditions set forth in the policy or plan providing such Benefit, the provisions of which are specifically incorporated herein by reference. However, any Eligible Employee who was a Participant in the Plan on the effective date of this amendment shall continue to be eligible to participate in the Plan.

2.2 Effective Date of Participation

(a) An Eligible Employee shall become a Participant effective as of the later of the date on which he satisfies the requirements of Section 2.1 or the Effective Date of this Plan.

(b) If an Eligible Employee terminates employment after commencing participation in the Plan, except as otherwise provided in the applicable policy or plan providing a Benefit, such terminated Participants who are rehired within 30 days or less of the date of termination of employment shall not be considered a newly eligible employee and will be reinstated with the same election(s) such individual had before termination. If a terminated Participant is rehired more than 30 days following termination of employment and is otherwise eligible to participate in the Plan, the individual shall be treated as a newly Eligible Employee and may make a new election under procedures otherwise set forth within this section or Section 5.1 below as applicable.

2.3 Application to Participate

An Employee who is eligible to participate in this Plan shall, during the applicable Election Period, complete an application to participate and election of benefits form, which the Administrator shall furnish to the Employee. The election made on such form shall be irrevocable until the end of the applicable Plan Year unless the Participant is entitled to change his Benefit elections pursuant to Section 5.4 hereof.

An Eligible Employee shall also be required to execute a Salary Redirection Agreement, to elect to reduce salary to pay for allowable Benefits, during the Election Period for the Plan Year during which he wishes to participate in this Plan. Any such Salary Redirection Agreement shall be effective for the first pay period beginning on or after the Employee’s effective date of participation pursuant to Section 2.2. A failure to execute a Salary Redirection Agreement shall constitute an election by the Eligible Employee to receive his or her full salary or other compensation in lieu of Benefits available hereunder.

2.4 Termination of Participation

A Participant shall no longer participate in this Plan upon the occurrence of any of the following events:

(a) His termination of employment, subject to the provisions of Section 2.5;

(b) His death;

(c) The termination of this Plan, subject to the provisions of Section 8.2.

2.5 Termination of Employment

If a Participant terminates employment with the Employer for any reason other than death, his participation in the Plan shall cease, subject to the Participant’s right to continue coverage under any Insurance Contract for which premiums have already been paid or any other ability to continue participation in a Health Savings Account pursuant to Code Section 223.
When an employee ceases to be a participant, the cafeteria plan must pay the former participant any amount the former participant previously paid for coverage or benefits to the extent the previously paid amount relates to the period from the date the employee ceases to be a participant through the end of that plan year.

**Article III — Contributions to the Plan**

3.1 Salary Redirection

Benefits under the Plan shall be financed by Salary Redirections sufficient to support Benefits that a Participant has elected hereunder and to pay the Participant’s Premium Expenses. The salary administration program of the Employer shall be revised to allow each Participant to agree to reduce his pay during a Plan Year by an amount determined necessary to purchase the elected Benefit. The amount of such Salary Redirection shall be specified in the Salary Redirection Agreement and shall be applicable for a Plan Year. Notwithstanding the above, for new Participants, the Salary Redirection Agreement shall only be applicable from the first day of the pay period following the Employee’s entry date up to and including the last day of the Plan Year. These contributions shall be converted to Cafeteria Plan Benefit Dollars and allocated to the funds or accounts established under the Plan pursuant to the Participants’ elections made under Article V.

Any Salary Redirection shall be determined prior to the beginning of a Plan Year (subject to initial elections pursuant to Section 5.1) and prior to the end of the Election Period and shall be irrevocable for such Plan Year. However, a Participant may revoke a Benefit election or a Salary Redirection Agreement after the Plan Year has commenced and make a new election and/or Salary Redirection Agreement with respect to the remainder of the Plan Year, if both the revocation and the new election are on account of and consistent with a change in status and such other permitted events as determined under Article V of the Plan and consistent with the rules and regulations of the Department of the Treasury. Salary Redirection amounts shall be contributed on a pro rata basis for each pay period during the Plan Year. All individual Salary Redirection Agreements are deemed to be part of this Plan and incorporated by reference hereunder.

3.2 Application of Contributions

As soon as reasonably practical after each payroll period, the Employer shall apply the Salary Redirection to provide the Benefits elected by the affected Participants. Any contributions made or withheld from an Employee’s compensation, pursuant to the Employee’s signed Salary Redirection Agreement for the Health Savings Account shall be credited to such account. Amounts designated for the Participant’s Premium Expense Reimbursement Account shall likewise be credited to such account for the purpose of paying Premium Expenses.

3.3 Periodic Contributions

Notwithstanding the requirement provided above and in other Articles of this Plan that Salary Redirections be contributed to the Plan by the Employer on behalf of an Employee on a level and pro rata basis for each payroll period, the Employer and Administrator may implement a procedure in which Salary Redirections are contributed throughout the Plan Year on a periodic basis that is not pro rata for each payroll period. In the event Salary Redirections are not made on a pro rata basis, upon termination of participation, a Participant may be entitled to a refund of such Salary Redirections pursuant to Section 2.5.

**Article IV — Benefits**

4.1 Benefit Options

Each Participant may elect to have his full compensation paid to him in cash or elect to have the amount of his Cafeteria Plan Benefit Dollars applied to any one or more of the optional Benefits or any other group-insured or self-funded Benefit permitted under Code Section 125, including Marketplace/State Exchanges Small Business Health Options Program (SHOP Exchange) or federally facilitated Small Business Health Options Program (FF SHOP), which is offered by the Employer as set forth in the Adoption Agreement. If selected as an
available Benefit Option under the Employer’s Adoption Agreement, each Eligible Individual may elect coverage under the Health Savings Account Program option, in which case Article VI shall apply.

The employer may select suitable health and hospitalization Insurance Contracts for use in providing health benefits, which policies will provide uniform benefits for all Participants electing this Benefit.

4.2 Description of Benefits

Each Eligible Employee may elect to have the Administrator pay those contributions that the Employee is required to make to the Benefit options described under Section 4.1 as a condition for the Employee and his Dependents to participate in those Benefit options.

4.3 Nondiscrimination Requirements

(a) It is the intent of this Plan to provide benefits to a classification of employees which the Secretary of the Treasury finds not to be discriminatory in favor of the group in whose favor discrimination may not occur under Code Section 125 or applicable Regulations thereunder.

(b) Adjustment to avoid test failure. If the Administrator deems it necessary to avoid discrimination or possible taxation to Key Employees or a group of employees in whose favor discrimination may not occur in violation of Code Section 125, it may, but shall not be required to, reject any election or reduce contributions or non-taxable Benefits in order to assure compliance with this Section. Any act taken by the Administrator under this Section shall be carried out in a uniform and nondiscriminatory manner. Contributions which are not utilized to provide Benefits to any Participant by virtue of any administrative act under this paragraph shall be forfeited and deposited into the benefit plan surplus.

Article V — Participant Elections

5.1 Initial Elections

An Employee who meets the eligibility requirements of Section 2.1 on the first day of, or during, a Plan Year may elect to participate in this Plan for all or the remainder of such Plan Year, provided he elects to do so before his effective date of participation pursuant to Section 2.2. or for a newly Eligible Employee, no more than 30 days after their date of hire. For any such newly Eligible Employee, if coverage is effective as of the date of hire pursuant to Section 2.1 above, such Employee shall be eligible to participate retroactively as of their date of hire. Newly Eligible Employee Election amounts will be collected on the first pay period on or after his or her election was received. However, if such Employee does not complete an application to participate and benefit election form and deliver it to the Administrator before such date, his Election Period shall extend 30 calendar days after such date, or for such further period as the Administrator shall determine and apply on a uniform and nondiscriminatory basis. However, any election during the extended 30-day election period pursuant to this Section 5.1 shall not be effective until the first pay period following the later of such Participant’s effective date of participation pursuant to Section 2.2 or the date of the receipt of the election form by the Administrator, and shall be limited to the Benefit expenses incurred for the balance of the Plan Year for which the election is made. Any failure to elect the Benefits set forth herein shall constitute an Employee’s election not to participate in the Plan during that Plan Year until a valid Election is otherwise made in the manner set forth herein.

5.2 Subsequent Annual Elections

During the Election Period prior to each subsequent Plan Year, each Participant shall be given the opportunity to elect, on an election of benefits form to be provided by the Administrator, which Benefit options he wishes to select and purchase with his Cafeteria Plan Benefit Dollars. Any such election shall be effective for any Benefit expenses incurred during the Plan Year, which follows the end of the Election Period. With regard to subsequent annual elections, the following options shall apply:

(a) A Participant or Employee who failed to initially elect to participate may elect different or new Benefits under the Plan during the Election Period;
(b) A Participant may terminate his participation in the Plan by notifying the Administrator in writing during the Election Period that he does not want to participate in the Plan for the next Plan Year;

(c) An Employee who elects not to participate for the Plan Year following the Election Period will have to wait until the next Election Period before again electing to participate in the Plan, except as provided for in Section 5.4.

5.3 Failure to Elect

Any Participant failing to complete a new election of benefits form pursuant to Section 5.2 by the end of the applicable Election Period shall be deemed to have elected not to participate in the Plan for the upcoming Plan Year. No further Salary Redirections shall therefore be authorized or made for such subsequent Plan Year for such Benefits.

5.4 Change of Elections

(a) Any Participant may change a Benefit election after the Plan Year (to which such election relates) has commenced and make new elections with respect to the remainder of such Plan Year if, under the facts and circumstances, the changes are necessitated by and are consistent with a change in status which is acceptable under rules and regulations adopted by the Department of the Treasury, the provisions of which are incorporated by reference. Notwithstanding anything herein to the contrary, if the rules and regulations conflict, then such rules and regulations shall control.

In general, a change in election is not consistent if the change in status is the Participant’s divorce, annulment or legal separation from a spouse, the death of a spouse or dependent, or a dependent ceasing to satisfy the eligibility requirements for coverage, and the Participant’s election under the Plan is to cancel accident or health insurance coverage for any individual other than the one involved in such an event. In addition, if the Participant, spouse or dependent gains or loses eligibility for coverage under a family member plan as a result of a change in marital status or a change in employment status, then a Participant’s election under the Plan to cease or decrease coverage for that individual under the Plan corresponds with that change in status only if coverage for that individual becomes applicable or is increased under the family member plan.

Regardless of the consistency requirement, if the individual, the individual’s spouse, or dependent becomes eligible for continuation coverage under the Employer’s group health plan as provided in Code Section 4980B or any similar state law, then the individual may elect to increase payments under this Plan in order to pay for the continuation coverage. However, this does not apply for COBRA eligibility due to divorce, annulment or legal separation.

Any new election shall be effective at such time as the Administrator shall prescribe, but not earlier than the first pay period beginning after the election form is completed and returned to the Administrator. For the purposes of this subsection, a change in status shall only include the following events or other events permitted by Treasury regulations:

1. Legal Marital Status: events that change a Participant’s legal marital status, including marriage, divorce, death of a spouse, legal separation or annulment;

2. Number of Dependents: Events that change a Participant’s number of dependents, including birth, adoption, placement for adoption, or death of a dependent;

3. Employment Status: Any of the following events that change the employment status of the Participant, spouse, or dependent: termination or commencement of employment, a strike or lockout, commencement or returns from an unpaid leave of absence, or a change in worksite. In addition, if the eligibility conditions of this Plan or other employee benefit plan of the Employer of the Participant, spouse, or dependent depend on the employment status of that individual and there is a change in that individual’s employment status with the consequence that the individual becomes (or ceases to be) eligible under the plan, then that change constitutes a change in employment under this subsection;
(4) Dependent satisfies or ceases to satisfy the eligibility requirements: an event that causes the Participant’s dependent to satisfy or cease to satisfy the requirements for coverage due to attainment of age, student status, or any similar circumstance; and

(5) Residency: A change in the place of residence of the Participant, spouse or dependent.

(b) Notwithstanding subsection (a), Participants may change an election for accident or health coverage during a Plan Year and make a new election that corresponds with the special enrollment rights provided in Code Section 9801(f) pertaining to HIPAA special enrollment rights or the Family and Medical Leave Act.

A Participant may change an election for accident or health coverage during a Plan Year and make a new election that corresponds with the special enrollment rights provided in Code Section 9801(f), including those authorized under the provisions of the Children’s Health Insurance Program Reauthorization Act of 2009 (SCHIP); provided that such Participant meets the sixty (60) day notice requirement imposed by Code Section 9801(f) (or such longer period as may be permitted by the Plan and communicated to Participants).

Such change shall take place on a prospective basis, unless otherwise required by Code Section 9801(f) to be retroactive.

(c) Notwithstanding subsection (a), in the event of a judgment, decree, or order (“order”) resulting from a divorce, legal separation, annulment, or change in legal custody (including a qualified medical child support order defined in ERISA Section 609) which requires accident or health coverage for a Participant’s child (including a foster child who is a dependent of the Participant):

(1) The Plan may change an election to provide coverage for the child if the order requires coverage under the Participant’s plan; or

(2) The Participant shall be permitted to change an election to cancel coverage for the child if the order requires the former spouse to provide coverage for such child, under that individual’s plan and such coverage is actually provided.

(d) Notwithstanding subsection (a), Participants may change elections to cancel accident or health coverage for the Participant or the Participant’s spouse or dependent if the Participant or the Participant’s spouse or dependent is enrolled in the accident or health coverage of the Employer and becomes entitled to coverage (i.e., enrolled) under Part A or Part B of the Title XVIII of the Social Security Act (Medicare) or Title XIX of the Social Security Act (Medicaid), other than coverage consisting solely of benefits under section 1928 of the Social Security Act (the program for distribution of pediatric vaccines). If the Participant or the Participant’s spouse or dependent who has been entitled to Medicaid or Medicare coverage loses eligibility, that individual may prospectively elect coverage under the Plan if a benefit package option under the Plan provides similar coverage.

(e) Notwithstanding subsection (a), Participants may make a prospective election change to add group health coverage for the Participant or the Participant’s spouse or dependent if the Participant or the Participant’s spouse or dependent is enrolled in the accident or health coverage of the Employer and becomes entitled to coverage (i.e., enrolled) under Part A or Part B of the Title XVIII of the Social Security Act (Medicare) or Title XIX of the Social Security Act (Medicaid), other than coverage consisting solely of benefits under section 1928 of the Social Security Act (the program for distribution of pediatric vaccines). If the Participant or the Participant’s spouse or dependent who has been entitled to Medicaid or Medicare coverage loses eligibility, that individual may prospectively elect coverage under the Plan if a benefit package option under the Plan provides similar coverage.

(f) Notwithstanding subsection (a), Participants who elected to salary reduce through the Premium Only Plan for accident and health plan coverage is allowed to prospectively revoke or change his or her
election with respect to the accident or health plan during open enrollment of a Marketplace Qualified Health Plan (QHP) as outline by the Affordable Care Act (ACA).

The new coverage in a QHP shall be effective no later than the day immediately following the last day of the original coverage that is revoked.

(g) Notwithstanding subsection (a), Participants who elected to salary reduce through the Premium Only Plan for accident and health plan coverage are allowed to prospectively revoke his or her election with respect to the accident or health plan if the Participant is moved from full-time status (at least 30 hours of service per week) to part-time status (less than 30 hours of service per week) and seek coverage in another plan that provides minimum essential coverage.

The new coverage shall be effective no later than the first day of the second month following the month that includes the date the original coverage is revoked.

(h) If the cost of a Benefit provided under the Plan increases or decreases during a Plan Year, then the Plan shall automatically increase or decrease, as the case may be, the Salary Redirections of all affected Participants for such Benefit. Alternatively, if the cost of a benefit package option increases significantly, the Administrator shall permit the affected Participants to either make corresponding changes in their payments or revoke their elections and, in lieu thereof, receive on a prospective basis coverage under another benefit package option with similar coverage; or drop coverage prospectively if there is no other benefit package option available that provides similar coverage. This Plan treats coverage by another Employer, such as a spouse’s or dependent’s employer, as similar coverage.

A cost increase or decrease refers to an increase or decrease in the amount of elective contributions under the Plan, whether resulting from an action taken by the Participants or an action taken by the Employer.

(i) If the cost of a Benefit Package Option provided under the plan decreases significantly during a Plan Year, the Administrator shall permit the affected Participants to either make corresponding changes in their payments; and employees who are otherwise eligible under the Plan may elect the Benefit Package Option, subject to the terms and limitations of the Benefit Package Option.

If the coverage under a Benefit is significantly curtailed, and such curtailment results in a loss of coverage, or ceases during a Plan Year, affected Participants may revoke their elections of such Benefit and, in lieu thereof, elect to receive on a prospective basis coverage under another plan with similar coverage, or drop coverage prospectively if there is no other Benefit Package Option available that provides similar coverage.

If the coverage under a Benefit is significantly curtailed, and such curtailment does not result in a loss of coverage, affected Participants may revoke their elections of such Benefit and, in lieu thereof, elect to receive on prospective basis coverage under another plan with similar coverage.

If, during the period of coverage, a new benefit package option or other coverage option is added (or an existing benefit package option or other coverage option is eliminated) or a significantly improved existing Benefit Package Option is added, then the affected Participants and employees who are otherwise eligible under the Plan may elect the newly-added or significantly improved option (or elect another option if an option has been eliminated) prospectively and make corresponding election changes with respect to other benefit package options providing similar coverage.

(j) A Participant may make a prospective election change to add group health coverage for the Participant, the Participant's Spouse or Dependent if such individual loses group health coverage sponsored by a governmental or educational institution, including a state children's health insurance program under the Social Security Act, the Indian Health Service or a health program offered by an Indian tribal government, a state health benefits risk pool, or a foreign government group health plan.

(k) **Health Savings Account changes.** With regard to the Health Savings Account Benefit specified in Article IV, a participant who has elected to make elective contributions under such arrangement may
modify or revoke the election prospectively, provided such change is consistent with Code Section 223 and the Treasury regulations thereunder.

**Article VI - Health Savings Account Program**

6.1 Establishment of Program

This Health Savings Account Program (hereinafter the “HSA”) is intended to qualify as a program under Code Section 223 and shall be interpreted in a manner consistent with such Code Section. The Health Savings Account Program is provided and administered by the HSA Trustee.

6.2 Coordination with Premium Only Plan Benefits

All Participants under the Premium Only Plan are eligible to receive Benefits under this HSA, as long as they otherwise meet the definition of an Eligible Individual set forth under Code Section 223. The Employer may allow employees to make contributions to the HSA with pre-tax dollars, as governed and elected under the Adoption Agreement. In circumstances in which Employees are allowed to make pre-tax contributions to the HSA, the Employer shall also have the option of making contributions to the Employee’s HSA as well, through usage of this Plan and as otherwise set forth herein after consideration of, among other provisions, Article III and Article IV accordingly related to applicability of Employer contributions and applicable nondiscrimination standards. The enrollment and termination of participation under the Premium Only Plan shall constitute enrollment and termination of participation under this HSA. In addition, other matters concerning contributions, elections and the like shall be governed by the general provisions of the Premium Only Plan.

**Article VII— Administration**

7.1 Plan Administration

The Employer shall be the Administrator, unless the Employer elects otherwise. The Employer may appoint any person, including, but not limited to, the Employees of the Employer, to perform the duties of the Administrator. Any person so appointed shall signify acceptance by filing written acceptance with the Employer. Upon the resignation or removal of any individual performing the duties of the Administrator, the Employer may designate a successor.

If the Employer elects, the Employer shall appoint one or more Administrators. Any person, including, but not limited to, the Employees of the Employer, shall be eligible to serve as an Administrator. Any person so appointed shall signify acceptance by filing written acceptance with the Employer. An Administrator may resign by delivering a written resignation to the Employer or be removed by the Employer by delivery of written notice of removal, to take effect at a date specified therein, or upon delivery to the Administrator if no date is specified. The Employer shall be empowered to appoint and remove the Administrator from time to time as it deems necessary for the proper administration of the Plan to ensure that the Plan is being operated for the exclusive benefit of the Employees entitled to participate in the Plan in accordance with the terms of the Act, the Plan and the Code.

The operation of the Plan shall be under the supervision of the Administrator. It shall be a principal duty of the Administrator to see that the Plan is carried out in accordance with its terms, and for the exclusive benefit of Employees entitled to participate in the Plan. The Administrator shall have full power to administer the Plan in all of its details, subject, however, to the pertinent provisions of the Code. The Administrator’s powers shall include, but shall not be limited to the following authority, in addition to all other powers provided by this Plan:

(a) To make and enforce such rules and regulations as the Administrator deems necessary or proper for the efficient administration of the Plan;

(b) To interpret the Plan, the Administrator’s interpretations thereof in good faith to be final and conclusive on all persons claiming benefits by operation of the Plan;

(c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan and to receive benefits provided under the Plan;

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(d) To reject elections or to limit contributions or Benefits for certain Highly Compensated Participants if it deems such to be desirable in order to avoid discrimination under the Plan in violation of applicable provisions of the Code;

(e) To provide Employees with a reasonable notification of their benefits available under the Plan;

(f) To keep and maintain the Plan documents and all other records pertaining to and necessary for the administration of the Plan;

(g) To keep and communicate procedures to determine whether a medical child support order is qualified under ERISA Section 609; and

(h) To appoint such agents, counsel, accountants, consultants, and actuaries as may be required to assist in administering the Plan.

Any procedure, discretionary act, interpretation or construction taken by the Administrator shall be done in a nondiscriminatory manner based upon uniform principles consistently applied and shall be consistent with the intent that the Plan shall continue to comply with the terms of Code Section 125 and the Treasury regulations thereunder.

7.2 Examination of Records

The Administrator shall make available to each Participant, Eligible Employee and any other Employee of the Employer such records as pertain to their interest under the Plan for examination at reasonable times during normal business hours.

7.3 Payment of Expenses

Any reasonable administrative expenses shall be paid by the Employer unless the Employer determines that administrative costs shall be borne by the Participants under the Plan or by any Trust Fund which may be established hereunder. The Administrator may impose reasonable conditions for payments, provided that such conditions shall not discriminate in favor of Highly Compensated Participants.

7.4 Application of Benefit Plan Surplus

Any forfeited amounts credited to the benefit plan surplus by virtue of the failure of a Participant to incur a qualified expense may, but need not be, separately accounted for after the close of the Plan Year in which such forfeitures arose. In no event shall such amounts be carried over to reimburse a Participant for expenses incurred during a subsequent Plan Year for the same or any other Benefit available under the Plan; nor shall amounts forfeited by a particular Participant be made available to such Participant in any other form or manner, except as permitted by Treasury regulations. Amounts in the benefit plan surplus shall first be used to defray any administrative costs and experience losses and thereafter be retained by the Employer.

7.5 Insurance Control Clause

In the event of a conflict between the terms of this Plan and the terms of an Insurance Contract of a particular Insurer whose product is then being used in conjunction with this Plan, the terms of the Insurance Contract shall control as to those Participants receiving coverage under such Insurance Contract. For this purpose, the Insurance Contract shall control in defining the persons eligible for insurance, the dates of their eligibility, the conditions which must be satisfied to become insured, if any, the benefits Participants are entitled to and the circumstances under which insurance terminates.

7.6 Indemnification of Administrator

The Employer agrees to indemnify and to defend to the fullest extent permitted by law any Employee serving as the Administrator or as a member of a committee designated as Administrator (including any Employee or former Employee who previously served as Administrator or as a member of such committee) against all liabilities, damages, costs and expenses (including attorney’s fees and amounts paid in settlement of any claims
approved by the Employer) occasioned by any act or omission to act in connection with the Plan, if such act or omission is in good faith.

**Article VIII — Amendment or Termination of Plan**

8.1 Amendment

The Employer, at any time or from time to time, may amend any or all of the provisions of the Plan without the consent of any Employee or Participant. No amendment shall have the effect of modifying any benefit election of any Participant in effect at the time of such amendment, unless such amendment is made to comply with federal, state or local laws, statutes or regulations.

8.2 Termination

The Employer is establishing this Plan with the intent that it will be maintained for an indefinite period of time. Notwithstanding the foregoing, the Employer reserves the right to terminate the Plan, in whole or in part, at any time. In the event the Plan is terminated, no further contributions shall be made. Benefits under any Insurance Contract shall be paid in accordance with the terms of the Contract.

Any amounts remaining in any such fund or account as of the end of the Plan Year in which Plan termination occurs shall be forfeited and deposited in the benefit plan surplus.

**Article IX — Miscellaneous**

9.1 Plan Interpretation

All provisions of this Plan shall be governed and interpreted by the Employer, or its delegated Administrator, as applicable, in its full and complete discretion and shall be otherwise applied in a uniform, nondiscriminatory manner. This Plan shall be read in its entirety and not severed except as provided in Section 9.12.

9.2 Gender and Number

Wherever any words are used herein in the masculine, feminine, or gender neutral, shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

9.3 Written Document

This Plan, in conjunction with any separate written document which may be required by law, is intended to satisfy the written Plan requirement of Code Section 125 and any Regulations there under relating to Cafeteria Plans.

9.4 Exclusive Benefit

This Plan shall be maintained for the exclusive benefit of the Employees who participate in the Plan.

9.5 Participant’s Rights

This Plan shall not be deemed to constitute an employment contract between the Employer and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him as a Participant of this Plan.

9.6 Action by the Employer
Whenever the Employer under the terms of the Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

9.7 Employer’s Protective Clauses

(a) Upon the failure of the Employer to obtain the insurance contemplated by this Plan (whether as a result of negligence, gross neglect or otherwise), the Participant’s Benefits shall be limited to the insurance premium(s), if any, that remained unpaid for the period in question and the actual insurance proceeds, if any, received by the Employer or the Participant as a result of the Participant’s claim.

(b) The Employer’s liability to the Participant shall only extend to and shall be limited to any payment actually received by the Employer from the Insurer. In the event that the full insurance Benefit contemplated is not promptly received by the Employer within a reasonable time after submission of a claim, then the Employer shall notify the Participant of such facts and the Employer shall no longer have any legal obligation whatsoever (except to execute any document called for by a settlement reached by the Participant). The Participant shall be free to settle, compromise or refuse the claim as the Participant, in his sole discretion, shall see fit.

(c) The Employer shall not be responsible for the validity of any Insurance Contract issued hereunder or for the failure on the part of the Insurer to make payments provided for under any Insurance Contract. Once insurance is applied for or obtained, the Employer shall not be liable for any loss which may result from the failure to pay Premiums to the extent Premium notices are not received by the Employer.

9.8 No Guarantee of Tax Consequences

Neither the Administrator nor the Employer makes any commitment or guarantee that any amounts paid to or for the benefit of a Participant under the Plan will be excludable from the Participant’s gross income for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any Participant. Notwithstanding the foregoing, the rights of Participants under this Plan shall be legally enforceable.

9.9 Indemnification of Employer by Participants

If any Participant receives one or more payments or reimbursements under the Plan that are not for a permitted Benefit, such Participant shall indemnify and reimburse the Employer for any liability it may incur for failure to withhold federal or state income tax or Social Security tax from such payments or reimbursements. However, such indemnification and reimbursement shall not exceed the amount of additional federal and state income tax that the Participant would have owed if the payments or reimbursements had been made to the Participant as regular cash compensation, plus the Participant’s share of any Social Security tax that would have been paid on such compensation, less any such additional income and Social Security tax actually paid by the Participant.

9.10 Funding

Unless otherwise required by law, contributions to the Plan need not be placed in trust or dedicated to a specific Benefit, but shall instead be considered general assets of the Employer until the Premium Expense required under the Plan has been paid. Furthermore, and unless otherwise required by law, nothing herein shall be construed to require the Employer or the Administrator to maintain any fund or segregate any amount for the benefit of any Participant, and no Participant or other person shall have any claim against, right to, or security or other interest in, any fund, account or asset of the Employer from which any payment under the Plan may be made.

9.11 Governing Law

This Plan is governed by the Code and the Treasury regulations issued there under (as they might be amended from time to time). In no event shall the Employer guarantee the favorable tax treatment sought by
this Plan. To the extent not preempted by federal law, the provisions of this Plan shall be construed, enforced and administered according to the laws of the state or commonwealth specified in the Adoption Agreement.

9.12 Severability

If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of the Plan, and the Plan shall be construed and enforced as if such provision had not been included herein.

9.13 Captions

The captions contained herein are inserted only as a matter of convenience and for reference, and in no way define, limit, enlarge, or describe the scope or intent of the Plan, nor in any way shall affect the Plan or the construction of any provision thereof.

9.14 Continuation of Coverage

Notwithstanding anything in the Plan to the contrary, in the event any benefit under this Plan subject to the continuation coverage requirement of Code Section 4980B becomes unavailable, each Participant will be entitled to continuation coverage as prescribed in Code Section 4980B.

9.15 Family and Medical Leave Act

Notwithstanding any provision to the contrary in this Plan, if a Participant goes on a qualifying unpaid leave under the Family and Medical Leave Act of 1993 (FMLA), to the extent required by the FMLA, after consideration of Treasury Regulation Section 1.125-3 as applicable, the Employer will continue to maintain the Participant’s benefits under this Plan on the same terms and conditions as though he/she were still an active Employee (i.e., the Employer will continue to pay its share of the premium to the extent the Employee opts to continue his/her coverage). If the Employee opts to continue his/her coverage, the Employee may pay his/her share of the premium with after-tax dollars while on leave (or pre-tax dollars to the extent he/she receives compensation during the leave), or the Employee may be given the option to pre-pay all or a portion of his/her share of the premium for the expected duration of the leave on a pre-tax salary reduction basis out of his/her pre-leave Compensation by making a special election to that effect prior to the date such Compensation would normally be made available to him/her (provided, however, that pre-tax dollars may not be utilized to fund coverage during the next plan year), or via other arrangements agreed upon between the Employee and the Administrator (e.g., the Administrator may fund coverage during the leave and withhold “catch-up” amounts upon the Employee’s return). Upon return from such leave, the Employee will be permitted to reenter the Plan on the same basis the Employee was participating in the Plan prior to his/her leave, or as otherwise required by the FMLA.

Furthermore, if a Participant goes on a qualifying paid leave under the FMLA, to the extent required by the FMLA, the Employee will continue coverage while on FMLA by the method normally used during any paid leave.

In all instances, a paid or unpaid leave under FMLA will be treated in the same manner and consistent with a non-FMLA paid or unpaid leave.

9.16 Health Insurance Portability and Accountability Act

Notwithstanding anything in this Plan to the contrary, this Plan shall be operated in accordance with HIPAA and regulations thereunder.

9.17 Uniformed Services Employment and Reemployment Rights Act

Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with USERRA and the regulations thereunder, as well as any other applicable Regulations specific to the rights and obligations of Employers with Employees on active military leave.
9.18 COMPLIANCE WITH HIPAA PRIVACY STANDARDS

(a) Application. If any benefits under this Cafeteria Plan are subject to the Standards for Privacy of Individually Identifiable Health Information (45 CFR Part 164, the "Privacy Standards"), then this Section shall apply.

(b) Disclosure of PHI. The Plan shall not disclose Protected Health Information to any member of the Employer's workforce unless each of the conditions set out in this Section are met. "Protected Health Information" shall have the same definition as set forth in the Privacy Standards but generally shall mean individually identifiable information about the past, present or future physical or mental health or condition of an individual, including genetic information and information about treatment or payment for treatment.

(c) PHI disclosed for administrative purposes. Protected Health Information disclosed to members of the Employer's workforce shall be used or disclosed by them only for purposes of Plan administrative functions. The Plan's administrative functions shall include all Plan payment functions and health care operations. The terms "payment" and "health care operations" shall have the same definitions as set out in the Privacy Standards, but the term "payment" generally shall mean activities taken to determine or fulfill Plan responsibilities with respect to eligibility, coverage, provision of benefits, or reimbursement for health care. Protected Health Information that consists of genetic information will not be used or disclosed for underwriting purposes.

(d) PHI disclosed to certain workforce members. The Plan shall disclose Protected Health Information only to members of the Employer's workforce who are designated and authorized to receive such Protected Health Information, and only to the extent and in the minimum amount necessary for that person to perform his or her duties with respect to the Plan. "Members of the Employer's workforce" shall refer to all employees and other persons under the control of the Employer. The Employer shall keep an updated list of those authorized to receive Protected Health Information.

   (1) An authorized member of the Employer's workforce who receives Protected Health Information shall use or disclose the Protected Health Information only to the extent necessary to perform his or her duties with respect to the Plan.

   (2) In the event that any member of the Employer's workforce uses or discloses Protected Health Information other than as permitted by this Section and the Privacy Standards, the incident shall be reported to the Plan's privacy official. The privacy official shall take appropriate action, including:

       (i) investigation of the incident to determine whether the breach occurred inadvertently, through negligence or deliberately; whether there is a pattern of breaches; and the degree of harm caused by the breach;

       (ii) appropriate sanctions against the persons causing the breach which, depending upon the nature of the breach, may include oral or written reprimand, additional training, or termination of employment;

       (iii) mitigation of any harm caused by the breach, to the extent practicable; and

       (iv) documentation of the incident and all actions taken to resolve the issue and mitigate any damages.

(e) Certification. The Employer must provide certification to the Plan that it agrees to:

   (1) Not use or further disclose the information other than as permitted or required by the Plan documents or as required by law;

   (2) Ensure that any agent or subcontractor, to whom it provides Protected Health Information received from the Plan, agrees to the same restrictions and conditions that apply to the Employer with respect to such information;
(3) Not use or disclose Protected Health Information for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Employer;

(4) Report to the Plan any use or disclosure of the Protected Health Information of which it becomes aware that is inconsistent with the uses or disclosures permitted by this Section, or required by law;

(5) Make available Protected Health Information to individual Plan members in accordance with Section 164.524 of the Privacy Standards;

(6) Make available Protected Health Information for amendment by individual Plan members and incorporate any amendments to Protected Health Information in accordance with Section 164.526 of the Privacy Standards;

(7) Make available the Protected Health Information required to provide an accounting of disclosures to individual Plan members in accordance with Section 164.528 of the Privacy Standards;

(8) Make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the Plan available to the Department of Health and Human Services for purposes of determining compliance by the Plan with the Privacy Standards;

(9) If feasible, return or destroy all Protected Health Information received from the Plan that the Employer still maintains in any form, and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible; and

(10) Ensure the adequate separation between the Plan and members of the Employer's workforce, as required by Section 164.504(f)(2)(iii) of the Privacy Standards and set out in (d) above.

9.19 COMPLIANCE WITH HIPAA ELECTRONIC SECURITY STANDARDS

Under the Security Standards for the Protection of Electronic Protected Health Information (45 CFR Part 164.300 et. seq., the "Security Standards"):

(a) Implementation. The Employer agrees to implement reasonable and appropriate administrative, physical and technical safeguards to protect the confidentiality, integrity and availability of Electronic Protected Health Information that the Employer creates, maintains or transmits on behalf of the Plan. "Electronic Protected Health Information" shall have the same definition as set out in the Security Standards, but generally shall mean Protected Health Information that is transmitted by or maintained in electronic media.

(b) Agents or subcontractors shall meet security standards. The Employer shall ensure that any agent or subcontractor to whom it provides Electronic Protected Health Information shall agree, in writing, to implement reasonable and appropriate security measures to protect the Electronic Protected Health Information.

(c) Employer shall ensure security standards. The Employer shall ensure that reasonable and appropriate security measures are implemented to comply with the conditions and requirements set forth in Section 11.18.

9.20 MENTAL HEALTH PARITY AND ADDICTION EQUITY ACT

Notwithstanding anything in the Plan to the contrary, the Plan will comply with the Mental Health Parity and Addiction Equity Act and ERISA Section 712.
9.21 GENETIC INFORMATION NONDISCRIMINATION ACT (GINA)
Notwithstanding anything in the Plan to the contrary, the Plan will comply with the Genetic Information Nondiscrimination Act.

9.22 WOMEN'S HEALTH AND CANCER RIGHTS ACT
Notwithstanding anything in the Plan to the contrary, the Plan will comply with the Women's Health and Cancer Rights Act of 1998.
We are pleased to announce that we have adopted the Premium Only Plan for you and other eligible employees. Under this program, you will be able to pay for employer-sponsored benefits (health plans, life insurance, Health Savings Accounts, etc., as applicable based on the insurance coverages or other allowable benefits your Employer offers under the Plan) with a portion of your pay before federal income or Social Security taxes, if applicable are withheld. This means that you will pay less tax and have more money to spend and save.

Read this Summary Plan Description (SPD) carefully so that you understand the provisions of our Plan and the benefits you will receive. This SPD describes the Plan's benefits and obligations as contained in the legal Plan document, which governs the operation of the Plan. The Plan document is written in much more technical and precise language. If the non-technical language in this SPD and the technical, legal language of the Plan document conflict, the Plan document always governs. Also, if there is a conflict between an insurance contract and either the Plan document or this Summary Plan Description, the insurance contract will control. If you wish to receive a copy of the legal Plan document, please contact the Administrator.

This SPD describes the current provisions of the Plan which are designed to comply with applicable legal requirements. The Plan is subject to federal laws, such as the Internal Revenue Code and other federal and state laws which may affect your rights. The provisions of the Plan are subject to revision due to a change in laws or due to pronouncements by the Internal Revenue Service (IRS) or other federal agencies. We may also amend or terminate this Plan. If the provisions of the Plan that are described in this SPD change, we will notify you.

We have attempted to answer most of the questions you may have regarding your benefits in the Plan. If this SPD does not answer all of your questions, please contact the Administrator (or other plan representative). The name and address of the Administrator can be found in the Article of this SPD entitled "General Information About the Plan."

Overview:

This section contains general information, which you may need to know about the Clean Power Alliance of Southern California Premium Only Plan.

General Information:

1. Clean Power Alliance of Southern California Premium Only Plan is the name of the Plan.
2. The provisions of your adopted Plan are effective as of June 1, 2018.
   This Plan’s original effective date is June 1, 2018
3. Your Plan’s records are maintained over a twelve-month period. This is known as the Plan Year. The adopted plan year begins on June 1, 2018 and ends on May 31, 2019. Future plan years will be based on the same twelve-month period beginning each June 1 and ending each May 31.
4. Your Employer has assigned Plan Number 520 to your Plan.
5. This Plan is unfunded, meaning it is not otherwise provided under a separate trust arrangement or fully-insured insurance arrangement.
Employer Information:

Your Employer’s name, address, business telephone number and tax identification number are:

Clean Power Alliance of Southern California
555 West 5th St 35th Floor
Los Angeles, CA 90013
Telephone: 213-269-5871
Federal Employer I.D. Number: 82-2576927

Plan Administrator Information:

The name, address, business telephone number-, and tax identification number of your Plan’s Administrator are:

Clean Power Alliance of Southern California
555 West 5th St 35th Floor
Los Angeles, CA 90013
Telephone: 213-269-5871
Federal Employer I.D. Number: 82-2576927

The Administrator keeps the records for the Plan and is responsible for the administration of the Plan. The Administrator will also answer any questions you may have about our Plan. You may contact the Administrator for any further information about the Plan.

Service of Legal Process

The name and address of the Plan’s agent for service of legal process are:

Clean Power Alliance of Southern California
555 West 5th St 35th Floor
Los Angeles, CA 90013
Telephone: 213-269-5871
Federal Employer I.D. Number: 82-2576927

Type of Administration

The type of administration is Insurer Administration.

Unless the Plan provides otherwise, the Administrator keeps the records for the Plan and is responsible for the administration and interpretation of the Plan. The Administrator will also answer any questions you may have about the Plan.

1. How Does This Plan Operate?

Before the start of each Plan Year, you will be able to elect to have some of your future salary or other compensation amount contributed to the Plan. In lieu of receiving those amounts in cash (i.e. your future salary or other compensation will be automatically reduced by the amount elected as a contribution to the Plan). The money contributed will be used to pay for benefits you have elected based on the options sponsored by your Employer (and as identified on your "Election to Participate" form). The portion of your pay that is contributed to pay for the benefits provided for under the Plan is not subject to Federal income or Social Security taxes. In other words, the Plan allows you to use tax-free dollars to pay for insurance coverage, premium amounts, or other allowable plan contributions or expenses which you normally pay for with out-of-pocket, taxable dollars.

2. What Happens to Contributions Made to the Plan?

Before each Plan Year begins, you will select the benefits or programs you desire to pay for through the Plan with your own pre-tax contributions. Then, during each pay period during that next Plan Year, the contributions deducted from your paycheck will be used to pay your portion of your employer-sponsored benefit coverage (health plan, life insurance, Health Savings Account contributions, etc.). With the exception of HSA contributions that remain available for your use under terms established under your HSA arrangement, any other contribution amounts that are not used during a Plan Year to provide insurance benefits will be forfeited and may not be paid to you in cash or used to provide benefits specifically for you in a later Plan year.

3. When Must I Decide Whether to Participate?

You are required by Federal law to decide whether you want to pay premiums through the Plan before the Plan Year begins. This is called the “election period.” If for some reason you do not complete an election to participate in the Plan during that Plan Year, you will be considered to have elected not to participate in the Plan for that Plan Year, and therefore you will receive the full amount of your salary or other compensation without reduction for Benefits provided hereunder, or any reduction on applicable employment tax costs.
4. When Is the “Election Period” for Our Plan?

Your election period will start on the date you first meet the “eligibility requirements” and end 30 days after your “entry date.” Then, for each following Plan Year, the election period is established by the Administrator and applied uniformly to all participants. It will normally be a period of time prior to the beginning of each Plan Year. The Administrator will inform you each year about the election period.

5. May I Change My Elections During the Plan Year?

Generally, you cannot change the elections you have made after the beginning of the Plan Year. However, there are certain limited situations when you can change your elections. You are permitted to change elections if you have a “change in status” and you make an election change that is consistent with the “change in status.” Currently, Federal law considers the following events to be “changes in status”:

- Marriage, divorce, death of a spouse, legal separation or annulment;
- Change in the number of dependents, including birth, adoption, placement for adoption, or death of a dependent;
- Any of the following events for you, your spouse or dependent: termination or commencement of employment, a strike or lockout, commencement or return from an unpaid leave of absence, a change in worksite, or any other change in employment status that affects eligibility for benefits;
- One of your dependents satisfies or ceases to satisfy the requirements for coverage due to change in age, student status, or any similar circumstance, including a change to cover adult children who have not attained age 27 as of the end of the taxable year; and
- A change in the place of residence of you, your spouse or dependent.

There are detailed rules on when a change in election is deemed to be consistent with a “change in status.” In addition, there are laws that give you rights to change accident and health coverage for you, your spouse, or your dependents. If you change coverage due to rights you have under the law, then you can make a corresponding change in your elections under the Plan. If any of these conditions apply to you, you should contact the Administrator.

If the cost of a benefit provided under the Plan increases or decreases during a Plan Year, then we will automatically increase or decrease, as the case may be, your salary redirection election. If the cost increases significantly, you will be permitted to either make corresponding changes in your payments or revoke your election and obtain coverage under another benefit package option with similar coverage, or revoke your election entirely.

If the coverage under a Benefit is significantly curtailed, and such curtailment results in a loss of coverage, or ceases during a Plan Year, then you may revoke your elections and elect to receive, on a prospective basis, coverage under another plan with similar coverage. In addition, if we add a new coverage option or eliminate an existing option, or significantly improve an existing option, you may elect the newly added or improved option (or elect another option if an option has been eliminated) and make corresponding election changes to other options providing similar coverage. If you are not a Participant, you may elect to join the Plan. There are also certain situations when you may be able to change your elections on account of a change under the plan of your spouse’s, former spouse’s or dependent’s employer.

If you elected to salary reduce through your Employer’s Premium Only Plan for accident and health plan coverage, you are allowed to prospectively revoke or change your election with respect to the accident or health plan to begin participation during open enrollment or a Special Enrollment Period, such as marriage or addition of dependent, of a Marketplace Qualified Health Plan (QHP). The new coverage in the QHP must be effective no later than the day immediately following the last day of the original coverage that is revoked.

If you elected to salary reduce through your Employer’s Premium Only Plan for accident and health plan coverage, and you moved from full-time status (at least 30 hours of service per week), to part-time status (less than 30 hours of service per week), even if the reduction in hours does not result in you ceasing to be eligible under the group health plan, you are allowed to prospectively revoke or change your election with respect to the accident or health plan and seek coverage in another plan that provides minimum essential coverage. The new coverage must be effective no later than the first day of the second month following the month that includes the date the original coverage is revoked.

In addition, a change in compensation or a financial “hardship” is not a reason to change your election amount.

If you have declined enrollment in the Plan for you or your dependents (including a spouse) because of coverage under Medicaid or the Children’s Health Insurance Program (SCHIP), there may be a right to enroll in this Plan if there is a loss of eligibility for the government-provided coverage. However, a request for enrollment must be made within 60 days after the government-provided coverage ends.

In addition, if you declined enrollment in the Plan for you or your dependents (including spouse), and later become eligible for state assistance through a Medicaid or Children’s Health Insurance Program which provides help with
paying for Plan coverage, then there may be a right to enroll in this Plan. However, a request for enrollment must be made within 60 days after the determination of eligibility for the state assistance.

The Plan may permit you to make a prospective election change that is on account of and corresponds with a change made under a spouse’s or dependent’s employer plan if the election for a period of coverage for this Plan is different from the period of coverage (open enrollment) under the other cafeteria plan or qualified benefits plan.

However, with respect to the Health Savings Account, you may modify or revoke your elections without having to have a change in status.

6. **May I Make New Elections in Future Plan Years?**

Yes, you may. For each new Plan Year, you may change the elections that you previously made. You may also choose not to participate in the Plan for the upcoming Plan Year. If you do not make new elections during the “election period” before a new Plan Year begins, we will consider that to mean you have elected not to participate for the upcoming Plan Year. New elections must be made during the “election period” prior to the beginning of each Plan Year. However, any Eligible Employee who was a Participant in the Plan prior to the date this Plan update became effective shall continue to be eligible to participate in the Plan unless some other termination event has occurred in the interim.

7. **What Insurance Coverage May I Purchase?**

Under our Plan, you can choose to receive your entire compensation or use a portion to pay premiums on a pre-tax basis for any one or more health insurance, disability insurance, or group term life insurance policies that we decide to offer through the Plan. However, you should note that if disability insurance is paid for on a pre-tax basis, any benefits you receive under your disability insurance policy may be taxable. You should contact your own tax advisor or accountant to determine the most appropriate election for these coverage’s under the Plan.

Certain limits may apply on the amount of coverage that we obtain on your behalf. The insurance contracts will normally control.

Your Employer may terminate or modify Plan benefits at any time, subject to the provisions of any insurance contracts providing benefits described above. We will not be liable to you if an insurance company fails to provide any of the benefits described above. Also, your insurance will end when you leave employment, are no longer eligible under the terms of any insurance policies, or when insurance coverage terminates.

Any benefits to be provided by insurance will be provided only after (1) you have provided the Administrator the necessary information to apply for insurance, and (2) the insurance is in effect for you.

If you cover your children up to age 26 under your insurance, you can pay for that coverage through the Plan.

8. **Will My Social Security Benefits Be Affected?**

Your Social Security benefits may be slightly reduced, because when you receive tax-free benefits under our Plan, it reduces the amount of contributions that you make to the Federal Social Security system as well as our contribution to Social Security on your behalf.

9. **What if I take a Family or Medical Leave?**

If you take an unpaid leave under the Family and Medical Leave Act, you may revoke or change your existing elections for health insurance and participate in annual enrollment. If your coverage in these benefits terminates, due to your revocation of the benefit while on leave or due to your non-payment of contributions, you must reinstate coverage for the remaining portion of the Plan Year upon your return.

Your employer may choose to continue coverage on your behalf during your FMLA leave. Your employer will arrange a schedule for you to “catch up” your payments when you return.

If you continue your coverage during your unpaid leave, you may pre-pay for the coverage through payroll deduction prior to the start of your leave provided such payroll deduction is for benefits within the remaining portion of the plan year, you may pay for your coverage on an after-tax basis while you are on leave, or you and your Employer may arrange a schedule for you to “catch up” your payments when you return.

If you take a paid leave under the Family and Medical Leave Act, you may participate in annual enrollment, and you will be required to continue coverage while on FMLA, your share of the premiums being paid by the method normally used during any paid leave.

In all instances, a paid or unpaid leave under FMLA will be treated in the same manner and consistent with a non-FMLA paid or unpaid leave.

10. **Do Limitations Apply to Highly Compensated Employees?**

Under the Internal Revenue Code, “highly compensated employees” and “key employees” generally are Participants who are officers, shareholders or highly paid. You will be notified by the Administrator each Plan Year whether you are a “highly compensated employee” or a “key employee”.

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**CLEAN POWER ALLIANCE BOARD OF DIRECTORS**

**AGENDA ITEM 2 - ATTACHMENT 1**

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If you are within these categories, the amount of contributions and benefits for you may be limited so that the Plan as a whole does not unfairly favor those who are highly paid, their spouses or their dependents. These provisions are also applicable if your Employer makes Employer contributions through the Plan on your behalf.

Your own circumstances will dictate whether contribution limitations on “highly compensated employees” or “key employees” will apply. You will be notified of these limitations if you are affected.

11. What Happens If I Terminate Employment?
If you leave our employ during the Plan Year, you will remain covered by insurance, but only for the period for which premiums have been paid prior to your termination of employment. Any amounts that are not used during a Plan Year to provide benefits will be forfeited and may not be paid to you in cash or used to provide benefits specifically for you in a later Plan Year.

If you are enrolled in a Health Savings Account and are making contributions through the Plan, any unused amounts within your HSA will continue to be available to you for withdrawal to pay qualified expenses on a tax-free basis, or may be distributed to you, subject to applicable IRS guidelines or the terms of your HSA account. You should contact the HSA Trustee to discuss any questions regarding any rights you may have to unused amounts held in your Health Savings Account at termination.

12. What is a Health Savings Account?
In addition to the Premium Only Plan, described above, this Plan also may provide for contributions (via payroll deduction) to be made by you on a pre-tax basis to a “Health Savings Account” (also referred to as an "HSA Program"). The HSA is a new type of account that enables those who elect to participate in this program to pay eligible HSA Medical Expenses or allow distribution of remaining balances for other qualifying purposes. The HSA Program, if applicable, is separately provided and administered through an HSA Trustee or similar custodial account. Your Employer's election to enable you to make contributions to the HSA Program merely provides the opportunity for you to contribute such amounts through this Plan on a pre-tax basis.

In general, unless otherwise excluded from participation, all Participants under the Premium Only Plan are eligible to receive benefits under this HSA Program, as long as they are otherwise eligible to participate in the Premium Only Plan. Enrollment and termination conditions in the Premium Only Plan shall generally constitute enrollment and termination of participation under this HSA Program as well. In addition, other matters concerning contributions, elections and the like shall be governed by the general provisions of the Premium Only Plan; if your Employer elects to allow you to make contributions through this Plan to your HSA plan; you elect the amount to have withdrawn from your salary in the same manner as otherwise set forth above. Your employer may also elect to contribute employer contribution amounts to your HSA plan, on a discretionary basis, and in accordance with the Plan's general limitations on the allow ability for employer contributions overall (NOTE: you should contact the HSA Trustee for any other questions you may have about eligibility to establish or participate in an HSA, what benefits may be received through participation in such program and how contributed HSA amounts are used to pay for qualifying expenses under their program).

Once eligible and elected, the Administrator will establish a Health Savings Account for each person who elects to apply contributed amounts to the HSA Program established or provided by your HSA Trustee. (NOTE: you should contact the HSA Trustee for more information about the amount you may contribute each year. Your HSA Trustee will provide more information to you regarding the requirements for participation in the HSA program and the benefits you are entitled to there under. To the extent of any conflict between the terms of this Plan and the HSA program to which you are participating in, to the extent of your HSA, the terms of your HSA would control.) We are not responsible for the decisions and operations of the HSA Trustee in the administration of your HSA.

13. Qualified Medical Child Support Order
A medical child support order is a judgment, decree or order (including approval of a property settlement) made under state law that provides for child support or health coverage for the child of a participant. The child becomes an "alternate recipient" and can receive benefits under the health plans of the Employer, if the order is determined to be "qualified." You may obtain, without charge, a copy of the procedures governing the determination of qualified medical child support orders from the Plan Administrator.

14. Summary
The money you earn is important to you and your family. You need it to pay your bills, enjoy recreational activities and save for the future. Our premium benefits plan will help you keep more of the money you earn by lowering the amount of taxes you pay. The Plan is the result of our continuing efforts to find ways to help you get the most for your earnings.

If you have any questions, please contact the Administrator.
RECOMMENDATION

1. Adopt Resolution 18-011 to authorize California State Disability Insurance Program for CPA employees.
2. Authorize the Executive Director, or designee, to take such actions that are deemed necessary and proper in order to implement the State Disability Insurance program for CPA employees.

BACKGROUND

On April 5, 2018, the CPA Board adopted an employee benefits package for vacation, sick leave, retirement, and health care to balance the objectives of recruiting and retaining top talent to CPA while limiting long-term liabilities and cost uncertainty, particularly regarding retirement benefits.

Disability insurance is a component of the State Disability Insurance (SDI) program, established in 1946, to provide partial wage replacement benefits to eligible California workers who are unable to work due to a non-work-related illness, injury, or pregnancy.
Approximately 18.3 million California workers are covered by the SDI program. SDI contributions are paid by California workers through employee payroll deductions.

Subsequent to the Board’s approval of CPA’s benefits package in April, staff completed the necessary steps to establish the administrative account through the State of California Employment Development Department. A Board Resolution, presented here for approval, is required to certify CPA’s participation in the SDI program and enable staff to complete the final account processing steps for administration of these benefits. Participation in the plan does not automatically confer any new benefits to CPA employees.

Attachment: 1) Resolution 18-011
RESOLUTION NO. 18-011

RESOLUTION OF THE BOARD OF DIRECTORS OF CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA AUTHORIZATION FOR PARTICIPATION IN THE STATE DISABILITY INSURANCE PROGRAM

THE BOARD OF DIRECTORS OF CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA HEREBY RESOLVES AS FOLLOWS:

WHEREAS, Clean Power Alliance of Southern California (formerly known as Los Angeles Community Choice Energy Authority) (“Clean Power Alliance” or “CPA”) was formed on June 27, 2017;

WHEREAS, on April 5, 2018, the CPA Board of Directors adopted an employee benefits package for vacation, sick leave, retirement, and health care to balance the objectives of recruiting and retaining top talent to CPA while limiting long-term liabilities and cost uncertainty, particularly regarding retirement benefits;

WHEREAS, the State Disability Insurance (“SDI”) program, established in 1946, provides partial wage replacement benefits to eligible California workers who are unable to work due to a non-work-related illness, injury, or pregnancy; and

WHEREAS, SDI contributions are paid by California workers through employee payroll deductions.

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF THE CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA:

1. Clean Power Alliance is hereby authorized to participate in the SDI program.

2. The Executive Director, or designee, is hereby authorized to take such actions that are deemed necessary and proper in order to implement the SDI program for CPA employees.

ADOPTED AND APPROVED this ___ day of __________ 2018.

____________________________
Chair

ATTEST:

____________________________
Secretary
To: Clean Power Alliance (CPA) Board of Directors

From: Ted Bardacke, Executive Director

Subject: Amendment No. 1 to Memorandum of Understanding between County of Los Angeles and Clean Power Alliance

Date: August 16, 2018

RECOMMENDATIONS

1. Authorize the CPA Executive Director to Execute Amendment No. 1 to the Memorandum of Understanding (MOU) between the County of Los Angeles and Clean Power Alliance.

2. Authorize the CPA Executive Director, or designee, to execute future amendments to the MOU between the County of Los Angeles and Clean Power Alliance.

DISCUSSION

Since June 2017, CPA (and the former LACCE) has had in place an MOU with the County of Los Angeles. The MOU covers several items, including documentation of the $10 million start-up loan provided by LA County, and the provision of certain services to CPA by LA County staff, particularly the CEO’s Office, County Counsel and the Auditor/Controller.

At the request of CPA, on August 7, 2018 the LA County Board of Supervisors approved an extension of the due date for the LA County loan to September 30, 2020, an extension that will allow CPA to accumulate two full summers of revenue and reserves prior to paying back the loan. To make this extension official, the MOU must be amended to
reflect the new due date. The amended MOU is also a required document CPA must provide to River City Bank prior to any disbursement of the Revolving Line of Credit.

LA County’s August 7 action also authorized amendments to the MOU to change the name of the organization from LACCE to CPA and to extend the ability of CPA to access County services through the end of the term of the LA County loan.

Attachment: 1) Amendment No. 1 to MOU Between County of Los Angeles and Clean Power Alliance of Southern California
MEMORANDUM OF UNDERSTANDING

BY AND BETWEEN

THE COUNTY OF LOS ANGELES

AND

CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA

AMENDMENT NO. 1

This Amendment No. 1 ("Amendment") to the Memorandum of Understanding ("MOU") is entered into this _____ day of_____________, 2018, by and between the County of Los Angeles ("County") and the Los Angeles Community Choice Energy Authority, a joint powers authority, now known as the Clean Power Alliance of Southern California for the following purposes and subject to the following understandings between the parties.

WHEREAS, on June 27, 2017, the Los Angeles Community Choice Energy Authority ("LACCE Authority") was formed pursuant to a Joint Powers Agreement to study, promote, develop, conduct, operate, and manage energy programs in Southern California;

WHEREAS, on August 4, 2017, the County and LACCE Authority executed the MOU so to provide a no-interest loan to the LACCE Authority in an amount not to exceed $10 million (County Funds) to be repaid June 30, 2018 and also to provide staff and consulting services to the LACCE Authority for implementation of the LACCE program;

WHEREAS, on April 5, 2018, the LACCE Authority Board of Directors voted and approved the name of the LACCE Authority to "Clean Power Alliance of Southern California" ("Clean Power Alliance") and authorized the Executive Director to amend all current contracts and agreement to reflect its new name;

WHEREAS, on April 10, 2018, the County's Board of Supervisors approved an extension of the repayment term of the County Funds loan from June 30, 2018 to June 30, 2019;

WHEREAS, on August 7, 2018, the County's Board of Supervisors approved a further extension of the repayment term of the County Funds loan from June 30, 2019 to September 30, 2020; and

WHEREAS, the County and Clean Power Alliance wish to amend this MOU to reflect the new name of the Clean Power Alliance, and continue to authorize the Clean Power Alliance to continue using the County services as well as extend the term of repayment of the County Loan.

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions set forth herein, the parties hereto agree as follows:

1. All references to the LACCE Authority shall be now changed to the Clean Power Alliance.
2. Section 2(d) of the MOU shall be amended as follows to extend the County services to be provided to the Clean Power Alliance:

"d. During the term of this MOU, the County staff in the offices of County Counsel, Auditor-Controller, Chief Executive Office, Internal Services Department, Treasurer and Tax Collector, Department of Human Resources, and others as appropriate and necessary shall continue serving, when requested, the Clean Power Alliance in the performance of similar duties as said officers perform for the County. No other function or service shall be performed hereunder by any County officer or department unless such function or service shall have been requested in writing by the Clean Power Alliance's Executive Director or on the order of the Board of Supervisors or the Board of Directors, and each such service or function shall be performed at the times and under circumstances which do not interfere with the performance of regular County operations. County and Clean Power Alliance shall acknowledge in writing the scope of services to be performed."

3. Section 3(b) of the MOU shall be amended as follows to extend the loan repayment of the County Funds to September 30, 2020:

"b. Repayment of the County Funds is due September 30, 2020."

4. Section 7 (Notices and Approvals) shall be amended as follows:

"7. Notices and Approvals

All notices and approvals shall be directed to and made by the following representatives of the Parties:

A. To the County:

   Chief Executive Office
   Kenneth Hahn Hall of Administration, Room 493
   500 West Temple Street
   Los Angeles, CA 90012
   Attn: Gary Gero, Chief Sustainability Officer

B. To the Clean Power Alliance:

   Theodore Bardacke, Executive Director
   555 West 5th Street, 35th Floor
   Los Angeles, CA 90013"

5. Except to the extent specifically modified by this Amendment, all provisions of the MOU remain in full force and effect. This Amendment and the MOU constitute the entire, full and complete agreement between the Parties concerning the subject matter hereof, and supersedes all prior or contemporaneous oral or written communications.

IN WITNESS WHEREOF, the Clean Power Alliance has executed this Amendment No. 1, or caused it to be duly executed by its authorized representative, and the County of Los Angeles by order of its Board of Supervisors, has delegated to its Chief Executive Officer the authority to execute this Amendment No. 1 on its behalf on the date and year written below.
CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA:

By: ___________________________________ Date: ____________________
    Theodore Bardacke
    Executive Director

COUNTY OF LOS ANGELES:

By: ___________________________________ Date: ____________________
    Sachi A. Hamai
    Chief Executive Officer

APPROVED AS TO FORM FOR THE COUNTY:

MARY C. WICKHAM
County Counsel

By: ___________________________________
    Behnaz Tashakorian
    Senior Deputy County Counsel
Staff Report – Agenda Item 5

To: Clean Power Alliance (CPA) Board of Directors
From: Matthew Langer, Chief Operating Officer
Approved by: Ted Bardacke, Executive Director
Subject: Contract and Task Order with MRW & Associates for Rate Setting and Cost of Service Analysis Consulting Services
Date: August 16, 2018

RECOMMENDATION
Authorize the Executive Director to execute the Master Agreement and Task Order No. 1 with MRW & Associates for Rate Setting and Cost of Service Analysis consulting services for a not-to-exceed amount of $158,120.

BACKGROUND
CPA’s goal is to set rates that generate revenue sufficient to cover costs, including reserves, that are competitive with SCE rates and consistent with direction provided by the CPA Board of Directors (Board). The Board is expected to approve 2019 Residential rates in November 2018 and Non-Residential rates in February 2019.

In support of CPA’s 2019 rate setting process, staff issued a Solicitation for Rate Setting and Cost of Service Analysis to firms on CPA’s pre-qualified vendor list for rate-related services. The purpose of the Solicitation is to acquire consulting services for three tasks: (1) developing a process for setting rates, (2) developing rate setting and analysis tools including a cost of service (COS) model and a rate setting model, and (3) developing final 2019 rates for approval by the Board. The COS model will ensure that CPA not only sets overall rates that allow it to cover costs, but also to identify if there are any customer
classes or special rates where CPA can and should deviate from SCE’s rate structure. In addition, the Task Order calls for developing new rates for two important CPA customer classes – transportation agencies transitioning to electric vehicles and water agencies seeking to control pumping and treatment costs. Funding for this work is included in CPA’s Fiscal Year 2018-2019 budget.

SELECTION PROCESS
The Solicitation was sent to CPA’s pre-qualified vendor list for rate-related services. Three vendors responded with proposals that ranged in cost from $158,120 to as much as $310,000.

In reviewing the proposals, CPA considered cost and experience of the vendors on similar tasks and selected MRW & Associates (MRW). MRW is a specialized energy consulting firm with broad experience in utility rate setting and COS analysis. MRW brings a deep understanding of California utility rates that will add value and insight to CPA’s rate setting process. Their experience includes forecasting rates for the three California investor-owned utilities, demonstrating a grasp of both the rate structures and drivers that will be critical for CPA’s efforts. The project team includes a mix of relevant practical expertise with cost of service modeling, rate design, regulatory drivers, and financial considerations. At $158,120, their proposal is within CPA’s anticipated cost for these services.

Attachment: 1) MRW Scope of Work for Rate Setting and Cost of Service Analysis
Exhibit E-1

MASTER AGREEMENT TASK ORDER
(TIME AND MATERIALS BASIS)

MRW & ASSOCIATES LLC

Task Order No. 1 CPA Master Agreement No. TBD

Project Title: Rate Setting and Cost of Service Analysis

Period of Performance: August 17, 2018 to April 30, 2018

CPA Project Director: Matthew Langer

CPA Task Order Manager: Matthew Langer

I. GENERAL

Contractor shall satisfactorily perform all Services detailed in the Task Order Description attached hereto as Exhibit E-1A, on a time and materials basis, in compliance with the terms and conditions of Contractor’s Master Agreement identified above.

II. PERSONNEL

Contractor shall provide the below-listed personnel whose labor rates are as shown:

<table>
<thead>
<tr>
<th>Skill Category</th>
<th>Rate Setting and Cost of Service Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name: Mark Fulmer</td>
<td>@ $300.00/hour.</td>
</tr>
<tr>
<td>Name: Mary Neal</td>
<td>@ $260.00/hour.</td>
</tr>
<tr>
<td>Name: Anna Casas</td>
<td>@ $165.00/hour.</td>
</tr>
<tr>
<td>Name: Naina Gupta</td>
<td>@ $150.00/hour.</td>
</tr>
<tr>
<td>Name: George Randolph</td>
<td>@ $135.00/hour.</td>
</tr>
</tbody>
</table>

III. PAYMENT

A. The Total Maximum Amount that CPA shall pay Contractor for all Services to be provided under this Task Order shall not exceed One Hundred Fifty-Eight Thousand and Twenty Dollars ($158,120).

B. Contractor shall invoice CPA only for hours actually worked, in accordance with the terms and conditions of Contractor’s Master Agreement. Contractor shall be responsible for limiting the number of hours worked by Contractor personnel under this TASK ORDER, not to exceed the Total Maximum Amount in III.A, above.
C. Contractor shall satisfactorily perform and complete all required Services in accordance with Statement of Work notwithstanding the fact that total payment from CPA shall not exceed the Total Maximum Amount.

D. Contractor shall submit all invoices under this Task Order to:

   Clean Power Alliance  
   Attn: Accounts Payable  
   555 West 5th Street, 35th Floor  
   Los Angeles, CA 90013.

IV. SERVICES

   In accordance with Master Agreement Section 2 (Work), Contractor may not be paid for any task, deliverable, service, or other work that is not specified in this Task Order, and/or that utilizes personnel not specified in this Task Order, and/or that exceeds the Total Maximum Amount of this Task Order, and/or that goes beyond the expiration date of this Task Order.

   ALL TERMS OF THE MASTER AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT. THE TERMS OF THE MASTER AGREEMENT SHALL GOVERN AND TAKE PRECEDENCE OVER ANY CONFLICTING TERMS AND/OR CONDITIONS IN THIS TASK ORDER. NEITHER THE RATES NOR ANY OTHER SPECIFICATIONS IN THIS TASK ORDER ARE VALID OR BINDING IF THEY DO NOT COMPLY WITH THE TERMS AND CONDITIONS OF THE MASTER AGREEMENT.

   Contractor’s signature on this Task Order document confirms Contractor’s awareness of the terms and conditions of the Master Agreement and specifically with the provisions of Section 2 (Work) of the Master Agreement, which establishes that Contractor shall not be entitled to any compensation whatsoever for any task, deliverable, service, or other work:

   A. That is not specified in this Task Order, and/or
   B. That utilizes personnel not specified in this Task Order, and/or
   C. That exceeds the Total Maximum Amount of this Task Order, and/or
   D. That goes beyond the expiration date of this Task Order.

   REGARDLESS OF ANY ORAL PROMISE MADE TO CONTRACTOR BY ANY CLEAN POWER ALLIANCE PERSONNEL WHATSOEVER.

MRW & ASSOCIATES LLC  
By: Mark Fulmer  
Name: Mark Fulmer  
Title: Principal  
Date: __________

CLEAN POWER ALLIANCE  
By: Ted Bardacke  
Name: Ted Bardacke  
Title: Executive Director  
Date: __________
Exhibit E-1A

TASK ORDER DESCRIPTION

Rate Setting and Cost-of Service Analysis

SUMMARY

Support CPA’s 2019 ratemaking by developing and implementing a rate setting process. Support CPA’s efforts to provide customer-friendly rates that also meet CPA’s financial objectives by analyzing the cost of service for CPA’s various rates. Use the rate setting process and cost of service analysis to design rate classes and tiered rate offerings.

TASK LIST

1. Rate Setting Process analysis
   a. Evaluate CPAs existing rate setting methodology (discount relative to SCE rates for 36% and 50% tiers; premium rate for 100% tier)
      i. Analyze existing rates and tiered offerings
      ii. Identify gaps and opportunities for improvement in CPA’s existing Rate Setting Process. Questions to consider include, but are not limited to:
         1. Are all necessary rate elements considered in Rate Setting approach?
         2. Should rates be set as a discount to SCE generation rates or overall rates?
         3. Should each rate tier (36%, 50%, 100%) be set as at a rate relative to SCE rates or should higher tier rates be set based on a variable adder on base rates?
         4. What other rate setting approaches should CPA consider?
   b. Recommend improvements for 2019 Rate Setting Process based on above analysis and incorporating best practices from other CCAs

   Task 1 deliverables: Written assessment of CPA Rate Setting Process approach; recommendations; timeline for implementation.

2. Ratemaking tools¹
   a. Cost-of-Service Model

¹ All models shall be produced in Excel and provided to CPA in unlocked formats.
i. COS Model will compare the revenues from CPA’s actual or projected rates with CPA’s actual or projected costs of power and overheads to determine the profitability of each rate class and tier.
   1. COS Model shall accept cost assumptions from CPA’s financial model and analyze the profitability of each rate class
ii. Consultant shall identify rate classes that are insufficiently profitable and recommend alternative approaches, if needed

b. Rate Setting Model (RSM)
i. Develop a model to set rates based on various assumptions and scenarios
   1. RSM shall incorporate relevant insights from Task 1 to ensure completeness and adherence to best practices
   2. RSM shall have flexibility to apply a single rate discount across all rate classes or unique rate discount to each rate class or tier
   3. RSM shall produce outputs that are compatible with CPA’s financial model and easily transferable into customer rate sheets
   4. COS Model shall be integrated with RSM in order to quickly assess the impact of various scenarios to cost of service results

Task 2 deliverables: Rate Setting Model and COS Model. Analysis of insufficiently profitable rate classes and recommended remedial action. Review sessions with CPA staff to provide training on how the models work and discuss key findings.

3. Final Rate Setting Implementation
   a. Residential Rate Classes
      i. Using the approach and tools adopted in Tasks 1 and 2, develop 2019 rates based on updated rates from SCE and other inputs
      ii. Create rate sheets and rate/cost comparisons for use by CPA’s data manager and for distribution to customers
         1. This shall include Joint Rate Comparisons (JRC) for joint mailers with SCE and JRCs for all rates to be posted on CPA’s website
         2. Rate sheets for use by CPA’s data manager will be produced in a format acceptable to the data manager
   b. Non-Residential Rate Classes
      i. Using the approach and tools adopted in Tasks 1 and 2, develop 2019 rates based on updated rates from SCE and other inputs
      ii. Based on input from CPA staff, design custom rates to address the needs of key customer classes and uses such as Electric Vehicle charging and water agencies.
      iii. Create rate sheets and rate/cost comparisons for use by CPA’s data manager and for distribution to customers
          1. This shall include Joint Rate Comparisons (JRC) for joint mailers with SCE and JRCs for all rates to be posted on CPA’s website
          2. Rate sheets for use by CPA’s data manager will be produced in a format acceptable to the data manager
   c. Transit and Water Agency Rate Design
i. Participate in focus groups with key water and transit agency customers in order to identify unique customer rate design needs
ii. Based on feedback from focus groups, work with CPA staff to design rates that fulfill water and transit agency customer needs.

**Task 3 deliverables:** Final 2019 rates and customer rate sheets and comparisons.

4. **As-Needed Consulting**
   a. Provide consulting services for matters related to rates, but outside of the specific scope of work identified in Task 1, 2 and 3.
   b. The parties will agree in advance when a request falls under Task 4.

**Task 4 deliverables:** TBD, as needed.

**SCHEDULE AND COORDINATION**

Each task listed above will be undertaken in close coordination with CPA staff. The consultant will discuss initial findings or approaches for each task with CPA staff before developing final work products in order to avoid rework. Staff will provide timely feedback and input in developing the work product.

Existing timelines for CPA and SCE rate setting drive the schedule for the Task Order. The key events for CPA’s 2019 Rate Setting Process are listed below. Note: rows shaded in grey are milestones that inform the schedule, but do not indicate Task Order due dates.

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 16 Board Meeting</td>
<td>CPA finalizes rate options (e.g. 36% RPS, 50% RPS, 100% RPS) and Task Order</td>
</tr>
<tr>
<td>August 20</td>
<td>Task Order kick-off with consultant</td>
</tr>
<tr>
<td>August – October</td>
<td>CPA members select default rate option with conservative guidance on savings vs. SCE</td>
</tr>
<tr>
<td>August 31</td>
<td>Complete Task 1: Rate Setting Process Analysis</td>
</tr>
<tr>
<td>October 1</td>
<td>Complete Task 2a: COS Model for all customer classes</td>
</tr>
<tr>
<td>November 1</td>
<td>Complete Task 2b: Rate Setting Model</td>
</tr>
<tr>
<td>Early November</td>
<td>SCE files updated rate forecast</td>
</tr>
<tr>
<td>November 10</td>
<td>Complete Task 3a: Residential Rate Setting</td>
</tr>
<tr>
<td>Event Date</td>
<td>Task Description</td>
</tr>
<tr>
<td>---------------------</td>
<td>-------------------------------------------------------</td>
</tr>
<tr>
<td>Mid November Board Meeting</td>
<td>CPA sets Residential rates (in time for Dec pre-enrollment notice)</td>
</tr>
<tr>
<td>Late December</td>
<td>SCE Advice Letter setting final rates (effective January 1)</td>
</tr>
<tr>
<td>January 4</td>
<td>Update Task 3a, if necessary: Residential Rate Setting</td>
</tr>
<tr>
<td>January Board Meeting</td>
<td>CPA calibrate Residential rates if necessary (esp. TOU rates)</td>
</tr>
<tr>
<td>February 1</td>
<td>Complete Task 3b: Non-Residential Rate Setting</td>
</tr>
<tr>
<td>February Board Meeting</td>
<td>Set Commercial rates (in time for Mar pre-enrollment notice)</td>
</tr>
</tbody>
</table>
EXHIBIT E-1B

FORMS REQUIRED FOR EACH TASK ORDER
BEFORE WORK BEGINS

E-1B-1 CERTIFICATION OF EMPLOYEE STATUS

E-1B-2 CERTIFICATION OF NO CONFLICT OF INTEREST

E-1B-3 CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

E-1B-4 CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

E-1B-5 PROTECTION FOR CONFIDENTIAL INFORMATION POLICY ACKNOWLEDGMENT

E-1B-6 PRIVACY AND CUSTOMER CONFIDENTIALITY POLICY ACKNOWLEDGEMENT
CERTIFICATION OF EMPLOYEE STATUS

(Note: This certification is to be executed and returned to CPA with Contractor's executed Task Order. Work cannot begin on the Task Order until CPA receives this executed document.)

MRW & ASSOCIATES LLC

Task Order No. 1 CPA Master Agreement No. TBD

I CERTIFY THAT: (1) I am an Authorized Official of Contractor; (2) the individual(s) named below is(are) this organization’s employee(s); (3) applicable state and federal income tax, FICA, unemployment insurance premiums, and workers’ compensation insurance premiums, in the correct amounts required by state and federal law, will be withheld as appropriate, and paid by Contractor for the individual(s) named below for the entire time period covered by the attached Task Order.

EMPLOYEES

1. ANNA CASAS
2. NAINA GUPTA
3. MARY NEAL
4. GEORGE RANDLOPH

I declare under penalty of perjury that the foregoing is true and correct.

Signature of Authorized Official

MARK FULMER
Printed Name of Authorized Official

PRINCIPAL
Title of Authorized Official
Exhibit E-1B-2

CERTIFICATION OF NO CONFLICT OF INTEREST

(Note: This Certification is to be executed and returned to CPA with Contractor’s executed Task Order. Work cannot begin on the Task Order until CPA receives this executed document.)

MRW & ASSOCIATES, LLC

Task Order No. 1 CPA Master Agreement No. TBD

The Clean Power Alliance will not contract with, and shall reject any response to the Pre-Qualification RFQ submitted by, the persons or entities specified below, unless the Executive Director finds that special circumstances exist which justify the approval of such contract:

1. Employees of CPA or staff of any of the members or members of the Board of CPA.
2. Profit-making firms or businesses in which its employees may have participated in the preparation of the bid or proposal of the Task Order.

Contractor hereby declares and certifies that no Contractor personnel, nor any other person acting on Contractor’s behalf, who prepared and/or participated in the preparation of the bid or proposal submitted for the Task Order specified above, has a conflict that would prevent them from completing the Task Order.

I declare under penalty of perjury that the foregoing is true and correct.

________________________________________
Signature of Authorized Official

MARK FULMER
Printed Name of Authorized Official

PRINCIPAL
Title of Authorized Official

________________________________________
Date
GENERAL INFORMATION:
The Contractor referenced above has entered into a Master Agreement with the Clean Power Alliance to provide certain services to CPA. Contractor is required to sign this Contractor Acknowledgement and Confidentiality Agreement.

CONTRACTOR ACKNOWLEDGEMENT:
Contractor understands and agrees that the Contractor employees, consultants, outsourced vendors and independent contractors (Contractor’s Staff) that will provide services in the above referenced agreement are Contractor’s sole responsibility. Contractor understands and agrees that Contractor’s Staff must rely exclusively upon Contractor for payment of salary and any and all other benefits payable by virtue of Contractor’s Staff’s performance of work under the above-referenced Master Agreement.

Contractor understands and agrees that Contractor’s Staff are not employees of CPA for any purpose whatsoever and that Contractor’s Staff do not have and will not acquire any rights or benefits of any kind from CPA by virtue of my performance of work under the above-referenced Master Agreement. Contractor understands and agrees that Contractor’s Staff will not acquire any rights or benefits from CPA pursuant to any agreement between any person or entity and CPA.

CONFIDENTIALITY AGREEMENT:
Contractor and Contractor’s Staff may be involved with work pertaining to services provided by the CPA and, if so, Contractor and Contractor’s Staff may have access to confidential data and information pertaining to persons and/or entities receiving services from CPA. In addition, Contractor and Contractor’s Staff may also have access to proprietary information supplied by other vendors doing business with CPA. CPA has a legal obligation to protect all such confidential data and information in its possession, especially data and information. Contractor and Contractor’s Staff understand that if they are involved in CPA work, CPA must ensure that Contractor and Contractor’s Staff, will protect the confidentiality of such data and information. Consequently, Contractor must sign this Confidentiality Agreement as a condition of work to be provided by Contractor’s Staff for CPA.

Contractor and Contractor’s Staff hereby agrees that they will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced Master Agreement between Contractor and the CPA. Contractor and Contractor’s Staff agree to forward all requests for the release of any data or information received to CPA Project Director.

Contractor and Contractor’s Staff agree to keep confidential all records and all data and information pertaining to persons and/or entities receiving services from CPA, Contractor proprietary information and all other original materials produced, created, or provided to Contractor and Contractor’s Staff under the above-referenced Master Agreement. Contractor and Contractor’s Staff agree to protect these confidential materials against disclosure to other than Contractor or CPA employees who have a need to know the information. Contractor and Contractor’s Staff agree that if proprietary information supplied by other CPA vendors is provided during this employment, Contractor and Contractor’s Staff shall keep such information confidential.

Contractor and Contractor’s Staff agree to report any and all violations of this agreement by Contractor and Contractor’s Staff and/or by any other person of whom Contractor and Contractor’s Staff become aware.

Contractor and Contractor’s Staff acknowledge that violation of this Confidentiality and Acknowledgement Agreement may subject Contractor and Contractor’s Staff to civil and/or criminal action and that CPA may seek all possible legal redress.

SIGNATURE: ___________________________ DATE: _____/_____/_____
PRINTED NAME: MARK FULMER TITLE: PRINCIPAL

55
**Contractor Non-Employee Acknowledgement and Confidentiality Agreement**

**Contractor Name:** MRW & ASSOCIATES  
**Employee Name:** __________________________

**Work Order No. 1**  
**CPA Master Agreement No. TBD**

**GENERAL INFORMATION:**

The Contractor referenced above has entered into a Master Agreement with the CPA to provide certain services to CPA. CPA requires your signature on this Contractor Non-Employee Acknowledgement and Confidentiality Agreement.

**NON-EMPLOYEE ACKNOWLEDGEMENT:**

I understand and agree that the Contractor referenced above has exclusive control for purposes of the above-referenced Master Agreement. I understand and agree that I must rely exclusively upon the Contractor referenced above for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced Master Agreement.

I understand and agree that I am not an employee of the CPA for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from CPA by virtue of my performance of work under the above-referenced Master Agreement. I understand and agree that I do not have and will not acquire any rights or benefits from CPA pursuant to any agreement between any person or entity and CPA.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced Master Agreement is contingent upon my passing, to the satisfaction of CPA, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of CPA, any such investigation shall result in my immediate release from performance under this and/or any future agreements with the CPA.

**CONFIDENTIALITY AGREEMENT:**

I may be involved with work pertaining to services provided by CPA and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from CPA. In addition, I may also have access to proprietary information supplied by other vendors doing business with CPA. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information. I understand that if I am involved in CPA work, CPA must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by the above-referenced Contractor for CPA. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced Master Agreement between the above-referenced Contractor and CPA. I agree to forward all requests for the release of any data or information received by me to the above-referenced Contractor.

I agree to keep confidential all data and information pertaining to persons and/or entities receiving services from CPA, Contractor proprietary information, and all other original materials produced, created, or provided to or by me under the above-referenced Master Agreement. I agree to protect these confidential materials against disclosure to other than the above-referenced Contractor or CPA employees who have a need to know the information. I agree that if proprietary information supplied by other CPA vendors is provided to me, I shall keep such information confidential.

I agree to report to the above-referenced Contractor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to the above-referenced Contractor upon completion of this Master Agreement or termination of my services hereunder, whichever occurs first.

**SIGNATURE:** __________________________  
**DATE:** ____/____/____

**PRINTED NAME:** __________________________

**POSITION:** __________________________
Exhibit E-1B-5

(TO BE FILLED OUT WITH EACH EMPLOYEE WORKING ON THE PROJECT)

PROTECTION OF CONFIDENTIAL INFORMATION
POLICY ACKNOWLEDGEMENT

Contractor Name: MRW & ASSOCIATES
Employee Name: _______________________________

Work Order No. 1
CPA Master Agreement No. TBD

I have read the Protection of Confidential Information Policy and understand its provisions.

I understand that to ensure the protection of the integrity of CPA’s confidential information as well as the confidentiality of others, confidential information may not be shared with unauthorized individuals within or outside of the organization and may not be transmitted via email.

I accept responsibility for any action performed under my user name and password, or as a representative of CPA.

I understand that handling and use of confidential information in violation of the Protection of Confidential Information Policy may result in employee discipline, up to and including terminations and/or termination of roles, responsibilities, contracts, or agreements.

By signing this form, I agree to abide by the policy currently in place and I agree to review periodically any changes or modifications. I understand that my regular review of the policy is required. I understand updates to the policy are available online.

SIGNATURE: __________________________________________ DATE: ____/____/_____  

PRINTED NAME: __________________________________________  

POSITION: __________________________________________
Exhibit E-1B-6

(TO BE FILLED OUT WITH EACH EMPLOYEE WORKING ON THE PROJECT)

PRIVACY AND CUSTOMER CONFIDENTIALITY
POLICY ACKNOWLEDGEMENT

Contractor Name: MRW & ASSOCIATES       Employee Name: _______________________________
Work Order No. 1                                        CPA Master Agreement No. TBD

I have read the Privacy and Customer Confidentiality Policy and understand its provisions.

I understand that to ensure the protection of the integrity of CPA’s confidential information as well as the confidentiality of others, confidential information may not be shared with unauthorized individuals within or outside of the organization and may not be transmitted via email.

I accept responsibility for any action performed under my user name and password, or as a representative of CPA.

I understand that handling and use of confidential information in violation of the Privacy and Customer Confidentiality Policy may result in employee discipline, up to and including termination and/or termination of roles, responsibilities, contracts, or agreements.

By signing this form, I agree to abide by the policy currently in place and I agree to review periodically any changes or modifications. I understand that my regular review of this policy is required. I understand updates to this policy are available online.

SIGNATURE: __________________________________________ DATE: _____/_____/_____
PRINTED NAME: __________________________________________
POSITION: __________________________________________
**Staff Report – Agenda Item 6**

To: Clean Power Alliance (CPA) Board of Directors  
From: Natasha Keefer, Director of Power, Planning & Procurement  
Approved by: Ted Bardacke, Executive Director  
Subject: Contract and Task Order with LevelTen Energy for Long-Term RFO Support Consulting Services  
Date: August 16, 2018

**RECOMMENDATION**
Authorize the Executive Director to execute the Master Agreement and Task Order No. 1 with LevelTen Energy for Long-Term RFO support consulting services for a not-to-exceed amount of $185,000.

**BACKGROUND**
CPA will be launching its first solicitation for long-term renewable energy and storage capacity contracts in fall 2018. The solicitation process is estimated to be completed over a 5-month timeframe. Based on current market dynamics, CPA is anticipating a robust response to the RFO from a diverse set of projects proposing highly complex offer structures.

In support of CPA’s Fall 2018 Long-Term RFO, staff issued a Solicitation for Long-Term RFO Support Services to firms on CPA’s pre-qualified vendor list. The purpose of the Solicitation was to acquire consulting services for up to four tasks: (1) support solicitation design and offer selection criteria, (2) RFO administration, (3) proposal evaluation and portfolio risk assessment, and (4) contract negotiations and CPA Board of Directors submission support. Pre-qualified vendors were asked to break out their proposed work plan and costs by the following task groupings:
• Tasks 1 and 2: Solicitation Design, Offer Selection Criteria, RFO Administration
• Task 3: Proposal Evaluation, Risk Assessment, Longlist and Shortlist Selection
• Task 4: Contract Negotiations and Board Submission Support

CPA communicated to bidders that CPA may select bidders for one or all tasks and may select multiple bidders to cover different tasks.

**SELECTION PROCESS**
The Solicitation was sent to nine potential bidders from CPA’s pre-qualified vendor list. Four vendors responded with proposals. Proposals contained cost estimates ranging from $145,000 to as much as $514,983.

Based on the wide range of estimated costs and the specialized legal services required for Task 4, Staff determined to contract for only Tasks 1, 2 and 3 at this time. Task 4 will be contracted for at a later date when there is more certainty regarding the volume of offers that will be short listed as part of the solicitation process. Legal support for Tasks 1-3 will also be contracted separately.

In reviewing the proposals, CPA considered cost and experience of the vendor on similar tasks and selected LevelTen Energy (LevelTen). LevelTen is a specialized energy consulting firm with broad experience in management and execution of renewable energy RFOs. LevelTen’s proposal includes a streamlined user interface for project submittal and built-in automated analytics for project evaluation. LevelTen has previously supported RFO processes with two other California CCAs and CPA staff sought and received feedback from those CCAs prior to making its recommended selection. The project team includes a mix of personnel with relevant practical expertise in RFO development, renewable energy origination, and energy analytics. At a fixed fee of $185,000 for Tasks 1-3, their proposal is within CPA’s budgeted cost for these services. The Task Order contains additional terms and conditions that have been reviewed and approved by CPA’s Acting General Counsel.

Attachment: 1) LevelTen Energy Scope of Work for Long-term RFO Support Services
Exhibit E-1

MASTER AGREEMENT TASK ORDER
(FIXED PRICE PER DELIVERABLE BASIS)

LEVELTEN ENERGY

Task Order No. 1                                      CPA Master Agreement No. TBD

Project Title:                                           Long-Term RFO Support Services
Period of Performance:                                  August 20, 2018 to March 30, 2019
CPA Project Director:                                   Natasha Keefer
CPA Task Order Manager:                                 Natasha Keefer

I. GENERAL
Contractor shall satisfactorily perform all Services detailed in the Task Order Description attached hereto as Exhibit E-1A, on a time and materials basis, in compliance with the terms and conditions of Contractor’s Master Agreement identified above.

II. PERSONNEL
Contractor shall provide the below-listed personnel:

<table>
<thead>
<tr>
<th>Skill Category</th>
<th>Long-Term RFO Support Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td></td>
</tr>
<tr>
<td>Bryce Smith</td>
<td></td>
</tr>
<tr>
<td>Cathy d’Almeida</td>
<td></td>
</tr>
<tr>
<td>Rob Collier</td>
<td></td>
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<tr>
<td>Chris Watmore</td>
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<tr>
<td>Mitchell Reay</td>
<td></td>
</tr>
<tr>
<td>Rob Harmon</td>
<td></td>
</tr>
<tr>
<td>Jason Tundermann</td>
<td></td>
</tr>
</tbody>
</table>

III. PAYMENT
A. The Total Maximum Amount that CPA shall pay Contractor for all Services to be provided under this Task Order shall not exceed One Hundred Eighty-Five Thousand Dollars ($185,000). Payment shall be paid upon delivery of and acceptance of work product by CPA with the following payment schedule:
   a. $92,500 after Tasks 1 and 2 are complete
   b. $92,500 after Task 3 is complete
B. Contractor shall satisfactorily provide and complete all required deliverables in accordance with Statement of Work notwithstanding the fact that total payment from CPA for all deliverables shall not exceed the Total Maximum Amount in III.A, above.

C. Contractor shall submit all invoices under this Task Order to:

Clean Power Alliance
Attn: Accounts Payable
555 West 5th Street, 35th Floor
Los Angeles, CA 90013.

IV. SERVICES

In accordance with Master Agreement Section 2 (Work), Contractor may not be paid for any task, deliverable, service, or other work that is not specified in this Task Order, and/or that utilizes personnel not specified in this Task Order, and/or that exceeds the Total Maximum Amount of this Task Order, and/or that goes beyond the expiration date of this Task Order.

ALL TERMS OF THE MASTER AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT. THE TERMS OF THE MASTER AGREEMENT SHALL GOVERN AND TAKE PRECEDENCE OVER ANY CONFLICTING TERMS AND/OR CONDITIONS IN THIS TASK ORDER. NEITHER THE RATES NOR ANY OTHER SPECIFICATIONS IN THIS TASK ORDER ARE VALID OR BINDING IF THEY DO NOT COMPLY WITH THE TERMS AND CONDITIONS OF THE MASTER AGREEMENT.

Contractor’s signature on this Task Order document confirms Contractor’s awareness of the terms and conditions of the Master Agreement and specifically with the provisions of Section 2 (Work) of the Master Agreement, which establishes that Contractor shall not be entitled to any compensation whatsoever for any task, deliverable, service, or other work:

A. That is not specified in this Task Order, and/or
B. That utilizes personnel not specified in this Task Order, and/or
C. That exceeds the Total Maximum Amount of this Task Order, and/or
D. That goes beyond the expiration date of this Task Order.

REGARDLESS OF ANY ORAL PROMISE MADE TO CONTRACTOR BY ANY CLEAN POWER ALLIANCE PERSONNEL WHATSOEVER.

LEVELTEN ENERGY

By: ________________________________
Name: Bryce Smith
Title: CEO
Date: _____

CLEAN POWER ALLIANCE

By: ________________________________
Name: Ted Bardacke
Title: Executive Director
Date: _____
Exhibit E-1A

TASK ORDER DESCRIPTION

Long-Term RFO Support Services

SUMMARY

Support CPA’s 2018 long-term solicitation for renewable energy contracts, including solicitation design, requests for offer (RFO) administration, and offer evaluations. Services will include a 6-month license for the LevelTen Marketplace Platform.

TASK LIST

1. In advance of the launch of the RFO, support solicitation design and offer selection criteria
   a. Support CPA’s development of the solicitation scope and process design, including refinement of scope of work and schedule
   b. Develop offer selection criteria using a balanced offer selection approach that addresses both quantitative and qualitative factors including energy and capacity value, credit, regulatory compliance, local resource development, environmental impact, workforce development, and impact to Disadvantaged Communities. Selection criteria will incorporate input from CPA’s Board of Directors and the public.
   c. Develop a contact list of a competitive pool of providers and release an RFO pre-launch notification to these providers

   Task 1 deliverables: Final solicitation process and schedule; framework for offer qualification and selection criteria, pre-launch notification

2. Administration of requests for offer of renewable energy projects
   a. Review and provide input on CPA’s form power purchase agreement (PPA) - initial draft to be provided by CPA
   b. Prepare solicitation materials and a comprehensive solicitation protocol to be issued to potential providers
   c. Provide a webinar and manage Q&A process to ensure conforming proposals are provided
   d. Project manage the solicitation process to ensure key dates are met

   Task 2 deliverables: Written solicitation protocol; host site for receipt of offers; miscellaneous RFO administration services

3. Proposal evaluation and portfolio risk assessment
   a. Perform risk, market, and financial analysis of individual projects and portfolios of projects to assess value and assist CPA with constructing the optimal portfolio of projects for CPA

---

1 Unless otherwise agreed by CPA in writing prior to the start of work under this Task Order, all models shall be produced in Excel and provided to CPA in unlocked formats.
b. Longlist Selection: analyze project developers, project dynamics, and financial analysis to filter offers to an initial list of qualified and conforming project offers

c. Shortlist Selection: perform advanced analytics on shortlisted projects to identify the most attractive projects to procure

**Task 3 deliverables:** Evaluation of all submitted offers and analysis of selected CPA portfolio; short-list offer selection

**SCHEDULE AND COORDINATION**

Each task listed above will be undertaken in close coordination with CPA staff. The consultant will discuss initial findings or approaches for each task with CPA staff before developing final work products in order to avoid rework. Staff will provide timely feedback and input in developing the work product.

The key events for CPA’s 2018 Long-term Renewable Energy RFO are listed below and may be subject to change. Note: rows shaded in grey are milestones that inform the schedule, but do not indicate Task Order due dates.

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 16 Board Meeting</td>
<td>CPA finalizes Long-term RFO Services Task Order and receives Board and public comment input on long-term RFO</td>
</tr>
<tr>
<td>August 20</td>
<td>Task Order kick-off with consultant</td>
</tr>
<tr>
<td>August 23</td>
<td>Complete Task 1a: Solicitation Design</td>
</tr>
<tr>
<td>August 31</td>
<td>Complete Task 1b and 1c: Complete selection criteria frame and release solicitation pre-launch notice</td>
</tr>
<tr>
<td>September 26</td>
<td>CPA Energy Committee Meeting, receive feedback on solicitation</td>
</tr>
<tr>
<td>September 28</td>
<td>Complete Task 2a and 2b: Finalize form PPA and complete solicitation protocol</td>
</tr>
<tr>
<td>October 1</td>
<td>Launch RFO</td>
</tr>
<tr>
<td>October 8</td>
<td>Complete Task 2c: Conduct RFO Webinar</td>
</tr>
<tr>
<td>October 26</td>
<td>Close RFO and complete Task 2d: RFO administration</td>
</tr>
<tr>
<td>November 9</td>
<td>Complete Task 3a and 3b: Perform individual contract and portfolio analysis and Longlist selection</td>
</tr>
</tbody>
</table>
SUPPLEMENTAL TERMS AND CONDITIONS

Any capitalized terms used but not defined in these supplemental terms and conditions shall have the meanings ascribed to them in the Master Agreement.

1. Ownership of Contractor Intellectual Property. It is understood and agreed that in performing services under the Task Order, Contractor may incorporate Contractor Intellectual Property (as defined below) into Work Product. The Parties acknowledge and agree that all Contractor Intellectual Property shall be and at all times remain the sole property of Contractor. If, during the course of performing the services under the Task Order, Contractor includes or incorporates any Contractor Intellectual Property into any Work Product, Contractor hereby grants to CPA a nonexclusive, royalty-free, perpetual, worldwide license to use such Contractor Intellectual Property for the sole and limited purpose of using the Work Product delivered in conjunction with the Task Order.

“Contractor Intellectual Property” means any non-public information related to the LevelTen Marketplace or the LevelTen Platform, and any proprietary information, trade secrets, and know-how of Contractor or related to the LevelTen Marketplace or the LevelTen Platform that is disclosed to CPA by Contractor, directly or indirectly, in writing, orally, or by observation of tangible items. Contractor Intellectual Property includes, but is not limited to, developer information, project specific pricing, technical data, suppliers and supplier agreements, financing methodologies, funding and/or financing sources, financing costs and rates, employee information, research, product plans, products, services, customer lists, development plans, inventions, processes, formulas, technology, designs, drawings, marketing and other business information related to the LevelTen Marketplace or the LevelTen Platform.

“LevelTen Marketplace” means an online renewable energy marketplace developed by Contractor that aggregates both PPA buyers and sellers, allowing them to connect and transact with regard to renewable energy products and services.

“LevelTen Platform” means the LevelTen Marketplace and its underlying analytics platform.

2. Confidentiality. CPA agrees to keep all Contractor Intellectual Property confidential, not to use such Contractor Intellectual Property except for the purposes described in the Task Order, and to return or destroy all tangible and electronic embodiments of such Contractor Intellectual Property upon request of Contractor. In addition, CPA shall cause any third parties who may
become privy to such Contractor Intellectual Property to execute a similar confidentiality agreement.

3. Punitive and Exemplary Damages. Under no circumstances shall Contractor have any liability with respect to its obligations under the Task Order for loss of profits, or consequential, special, indirect, exemplary, incidental or punitive damages, regardless of whether Contractor has been advised of the possibility of such damages occurring, and regardless of whether such liability is based on contract, tort, negligence, strict liability products liability, or otherwise. In no event shall Contractor be liable to CPA or its subsidiaries or affiliates (or their respective officers, directors, shareholders, employees, members, managers, agents and assigns), as applicable, for direct damages arising under the Task Order in excess of $1,000,000 for any claims which are subject to contractors insurance or up to $185,000 for any claims which are not subject to contractors insurance.
EXHIBIT E-1B

FORMS REQUIRED FOR EACH TASK ORDER
BEFORE WORK BEGINS

E-1B-1  CERTIFICATION OF EMPLOYEE STATUS
E-1B-2  CERTIFICATION OF NO CONFLICT OF INTEREST
E-1B-3  CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT
E-1B-4  CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT
E-1B-5  PROTECTION FOR CONFIDENTIAL INFORMATION POLICY ACKNOWLEDGMENT
E-1B-6  PRIVACY AND CUSTOMER CONFIDENTIALITY POLICY ACKNOWLEDGEMENT
CERTIFICATION OF EMPLOYEE STATUS

(Note: This certification is to be executed and returned to CPA with Contractor's executed Task Order. Work cannot begin on the Task Order until CPA receives this executed document.)

LEVELTEN ENERGY

Task Order No. 1 CPA Master Agreement No. TBD

I CERTIFY THAT: (1) I am an Authorized Official of Contractor; (2) the individual(s) named below is(are) this organization's employee(s); (3) applicable state and federal income tax, FICA, unemployment insurance premiums, and workers' compensation insurance premiums, in the correct amounts required by state and federal law, will be withheld as appropriate, and paid by Contractor for the individual(s) named below for the entire time period covered by the attached Task Order.

EMPLOYEES

1. BRYCE SMITH
2. CATHY D'ALMEIDA
3. ROB COLLIER
4. CHRIS WATMORE
5. MITCHELL REAY
6. ROB HARMON
7. JASON TUNDERMANN

I declare under penalty of perjury that the foregoing is true and correct.

Signature of Authorized Official

BRYCE SMITH
Printed Name of Authorized Official

CEO
Title of Authorized Official
Exhibit E-1B-2

CERTIFICATION OF NO CONFLICT OF INTEREST

(Note: This Certification is to be executed and returned to CPA with Contractor’s executed Task Order. Work cannot begin on the Task Order until CPA receives this executed document.)

LEVELTEN ENERGY

Task Order No. 1  CPA Master Agreement No. TBD

The Clean Power Alliance will not contract with, and shall reject any response to the Pre-Qualification RFQ submitted by, the persons or entities specified below, unless the Executive Director finds that special circumstances exist which justify the approval of such contract:

1. Employees of CPA or staff of any of the members or members of the Board of CPA.
2. Profit-making firms or businesses in which its employees may have participated in the preparation of the bid or proposal of the Task Order.

Contractor hereby declares and certifies that no Contractor personnel, nor any other person acting on Contractor’s behalf, who prepared and/or participated in the preparation of the bid or proposal submitted for the Task Order specified above, has a conflict that would prevent them from completing the Task Order.

I declare under penalty of perjury that the foregoing is true and correct.

__________________________________________
Signature of Authorized Official

BRYCE SMITH
Printed Name of Authorized Official

CEO
Title of Authorized Official

__________________________________________
Date
CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

LEVELTEN ENERGY

Work Order No. 1 CPA Master Agreement No. TBD

GENERAL INFORMATION:
The Contractor referenced above has entered into a Master Agreement with the Clean Power Alliance to provide certain services to CPA. Contractor is required to sign this Contractor Acknowledgement and Confidentiality Agreement.

CONTRACTOR ACKNOWLEDGEMENT:
Contractor understands and agrees that the Contractor employees, consultants, outsourced vendors and independent contractors (Contractor’s Staff) that will provide services in the above referenced agreement are Contractor’s sole responsibility. Contractor understands and agrees that Contractor’s Staff must rely exclusively upon Contractor for payment of salary and any and all other benefits payable by virtue of Contractor’s Staff’s performance of work under the above-referenced Master Agreement.

Contractor understands and agrees that Contractor’s Staff are not employees of CPA for any purpose whatsoever and that Contractor’s Staff do not have and will not acquire any rights or benefits of any kind from CPA by virtue of my performance of work under the above-referenced Master Agreement. Contractor understands and agrees that Contractor’s Staff will not acquire any rights or benefits from CPA pursuant to any agreement between any person or entity and CPA.

CONFIDENTIALITY AGREEMENT:
Contractor and Contractor’s Staff may be involved with work pertaining to services provided by the CPA and, if so, Contractor and Contractor’s Staff may have access to confidential data and information pertaining to persons and/or entities receiving services from CPA. In addition, Contractor and Contractor’s Staff may also have access to proprietary information supplied by other vendors doing business with CPA. CPA has a legal obligation to protect all such confidential data and information in its possession, especially data and information. Contractor and Contractor’s Staff understand that if they are involved in CPA work, CPA must ensure that Contractor and Contractor’s Staff, will protect the confidentiality of such data and information. Consequently, Contractor must sign this Confidentiality Agreement as a condition of work to be provided by Contractor’s Staff for CPA.

Contractor and Contractor’s Staff hereby agrees that they will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced Master Agreement between Contractor and the CPA. Contractor and Contractor’s Staff agree to forward all requests for the release of any data or information received to CPA Project Director.

Contractor and Contractor’s Staff agree to keep confidential all records and all data and information pertaining to persons and/or entities receiving services from CPA, Contractor proprietary information and all other original materials produced, created, or provided to Contractor and Contractor’s Staff under the above-referenced Master Agreement. Contractor and Contractor’s Staff agree to protect these confidential materials against disclosure to other than Contractor or CPA employees who have a need to know the information. Contractor and Contractor’s Staff agree that if proprietary information supplied by other CPA vendors is provided during this employment, Contractor and Contractor’s Staff shall keep such information confidential.

Contractor and Contractor’s Staff agree to report any and all violations of this agreement by Contractor and Contractor’s Staff and/or by any other person of whom Contractor and Contractor’s Staff become aware.

Contractor and Contractor’s Staff acknowledge that violation of this Confidentiality and Acknowledgement Agreement may subject Contractor and Contractor’s Staff to civil and/or criminal action and that CPA may seek all possible legal redress.

SIGNATURE: ________________________________ DATE: _____/_____/

PRINTED NAME: BRYCE SMITH TITLE CEO
Exhibit E-1B-4

(CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT)

Contractor: LEVELTEN ENERGY       Employee Name:  _______________________________

Work Order No. 1 CPA Master Agreement No. TBD

GENERAL INFORMATION:
The Contractor referenced above has entered into a Master Agreement with the CPA to provide certain services to CPA. CPA requires your signature on this Contractor Non-Employee Acknowledgement and Confidentiality Agreement.

NON-EMPLOYEE ACKNOWLEDGEMENT:
I understand and agree that the Contractor referenced above has exclusive control for purposes of the above-referenced Master Agreement. I understand and agree that I must rely exclusively upon the Contractor referenced above for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced Master Agreement.

I understand and agree that I am not an employee of the CPA for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from CPA by virtue of my performance of work under the above-referenced Master Agreement. I understand and agree that I do not have and will not acquire any rights or benefits from CPA pursuant to any agreement between any person or entity and CPA.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced Master Agreement is contingent upon my passing, to the satisfaction of CPA, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of CPA, any such investigation shall result in my immediate release from performance under this and/or any future agreements with the CPA.

CONFIDENTIALITY AGREEMENT:
I may be involved with work pertaining to services provided by CPA and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from CPA. In addition, I may also have access to proprietary information supplied by other vendors doing business with CPA. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information. I understand that if I am involved in CPA work, CPA must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by the above-referenced Contractor for CPA. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced Master Agreement between the above-referenced Contractor and CPA. I agree to forward all requests for the release of any data or information received by me to the above-referenced Contractor.

I agree to keep confidential all data and information pertaining to persons and/or entities receiving services from CPA, Contractor proprietary information, and all other original materials produced, created, or provided to or by me under the above-referenced Master Agreement. I agree to protect these confidential materials against disclosure to other than the above-referenced Contractor or CPA employees who have a need to know the information. I agree that if proprietary information supplied by other CPA vendors is provided to me, I shall keep such information confidential.

I agree to report to the above-referenced Contractor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to the above-referenced Contractor upon completion of this Master Agreement or termination of my services hereunder, whichever occurs first.

SIGNATURE: ________________________________ DATE: _____/_____/_____
PRINTED NAME: ________________________________
POSITION: ________________________________
Exhibit E-1B-5

(To be filled out with each employee working on the project)

Protection of Confidential Information

Policy Acknowledgement

Contractor Name: LEVELTEN ENERGY  
Employee Name: ____________________________

Work Order No. 1  
CPA Master Agreement No. TBD

I have read the Protection of Confidential Information Policy and understand its provisions.

I understand that to ensure the protection of the integrity of CPA’s confidential information as well as the confidentiality of others, confidential information may not be shared with unauthorized individuals within or outside of the organization and may not be transmitted via email.

I accept responsibility for any action performed under my user name and password, or as a representative of CPA.

I understand that handling and use of confidential information in violation of the Protection of Confidential Information Policy may result in employee discipline, up to and including terminations and/or termination of roles, responsibilities, contracts, or agreements.

By signing this form, I agree to abide by the policy currently in place and I agree to review periodically any changes or modifications. I understand that my regular review of the policy is required. I understand updates to the policy are available online.

SIGNATURE: ____________________________  DATE: _____/_____/_____

PRINTED NAME: ____________________________

POSITION: ____________________________
Exhibit E-1B-6

(TO BE FILLED OUT WITH EACH EMPLOYEE WORKING ON THE PROJECT)

PRIVACY AND CUSTOMER CONFIDENTIALITY
POLICY ACKNOWLEDGEMENT

Contractor Name: LEVELTEN ENERGY
Employee Name: _______________________________

Work Order No. 1 CPA Master Agreement No. TBD

I have read the Privacy and Customer Confidentiality Policy and understand its provisions.

I understand that to ensure the protection of the integrity of CPA’s confidential information as well as the confidentiality of others, confidential information may not be shared with unauthorized individuals within or outside of the organization and may not be transmitted via email.

I accept responsibility for any action performed under my user name and password, or as a representative of CPA.

I understand that handling and use of confidential information in violation of the Privacy and Customer Confidentiality Policy may result in employee discipline, up to and including termination and/or termination of roles, responsibilities, contracts, or agreements.

By signing this form, I agree to abide by the policy currently in place and I agree to review periodically any changes or modifications. I understand that my regular review of this policy is required. I understand updates to this policy are available online.

SIGNATURE: ________________________________ DATE: _____/_____/_____
PRINTED NAME: ________________________________
POSITION: ________________________________
Staff Report – Agenda Item 7

To: Clean Power Alliance (CPA) Board of Directors
From: Ted Bardacke, Executive Director
Subject: Adopt Resolution 18-012 to Approve CPA Employee Handbook
Date: August 16, 2018

Materials for Item 7 will be transmitted under separate cover.
RECOMMENDATION
Adopt Resolution 18-013 to approve the addition of a new rate schedule to CPA’s Phase 2 rates.

SUMMARY
On April 5, 2018, the Board adopted Resolution 18-006 approving customer generation rates for Phase 2. The need to create a new rate schedule was recently brought to staff’s attention when it was discovered that there was no equivalent CPA rate schedule for a newly enrolled customer on SCE’s TOU-8-R-PRI rate. The TOU-8 rate group is applied to large industrial customers, and this particular rate is for customers with peak demand between 500 kW and 4000 kW and who utilize renewable distributed generation technologies onsite.

CPA’s proposed TOU-8-PRI-R rate, provided as Attachment 2, was calculated utilizing the same discount and methodology applied to the creation of all other Phase 2 rates and the same adders were utilized for the 50% and 100% product options. Subsequent to Board approval of Resolution 18-012, the new TOU-8-PRI-R rate schedule will be
incorporated into CPA’s Phase 2 rates effective June 25, 2018, and staff will update the listing of all CPA rates accordingly.

Attachments: 1) Resolution 18-013

2) CPA’s TOU-8-PRI-R Rate Schedule
RESOLUTION NO. 18-013

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA TO APPROVE ADDITION OF NEW RATE SCHEDULE TO PHASE 2 RATES

THE BOARD OF DIRECTORS OF THE CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA DOES HEREBY FIND, RESOLVE, AND ORDER AS FOLLOWS:

WHEREAS, the Clean Power Alliance of Southern California (formerly known as Los Angeles Community Choice Energy Authority) (“Clean Power Alliance” or “CPA”) was formed on June 27, 2017; and

WHEREAS, the CPA Board of Directors directed staff to procure power supply for Phase 2 load to provide three energy products (36% renewable, 50% renewable, and 100% renewable) and maximize non-emitting energy resources for the non-renewable portions of the portfolio;

WHEREAS, the Board of Directors also sought to provide a discount relative to Southern California Edison’s base rate for its 36% and 50% renewable energy products;

WHEREAS, on April 5, 2018, the Board of Directors adopted rate schedules for Phase 2 customer generation rates, which became effective on June 25, 2018; and

WHEREAS, the addition of a new CPA rate schedule, TOU-8-PRI-R, effective June 25, 2018, is required for the Phase 2 rates.

NOW THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF THE CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA:

1. A new CPA TOU-8-PRI-R rate schedule will be added to CPA’s Phase 2 rates.

2. The CPA TOU-8-PRI-R rate schedule shall remain in effect through December 2018.

APPROVED AND ADOPTED this ____ day of _________ 2018.

__________________________________________
Chair

ATTEST:

__________________________________________
Secretary
New Phase 2 Rate

**TOU-8-PRI-R**

Equivalent to TOU-8-R-PRI SCE rate schedule.

### Summer Energy Rates ($/kWh)

<table>
<thead>
<tr>
<th>Unit/Period</th>
<th>36% renewable</th>
<th>50% renewable</th>
<th>100% renewable</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-peak</td>
<td>$0.28273</td>
<td>$0.28356</td>
<td>$0.29773</td>
</tr>
<tr>
<td>Mid-peak</td>
<td>$0.06764</td>
<td>$0.06847</td>
<td>$0.08264</td>
</tr>
<tr>
<td>Off-peak</td>
<td>$0.02039</td>
<td>$0.02122</td>
<td>$0.03539</td>
</tr>
</tbody>
</table>

### Winter Energy Rates ($/kWh)

<table>
<thead>
<tr>
<th>Unit/Period</th>
<th>36% renewable</th>
<th>50% renewable</th>
<th>100% renewable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-peak</td>
<td>$0.03567</td>
<td>$0.03650</td>
<td>$0.05067</td>
</tr>
<tr>
<td>Off-peak</td>
<td>$0.02558</td>
<td>$0.02641</td>
<td>$0.04058</td>
</tr>
</tbody>
</table>
To: Clean Power Alliance (CPA) Board of Directors
From: Ted Bardacke, Executive Director
Subject: Approve General Counsel Employment Agreement
Date: August 16, 2018

The CPA Board of Directors will meet in Closed Session (Item 9), on August 16, 2018 to discuss a recommendation from the General Counsel Selection Committee for the appointment of CPA’s General Counsel.

The attachment provided is a draft employment agreement. Should the Board approve the appointment of CPA’s General Counsel in Closed Session, a final, complete employment agreement will be made available to the Board and members of the public and the Board will vote to ratify the agreement in Open Session.

Attachment: 1) General Counsel Employment Agreement – Draft
EMPLOYMENT AGREEMENT
CLEAN POWER ALLIANCE GENERAL COUNSEL

THIS EMPLOYMENT AGREEMENT ("Agreement") is entered into by and between the Clean Power Alliance of Southern California, also known as “CPA” and ________________, an individual ("EMPLOYEE"). CPA and EMPLOYEE are sometimes collectively referred to herein as the "Parties". For identification proposes, this Agreement is dated August 16, 2018.

RECITALS

This Employment Agreement is entered into based on the following facts, understandings and intentions of the PARTIES:

A. The Los Angeles County Board of Supervisors, the Ventura County Board of Supervisors, and the City Councils of twenty-nine cities, including Agoura Hills, Alhambra, Arcadia, Beverly Hills, Calabasas, Camarillo, Carson, Claremont, Culver City, Downey, Hawaiian Gardens, Hawthorne, Malibu, Manhattan Beach, Moorpark, Ojai, Oxnard, Paramount, Redondo Beach, Rolling Hills Estates, Santa Monica, Sierra Madre, Simi Valley, South Pasadena, Temple City, Thousand Oaks, Ventura, West Hollywood and Whittier (respectively, "Participant City"; or collectively, "Participant Cities"), adopted ordinances authorizing the implementation of a Community Choice Aggregation Program ("CCA Program") pursuant to California Public Utilities Code Section 366.2(c)(12).

B. On June 27, 2017, the Los Angeles Community Choice Energy Authority Joint Powers Authority was formed pursuant to the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (the "Act"), now known as the Clean Power Alliance of Southern California, to operate and administer the CCA Program.

C. The CPA desires to retain the services of a legal counsel to provide legal services to the CPA.

D. EMPLOYEE possesses the skill, experience, ability, background and knowledge to perform the duties and services provided by this Agreement as the General Counsel of CPA.

E. CPA desires to appoint and employ EMPLOYEE as its General Counsel on the terms provided by this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and mutual promises and conditions in this Agreement, it is agreed as follows:
CLEAN POWER ALLIANCE BOARD OF DIRECTORS AGENDA ITEM 10 – ATTACHMENT 1

1. **Duties and Authority of the General Counsel.** CPA shall employ EMPLOYEE as the General Counsel of CPA with the full power and authority to perform general legal services to the CPA. EMPLOYEE will do, perform, and carry out in good and professional manner, the duties and responsibilities of the position of General Counsel, and as otherwise directed by the CPA Board of Directors ("Board").

This includes providing advice to and representation of CPA departments, divisions and offices, including but not limited to: preparing written and oral opinions; the management and oversight of civil actions, administrative proceedings, civil trials, and appeals; preparing and approving agreements for execution authorized by the Board as well as the Executive Director; preparing and approving resolutions, policies, and rules and regulations for adoption by the Board and other legislative bodies; supervision of outside counsel; and attendance at meetings of the Board, and other boards, commissions, and committees.

In performance of duties, EMPLOYEE will devote time, ability, and attention equivalent to the professional effort necessary to fulfill EMPLOYEE's duties. EMPLOYEE's duties will require flexibility in work hours and location of work, including attendance at Board of Director's meetings or other derivative Board meetings or necessary meetings prescheduled for the Department Heads, Directors, or the CPA Executive Director.

EMPLOYEE shall perform the duties required hereunder in accordance with all local, state, and federal laws applicable to CPA operations.

2. **Term.** Unless earlier terminated as provided in this Agreement, the term of this Agreement shall be for a two (2) year period, commencing on the date EMPLOYEE reports for work and assumes duties of General Counsel (the "Term"). In the event this does not occur by October 8, 2018 this Agreement shall be considered null and void, unless the PARTIES mutually agree to a later start date.

3. **Compensation.** Effective on the commencement of employment, CPA shall pay EMPLOYEE an annual base salary of _____________ prorated and paid on CPA's normal paydays, subject to legally permissible or required deductions. EMPLOYEE's salary is compensation for all hours worked and for all services under this Agreement. EMPLOYEE shall be exempt from overtime pay provisions of California law (if any) and federal law. EMPLOYEE’s salary may be adjusted periodically to reflect cost of living increases and merit increases.

4. **Benefits.** During the Term of this Agreement, EMPLOYEE shall be entitled to participate in any group insurance plan (including medical, dental, vision, life and disability), retirement program or similar plan or program of CPA established by the Board during the term of this Agreement to the extent EMPLOYEE is eligible under its provisions. In the event CPA establishes a separate benefit program for executive and management employees, EMPLOYEE shall be entitled to only participate in such benefit program. CPA may establish additional benefit programs and may modify, reduce or eliminate any benefit plan or program in its discretion, in accordance with applicable law.

In addition, EMPLOYEE shall be entitled to the following benefits:

a. **Vacation.** EMPLOYEE will accrue vacation leave at the rate of 120 hours (3
weeks) annually, prorated and credited each pay period. EMPLOYEE may accrue vacation to a limit of 15 times the annual accrual. Once EMPLOYEE reaches the maximum accrual limit she will not accrue any additional vacation time until her accrued balance falls below the maximum limit. Except as otherwise provided in this Agreement, vacation leave shall be subject to any CPA vacation policy applicable to employees generally.

b. **Sick Leave.** EMPLOYEE shall be entitled to sick leave in the amount of one day per month, a total of 96 hours annually, prorated and credited each pay period. Except as otherwise provided in this Agreement, sick leave shall be subject to any CPA sick leave policy applicable to full-time employees generally. This benefit will be interpreted and applied consistent with the minimum requirements of California law requiring paid sick leave.

c. **Retirement.** In addition to the standard CPA retirement program under section 4, EMPLOYEE will receive ____________________.

d. **Parking Allowance.** In consideration of EMPLOYEE’S transportation needs, CPA agrees to pay to EMPLOYEE, during the term of this Agreement and in addition to other salary and benefits, a parking allowance of __________.

e. **Professional Organizations.** CPA agrees to pay or to reimburse EMPLOYEE for budgeted, reasonable and necessary membership dues in professional organizations, including the California State Bar.

f. **Expenses.** During the employment term, and subject to the availability of funds, CPA shall reimburse EMPLOYEE for budgeted and reasonable out-of-pocket expenses incurred in connection with CPA's business, including reasonable out-of-pocket expenses incurred in connection with CPA's business, including reasonable expenses for travel, food, and lodging while away from home, subject to such policies as CPA may from time-to-time reasonably establish for its employees. Additionally, EMPLOYEE shall be entitled to Board-approved or budgeted and reasonable reimbursement for continuing education expenses, and for attendance at conventions, and conferences.

g. **Software Access.** During the employment term, EMPLOYEE will be provided access to software services at the level necessary for the completion of legal research and duties.

5. **Evaluation of Performance.** During the first ninety (90) days of employment, EMPLOYEE and the Executive Committee of the Board will meet to develop an initial performance plan, which will be the basis for the EMPLOYEE's first annual performance evaluation. The initial performance plan will include a set of mutually agreeable performance goals and criteria which the Board shall use in evaluating the performance of EMPLOYEE at the first annual performance evaluation in 2019.

6. **Restrictions on Outside Business Activities and Conflicts.** During her employment, EMPLOYEE shall devote her full energies, interest, abilities, and productive time to the performance of the Agreement and shall not, without CPA's prior written consent, tender to other entities or individuals services of any kind for compensation, or engage in any other business activity. In addition, EMPLOYEE shall not engage in any activity, for compensation or otherwise, that would interfere or conflict with the performance of her duties under this Agreement, including activities that may reasonably be expected to
contract with the General Counsel duties. EMPLOYEE shall comply with the laws of the State of California regarding conflicts of interest, including but not limited to Government Code section 1090, and provisions of the Political Reform Act found in Government Code section 87100 et seq., including regulations promulgated by the California Fair Political Practices Commission.

7. **Termination of Agreement.**
   a. **Termination by CPA.** EMPLOYEE is employed at the pleasure of the Board, and is thus an at-will employee. The Board may terminate this Agreement and the employment relationship at any time with or without cause, and with or without prior notice.
   b. **Termination on Resignation.** EMPLOYEE may terminate the Agreement by giving CPA at least sixty (60) days (or more if possible) prior written notice. CPA may accelerate the effective date of resignation to any date after the receipt of written notice or, upon request, may reduce the notice period, at its discretion.
   c. **Termination on Death.** If EMPLOYEE dies during the term of this Agreement, this Agreement shall be terminated on the date of EMPLOYEE's death. All warrants or checks for accrued salary, accrued vacation or other items shall be released to the person designated in writing by EMPLOYEE pursuant to Government Code Section 53245 or, if no designation is made, to EMPLOYEE's estate.

8. **Severance.** CPA shall pay EMPLOYEE for all services through the effective date of termination. EMPLOYEE shall have no right to any additional compensation or payment, except as provided below and except for any accrued and vested benefits.
   a. If CPA terminates this Agreement (thereby terminating EMPLOYEE’s employment) without cause, CPA shall pay EMPLOYEE a lump sum severance benefit equal to three (3) months of her then applicable base salary.
   b. If CPA terminates this Agreement (thereby terminating EMPLOYEE's employment) with cause, EMPLOYEE shall not be entitled to any severance. As used in this Agreement, cause shall mean termination due to:
      1. A conviction, plea bargain, judgment or adverse determination by any court, the State Attorney General, a grand jury, or the California Fair Political Practices Commission involving any felony, intentional tort, crime of moral turpitude or violation of any statute or law constituting misconduct in office, misuse of public funds or conflict of interest;
      2. Conviction of a felony;
      3. Conviction of a misdemeanor arising out of EMPLOYEE's duties under this Agreement and involving a willful or intentional violation of law;
      4. Willful abandonment of duties;
      5. A pattern of repeated, willful and intentional failure to carry out materially significant and legally constituted policy decisions of the Board made by the Board as a body or persistent and willful violation of properly
established rules and procedures; and

(6) Any other action or inaction by EMPLOYEE that materially and substantially harms CPA's interests, materially and substantially impedes or disrupts the performance of CPA or that is detrimental to employee safety or public safety.

c. If EMPLOYEE terminates this Agreement (thereby terminating EMPLOYEE's employment), EMPLOYEE shall not be entitled to any severance.

d. Any other term of this Agreement notwithstanding, the maximum severance that EMPLOYEE may receive under this Agreement shall not exceed the limitations provided in Government Code Sections 53260 - 53264, or other applicable law. Further, in the event EMPLOYEE is convicted of a crime involving an abuse of office or position, EMPLOYEE shall reimburse the CPA for any paid leave or cash settlement (including severance), as provided by Government Code Sections 53243 - 53243.4.

9. Reimbursement to CPA required

The following limitations apply to CPA’s obligation to EMPLOYEE pursuant to paragraph 9 above:

a. Paid Leave. Pursuant to Government Code Section 53243, in the event the EMPLOYEE is placed on paid leave pending an investigation, EMPLOYEE shall reimburse CPA if she is subsequently convicted of a crime of moral turpitude or that constitutes “abuse of office or position,” as that is defined by Government Code Section 53242.4;

b. Legal Defense. Pursuant to Government Code Section 53243.1, in the event CPA pays for EMPLOYEE’s legal criminal defense, she shall fully reimburse such funds to CPA if she is subsequently convicted of a crime of moral turpitude that constitutes “abuse of office or position;”

c. Severance. Pursuant to Government Code Section 53243.2, if this Agreement is terminated, any cash settlement related to the termination that Employee may receive from CPA, including any severance paid under Paragraph 8 must be fully reimbursed to CPA if she is subsequently convicted of a crime of moral turpitude or that constitutes “abuse of office or position.”


a. Integration. Subject to all applicable Government code sections, the Agreement contains the entire agreement between the PARTIES and supersedes all prior oral and written agreements, understandings, commitments and practices between the PARTIES before the date of this Agreement. No amendments to this Agreement may be made except in writing signed by the PARTIES.

b. Severability. If any provision of this Agreement is held invalid or unenforceable, the remainder of the Agreement shall nevertheless remain in full force and effect. If any provision is held invalid or unenforceable with respect to particular circumstances it shall nevertheless remain in full force and effect in all other circumstances.
c. **Notices.** Any notices required or permitted under this Agreement must be in writing and shall be deemed effective on the earlier of personal delivery (including personal delivery by facsimile or similar means intended to provide actual delivery on the same day) or the third day following mailing by first class mail to the recipient. Notice to CPA shall be addressed to the Secretary of the Board at the CPA's then principal place of business. Notice to EMPLOYEE shall be addressed to his home address, as then shown in CPA's files.

d. **Agreement is Binding.** This Agreement shall be binding upon and inure to the benefit of CPA, its successor and assigns, and shall be binding upon EMPLOYEE, his administrators, executors, legatees, heirs, and assigns.

e. **Waiver.** The failure of either PARTY to insist on strict compliance with any of the terms, covenants or conditions of this Agreement by the other PARTY shall not be deemed a waiver of that term, covenant or condition, nor a waiver or relinquishment of any right or power.

[Signatures on the following page]
IN WITNESS WHEREOF, the PARTIES have executed this Agreement.

Clean Power Alliance of Southern California

By ________________________________ Date __________

   Diana Mahmud
   Chair

By ________________________________

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By ________________________________

   Senior Deputy County Counsel
RECOMMENDATION
Approve a 2019 rate structure to include 36%, 50% and 100% renewables content tiers for each rate class. Allow member jurisdictions until the end of October to choose a default tier if they have not yet done so, or to change a previous default tier selection.

2019 Rate Options
As CPA prepares to expand service in 2019, member agencies who have not yet chosen a default rate will need to do so to enable 2019 rates to be set and procurement decisions to be made. Member agencies that previously selected a default will also be given an opportunity to revisit their default rate tier, and agencies that previously selected a tier only for non-residential customers will be able to select a default for all customers. Beginning on August 20, jurisdictions will have until the end of October to make their selection.

CPA is currently offering three rate tiers: 36% renewables, 50% renewables and 100% renewables. Staff recommends that this basic tier structure remain the same. Given that default choices must be made by the end of October before rates are set for 2019 in November, member agencies should be aware of the following caveats that apply to staff’s estimate of the cost comparison to SCE rates that appear in the table below.
1. SCE’s 2019 rates, which are a benchmark for our rates, are unknown until SCE submits a rate forecast to the CPUC on November 8 (ERRA filing)

2. CPA is still in the process of procuring energy for 2019, leaving some uncertainty around costs

By the November 15 Board meeting, when residential rates will be set, SCE will have submitted its final ERRA filing and CPA will have locked in much of its 2019 energy costs. With this added certainty, CPA can set residential rates in November ahead of the February residential roll-out. Commercial and industrial rates will be set in January or February ahead of the May roll-out for those customers.

The proposed rate structure and estimated comparison to SCE rates, on a total bill basis are shown in the table below.

<table>
<thead>
<tr>
<th>Rate Option</th>
<th>Cost Relative to SCE Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>36% Renewables</td>
<td>1%-2% discount to SCE overall bill</td>
</tr>
<tr>
<td>50% Renewables</td>
<td>0%-1% overall bill discount to SCE with 50% renewable content</td>
</tr>
<tr>
<td>100% Renewables</td>
<td>7%-9% overall bill premium to SCE base rates for non-CARE customers</td>
</tr>
<tr>
<td></td>
<td>Parity with SCE rates for CARE customers</td>
</tr>
</tbody>
</table>

Each of the above rate options contains a range of outcomes to reflect the current uncertainty. For the 36% renewables base rate, CPA is targeting a discount to the overall SCE bill of 1.5%, but the rate discount could be higher or lower depending on SCE rates and CPA costs.

Similarly, CPA is targeting an 8% premium to SCE’s overall bill (both generation and Transmission/Delivery charges) for the 100% renewables rate, but this could be higher or lower depending on the same factors. Another aspect of the 100% renewables rate is the approach to qualified low-income customers who are on the Domestic CARE rate. After several discussions with member agencies who have chosen, or are considering
choosing, 100% renewables as their default rate, staff is recommending an option whereby CARE customers will be offered 100% renewables at a rate that matches SCE’s base rate (approximately 34% renewables) and including their low-income discount. This avoids automatically increasing costs for CPA’s most vulnerable customers by spreading the incremental cost of renewables for CARE customers across all 100% renewable rate customers, both residential and commercial, in those jurisdictions. This will necessitate an additional cost of approximately 0.25% to this 100% renewables rate, well within the 7% to 9% bill increase range being projected for the 100% renewables option. Staff continues to explore additional options for proactively incentivizing the 100% renewables tier and protecting low-income customers and will have better understanding of the financial ramifications of those options after SCE’s November rate filing.

For the 50% renewables tier, CPA is targeting a rate equal to SCE’s rates. If CPA’s financial forecasts improve, it may be possible to either lower rates, increase renewables purchases, or increase reserves. In choosing how to respond to improved finances, a balance between growing reserves, providing rate savings and improving CPA’s overall renewables position will need to be considered.

Alternatively, if SCE’s rates decrease more than expected or energy costs increase materially, CPA could reduce the renewable content from 50% to some lower level to ensure parity with SCE. In this case, the approach will need to balance competitiveness with SCE rates and to achieve renewable energy content as close as possible to the 50% target.

Final decisions for the actual rates for each of the tiers and their financial impact on CPA and its customers will be made at the November 15, 2018 Board meeting for residential customers and the February 7, 2019 Board meeting for commercial customers.
RECOMMENDATION
Authorize the Executive Director to execute attached Contract Amendment No. 1 and Scope of Work #2 to CPA’s agreement with The Energy Coalition for the provision of communications and marketing services.

SUMMARY
CPA entered into an agreement in March 2018 with The Energy Coalition to provide consultant services for communications, outreach, and marketing. The Energy Coalition completed a number of deliverables critical to CPA’s phase 2 enrollment, and also established a foundation for CPA’s overall brand and communications strategy moving forward. To build on these efforts and to ensure continuity in preparation of the legally required materials for phase 3 and 4 enrollment, as well as launch CPA’s new website and provide support to CPA’s new Director of Marketing and Account Services, CPA staff recommends that the Board approve a contract amendment to extend the contract period to June 30, 2019 and approve a new $210,000 scope of work and budget for The Energy Coalition to provide these services. Funding is available in the adopted CPA FY18-19 budget to support the proposed contract amendment and scope of work and budget extension.
As a framework for this discussion, the Draft Communications & Marketing Plan, prepared by The Energy Coalition, which summarizes CPA’s comprehensive communications and branding strategy and outlines a workplan for the next nine months, is available here.

BACKGROUND
When the Board approved CPA’s first scope of work with The Energy Coalition in March 2018, CPA anticipated launching service to a majority of its eligible customers in 2018. Given the new launch schedule for Phases 3 (all residential) and 4 (remaining non-residential) in February and May 2019, respectively, CPA staff recommends an extension to the agreement with The Energy Coalition to provide the communications materials required for Phases 3 and 4, including enrollment notices and the joint rate comparison mailer, to support the launch and management of CPA’s full website, as well as to assist with implementation of CPA’s overall communications and marketing strategy.

In addition to the notices required for customer enrollment, The Energy Coalition has completed a number of deliverables that have enabled CPA to experience a smooth rollout to over 34,000 customers and conduct initial outreach to its members and the many stakeholders across its southern California service territory. Completed tasks include:

- Drafted Communications & Marketing Plan
- Established standard brand guidelines
- Designed catalog of illustrations
- Prepared Customer Call Center materials
- Launched interim website (full site anticipated September 2018)
- Completed communications materials such as power point design, factsheets, newsletter articles, press releases, and other content and messaging
- Designed Community Advisory Committee application materials
- Developed social media plans and accounts

Over the next several months, The Energy Coalition will deliver a re-designed and more robust website; an informational video; launch social media messaging on Facebook, Twitter, and LinkedIn; develop CPA tagline and corresponding rate product names; and
continue to provide overall support and strategic guidance in the development of CPA’s brand familiarity among communities and customers.

During this time, CPA aims to hire a Director of Marketing & Account Services. Among his/her job duties will be the management of CPA’s customer communications, brand development, and outreach materials. Extending The Energy Coalition contract through June 2019 will provide continuity and immediate support to the new Director of Marketing & Account Services, and will allow sufficient time for this Director to assess what approach CPA should pursue for communications and marketing support beginning in FY19-20.

**DRAFT COMMUNICATIONS & MARKETING PLAN – SUMMARY**

The Draft Communications & Marketing Plan serves as a guidebook for achieving robust participation in CPA and provides overarching goals, strategies, and tactics for CPA marketing and outreach. The CPA Communications & Outreach Ad Hoc Committee, comprised of representatives from Culver City (Chair), Calabasas, Hawthorne, Manhattan Beach, Ojai, and Redondo Beach, provided input into various components of the plan. The plan will be continually updated as CPA evolves. Staff also provided the draft plan to the Executive Committee on August 9.

**Mission, Vision, Goals, & Metrics**

The plan proposes a mission and vision statement for CPA, and establishes the following high-level goals:

1. Minimize opt out rate
2. Build brand awareness
3. Create engaged energy community where people want to take action

It also identifies economic, environmental, demographic, and social metrics for CPA to consider in measuring success.

**Target Audience**

The plan identifies key characteristics of the audiences CPA will communicate with, including languages spoken, member community profiles, customer classifications, user
 personas (e.g. small business owners), stakeholders, and secondary audiences (e.g. media). To better understand the audience profiles and help CPA craft messaging tailored to address unique needs, motivations, and desired benefits, the plan segments CPA stakeholders into five groups: cost-driven, community advocate, energy champion, government skeptic, policy leader, and IOU regular (i.e. customers who are used to IOU service and generally unaware of CCAs). The plan provides recommendations for how to effectively communicate with each stakeholder segment.

Communications Guiding Principles & Brand Strategy
The Brand and Style Guidelines, contained within the plan, guide CPA’s visual identity and help achieve consistent recognition of CPA across platforms. The guidelines identify personality, vocabulary, and tone, and provides a catalog of graphic illustrations that makeup CPA’s visual aesthetic which are currently prevalent through its website and materials. CPA’s messaging focuses around the advantages of clean, renewable power at competitive rates, customer choice, local management and control, and service reliability.

Communications Channels, Strategies, & Tactics
The plan discusses a number of communications channels to consider to build awareness of CPA, but emphasizes the three that should be the initial core focus:

1. Speaking Events & Conferences (i.e. talking directly with stakeholders at community-hosted meetings)
2. Community Building (i.e. engaging stakeholders at CPA-hosted meetings)
3. Email Marketing (i.e. informing a broader network with targeted messages, announcements, and opportunities to engage with CPA)

Implementation & Next Steps
The plan lays out a quarter-by-quarter schedule for CPA to deploy the various communications, marketing, and outreach strategies. Staff recommends the Board approve the contract amendment to provide for continued support from The Energy
Coalition to CPA staff and member agencies to assist CPA’s realization of its goals and vision for successful service delivery to customers.

Attachment: 1) Contract Amendment No. 1 and Scope of Work #2 with The Energy Coalition
General Contractor Terms and Conditions
For
Project Name: Marketing & Outreach Services
Project Number: 18-01
CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA

AMENDMENT NO. 1

This Amendment No. One to the Agreement between Clean Power Alliance of Southern California ("Client") and The Energy Coalition ("Contractor"), dated March 7, 2018 ("Agreement") is made and entered into this _____ day of_____________, 2018.

WHEREAS, the Client's Board of Directors authorized the Executive Director to execute an agreement with Contractor for marketing and outreach services to the Clean Power Alliance through February 28, 2019 for a not to exceed amount of $200,000;

WHEREAS, the Client requires additional marketing and outreach services from the Contractor for Phase 3 and Phase 4 enrollment activities in the first half of 2019, including customer noticing, launching and maintaining Client’s new website, and supporting CPA’s future Director of Marketing and Account Services to implement Client’s Communications and Marketing Plan;

WHEREAS, on August 16, 2018, the Client's Board of Directors authorized an amendment to the Agreement for additional marketing and outreach services for a not-to-exceed amount of $210,000 and to extend the Agreement to June 30, 2019; and

WHEREAS, the Parties wish to amend this Agreement to reflect the additional services, compensation, and time extension.

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions set forth herein, the parties hereto agree as follows:

1. The Agreement is hereby incorporated by reference, and all of its terms and conditions, including capitalized terms defined therein, shall have full force and effect as if fully set forth herein.

2. This Amendment No. One shall reflect the Client Project property new address:

   Name: Clean Power Alliance of Southern California
   Address: 555 W. 5th Street, 35th Floor, Los Angeles, CA 90013.
   Name of Contact Person: Ted Bardacke

3. Period of Performance shall be amended to reflect the following:

   "Period of Performance: The effective date of the Agreement through June 30, 2019."

4. Commencing upon the effective date of this Amendment No. One, Contractor shall perform the work as described in Exhibit A for a not to exceed amount of $210,000.
5. Except for the changes specifically set forth in this Amendment No. One, the Agreement shall not be changed in any other respect, with all other terms and conditions remaining in full force and effect.

IN WITNESS WHEREOF, the Clean Power Alliance and The Energy Coalition by their duly authorized signatures have caused this Amendment No. One to the Agreement to be effective on the day, month and year first above written.

Client:

Clean Power Alliance Of Southern California

By ____________________________

Ted Bardacke, Executive Director

Contractor:

The Energy Coalition

By ____________________________

Its Authorized Agent

______________________________

Print Name

______________________________

Title

APPROVED AS TO FORM FOR THE CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA:

MARY C. WICKHAM
County Counsel
By:

Behnaz Tashakorian
Senior Deputy County Counsel
Contractor will provide the following work on a **Time and Material** basis. The not to exceed amount to perform the services in this Exhibit A for $210,000. Contractor shall not exceed this amount without the express written authorization of Clean Power Alliance. Clean Power Alliance must provide written approval of all out-of-pocket expenses prior to their being incurred by Contractor. Contractor will invoice Clean Power Alliance monthly pursuant to the requirements of this Agreement.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Branding</strong></td>
<td>Creation and implementation of Clean Power Alliance tagline and product names</td>
</tr>
<tr>
<td><strong>Content</strong></td>
<td>Translation management, content and messaging creation for new/revised product names, programs and offerings as needed</td>
</tr>
<tr>
<td><strong>Enrollment</strong></td>
<td>Weekly enrollment coordination calls with implementation team, all enrollment collateral and communications for 2019 roll out</td>
</tr>
<tr>
<td><strong>Collateral</strong></td>
<td>Development and launch of all collateral as needed for Clean Power Alliance's growth including success stories, video case studies, templates, press releases, additional website pages/content, e-newsletters, eblast campaigns, presentations, fact sheets, flyers, and other collateral as determined by Clean Power Alliance; also includes general website management</td>
</tr>
<tr>
<td><strong>Stakeholders</strong></td>
<td>Outreach activities and coordination with various stakeholders including Clean Power Alliance's Community Advisory Committee, Marketing &amp; Outreach Subcommittee and Member Agencies (includes Member Agency 'toolkit' coordination and implementation), coordination with CalCAA and other statewide stakeholders; includes general stakeholder management</td>
</tr>
<tr>
<td><strong>Media</strong></td>
<td>Media monitoring, coordination with subconsultants and Clean Power Alliance team</td>
</tr>
<tr>
<td><strong>Social Media</strong></td>
<td>Social media launch (Facebook, Twitter and LinkedIn) including strategy and planning, design, development and production of content, coordination across channels, and account management</td>
</tr>
<tr>
<td><strong>Reporting</strong></td>
<td>Monthly metric reports based on final Communications Plan.</td>
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<tr>
<td>---------------</td>
<td>-------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Admin/Other</strong></td>
<td>Contract management, subcontract management and coordination meetings, invoice processing, client coordination meetings and calls, Board Meeting attendance and coordination as needed, other services as requested by Clean Power Alliance</td>
</tr>
</tbody>
</table>
Item VI – Legislative & Regulatory Update

To: Clean Power Alliance (CPA) Board of Directors
From: Ted Bardacke, Executive Director
Subject: Legislative and Regulatory Update
Date: August 16, 2018

Regulatory Issues

1. PCIA Rulemaking (R.17-06-026)
The PCIA is used to calculate exit fees owed by Community Choice Aggregation (CCA) customers to their incumbent Investor-Owned Utility (IOU). These fees are intended to cover the above-market costs of power contracts that were stranded by CCA load departure from bundled IOU service.

On August 1, 2018, the California Public Utilities Commission (CPUC) issued a proposed decision (PD) modifying the Power Charge Indifference Adjustment (PCIA) methodology, sometimes referred to as the "exit fee" for CCAs. If approved by the CPUC, the PD has a neutral impact on CPA’s finances, lowers risk over the next 2-3 years, and keeps open the possibility of a longer-term solution that would reduce the size of IOU portfolios and therefore the exit fee paid by CPA customers.

The PD rejected the proposal the IOUs made to assign above market contracts directly to the CCAs. This largely protects CPA’s ability to procure its own long-term resources. The key changes to the PCIA calculation relate to the value of Resource Adequacy and green energy. In addition, the PD introduces a cap on the PCIA at $0.022/kWh and limits annual increases to $0.005 /kWh. Both SDG&E and PG&E have higher PCIA rates than
SCE, so the price cap is unlikely to impact CCAs in SCE territory. However, the cap does put an outer limit on CPA’s PCIA, which was previously unlimited.

The PD does not incorporate all the proposals advocated by CalCCA in its PCIA reform proposal, but there are a number of areas where CalCCA’s point of view prevailed. Specifically, CalCCA advocated for a process whereby the IOUs would reduce the size of their portfolios. The PD agrees that such a process is needed, and the details will be worked out in the next phase of the proceeding, which could take approximately two years.

The CPUC may vote on the PD as early as its September 13th, 2018 meeting. Nonetheless, this is only a proposed decision, and a number of possibilities exist for how the process could play out:

- The vote could be delayed to a future meeting
- The final decision could materially deviate from the PD
- An alternate PD could be issued by one of the Commissioners proposing a different solution, in which case either the PD or alternate PD could be adopted
- The final decision could end up in litigation if one or more parties are dissatisfied with the outcome

The IOUs are likely to fight this decision, though whether they attack the proposed methodology or accept the proposed methodology but seek to undermine it by stripping out certain provisions is not yet known. Staff is seeking ex parte meetings with CPUC Commissioners the last week of August in San Francisco. Board assistance with media and outreach ahead of the final CPUC decision may be solicited.

2. Resource Adequacy (R.17-09-020)

The CPUC’s Resource Adequacy (RA) proceeding has moved into its second phase. Two issues stand out that CPA is monitoring the closely: a multi-year RA requirement and a central buyer for local RA. CalCCA has put together a team including a panel of expert witnesses and experienced legal counsel to work with the CalCCA members to develop a comprehensive proposal for the future RA program.
CalCCA’s proposal includes a three-year RA requirement with a central buyer responsible only for residual amounts that are not procured by other LSEs. The proposal envisions a longer-term strategy that includes more procurement of distributed energy resources in order to reduce reliance on fossil fuels and mitigate local market power.

Testimony was submitted on July 10th, followed by a workshop on July 19th, and comments on August 8th. Staff continues to monitor the proceeding in conjunction with the CalCCA team.

3. Customer Choice Whitepaper (Formerly the “Green Book”)
Earlier this month the CPUC issued its final version of a whitepaper on Customer Choice, which discusses, from the CPUC’s perspective, the regulatory challenges facing California as customer-owned resources, CCAs and Direct Access become more prominent in California’s electricity market.

While still enumerating problems without offering solutions and promoting the idea that the proliferation of customer choice could bring on another energy crisis, the final version of the whitepaper take a less harsh tone towards CCAs than the draft whitepaper released in June. CPA actions—including official comments on the whitepaper and an Op-Ed by Supervisor Sheila Kuehl in the Los Angeles Daily News regarding the mischaracterizations in the draft—helped to make the final product more balanced.

A final copy of the Customer Choice whitepaper is available here.

Legislative Issues
The end of the legislative session in August can bring many potential surprises with regards to policy changes related to the electricity sector. Dominating the discussion is the conference committee set up to discuss wild fire liability, operating under the shroud of potential bankruptcy of PG&E. CPA and CalCCA are on the watch for any language
bills to come out of the conference committee that may negatively impact the ability of CCAs to work on resiliency projects that would benefit grid safety.

In addition, CPA Legislative and Regulatory committee and staff are active in the discussions around the following bills.

1. **Direct Access Expansion (SB 237)**

   SB 237, a gut-and-amend by Senator Bob Hertzberg, seeks to, over a period of three years commencing on July 1, 2019, remove the existing cap on the amount of Direct Access (DA) customers currently allowed to purchase electricity directly from providers other than their Investor Owned Utility (IOU). By removing the cap on DA customers, for which demand currently exceeds availability, this bill is potentially dangerous to CCAs as many commercial customers could migrate to DA, rather than participate in the CCA, taking with them a substantial portion of the CCA load. There is additional concern that DA providers do not share the same environmental or social goals as CCAs, nor do they have the same obligation to serve all customers.

   CalCCA is working in collaboration with a coalition of environmental and ratepayer advocates to defeat the bill. See the attached letter that has been sent to legislators. The bill is currently on suspense in the Assembly; even if it is removed, the bill still faces a number of significant hurdles before it could reach the Governor’s desk.

2. **100% Carbon Free Electricity by 2045 (SB 100)**

   SB 100 by Senator Kevin de Leon would put California on a planning path to providing 100% carbon free electricity by 2045. This ambitious goal is supported by many stakeholders and while the pathway to implementing the goal is still uncertain the bill has the potential to unleash a new era of electricity sector innovation similar to what followed the passage of California’s first RPS standard. CalCCA is on the record supporting this bill (see attached letter) though CPA staff is monitoring it closely as during the last legislative session anti-CCA amendments were added in the waning hours and the bill did not come up for a final vote.
Attachments: 1) Coalition Letter Opposing SB 237
2) CalCCA Letter Supporting SB 100
August 3, 2018

The Honorable Lorena Gonzalez Fletcher
Chair, Assembly Appropriations Committee
State Capitol, Suite 2114
Sacramento, CA 95814

Re: SB 237 (Hertzberg)-- OPPOSE

Dear Assembly Member Gonzalez Fletcher,

We must respectfully convey our strong opposition to SB 237, which would eliminate the cap on direct access for non-residential electric customers by July 1, 2019, allowing all nonresidential electricity consumers to migrate away from investor-owned utilities (IOUs) and community choice aggregators (CCAs) to contract for the cheapest power they can obtain.

California last authorized unlimited direct access in AB 1890 (Brulte, 1996). When spot market electricity prices spiked in 2000, costs for utility customers increased, certain direct access
providers reaped excess profits, and direct access customers were dumped back to utility service *en masse*. Direct access providers cut and ran when their customers, and the state, needed stability most.

Today, expanding direct access creates even greater risks. Even though direct access providers are subject to the RPS and other laws, they do not develop their own resources. They seek out short-term procurement contracts for excess capacity and energy from projects built under long-term contracts with other service providers. That procurement strategy is based on the fact that ESPs serve their customers under short-term contracts that range from month-to-month agreements up to three years, with customers able to switch back-and-forth between ESPs and to IOU service when the economics are favorable.

The transient nature of both ESPs’ procurement practices and customer base is at odds with California’s commitment to clean energy and equity. Without a consistent, long-term foundation, the ESP business model fails to foster the type of lasting commitments that resource planners and renewable energy developers need to obtain financing, drive new resource development, and recover costs.

SB 237 also lacks any commitment to California’s communities, including our most disadvantaged populations. While IOUs and CCAs serve all customers in their communities, including low-income residential customers, ESPs serve only commercial and industrial customers. Moreover, utilities and CCAs serve their communities with programs that extend beyond clean energy to support a range of local priorities including programs that accelerate electric vehicle adoption, incentives that support rebuilding in fire ravaged areas, expanded energy efficiency programs, local solar programs and robust job training programs. These efforts are all put at risk by this proposed legislation.

The expansion of direct access would also remove critical information from public view and prevent meaningful public oversight. The procurement transactions executed by ESPs are not subject to CPUC approval or local government approval. ESPs routinely assert claims of confidentiality with respect to basic information that is publicly disclosed by IOUs, publicly-owned utilities, and CCAs. SB 237 would result in less transparency in energy markets and more information being deemed confidential trade secrets that cannot be shared with the public or the Legislature.

Increasing direct access pushes the State towards a Texas-like environment where promotional electricity marketing, poor energy efficiency records, and resistance to climate policy prevail. California has not chosen that path. It has chosen to lead on climate and clean energy and to support its most vulnerable communities. Continuing on such a path requires the rejection of SB 237.

Sincerely,

Matthew Freedman, The Utility Reform Network (TURN)
Eddie Moreno, Sierra Club California
Erica Martinez, Earthjustice
Ralph Cavanagh, Natural Resources Defense Council (NRDC)
Mayor Jesse Arreguin, City of Berkeley
Nicole Capretz, Climate Action Campaign
Hanna Grene, Center for Sustainable Energy
Beth Vaughan, California Community Choice Association (CalCCA)
Al Weinrub, California Alliance for Community Energy
Dan Brotman, SoCal 350 Climate Action
Ken Jones, 350 Bay Area Action
Sebastian Sarra, San Diego Community Choice Alliance
Kathy Callaway, Mainstreet Moms Organize or Bust (MMOB)
Roger Gloss, Orange County for Climate Action
Shoshana Wechsler, Sunflower Alliance
Bruce Naegel, Sustainable Silicon Valley
Gopal Shankar, Recôlte Energy
Ed Mainland, Sustainable Marin and Sustainable Novato
Ann V. Edminster, Design Avenues

cc: The Honorable Frank Bigelow
The Honorable Richard Bloom
The Honorable Rob Bonta
The Honorable William P. Brough
The Honorable Ian C. Calderon
The Honorable Wendy Carrillo
The Honorable Ed Chau
The Honorable Susan Talamantes Eggman
The Honorable Vince Fong
The Honorable Laura Friedman
The Honorable James Gallagher
The Honorable Eduardo Garcia
The Honorable Adrin Nazarian
The Honorable Jay Obernolte
The Honorable Bill Quirk
The Honorable Eloise Gomez Reyes
Jay Dickenson, Assembly Appropriations Committee
The Honorable Bob Hertzberg
August 6, 2018

Honorable Kevin DeLeon
President Pro Tempore Emeritus
California State Senate, Room 5108

RE: SB 100 (DeLeon): California Renewables Portfolio Standard Program-- **SUPPORT**

Dear President Pro Tempore Emeritus De Leon:

Thank you for your leadership in introducing SB 100, which would usher California into an era of 100% carbon free electricity. CalCCA and its individual CCA members believe CCAs play a critical role in the achievement of California’s carbon free electricity future. As partners with the state in combating climate change, **we support the concept of moving to 100% carbon free electricity outlined in SB 100.** Cumulatively, the operating CCAs in this state far exceed the Renewable Portfolio Standard (RPS) minimum benchmarks, and we are on a trajectory to surpass 50% RPS in the coming years.

As SB 100 is deliberated, CCAs play an important role in achieving the state’s decarbonization goals in an affordable and transparent way:

1. **CCAs deliver power at rates equal to or lower than IOUs**
   The electricity generation rates paid by CCA customers are substantially lower than the rates paid by IOU customers. However, due to the Power Charge Indifference Adjustment (PCIA) CCA customers’ bills are burdened with an additional fee that is billed by and paid directly to the IOU. This fee can be up to 35% of the generation portion of the bill, and has substantially increased every year. While CCA customer bills remain the same or lower than IOU bundled customer bills, the PCIA makes this customer cost neutrality or savings increasingly difficult. Similar to a POU, rates are decided upon by a CCA’s governing board, who are locally elected officials held directly accountable to voters (unlike the state’s regulatory agencies). The PCIA is decided upon by the CPUC based on requests made by the IOUs and the CPUC recently announced potential reforms to this exit fee.

2. **There are no cost-shifts to bundled service customers**
   CalCCA supports the principle of indifference between IOU bundled service customers and CCA customers. The statute regulating CCAs protects bundled IOU customers from ANY cost shift due to the emergence of a CCA in the IOU’s service territory. However, indifference requires transparency, prudent IOU procurement and portfolio cost management, accurate accounting of value streams, and stable ratemaking mechanisms. CalCCA supports data driven deliberations and remains committed to working with all stakeholders to ensure all customers are treated fairly.

3. **CCAs create jobs**
   CCA renewable procurement has resulted in new steel in the ground in California, totaling over $2 billion in renewable energy investments, as well as the jobs associated with those projects. Moreover, almost all of these

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1 SB 350, states in section 114. 365.2: The commission shall ensure that bundled retail customers of an electrical corporation do not experience any cost increases as a result of retail customers of an electrical corporation electing to receive service from other providers.

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new renewable energy projects are built with project labor agreements. Simply put, CCAs have created high paying, local jobs and will continue to do so as part of our core mission.

4. CCAs utilize long-term contracts, just like IOUs
As agreed upon in SB 350 (2015), CCAs have the same requirements as IOUs regarding use of long-term procurement contracts, and CCAs comply with those requirements.\(^2\) To date, CCAs have contracted 1136 MW of new renewable generation, 89% of which is supported by long term contracts.

5. CCAs meet all GHG, RPS and reliability requirements
CCAs must meet the same RPS and RA standards as any other load serving entity, including IOUs.\(^3\) CCAs also have the same requirements on renewable integration. As currently written, SB 100 has the same electricity procurement mandate on CCAs as an IOU.

6. CCAs make very limited use of unbundled RECs
Statewide, the total CCA use of unbundled Renewable Energy Credits (RECs) is under 1%. Although unbundled RECs are allowed under the RPS for IOUs and CCAs, most CCAs use no unbundled RECs in their portfolios and instead purchase Category 1 in state renewable and greenhouse gas free renewables.

As SB 100 is considered, CalCCA offers the following guidance on topics which would cause CalCCA to withdraw support for SB 100:

- CCA local governance and procurement authority must not be undermined by any provisions within the bill. CCA procurement authority could be undermined by, among other things, imposition of nonbypassable charges, the assignment of new costs through P.U. Code 365.1, or through attempts to alter the oversight framework envisioned in SB 350’s Integrated Resource Plan framework. Any attempt to undermine CCAs’ local governance will be vigorously opposed by CalCCA.

- Any attempt to create an uneven playing field or unfair cost allocation between CCAs and other load serving entities must not occur. This particularly affects low-income customers in CCA communities, who are offered universal, affordable access to renewable energy products through their CCAs.

CCAs offer their customers a choice in where their power comes from and we stand at the vanguard of offering innovative and affordable energy solutions in our service territories. CCAs are also deeply committed to advancing the state’s decarbonization goals in partnership with policymakers, and we believe SB 100 is an important step in furthering California’s clean energy future. Thank you again for your leadership.

Sincerely,

Beth Vaughan
Executive Director

cc: Honorable Members of the California State Assembly

\(^2\) SEC. 19. Section 399.13 of the Public Utilities Code: 8 (b): Beginning January 1, 2021, at least 65 percent of the procurement a retail seller counts toward the renewables portfolio standard requirement of each compliance period shall be from its contracts of 10 years or more in duration or in its ownership or ownership agreements for eligible renewable energy resources.

\(^3\) SEC. 18. Section 399.12 of the Public Utilities Code: (2) A community choice aggregator shall participate in the renewables portfolio standard program subject to the same terms and conditions applicable to an electrical corporation.
To: Clean Power Alliance (CPA) Board of Directors
From: Ted Bardacke, Executive Director
Subject: Monthly Update
Date: August 16, 2018

Phase I and II – Operations
During the month of July, CPA completed the vast majority of its transition activities for approximately 34,000 non-residential customers in unincorporated Los Angeles County, South Pasadena and Rolling Hills Estates. As part of data clean up from this transition, an additional 395 accounts were scheduled for transition later in July. Of the original Phase 2 accounts and the additional 395 accounts, 198 accounts remain awaiting data and transition from SCE before they can become CPA customers. Staff is tracking potential lost revenue from these delays.

As of August 7, the opt-out rate for Phases 1 and 2 was 0.7%, representing approximately 3% of CPA’s total expected annual energy load for these two phases. Only 31 customers have chosen to change their rate option (five to 100% renewables and 26 to 36% renewables). Opt-out rates are expected to show a spike in mid-August and early September as customers get their first bills with CPA charges on them, particularly because those bills may be higher than average due to the recent heat wave. The two most common reasons stated for opting out continue to be a dislike of being automatically enrolled and rate/cost concerns. In July, 94% of calls to the call center were answered within one minute and 100% were answered within three minutes.
**Power Procurement**
Matt Langer, Chief Operating Officer, and Natasha Keefer, Director of Power Planning and Procurement were named to join the Executive Director as members of the Risk Management Team. As CPA grows, two more members are expected to be named; these include a Manager of Finance & Risk Management and an outside consultant who has significant experience in energy markets.

CPA, in conjunction with its Portfolio Manager TEA, continues to fine-tune its 2018 energy portfolio in response to changing load forecasts and market dynamics. In some cases this has resulted in sales of energy in particular months where CPA was over-hedged. Under the terms of the hedging strategy approved by the Board in July, CPA has also begun the process of acquiring block energy and Resource adequacy for the 2019-2021 timeframe.

Staff has held several meetings with environmental and labor stakeholders regarding particular qualitative preferences to be included in CPA’s RFO for long-term contracts of renewable energy resources and energy storage capacity. A summary of the process is attached to this report. The RFO is expected to be issued in early October and evaluation criteria will be discussed further in the Energy Committee.

**Staffing/Hiring**
CPA is currently advertising for a Director of Marketing & Account Services, a Manager of Finance & Risk Management, and a Power Supply & Compliance Senior Analyst. Consistent with the approved FY18-19 budget, CPA also expects to hire a Director of Legislative & Regulatory Affairs and an Account Services Manager (to be located in Ventura County) before the end of the year.

**Contracts Executed in July Under Executive Director Delegated Authority**
Pacific Energy Advisors was contracted to assist with the preparation of CPA’s annual Joint Rate Comparison with SCE for a not-to-exceed amount of $3,000.
M3 (Richard McCann) was contracted to assist CPA with the financial review of SCE’s proposed early termination agreement with the Coso geothermal plant for a not-to-exceed amount of $15,000. SCE’s proposed action could impose additional PCIA costs on CPA customers through the calculation methodology of the termination agreement.

**Community Advisory Committee Recruitment**

The initial application period for Community Advisory Committee members closed on July 25, and while CPA received a positive response and much interest in the Committee, at that time the applicant pool was not sufficient to fulfill the requirements of the Committee’s geographic composition. CPA staff, in consultation with the Community Advisory Ad Hoc Committee, determined the application process should be extended to generate a larger and more geographically diverse applicant pool. CPA extended the deadline to apply to serve on the Community Advisory Committee to Wednesday, August 22, 2018. Updated materials, including the flyer and application forms, are available on the CPA website at: [https://www.cleanpoweralliance.org/documents/](https://www.cleanpoweralliance.org/documents/).

Since extending the deadline, CPA staff has released numerous announcements and conducted targeted outreach to region-wide community-based organizations, chambers of commerce, environmental coalitions, and other key networks to reach a larger candidate pool. Individuals who applied have during the first round have also been notified of the application extension. As of this writing, CPA has received 30 total applications for the Community Advisory Committee.

After the August 22 deadline, staff will screen the applications, followed by review by the Community Advisory Ad Hoc Committee in early September. Recommendations for membership are anticipated to be presented to the Board for consideration and appointment at its October 4 meeting.

Attachment: 1) Long-Term Clean Energy RFO Overview
Update on Long-Term Clean Energy RFO

August 16, 2018
Summary

- Overview
- Market Conditions
- Balanced Offer Selection Approach
- Evaluation Criteria
  - Environmental Stewardship
  - Workforce Development
- RFO Process
Overview

- In order to meet its SB 350 compliance requirements, CPA intends to build a portfolio of clean energy projects.

- CPA will be launching a solicitation for long-term (10 years+) clean energy contracts in September.

- Based on other recent CCA RFOs and market dynamics, CPA anticipates receiving a robust response.

- In Q1 2019, proposed offer selections will be presented to the Board for consideration and approval.

- The RFO process does not require any bids to be selected; however, Staff anticipates bringing to the Board multiple projects.

(1) SB 350 requires that retail sellers procure a minimum of 65% of their Renewable Portfolio Standard compliance requirement under contracts with terms of 10 years or longer beginning in 2021.
Market Conditions

- CPA’s mix of new renewable resources will be diverse, but solar will likely comprise the largest percentage of the portfolio, based on resource availability and cost\(^1\)

<table>
<thead>
<tr>
<th>Resource Type</th>
<th>Renewable Potential (Statewide)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar</td>
<td>74,278 MW</td>
</tr>
<tr>
<td>Wind</td>
<td>2,244 MW</td>
</tr>
<tr>
<td>Geothermal</td>
<td>1,808 MW</td>
</tr>
<tr>
<td>Biomass</td>
<td>1,293 MW</td>
</tr>
</tbody>
</table>

- Based on current interconnection queue requests,\(^2\) the number of projects located in Los Angeles and Ventura counties will likely be limited, small-scale, and include a number of storage projects

- CPA has the opportunity to drive development of desired projects through communication of evaluation criteria preferences to the market and by making it clear that CPA will be procuring more each year

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(1) CPUC 2017 Integrated Resource Plan statewide modeling assumptions
(2) CAISO and SCE WDAT Interconnection Queues
Balanced Offer Selection Approach

- Project offers will be evaluated holistically on a number of criteria:

  - Energy & Capacity Value
  - Interconnection
  - Permitting
  - Indirect Costs
  - Portfolio Fit
  - Location
  - Workforce Development
  - Environmental Stewardship
  - Benefits to DACs
  - Supplier Considerations

(1) Disadvantaged Communities
Evaluation Criteria

- CPA seeks to contract with a number of projects, which will result in a well-rounded portfolio, showcasing a diverse set of benefits

- While many criteria can be evaluated using industry-standard methodology, some are more qualitative in nature

- During the July Board meeting, CPA received public feedback on two specific criteria:
  - Environmental Stewardship
  - Workforce Development

- CPA has developed proposed principles related to these criteria to be incorporated into offer evaluation methodology
Environmental Stewardship & Renewable Development

- Environmental stewardship means renewable energy that avoids, minimizes, and compensates for impacts to local, regional, state-wide, or western land and water resources.

- Key issues related to renewable development include:
  - Extensive land use
  - Protected areas (federal, state, regional, local)
  - Habitat and habitat linkages, especially for threatened and endangered species
  - Open space in urbanized areas (habitat, permeable surfaces)
Environmental Stewardship Approaches

- Historically, environmental stewardship has been addressed with avoidance criteria, however renewable energy can also provide additional societal, health, economic, water saving, or environmental benefits

**Avoidance**
- Landscape-scale planning that pre-identifies least conflict areas for development:
  - Desert Renewable Energy Conservation Plan
  - San Joaquin Valley Least Conflict Assessment
  - LA County Renewable Energy Ordinance

**Multiple Benefit**
- Projects with benefits beyond climate and GHG reduction:
  - Parking-lot and rooftop PV
  - Sites in re-use areas (e.g. landfill)
  - Fallowed farmland
  - Brownfield development
Proposed Procurement Principle – Environmental Stewardship

Principle

*CPA is committed to being an environmental leader by providing customers with energy that delivers multiple benefits for air, water, and nature.*

Evaluation criteria will demonstrate a preference for:

- Multiple benefit projects
- Projects proposed or located in an area designated for renewable energy
- Project that have received land use entitlement permits
Workforce Development Considerations

- Types of projects to be contracted for the RFO with the greatest workforce development opportunities:
  - Solar Photovoltaic (PV)
  - Solar PV paired with battery storage
  - Standalone battery storage

- Skilled and trained workforce
  - Workers are either registered apprentices or skilled journeypersons
  - Prevailing hourly wage rate

- Targeted hire
  - Work performed by targeted workers, including local community members, veterans, and residents of Economically Disadvantaged areas
Proposed Procurement Principle – Workforce Development

Principle

*CPA is committed to creating community benefits, which includes engaging a skilled and trained workforce and targeted hires.*

Evaluation criteria will demonstrate a preference for:

- Skilled and trained workforce criteria
- Targeted hire criteria
- Project location (service territory vs. California vs. out-of-state)
RFO Process

- RFO launch is tentatively scheduled for early October
- Staff will be seeking guidance from the Energy Committee at multiple points during the RFO process:

  Discuss evaluation criteria during:
  - August Energy Committee meeting
  - September Energy Committee meeting

  Discuss shortlist results with:
  - Energy Committee
  - Community Advisory Committee

- Review of offer selections by Staff and 2 Board members (to be appointed by Energy Committee)
- No contracts executed without Board approval