

## AGENDA

### ORANGE COUNTY POWER AUTHORITY MEETING OF THE BOARD OF DIRECTORS

Wednesday, June 29, 2022  
10:00 a.m.

This meeting will proceed as a teleconference meeting in compliance with waivers to certain provisions of the Ralph M. Brown Act provided for under California Government Code section 54953(e)(1)(A) in relation to the Covid-19 state of emergency and recommended social distancing measures. There will be no location for in-person attendance. The Orange County Power Authority is providing alternatives to in-person attendance for viewing and participating in the meeting. Further details are below.

*Note:* Any member of the public may provide comments to the Orange County Power Authority Board of Directors on the closed session prior to Item 4, on any open session agenda items by requesting to speak during Item 5, or on any matter not appearing on the agenda but within the jurisdiction of the Board by requesting to speak during Item 6. When providing comments to the Board, it is requested that you provide your name and city of residence for the record. Commenters are requested to address their comments to the Board as a whole through the Chair. Comments may be provided in the following manner:

To provide comments during the meeting, join the Zoom meeting by computer, mobile phone, or dial-in number. Before or during Items 4, 5, and 6 (for providing comments on closed session items, open session agenda items, and non-agenda items, respectively), the Chair or Clerk will ask members of the public to join the queue to provide public comment. The queue will remain open for a reasonable amount of time to allow members of the public sufficient time to request to speak and inform the Board of the number of speakers. After such time, the queue will be closed and the members of the public who have joined the queue to speak will be recognized at the appropriate time may speak through Zoom video conference or telephonically. To join the queue on Zoom video conference by computer or mobile phone, use the “Raise Hand” feature. If joining the meeting using the Zoom dial-in number, you can raise your hand and join the queue by pressing \*9. Members of the public will not be shown on video but will be able to speak when called upon.

Comments shall generally be limited to three minutes when speaking, provided that the Chair may equally reduce each speaker’s time to accommodate a large number of speakers or a large number of agenda items. If you have anything that you wish to be distributed to the Board, please provide it via [comments@ocpower.org](mailto:comments@ocpower.org), who will distribute the information to the Members.

The public may participate using the following remote options:

#### ZOOM WEBINAR

Please click the link below to join the webinar:

[Launch Meeting - Zoom](#)

Dial-in: 1-669-900-6833

Webinar ID: 832 8955 1760

1. **CALL TO ORDER**

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

4. **CLOSED SESSION**

*Prior to entering closed session, the Board will provide an opportunity for members of the public to provide public comment regarding the closed session item(s).*

1. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to Section 54956.9(d)(2):  
One (1) potential case

2. Consideration of a request by Director Sonne:  
**PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE**  
Pursuant to Government Code Section 54957(b)(1)

3. Consideration of a request by Director Sonne:  
**PUBLIC EMPLOYEE APPOINTMENT**  
Pursuant to Government Code Section 54957(b)(1)  
Title: Acting Chief Executive Officer

4. Consideration of a request by Director Sonne:  
**PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE**  
Pursuant to Government Code Section 54957(b)(1)

5. Consideration of a request by Director Sonne:  
**PUBLIC EMPLOYEE APPOINTMENT**  
Pursuant to Government Code Section 54957(b)(1)  
Title: Acting General Counsel

5. **PUBLIC COMMENTS ON AGENDA ITEMS**

*Opportunity for members of the public to address the Board on any items on the agenda.*

6. **PUBLIC COMMENTS ON NON-AGENDA ITEMS**

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

7. **DIRECTOR ANNOUNCEMENTS**

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

**8. STAFF REPORT**

*Staff may briefly provide information to the Board and the public. The Board may engage in discussion if the specific subject matter of the report is identified, but the Board may not take any action. There is to be no other discussion or action taken unless authorized by law.*

**9. CONSENT CALENDAR**

*All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Board of Directors, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Board of Directors request specific items be removed from the Consent Calendar.*

**1. FINDINGS NECESSARY FOR REMOTE PARTICIPATION IN PUBLIC MEETINGS**

**Recommended Action:**

Declare that the findings made in Resolution No. 2022-02, "Resolution of the Orange County Board of Directors Making Findings Necessary for Remote Participation in Public Meetings" remain valid and applicable, so as to allow remote participation in public meetings for the next 30 days.

**2. MINUTES FOR THE REGULAR BOARD MEETING OF MAY 3, 2022**

**Recommended Action:**

Approve as submitted

**3. TREASURER REPORT – FISCAL YEAR ENDED APRIL 30, 2022**

**Recommended Action:**

Receive and File

**4. APPROVE PRINTING AND MAILING SERVICES CONTRACT WITH ORANGE COUNTY PRINTING COMPANY**

**Recommended Action:**

1. Approve Contract with Orange County Printing Company for Printing and Mailing Services
2. Authorize the Chief Executive Officer or delegated staff to negotiate, finalize, and execute contract for Printing and Mailing Services

**10. REGULAR CALENDAR**

*The following items call for discussion or action by the Board of Directors. The Board may discuss and/or take action on any item listed below if the Board is so inclined.*

**1. APPROVE FISCAL YEAR 2022-2023 BUDGET**

**Recommended Action:**

Approve Fiscal Year 2022-2023 Budget

**2. APPROVE AGREEMENT FOR PURCHASE OF RESOURCE ADEQUACY CAPACITY FROM MARSH LANDING, LLC**

**Recommended Action:**

1. Authorize OCPA's Chief Executive Officer ("CEO") to enter into a resource adequacy capacity purchase agreement with Marsh Landing, LLC ("Marsh Landing")

**3. APPROVE AGREEMENT FOR PURCHASE OF RESOURCE ADEQUACY CAPACITY FROM SUNRISE POWER COMPANY, LLC**

**Recommended Action:**

1. Authorize OCPA's Chief Executive Officer ("CEO") to enter into a resource adequacy capacity purchase agreement with Sunrise Power Company, LLC ("Sunrise Power")

**11. ADJOURNMENT**

***Compliance with the Americans with Disabilities Act***

Board of Directors meetings comply with the protections and prohibitions of the Americans with Disabilities Act. Individuals with a disability who require a modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may contact 949-263-2612. Requests for disability-related modifications or accommodations require different lead times and should be provided at least 72-hours in advance of the public meeting.

***Availability of Board Documents***

Copies of the agenda and agenda packet are available at [www.ocpower.org](http://www.ocpower.org). Late-arriving documents related to a Board meeting item which are distributed to a majority of the Board prior to or during the Board meeting are available for public review as required by law. Late-arriving documents received during the meeting are available for review by making a verbal request to the Board Secretary in the Zoom meeting room.

**ORANGE COUNTY POWER AUTHORITY**  
**Staff Report – Item 9.1**

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To: Orange County Power Authority Board of Directors

From: Ryan Baron, General Counsel

Subject: Findings Necessary For Remote Participation in Public Meetings

Date: June 29, 2022

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**RECOMMENDED ACTION**

Declare that the findings made in Resolution No. 2022-02, “Resolution of the Orange County Board of Directors Making Findings Necessary for Remote Participation in Public Meetings” remain valid and applicable, so as to allow remote participation in public meetings for the next 30 days.

**BACKGROUND**

AB 361 allows public agencies to hold fully or partially virtual meetings under certain circumstances, without being required to follow certain standard Ralph M. Brown Act teleconferencing requirements.

Under AB 361, a legislative body holding virtual meetings pursuant to AB 361 must make certain findings at least every thirty (30) days. Specifically, the legislative body must find that it has reconsidered the circumstances of the state of emergency and either of the following: (1) state or local officials continue to impose or recommend measures to promote social distancing, or (2) as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

Based on current COVID-19-related circumstances, the Board can continue to make the required findings. Staff therefore recommends that the Board of Directors declare that the findings made in Resolution 2022-02 remain valid and applicable, so as to allow the Board of Directors and its subordinate legislative bodies to continue to exercise remote participation options under AB 361.

**FISCAL IMPACT**

There is no fiscal impact.

**ATTACHMENT**

Resolution No. 2022-02 a Resolution of the Orange County Board of Directors Making Findings Necessary for Remote Participation in Public Meetings.

## RESOLUTION NO. 2022-02

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY POWER AUTHORITY MAKING FINDINGS NECESSARY FOR REMOTE PARTICIPATION IN PUBLIC MEETINGS

A. The Ralph M. Brown Act (“Brown Act”) requires, with specified exceptions, that all meetings of the governing body and all subordinate legislative bodies be open and public and that all persons be permitted to attend and participate.

B. The Brown Act contains provisions for remote participation in meetings by members of a legislative body subject to the existence of certain conditions and requirements.

C. Government Code section 54953(e) requirements include, but are not limited to, (1) the existence of a state of emergency declared by the California Governor pursuant to Government Code section 8625, and (2) state or local officials have imposed or recommended measures to promote social distancing.

D. On March 4, 2020, the Governor issued a Proclamation of State of Emergency in response to the COVID-19 pandemic and as of the date of this Resolution, the proclaimed state of emergency remains in effect.

E. On March 17, 2020, the Governor issued Executive Order N-29-20, which suspended and modified the remote participation requirements under the Brown Act to allow local legislative bodies to hold public meetings via teleconference.

F. On June 11, 2021, the Governor issued Executive Order N-08-21, which extended the provisions of N-29-20 concerning the conduct of public meetings through September 30, 2021. The Governor subsequently signed Assembly Bill 361 (Rivas, 2021) revising requirements for remote public meetings (“AB 361”).

G. In order to preserve public health and safety, the State Public Health Officer and Orange County Health Officer have issued various orders and guidance, as they may be amended from time to time, regarding COVID-19 prevention measures, which include references and a statement of support for social distancing recommendations. (*See, e.g., Guidance for Use of Face Coverings*, revised January 5, 2022; *COVID-19 Public Health Recommendations for Fully Vaccinated People*, dated October 28, 2021; *County of Orange Health Officer’s Orders and Strong Recommendations*, revised January 14, 2022).

H. In light of the foregoing, the Board of Directors desires to continue to have the flexibility to meet via remote participation for public meetings, as long as the state of emergency and social distancing recommendations continue, and that it and its legislative bodies shall be permitted to conduct their meetings by remote participation in accordance with Government Code section 54953(e), and that such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed by that section therein.

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

Section 1. The above recitals are true and correct and incorporated herein.

Section 2. The Orange County Power Authority Board of Directors finds and declares for itself and each of its subordinate legislative bodies, as follows:

- a. A continued state of emergency, as declared by the State of California, continues to exist.
- b. The Board of Directors has reconsidered the circumstances of the state of emergency.
- c. State and local officials continue to impose or recommend measures to promote social distancing.
- d. The Orange County Power Authority promotes social distancing measures, including, without limitation, promoting and utilizing remote attendance options at Board of Directors meetings.

Section 3. The Board of Directors and any of its legislative bodies are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act or executive order, as such may be amended or promulgated from time to time.

Section 4. This resolution shall take effect immediately upon its adoption and apply to all Orange County Power Authority public meetings of its legislative bodies including those held during the state of emergency since the passage of and governed by AB 361.

**PASSED AND ADOPTED** at a meeting of the Orange County Power Authority Board of Directors held on February 8, 2022.

  
Secretary



**MINUTES  
REGULAR MEETING  
BOARD OF DIRECTORS  
ORANGE COUNTY POWER AUTHORITY**

**May 3, 2022**

**1. CALL TO ORDER**

Chair Carroll called to order the regular meeting of the Orange County Power Authority Board of Directors at 10:02 a.m. on Tuesday, May 3, 2022.

The meeting was conducted using teleconference and electronic means consistent with public health orders and guidelines in California and in accordance with the Governor's Executive Orders. There was no location for in-person attendance. Due to the nature of the teleconference, all votes were cast via roll call. In an effort to protect public health, members of the public were able to provide live comments on agenda items using Zoom.

**2. PLEDGE OF ALLEGIANCE**

Vice Chair Jung led the Pledge of Allegiance.

**3. ROLL CALL**

Present:	Director Don Wagner	Orange County
	Director Susan Sonne	City of Buena Park
	Alt. Director Dan Kalmick	City of Huntington Beach
	Vice Chair Fred Jung	City of Fullerton
	Chair Mike Carroll	City of Irvine
Absent:	Director Farrah N. Khan	City of Irvine

**4. CLOSED SESSION**

**4.1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

Pursuant to Government Code Section 54956.9(d)(1)  
Name: CPUC Resource Adequacy Proceeding

Recess to Closed Session

At 10:10 a.m. and after learning there were no hands raised for public comment, Chair Carroll announced the Board was recessing to closed session. The following Board Members were present: Carroll, Sonne, Jung, Wagner, Kalmick. Director Khan was absent. Also present were CEO Probolsky, CFO Law, and Board Counsel Barron.

Reconvene



At 11:20 a.m., the Regular Meeting of the Orange County Power Authority reconvened with the following present: Directors Carroll, Sonne, Jung, and Kalmick. Directors Khan and Wagner were absent. Staff members were also present.

General Counsel Barron announced that the Board had authorized staff to file an appeal with the CPUC regarding the citation relating to the resource adequacy proceeding.

## **5. PUBLIC COMMENTS ON AGENDA ITEMS**

The following spoke in public comments regarding May 3, 2022, agenda items:

Ayn Craciun  
David Lingerfelt  
Doug Elliott  
Harvey Liss  
Branda Lin

## **6. PUBLIC COMMENTS ON NON-AGENDA ITEMS**

The following commented on non-agenda matters, but within the jurisdiction of the Board:

Doug Elliott  
Dan Chmielewski  
Dee Fox  
Danny Gray  
Craig Preston  
Jeremy Ficarola  
Branda Lin

## **7. DIRECTOR ANNOUNCEMENTS**

Director Carroll clarified some issues raised by speakers.

Mike Maher of Maher Accountancy explained the difference between the interim financial reports on this agenda, and the independent annual audit performed by Priseni and Brinker. He explained the financial statement disclosure that appears on agenda item 9.3.

## **8. STAFF REPORT**

CEO Probolsky reported that the final set of the eligible commercial customers have been enrolled. He added that the back-office teams have been working well.

## **9. CONSENT CALENDAR**

### **ACTION**

**Vice Chair Jung made a motion, seconded by Director Carroll, to adopt the recommended motions on Consent Calendar items 9.1 through 9.3 as presented.**

The motion carried as follows:

Ayes: Directors Jung, Sonne and Carroll. Alternate Director Kalmick.  
Nos: None  
Absent: Directors Wagner and Khan.

## **9.1. FINDINGS NECESSARY FOR REMOTE PARTICIPATION IN PUBLIC MEETINGS**

**Motion:**

Declare that the findings made in Resolution No. 2022-02, "Resolution of the Orange County Board of Directors Making Findings Necessary for Remote Participation in Public Meetings" remain valid and applicable, so as to allow remote participation in public meetings for the next 30 days.

**9.2. MINUTES FOR THE REGULAR BOARD MEETING OF APRIL 5, 2022**

**Motion:**

Approve as submitted

**9.3. FINANCIAL UPDATE – QUARTER END MARCH 31, 2022**

**Motion:**

Receive and File

**10. REGULAR CALENDAR**

**10.1. LEGISLATIVE AND REGULATORY AFFAIRS UPDATE**

Sean MacNeill, Director of Legislative Affairs for CalCCA addressed SB 881, giving the CPUC more authority to enforce integrated resource plan requirements.

Steven Halligan, Management Analyst, explained SB 520, SB 612, and SB 1158,

No action was required.

**10.2. COMMERCIAL SERVICE LAUNCH UPDATE**

Rob Howard with Zodiac Solutions updated the Board on post-enrollment notices and NEM enrollments.

Steven Halligan, Management Analyst, shared information on customer choices.

Andrea Warner, Business Relationship Manager, gave an overview on outreach in April, and upcoming events.

No action was required.

**11. ADJOURNMENT**

At 12:10 p.m. Chair Carroll adjourned the meeting of May 5, 2022, based on a motion by Director Sonne and a second by Vice Chair Jung. The next Regular Meeting of the Orange County Power Authority will be held Wednesday, June 29, 2022, at 10:00 a.m.

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Brian Probolsky, Secretary

**ORANGE COUNTY POWER AUTHORITY**  
**Staff Report – Item 9.3**

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To: Orange County Power Authority Board of Directors

From: Tiffany Law, Chief Financial Officer

Subject: TREASURER’S REPORT – FISCAL YEAR ENDED APRIL 30, 2022

Date: June 29, 2022

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**RECOMMENDED ACTION**

Receive and file.

**BACKGROUND**

Orange County Power Authority prepares its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Accordingly, OCPA’s financial statements are presented as a governmental enterprise fund and are reported using the full accrual basis of accounting.

OCPA has prepared financial statements for the year-to-date July 1, 2021, through April 30, 2022, with along with budgetary comparisons.

**ANALYSIS AND DISCUSSION**

OCPA remains in its start-up phase as it just launched the electrical service to its customers since April 1, 2022. Below are the financial highlights for the fiscal year ended April 30, 2022:

- OCPA has started to recognize operating revenues in April 2022. Due to lower than forecasted MWh sales based on historical usage, the energy sales are lower than budget by approx. \$1.3mil or 16.4%. The variance is generally expected during the first few months of operation as customer accounts are gradually enrolled into OCPA services based on their billing start dates, and it should be normalized in future months.
- Corresponding to the lower-than-expected energy sales, power supply costs are below budget by approx. \$1.8mil or 18.3%. In addition to the lower projected volume used by customers, the variance is typically due to timing difference between projected and actual Renewable Energy Certificates (RECs) deliveries and market prices.
- Operating costs other than cost of energy resulted in a savings over budgeted projections by approx. \$0.3mil or 10.3%.
- OCPA has borrowed \$5mil from MUFU Union Bank’s Revolving Credit Facility, of which \$1mil was used as a reserve for the lockbox account. MUFU has also issued approx. \$5.6mil letters of credit to various investor-owned utilities as collateral posting (~\$5mil) and the California ISO (~\$550k) for the CRR Holder Minimum Participation Requirements and de minimis CRR auction collateral posting, of which \$500k will be waived by the California ISO as OCPA successful met the \$5mil net asset requirement. The remaining balance on the RLOC is approx. \$24.4mil.
- As a result, the net position as of April 2022 is approx. \$0.8mil or 14.8% higher than budget.

There were no unusual transactions of note during this period of reporting.

## **FISCAL IMPACT**

There is no fiscal impact associated with approving this item. It is presented for informational purposes only.

## **ATTACHMENT**

1. Financial Statements as of April 30, 2022 (Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows)
2. Budgetary Comparison Report as of April 30, 2022



## ACCOUNTANTS' COMPILATION REPORT

Management  
Orange County Power Authority

Management is responsible for the accompanying financial statements of Orange County Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of April 30, 2022, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

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

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

*Maher Accountancy*

San Rafael, CA  
June 8, 2022

**ORANGE COUNTY POWER AUTHORITY**  
**STATEMENT OF NET POSITION**  
**As of April 30, 2022**

**ASSETS**

Current assets	
Cash	\$ 2,012,843
Restricted cash	5,000,000
Investments	147,513
Other receivables	312,348
Accounts receivable and accrued revenue, net	6,877,414
Prepaid expenses	917,563
Deposits	233,000
Total current assets	15,500,681

**LIABILITIES**

Current liabilities	
Accrued cost of energy	7,292,386
Accounts payable	311,114
Other accrued liabilities	219,183
Accrued interest and financing costs	14,069
Total current liabilities	7,836,753
Noncurrent liabilities	
Note payable	5,000,000
Loan payable	7,652,380
Accrued interest and financing costs	91,233
Total noncurrent liabilities	12,743,613
Total liabilities	20,580,366

**NET POSITION**

Unrestricted (deficit)	(5,079,685)
Total net position	\$ (5,079,685)

**ORANGE COUNTY POWER AUTHORITY  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
Ten Months Ended April 30, 2022**

<b>OPERATING REVENUES</b>	
Electricity sales, net	\$ 6,877,610
<b>OPERATING EXPENSES</b>	
Cost of energy	7,979,155
Contract services	1,968,554
Staff compensation	779,046
General and administration	127,344
Total operating expenses	<u>10,854,099</u>
Operating income (loss)	<u>(3,976,489)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	764
Interest and financing expense	<u>(168,896)</u>
Nonoperating revenues (expenses), net	<u>(168,132)</u>
<b>CHANGE IN NET POSITION</b>	(4,144,621)
Net position at beginning of period	<u>(935,064)</u>
Net position at end of period	<u><u>\$ (5,079,685)</u></u>

**ORANGE COUNTY POWER AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**Ten Months Ended April 30, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 373
Payments to suppliers for electricity	(2,126,188)
Payments for goods and services	(1,886,783)
Payments to employees for services	(749,739)
Net cash used by operating activities	(4,762,337)

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Proceeds from note	5,000,000
Proceeds from loan	5,000,000
Interest and related expense payments	(80,341)
Net cash provided by non-capital financing activities	9,919,659

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income received	334
Net cash provided (used) by investing activities	334

Net change in cash	5,157,656
Cash at beginning of period	1,855,187
Cash at end of period	\$ 7,012,843

**Reconciliation to the Statement of Net Position**

Cash (unrestricted)	\$ 2,012,843
Restricted cash	5,000,000
Cash and cash equivalents	\$ 7,012,843



**ORANGE COUNTY POWER AUTHORITY  
STATEMENT OF CASH FLOWS (continued)  
Ten Months Ended April 30, 2022**

**RECONCILIATION OF OPERATING LOSS TO NET  
CASH USED BY OPERATING ACTIVITIES**

Operating income (loss)	\$ (3,976,489)
Adjustments to reconcile operating loss to net cash used by operating activities	
(Increase) decrease in:	
Other receivables	(312,348)
Accrued revenue	(6,877,414)
Prepaid expenses	(917,563)
Deposits	(228,185)
Increase (decrease) in:	
Accrued cost of electricity	7,292,386
Accounts payable	135,746
Other accrued liabilities	121,530
Net cash used by operating activities	<u>\$ (4,762,337)</u>



## ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
Orange County Power Authority

Management is responsible for the accompanying special purpose statement of Orange County Power Authority (OCPA), a California Joint Powers Authority, which comprise the budgetary comparison schedule for the period ended April 30, 2022, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

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

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

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

*Maher Accountancy*

San Rafael, CA  
June 8, 2022

**ORANGE COUNTY POWER AUTHORITY  
BUDGETARY COMPARISON REPORT  
Ten Months Ended April 30, 2022**

	YTD Actual	YTD Amended Budget	YTD Amended Budget Variance (under) Over	YTD Amended Budget Variance (under) Over %	Annual Amended Budget	Amended Budget Remaining
<b>OPERATING REVENUES</b>						
Electricity Sales, net	\$ 6,877,610	\$ 8,226,283	\$ (1,348,673)	83.6%	\$ 44,367,000	\$ 37,489,390
<b>OPERATING EXPENSES</b>						
Cost of Electricity	7,979,155	9,768,712	(1,789,557)	81.7%	40,816,000	32,836,845
Service Fees - SCE	23,723	4,613	19,110	514.3%	14,000	(9,723)
Personnel	779,046	1,094,416	(315,370)	71.2%	1,522,000	742,954
Professional Services	880,894	901,067	(20,173)	97.8%	1,137,000	256,106
Legal	682,300	696,886	(14,586)	97.9%	800,000	117,700
Communications & Outreach	381,637	349,388	32,249	109.2%	433,000	51,363
General and administration	127,344	157,052	(29,708)	81.1%	201,000	73,656
Total operating expenses	10,854,099	12,972,134	(2,118,035)		44,923,000	34,068,901
Operating income (loss)	(3,976,489)	(4,745,851)	769,362		(556,000)	3,420,489
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	764	-	764	na	-	(764)
Interest and financing expense	(168,896)	(119,516)	49,380	141.3%	(149,000)	19,896
Nonoperating revenues (expenses), net	(168,132)	(119,516)	50,144		(149,000)	19,132
<b>CHANGE IN NET POSITION</b>	\$ (4,144,621)	\$ (4,865,367)	\$ 819,506		\$ (705,000)	\$ 3,439,621

**ORANGE COUNTY POWER AUTHORITY  
BUDGETARY COMPARISON REPORT  
Ten Months Ended April, 2022**

Budget Item	YTD Variance	Comment
Electric Sales Revenue	83.6%	Variance is coming under budget due to sales volume estimates.
Cost of Energy	81.7%	Variances in this category are typically due to (1) timing difference between projected and actual REC deliveries, (2) variance from actual to anticipated market prices, and (3) variance from actual to expected volume used by customers.
Personnel	71.2%	Staffing expenses are under budget due to the timing of new hires.
Professional Services	97.8%	This category includes accounting, IT, technical and other consultants.
Legal Costs	97.9%	This category includes outside legal costs for regulatory and energy procurement needs.
Marketing and customer enrollment	109.2%	This category includes customer noticing, advertising and other customer communications
Other General & Administrative	81.1%	This category includes occupancy costs, industry membership dues, and other general and administrative costs.
Interest and financing expenses	141.3%	This category includes interest and fees related to debt. Variance predominately due to the timing of loan draws and letters of credit posted for collateral on energy supply.

ORANGE COUNTY POWER AUTHORITY  
SCHEDULE OF OUTSTANDING DEBT  
AS OF APRIL 30, 2022

**CITY OF IRVINE**

On January 2021, OCPA borrowed \$2,500,000 from the City of Irvine for working capital costs associated with OCPA's pre-launch. On September 2021, OCPA borrowed \$5,000,000 from the City of Irvine for cash collateral in the credit facility associated with OCPA's launch. The loan repayment date for the above is January 1, 2027. Interest is due on the loan in an amount based on the gross earnings for the respective quarter as reported in the City Treasurer's monthly investment report. The estimated interest rate as of June 30, 2021 is 1.50% per annum.

Also included as a loan payable are formation related costs - \$152,380 paid directly from the City to the vendors. OCPA will reimburse the City no later than January 1, 2027. Interest does not accrue on the formation costs advanced by the City.

Principal	Maturity	Interest Rate	Payments	Outstanding Principal
\$ 152,380.00	January 2027	0.00%	\$ -	\$ 152,380.00
\$ 7,500,000.00	January 2027	1.50%	\$ -	\$ 7,500,000.00

**MUFG UNION BANK, N.A. CREDIT FACILITY**

On September 2021, OCPA and MUFG Union Bank, N.A. entered into a Revolving Credit Agreement for a \$35 million credit facility OCPA has borrowed \$5,000,000 as of April 30, 2022, of which \$1,000,000 was used as a reserve for the lockbox account.

MUFG Union Bank, N.A. has also issued a \$2,181,072.50 Letter of Credit to Pacific Gas & Electric; a \$2,870,000.00 Letter of Credit to Southern California Edison Company, and a \$550,000 Letter of Credit to California ISO. This leaves an unused credit balance of \$24,398,928.

Credit Facility	Letter of Credit	Borrowing	Unused Credit
\$ 35,000,000.00	\$ 5,601,072.50	\$ 5,000,000.00	\$ 24,398,927.50

**ORANGE COUNTY POWER AUTHORITY**  
**Staff Report – Item 9.4**

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To: Orange County Power Authority Board of Directors

From: Steven Halligan, Management Analyst

Subject: Printing and Mailing Services Contract

Date: June 29, 2022

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**RECOMMENDED ACTION**

1. Approve Contract with Orange County Printing Company (OCPC) for Printing and Mailing Services
2. Authorize the Chief Executive Officer or delegated staff to negotiate, finalize, and execute for Printing and Mailing Services.

**BACKGROUND**

Over the next several months Orange County Power Authority is mandated to mail over 1 million mailers to residential customers prior to and after the launch of service in October. On June 6, Orange County Power Authority released a Request for Proposals (RFP) for Printing and Mailing Services for multiple required mailings related to the residential launch occurring in October 2022. After reviewing the proposals for ability, company history, and price OCPA Staff recommends contracting with Orange County Printing Company to provide these essential services.

**ANALYSIS AND DISCUSSION**

On June 6, Orange County Power Authority released a Request for Proposals (RFP) for Printing and Mailing Services for multiple required mailings related to the residential launch occurring in October 2022. These mailings include two pre-enrollment notices, two post-enrollment notices, courtesy letters, and a joint rate comparison. It is estimated that over 1.3 million pieces of mail will be sent out in relation to the October enrollment.

OCPA received two bids in response to this RFP. The first proposal was from Orange County Printing Company, an RR Donnelley Company. RR Donnelley is a fortune 500 company with over 150 years in the business. They are located in 28 countries with 176 locations including one in Irvine, CA. The second proposal was from Snap Pack Mail. Snap Pack Mail has four locations with one in California – Sacramento.

The review committee, consisting of OCPA Staff, graded each firm on 1) response to RFP, capability, experience, qualifications, and references, and 2) Cost to OCPA.

The following provides a high-level cost comparison for each firm:

**ORANGE COUNTY POWER AUTHORITY**  
**Staff Report – Item 9.4**

<b>Company</b>	<b>Printing Cost</b>	<b>Estimated Postage</b>	<b>Drop Ship</b>	<b>Set up</b>	<b>Sub Total</b>	<b>20% contingency</b>	<b>Total</b>
OCPC	\$ 183,558	\$364,110	\$ -	\$ -	\$547,668	\$109,533.60	\$657,201.60
SnapPack	\$179,475	\$364,110	\$14,025	\$325	\$557,935	\$111,587.00	\$669,522.00

After careful consideration of the firms and alignment with the Authority’s goals and objectives, Staff is recommending the Board select Orange County Printing Company to provide Printing and Mailing Services.

A breakdown of the cost estimate from OCPC and quantities of the various mailers can be seen below.

	<b>Pre-E/N #1</b>	<b>Courtesy</b>	<b>Pre-E/N #2</b>	<b>Post-E/N</b>	<b>JRC</b>
<b>Price Per</b>	\$0.1157	\$0.3507	\$0.2013	\$0.1100	\$0.1157
<b>Postage Per</b>	\$0.265	\$0.265	\$0.265	\$0.265	\$0.265
<b>Total Per</b>	\$0.3807	\$0.6157	\$0.4663	\$0.3750	\$0.3807

<b>Quantity</b>	271,000	19,000	271,000	542,000	271,000
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<b>Price</b>	\$103,162.00	\$11,698.00	\$126,373.00	\$203,273.00	\$103,162.00
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<b>Sub Total</b>	\$547,668.00
20% Contingency	\$109,533.60

<b>Total</b>	<b>\$657,201.60</b>
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The estimated total for printing services is \$183,558. The estimated postage is \$364,110. The contract includes a 20% contingency (\$109,533.60) for postage price increases, other miscellaneous printing, an increase in the number of required mailings, or increased costs. The total amount for this contract is not to exceed \$657,201.60.

**FISCAL IMPACT**

The money for this contract has been budgeted in the proposed 2022/2023 budget. The contract has a not-to-exceed amount of \$657,201.60.

**ATTACHMENTS**

Attachment A – Contract

**ORANGE COUNTY POWER AUTHORITY  
GOOD AND SERVICES AGREEMENT**

This Goods and Services Agreement (“**Agreement**”) is made and entered into on July \_\_\_\_, 2022, by and between ORANGE COUNTY POWER AUTHORITY, a California joint powers authority (“**Authority**”) and ORANGE COUNTY PRINTING COMPANY, AN RDD COMPANY. (“**Contractor**”). Authority and Contractor are sometimes individually referred to as “**Party**” and collectively as “**Parties.**”

**RECITALS**

A. Contractor desires to perform and assume responsibility for the provision of certain goods and services required by Authority on the terms and conditions set forth in this Agreement. Contractor represents that it is experienced in providing technical services for the Authority’s community choice energy program, is licensed in the State of California, and is familiar with the plans of Authority.

B. Authority desires to engage Contractor to render such goods and services for the implementation and launch of the Authority’s community choice energy program (“**Project**”) as set forth in this Agreement.

**AGREEMENT**

**1. Scope of Services and Term.**

1.1 General Scope of Services. Contractor promises and agrees to furnish to Authority all labor and services and incidental and customary work necessary to fully and adequately supply assist the Authority the implementation services necessary for the Project (“**Services**”). The Services are more particularly described in Exhibit A attached hereto, and which are stated in the proposal to Authority. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto, and all applicable local, state and federal laws, rules and regulations.

1.2 Term. The term of this Agreement shall be from July 1, 2022 through June 30, 2023 unless earlier terminated as provided herein. Contractor shall complete the Services within the term of this Agreement and shall meet any other established schedules and deadlines.

**2. Responsibilities of Contractor.**

2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Contractor or under its supervision. Authority retains Contractor on an independent contractor basis and not as an employee. Contractor retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Contractor shall also not be employees of Authority and shall at all times be under Contractor’s exclusive direction and control. Contractor



shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Contractor shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

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

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

2.4 Authority's Representative. Authority hereby designates the Chief Executive Officer, or designee, to act as its representative for the performance of this Agreement ("**Authority's Representative**"). Authority's Representative shall have the power to act on behalf of Authority for all purposes under this Agreement. Contractor shall not accept direction or orders from any person other than Authority's Representative, or designee.

2.5 Contractor's Representative. Contractor hereby designates Ian Martin, Sales Development Executive, or designee, to act as its Representative for the performance of this Agreement ("**Contractor's Representative**"). Contractor's Representative shall have full authority to represent and act on behalf of the Contractor for all purposes under this Agreement. The Contractor's Representative shall supervise and direct the Services, using his or her best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

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

2.7 Standard of Care; Performance of Employees. Contractor shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Contractor represents and maintains that it is skilled in the professional calling necessary to perform the Services. Contractor warrants that all employees and sub-contractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Contractor represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Contractor shall perform, at its own cost

and expense and without reimbursement from Authority, any services necessary to correct errors or omissions which are caused by the Contractor's failure to comply with the standard of care provided for herein. Any employee of the Contractor or its subcontractors who is determined by Authority to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to Authority, shall be promptly removed from the Project by the Contractor and shall not be re-employed to perform any of the Services or to work on the Project.

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

2.9 Insurance.

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

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

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

(B) Minimum Limits of Insurance. Contractor shall maintain limits no less than: (1) *General Liability*: \$1,000,000 per occurrence for bodily injury, personal injury and

property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: \$1,000,000 per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 per accident for bodily injury or disease.

2.9.3 Professional Liability. Contractor shall procure and maintain, and require its subcontractors to procure and maintain, for a period of five (5) years following completion of the Services, errors and omissions liability insurance appropriate to their profession. Such insurance shall be in an amount not less than \$2,000,000 per claim. This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the Contractor. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend.

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

(A) General Liability.

(i) Commercial General Liability Insurance must include coverage for (1) Bodily Injury and Property Damage; (2) Personal Injury/Advertising Injury; (3) Premises/Operations Liability; (4) Products/Completed Operations Liability; (5) Aggregate Limits that Apply per Project; (6) Contractual Liability with respect to this Agreement; (8) Broad Form Property Damage; and (9) Independent Contractors Coverage.

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

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

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

(B) Automobile Liability. The automobile liability policy shall be endorsed to state that: (1) Authority, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation,

maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Contractor or for which the Contractor is responsible; and (2) the insurance coverage shall be primary insurance as respects Authority, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by Authority, its directors, officials, officers, employees, agents and volunteers shall be excess of the Contractor's insurance and shall not be called upon to contribute with it in any way.

(C) Workers' Compensation and Employers Liability Coverage.

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

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

(D) All Coverages. Defense costs shall be payable in addition to the limits set forth hereunder. Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits set forth herein shall be available to Authority, its directors, officials, officers, employees and agents as additional insureds under said policies. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this Agreement; or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named insured; whichever is greater.

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

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

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

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

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

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

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

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

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

2.9.8 Verification of Coverage. Contractor shall furnish Authority with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to Authority. The certificates and endorsements for each insurance policy shall be

signed by a person authorized by that insurer to bind coverage on its behalf and shall be on forms provided by Authority if requested. All certificates and endorsements must be received and approved by Authority before work commences. Authority reserves the right to require complete, certified copies of all required insurance policies, at any time.

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

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

### 3. **Fees and Payments.**

3.1 Compensation. Contractor shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement. The total compensation shall not exceed \$657,201.60 without written approval of the Authority. Extra Work may be authorized, as described below, and, if authorized, said Extra Work will be compensated at the rates and manner set forth in this Agreement.

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

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

3.4 Extra Work. At any time during the term of this Agreement, Authority may request that Contractor perform Extra Work. As used herein, “**Extra Work**” means any work which is determined by Authority to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement.

Contractor shall not perform, nor be compensated for, Extra Work without written authorization from Authority's Representative.

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

5. **General Provisions.**

5.1 Termination of Agreement.

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

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

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

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

**Contractor:** Orange County Printing Company  
Ian Martin  
2485 Da Vinci  
Irvine, CA 92614  
[Ian.T.Martin@rrd.com](mailto:Ian.T.Martin@rrd.com)

**Authority:** Orange County Power Authority  
Steven Halligan, Management Analyst  
P.O. Box 54283

Irvine, CA 92619  
(949) 767-8700  
[SHalligan@ocpower.org](mailto:SHalligan@ocpower.org)

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

### 5.3 Ownership of Materials and Confidentiality.

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

5.3.2 Intellectual Property. In addition, Authority shall have and retain all right, title and interest (including copyright, patent, trade secret and other proprietary rights) in all plans, specifications, studies, drawings, estimates, materials, data, computer programs or software and source code, enhancements, documents, and any and all works of authorship fixed in any tangible medium or expression, including but not limited to, physical drawings or other data magnetically or otherwise recorded on computer media (“**Intellectual Property**”) prepared or developed by or on behalf of Contractor under this Agreement as well as any other such Intellectual Property prepared or developed by or on behalf of Contractor under this Agreement.

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

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



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

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

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

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

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

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

## 5.6 Indemnification.

5.6.1 To the fullest extent permitted by law, Contractor shall defend (with counsel of Authority's choosing), indemnify and hold the Authority, its officials, officers, employees,

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

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

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

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

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

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

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

5.13 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Contractor include all personnel, employees, agents, and subcontractors of

Contractor, except as otherwise specified in this Agreement. All references to Authority include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

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

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

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

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

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

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

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

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

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

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

**[SIGNATURES ON FOLLOWING PAGE]**

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

**ORANGE COUNTY POWER  
AUTHORITY**

**ORANGE COUNTY PRINTING  
COMPANY**

By : \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By : \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
General Counsel

## **EXHIBIT A**

### **SCOPE OF SERVICES**

Orange County Printing Company, an RDD Company will perform printing and mailing services for the Orange County Power Authority (Authority) as set forth below.

Contractor shall print and mail the following documents:

- Residential Pre-Enrollment Notice #1
- Residential Pre-Enrollment Notice #2
- Residential Courtesy Letters
- Residential Post-Enrollment Notice #1
- Residential Post-Enrollment Notice #2
- Joint Rate Comparison Mailers
- Other documents and mailers as requested

Contractor will print, deliver, and postmark all mailers.

### **Other Requirements**

- Contractor will supply all paper and envelopes necessary for mailing
- Contractor will deliver all mailings to USPS Facility within Orange County, California
- All mailers must be connected to OCPA USPS Business Customer Gateway Account (For informed delivery campaigns)
- Addresses and artwork will be sent to Contractor a minimum of seven (7) calendar days prior to mailing date

**EXHIBIT B**

**SCHEDULE OF SERVICES/PROPOSAL FROM ORANGE COUNTY PRINTING**

**COMPANY**

<b>Description</b>	<b>Date Mailed</b>	<b>Style</b>	<b>Estimated Number of Units</b>
Pre-Enrollment Notice #1	August 1, 2022	6"x11" color, double sided glossy postcard	271,000
Courtesy Letters	August 29, 2022	8"x11" double sided color letters in windowed B&W envelopes	19,000
Pre-Enrollment Notice #2	September 2, 2022	8.5"x14" color, single sided legal letters in standard B&W envelopes	271,000
Post-Enrollment Notices*	Mid October through December	6"x11" color, double sided glossy postcard	542,000
Joint Rate Comparison	January 2023	6"x11" color, double sided glossy postcard	271,000

**EXHIBIT C**  
**CONTRACT RATES**

**PRICING**

**Outline of Unit Price:**

- Pre-Enrollment Notice #1** - \$0.115/unit
- Courtesy Letters and Envelopes** - \$0.35/unit
- Pre-Enrollment Notice #2 and Envelopes** - \$0.20/unit
- Post Enrollment Notices** - \$0.11/unit
- Joint Rate Comparison** - \$0.12/unit

**Postage – At Cost**

	<b>Pre-E/N #1</b>	<b>Courtesy</b>	<b>Pre-E/N #2</b>	<b>Post-E/N</b>	<b>JRC</b>
<b>Price Per</b>	\$0.1157	\$0.3507	\$0.2013	\$0.1100	\$0.1157
<b>Postage Per*</b>	\$0.265	\$0.265	\$0.265	\$0.265	\$0.265
<b>Total Per</b>	\$0.3807	\$0.6157	\$0.4663	\$0.3750	\$0.3807

<b>Estimated Quantity</b>	271,000	19,000	271,000	542,000	271,000
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<b>Price</b>	\$103,162.00	\$11,698.00	\$126,373.00	\$203,273.00	\$103,162.00
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<b>Sub Total</b>	\$547,668.00
20% Contingency	\$109,533.60

<b>Total NTE</b>	<b>\$657,201.60</b>
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\*Estimated – Actual will be at USPS cost





6/9/2022

Estimate: 41735

**Orange County Power Authority**

We are pleased to submit this estimate based on the following specifications and prices:

**Description:** COURTESY LETTERS & ENVELOPES  
**Pages:** 2 PAGES  
**Flat Size:** 8" X 11"  
**Final Size:** 8" X 3.66"  
**Artwork:** PRINT READY ELECTRONIC FILES FURNISHED  
**Proofing:** PDF, DIGILINE, INTEGRIS  
**Stock:** 80# UNCOATED TEXT, 24# WW # 9 ENVELOPE  
**Ink:** LETTER PRINTS 4CP/SAME, NO PRINT ON ENVELOPE  
**Finishing:** TRIM, FOLD, INSERT  
**Packaging:** MAIL TRAYS  
**Delivery:** DROP AT POST OFFICE

**Quantity**            **19,000**

---

Price                    \$6,663

Estimated price is subject to paper availability and paper price at time of shipment from the mill. The facility will confirm your paper pricing as soon as possible after your purchase order is placed and shipment of paper is confirmed.

Other terms and conditions can be viewed here <http://www.rrdonnelley.com/terms/rrd-terms-conditions.aspx>

Sincerely,

Ian T. Martin

---

Quantity: \_\_\_\_\_ Purchase Order No: \_\_\_\_\_ Requested Delivery Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



6/9/2022

Estimate: 41733

**Orange County Power Authority**

We are pleased to submit this estimate based on the following specifications and prices:

**Description:** JOINT RATE COMPARISON  
**Pages:** 2 PAGES  
**Flat Size:**  
**Final Size:** 6" X 11"  
**Artwork:** PRINT READY ELECTRONIC FILES FURNISHED  
**Proofing:** PDF, DIGILINE, INTEGRIS  
**Stock:** 100# GLOSS COVER  
**Ink:** 4CP/SAME  
**Finishing:** TRIM, INKJET, DROP AT POST OFFICE  
**Packaging:** MAIL TRAYS  
**Delivery:** DROP AT POST OFFICE

**Quantity**            **271,000**

---

Price                    \$31,347

Estimated price is subject to paper availability and paper price at time of shipment from the mill. The facility will confirm your paper pricing as soon as possible after your purchase order is placed and shipment of paper is confirmed.

Other terms and conditions can be viewed here <http://www.rrdonnelley.com/terms/rrd-terms-conditions.aspx>

Sincerely,

Ian T. Martin

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Quantity: \_\_\_\_\_ Purchase Order No: \_\_\_\_\_ Requested Delivery Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



6/9/2022

Estimate: 41731

**Orange County Power Authority**

We are pleased to submit this estimate based on the following specifications and prices:

**Description:** POST ENROLLMENT NOTICES  
**Pages:** 2 PAGES  
**Flat Size:**  
**Final Size:** 6" X 11"  
**Artwork:** PRINT READY ELECTRONIC FILES FURNISHED  
**Proofing:** PDF, DIGILINE, INTEGRIS  
**Stock:** 100# GLOSS COVER  
**Ink:** 4CP/SAME  
**Finishing:** TRIM, INKJET, MAIL WEELKY (VARIOUS QTY'S)  
**Packaging:** MAILING TRAYS  
**Delivery:** DROP AT POST OFFICE

**Quantity**            **542,000**

---

Price                    \$59,643

Estimated price is subject to paper availability and paper price at time of shipment from the mill. The facility will confirm your paper pricing as soon as possible after your purchase order is placed and shipment of paper is confirmed.

Other terms and conditions can be viewed here <http://www.rrdonnelley.com/terms/rrd-terms-conditions.aspx>

Sincerely,

Ian T. Martin

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Quantity: \_\_\_\_\_ Purchase Order No: \_\_\_\_\_ Requested Delivery Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



6/9/2022

Estimate: 41734

**Orange County Power Authority**

We are pleased to submit this estimate based on the following specifications and prices:

**Description:** PRE ENROLLMENT NOTICE #1  
**Pages:** 2 PAGES  
**Flat Size:**  
**Final Size:** 6" X 11"  
**Artwork:** PRINT READY ELECTRONIC FILES FURNISHED  
**Proofing:** PDF, DIGILINE, INTEGRIS  
**Stock:** 100# GLOSS COVER  
**Ink:** 4CP/SAME  
**Finishing:** TRIM, INKJET, MAIL  
**Packaging:** MAIL TRAYS  
**Delivery:** DROP AT POST OFFCE

**Quantity**            **271,000**

---

Price                    \$31,347

Estimated price is subject to paper availability and paper price at time of shipment from the mill. The facility will confirm your paper pricing as soon as possible after your purchase order is placed and shipment of paper is confirmed.

Other terms and conditions can be viewed here <http://www.rrdonnelley.com/terms/rrd-terms-conditions.aspx>

Sincerely,

Ian T. Martin

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Quantity: \_\_\_\_\_ Purchase Order No: \_\_\_\_\_ Requested Delivery Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



6/9/2022

Estimate: 41732

**Orange County Power Authority**

We are pleased to submit this estimate based on the following specifications and prices:

**Description:** PRE ENROLLMENT NOTICE #2 & ENVELOPE  
**Pages:** 2 PAGES  
**Flat Size:** 8.5" X 14"  
**Final Size:** 8.5" X 3.5"  
**Artwork:** PRINT READY ELECTRONIC FILES FURNISHED  
**Proofing:** PDF, DIGILINE, INTEGRIS  
**Stock:** 80# UNCOATED TEXT, 24# WW #9 ENVELOPE  
**Ink:** LETTER PRINTS 4CP/4CP NO PRINT ON ENVELOPE  
**Finishing:** TRIM, FOLD, INSERT  
**Packaging:** TRAY FOR POST OFFICE  
**Delivery:** DROP AT POST OFFICE

**Quantity**            **271,000**

---

Price                    \$54,558

Estimated price is subject to paper availability and paper price at time of shipment from the mill. The facility will confirm your paper pricing as soon as possible after your purchase order is placed and shipment of paper is confirmed.

Other terms and conditions can be viewed here <http://www.rrdonnelley.com/terms/rrd-terms-conditions.aspx>

Sincerely,

Ian T. Martin

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Quantity: \_\_\_\_\_ Purchase Order No: \_\_\_\_\_ Requested Delivery Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**ORANGE COUNTY POWER AUTHORITY**  
**Staff Report – 10.1**

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To: Orange County Power Authority Board of Directors

From: Tiffany Law, Chief Financial Officer

Subject: APPROVE OCPA'S FISCAL YEAR 2022/23 OPERATING BUDGET

Date: June 29, 2022

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**RECOMMENDED ACTION**

Approve Fiscal Year 2022-2023 Budget

**BACKGROUND**

OCPA develops an annual budget to govern the receipt of revenues, the incurrence of expenses and capital expenditures during the upcoming fiscal year.

On June 27, 2022, staff presented the FY2022/23 Proposed Operating Budget to Board members in two budget briefing sessions.

**ANALYSIS AND DISCUSSION**

The attached Proposed FY2022/23 Operating Budget Book provides a full overview and detailed analysis regarding budget drivers and assumptions, rates assumption, long-term procurement strategy, and 5-year financial proforma.

**FISCAL IMPACT**

The recommended FY2022/23 Proposed Operating Budget is balanced and presents OCPA in stable financial condition. The budget projects revenue at \$301.7 million and expenditures at \$297 million, a net margin of \$4.7 million. The Rate Stabilization Fund Reserve (RSF) is expected to be at \$10.7 million by the end of FY2022/23.

**ATTACHMENT**

1. Proposed FY2022/23 Operating Budget (Recommended Base Case)
2. Proposed FY2022/23 Operating Budget Book

# FY22/23 Budget Summary (Recommended Base Case)

(\$ in thousands)	Mid-Year Approved Budget FY 2021/22	% of Rev	Reforecast (10A + 2F) FY 2021/22	% of Rev	Proposed Budget FY2022/23	% of Rev	Change \$	Change %
<b>REVENUE AND OTHER SOURCES</b>								
Net Revenue - Electricity	44,367	100.0%	44,024	100.0%	301,750	100.0%	257,726	585.4%
Investment and Miscellaneous Income	(0)	(0.0%)	1	0.0%	1	0.0%	0	34.2%
<b>Total Net Revenue and Other Sources</b>	<b>44,367</b>	<b>100.0%</b>	<b>44,025</b>	<b>100.0%</b>	<b>301,752</b>	<b>100.0%</b>	<b>257,727</b>	<b>585.4%</b>
<b>EXPENDITURES AND OTHER USES</b>								
<b>CURRENT EXPENDITURES</b>								
Cost of Energy	40,816	92.0%	41,051	93.2%	285,342	94.6%	244,291	595.1%
Data Manager	0	0.0%	0	0.0%	1,839	0.6%	1,839	0.0%
Utilities Service Fees	14	0.0%	33	0.1%	532	0.2%	499	1512.3%
Staffing Costs	1,522	3.4%	1,060	2.4%	4,046	1.3%	2,986	281.7%
Contract Services	1,137	2.6%	1,125	2.6%	1,302	0.4%	177	15.7%
Legal Services	800		799	1.8%	580	0.2%	(219)	(27.4%)
Marketing and Customer Enrollment	433	1.0%	531	1.2%	1,597	0.5%	1,066	200.7%
Other G&A	201	0.5%	210	0.5%	844	0.3%	634	301.3%
Energy Programs	0	0.0%	0	0.0%	500	0.2%	500	0.0%
	44,922	101.3%	44,809	101.8%	296,582	98.3%	251,772	561.9%
<b>OTHER USES</b>								
Capital Outlay	0	0.0%	0	0.0%	110	0.0%	110	0.0%
Total Other Uses	0	0.0%	0	0.0%	110	0.0%	110	0.0%
<b>DEBT SERVICE</b>								
Interest costs - nonoperating	149	0.3%	199	0.5%	329	0.1%	130	65.2%
Finance costs - Principal	0		0		0		0	0.0%
<b>Total Expenditures and Other Uses</b>	<b>45,071</b>	<b>101.6%</b>	<b>45,009</b>	<b>102.2%</b>	<b>297,021</b>	<b>98.4%</b>	<b>252,012</b>	<b>559.9%</b>
<b>Net Income (Surplus/Deficit)</b>	<b>(704)</b>	<b>(1.6%)</b>	<b>(983)</b>	<b>(2.2%)</b>	<b>4,731</b>	<b>1.6%</b>	<b>5,714</b>	<b>(581.2%)</b>
<b>Key Statistics:</b>								
Total Load (MWh) - Retail	468,334		482,193		3,073,713			
\$/MWh - Net Electricity Sales	\$ 94.73		\$ 91.30		\$ 98.17			
Total Load (MWh) - Wholesale	496,434		511,124		3,258,136			
\$/MWh - Cost of Energy	\$ 82.22		\$ 80.32		\$ 87.58			



# FISCAL YEAR OPERATING BUDGET 2022-2023

JUNE 2022





# HIGHLIGHTS

FISCAL YEAR OPERATING  
BUDGET 2022-2023



## 91%+ of Energy from Renewables



**35K+**

number of accounts  
we are currently  
serving



**300K+**

number of accounts  
served at full roll out



**23K+**

accounts receiving  
100% renewable  
energy



**825K+**

residents and  
businesses in  
service area

**6<sup>TH</sup> LARGEST**

CCA at  
full launch

**846 MW**

in peak  
load

**3,604,243 MWh**

the forecasted amount of annual  
electric consumption by 2023

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# CEO's Message

Orange County Power Authority (OCPA) has heralded in a new era of consumer choice and renewable energy in Orange County.

With our April 1<sup>st</sup> commercial launch, more than 35,000 commercial accounts have chosen a more sustainable source of power that will help fight climate change and reduce carbon emissions. As Orange County Power Authority prepares for our October rollout to residential accounts, our team is excited to present a responsible Fiscal Year 2022-23 budget that results in:

- **One of the Cleanest Energy Portfolios in California:** Orange County Power Authority is projected to procure over 91% of its energy from renewable energy sources. Making it one of the greenest energy portfolios in California. Annual GHG reductions from OCPA will result in the equivalent of removing 200,000 cars from the road.
- **A Budget in line with Projected Revenue:** OCPA will come in over 99% of projections with a net deficit under one million dollars. Forward projections present yearly increases in net income, including reserve allocations and repayment of financing beginning in FY 2022/2023.
- **Competitive Rates with Maximum Consumer Choice:** Local rates will remain stable and competitive throughout CY 2022. Basic Choice rates will remain at parity to the incumbent IOU, who has a 100-year head start on us. Despite extreme volatility in the power markets, we forecast proportionate single digit increases in CY 2023.

Our power supply team has expertly managed the risk of power supply price volatility, fully hedging our 2022 needs with significant progress for future years, including into 2025. Despite the labor market remaining highly competitive we successfully filled seven key positions in FY2021-22. In total OCPA staff now have more than a decade of hands-on CCA experience.

We are building strong community support and customer engagement by participating in local events, including the Irvine Korean Cultural Festival, Surf City Nights in Huntington Beach, the Day of Music in Fullerton, and summer concerts in Buena Park.

Orange County Power Authority remains committed to our mission of providing cleaner energy at competitive prices while promoting the economic vitality for our community.

Respectfully Submitted,



Brian S. Probolsky, Chief Executive Officer



# Background

Staff is pleased to present a balanced budget for Fiscal Year 2022-2023 that fulfills Orange County Power Authority's adopted goals for providing cost competitive electric service, promotes economic development, and reduces electric sector greenhouse gas emissions ("GHG") within the OCPA service territory.

The Proposed Budget reflects a recommended Base Case scenario where our current rates from April 1, 2022, are sustained through December 31, 2022, with a one-time 2.4% increase to Smart Choice and 100% Renewable Choice in January 2023 to meet metrics. **It is important to note the proposed 2023 rates are assumptions based on budgetary revenue requirements with the best information available to OCPA at this time. Upon receipt of SCE's final 2023 ERRA rate information, staff will return to the Board in early December, if any 2023 rate adjustments are necessary.**

To ensure that OCPA balances immediate needs with long term considerations and rate affordability, the authority develops a budget that is updated annually and amended at mid-year cycle. The budget is a detailed operating plan that identifies estimated costs in relation to estimated revenue. OCPA's fiscal year begins July 1 and ends June 30<sup>th</sup> each year.

The Proposed Budget is presented in the form that will be used for adoption, and then may be followed by supplemental information. At its most basic level, the budget is divided into revenues (sources) and expenses (uses). The budget categories intentionally are general enough to allow some measure of discretion, without requiring frequent budget adjustments.

# FY 2021-2022 Key Accomplishments

Orange County Power Authority began serving customers on April 1, 2022, giving commercial, industrial, and agricultural customers the option to have more of their electricity supplied from clean, renewable sources – such as solar and wind – at competitive rates. When customers join OCPA service, they reduce the carbon footprint associated with their electricity consumption, support the growth of local economic benefits, and combat global climate change.

OCPA's diverse service area requires strategic engagement with our member agencies, legislators, customers, community organizations, and underserved communities to ensure all customers can actively participate. We use our Business Relationship Managers to provide education, access, and support for customers to electrify their businesses affordably, while helping to support the local economy.

## Reduction of Green House Gas (GHG) Emissions

- OCPA expects to be one the greenest Community Choice Energy programs in the State of California. The annual reduction in carbon emissions will exceed nearly one million metric tons of carbon dioxide equivalent or MTCO<sub>2e</sub>. OCPA's reduction in emissions through its renewable energy is equivalent to taking over 200,000 cars off the road.
- OCPA's member cities have selected the default renewable energy plans that will power their communities – taking bold steps to address climate change.
  - Buena Park – 100% Renewable Energy
  - Huntington Beach - 100% Renewable Energy
  - Irvine - 100% Renewable Energy
  - Fullerton - 69% Renewable Energy

## Tiered Rates Program and High Customer Participation

- OCPA's tiered program allows all customers total control over their renewable energy consumption and environmental responsibility. Customers can choose from 38% renewable ("Basic Choice"), which is the same cost as Southern California Edison's default rate, 69% renewable ("Smart Choice"), which is 1 cent per kWh higher than Basic Choice or 100% clean energy ("100% Renewable Choice"), which is 1.5 cents higher than Basic Choice.
- Maintained participation rates at over 94% of eligible non-residential (commercial, industrial, and agricultural) customers' accounts.
- Support outreach and awareness for payment assistance programs like CARE/FERA.

## Communication and Outreach

- Successful enrollment of non-residential customers in the Cities of Buena Park, Fullerton, Huntington Beach, and Irvine.
- Successful outreach programs that include:
  - Attend civic events in each member agency service area.
  - Coordinate with community organizations that provide career exploration and development to middle and high school students.
  - Meet with every school district in OCPA's service area.
  - Attend business and industry events to share our agency with local business owners and industry professionals.
  - Develop digital collateral to share with customers and key accounts.

# Future of OCPA: 2022 - 2028

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

Phase 1 – Four Cities Non-Residential Accounts (April 1, 2022) - Completed

Phase 2 – Four Cities Residential Accounts (October 1, 2022) - Expected

Phase 3 – Unincorporated Area of Orange County All Accounts (In 2023) - Expected

This approach provides OCPA with the ability to initiate its activities with sufficient economic scale before building to full program integration for an expected customer base of approximately 341,000 accounts. OCPA will offer service to all customers on a phased basis, which is expected to be completed within 20 months of the initial service to Phase 1 customers. At the end of the full enrollment, OCPA will be the sixth largest and greenest community choice energy provider in California, with approximately 846 MW in peak load serving over 825,000 residents and businesses in its service area.

As we are executing the scheduled enrollments in our member cities, OCPA's commitment to renewable generation adoption may involve both direct investment in new renewable generating resources, partnerships with other public power developers/operators and purchases of renewable energy from third party suppliers.

In addition, OCPA will make commitments to the development and implementation of local energy programs, including energy efficiency programs, distributed generation programs (i.e., behind the meter solar or community projects), and other energy programs responsive to community interests. These programs are likely to be phased in immediately after our financial commitment is met.

Altogether, OCPA's commitment to supporting the growth of clean and renewable energy, as well as providing equitable access to clean energy resources, will yield significant impacts for Orange County. Though OCPA is locally focused, these impacts are truly moving the needle on a statewide level.

# Summary of OCPA Rates Scenarios

There are many variables that can impact FY2022-23 (July 2022 to June 2023) projected revenue. The most significant of these variables are:

- Large swings in energy costs are forecasted.
- SCE's generation rates for CY2023 which are estimated but unknown and will not be finalized until mid-October 2022 and is expected to change from preliminary ERRR rates.
- SCE's Power Charge Indifference Adjustment (PCIA) for CY2023 which is estimated but unknown and will not be finalized until mid-October 2022 and is expected to change from preliminary ERRR rates.
- Bank covenant metrics compliance.

To address this uncertainty, the OCPA rates adjustments will be recommended based on two potential future scenarios:

## Base Case

**No Change to Basic Choice. One-time 2.4% Increase to Smart Choice (+0.225 cent per kWh) and 100% Renewable Choice (+0.24 cent per kWh) in January 2023 to meet metrics.**

- Staff **recommends** this Base Case scenario as it keeps Basic Choice at parity with SCE's default rate based on known SCE's generation and PCIA rates in CY2022. SCE's 2023 rates will not be finalized until mid-October 2022.

## Worst Case

**No Change to Basic Choice in 2022. In January 2023, Basic Choice will be set at Parity with SCE based on SCE's 2023 Preliminary ERRR Rates, with a One-time 3.4% Increase to Smart Choice (+0.465 cent per kWh) and 100% Renewable Choice (+0.48 cent per kWh) to meet metrics.**

- Worst Case is based on the SCE preliminary ERRR rates which do not timely reflect current/higher energy costs forecast. SCE's 2023 rates will not be finalized until mid-October 2022.

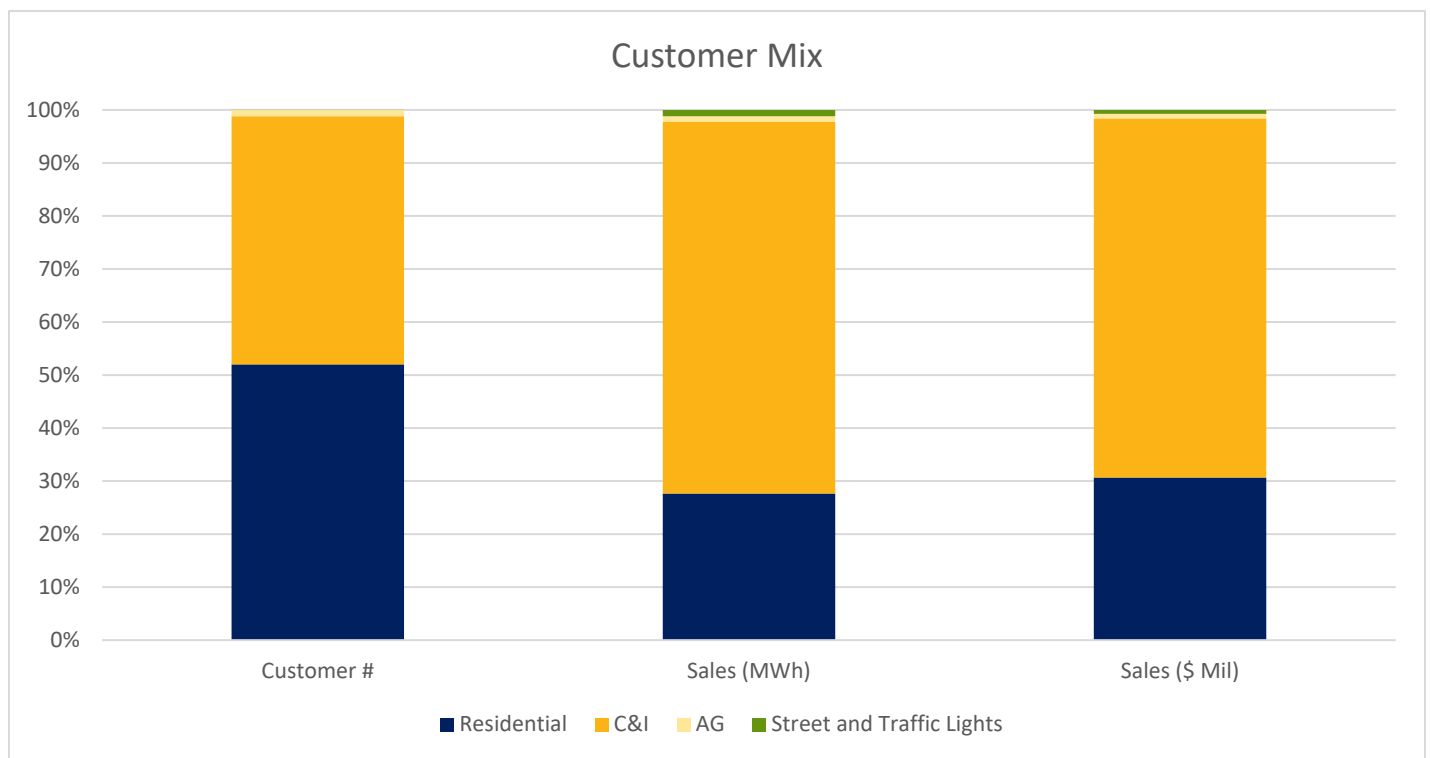
# FY 22/23 Budget Drivers and Assumptions

## Revenue

OCPA's primary source of revenue is the retail sale of electricity to customers through OCPA's generation rates (OCPA rates), which are designed to recover power procurement, operating, non-operating and capital costs, as well as funding the rate stabilization reserve.

The OCPA Basic Choice rates are set at SCE's published rates in March 2022 minus exit fees or cost responsibility surcharges that SCE will apply to OCPA customer bills. These surcharges include the Power Charge Indifference Adjustment (PCIA), which was instituted so Investor-Owned Utility customers would not face increased costs due to customers switching to direct access or CCA suppliers.

OCPA's overall customer mix is diverse, which brings greater financial stability to the agency. The following graph shows our diversified customer mix:



Below are the key assumptions for revenue under the Base Case scenario:

- Demand Forecast: Total retail load is estimated at 3,073 GWh, inclusive of the residential customers from the Cities of Buena Park, Fullerton, Huntington Beach, and Irvine, that will be enrolled in October 2022.
- Participation Rate: 95% for residential accounts and accounts and 90% for commercial accounts. Since over 90% of OCPA's costs are related to power supply with a large customer base, marginal customer opt-outs above the opt-out assumptions will not lead to a significant impact in the short term. Staff will update the financial proforma if the opt-out number becomes significantly higher than the assumptions as OCPA's fixed costs would need to be spread over fewer kWhs.



# FY 22/23 Budget Drivers and Assumptions (Cont'd)

- Rates for Customers:
  - July to December 2022 (6 months) - Rates will remain the **same** for Basic Choice, Smart Choice, and 100% Renewable Choice customers.
  - January to June 2023 (6 months) - Rates will remain the **same** for Basic Choice customers. Proposes a one-time increase to premium rates to levels necessary to meet the bank covenant metrics on January 1, 2023 - Smart Choice will increase from 1 cent to **1.225 cents** per kWh above Basic Choice and 100% Renewable will increase from 1.5 cents to **1.740 cents** per kWh above Basic Choice.
- Bank Covenant Metric: The OCPA rates must meet the financial covenant metric required by MUFG Union Bank for the \$35 million credit facility. The metric is as follows:
  - Debt service coverage ratio (DSCR) is 1.25 by June 30, 2023 (by the end of FY22/23)
  - Debt service coverage ratio (DSCR) is 1.40 from June 30, 2024, and thereafter (by the end of FY23/24 and forward)
  - Rate Stabilization Reserve Fund of at least \$17 million beginning June 2025
- Uncollectible accounts are projected at 1.25 percent of operating revenue.

## Power Expenses

The energy landscape in California is consistently changing. There has been a large increase in the number of CCAs operating in California. As a result, Regulators are considering several rules for CCAs and other load-serving entities (LSEs) to address the impact of these changes on grid reliability. OCPA, in coordination with our consultants, monitors these pending changes and works to adapt our procurement strategies to any new regulatory requirements.

The budget is being formed at a time of rising energy markets challenged by supply chain disruptions affecting generation and battery storage equipment, spiking natural gas prices, generation capacity shortages exacerbated by severe drought and the planned retirement of natural gas and nuclear generating sources, and aggressive regulatory procurement mandates that are driving up prices for new generation sources. Wholesale power prices have more than doubled in the past 12 months, and prices are expected to remain elevated for this current planning period, especially during the summer months from June through September.

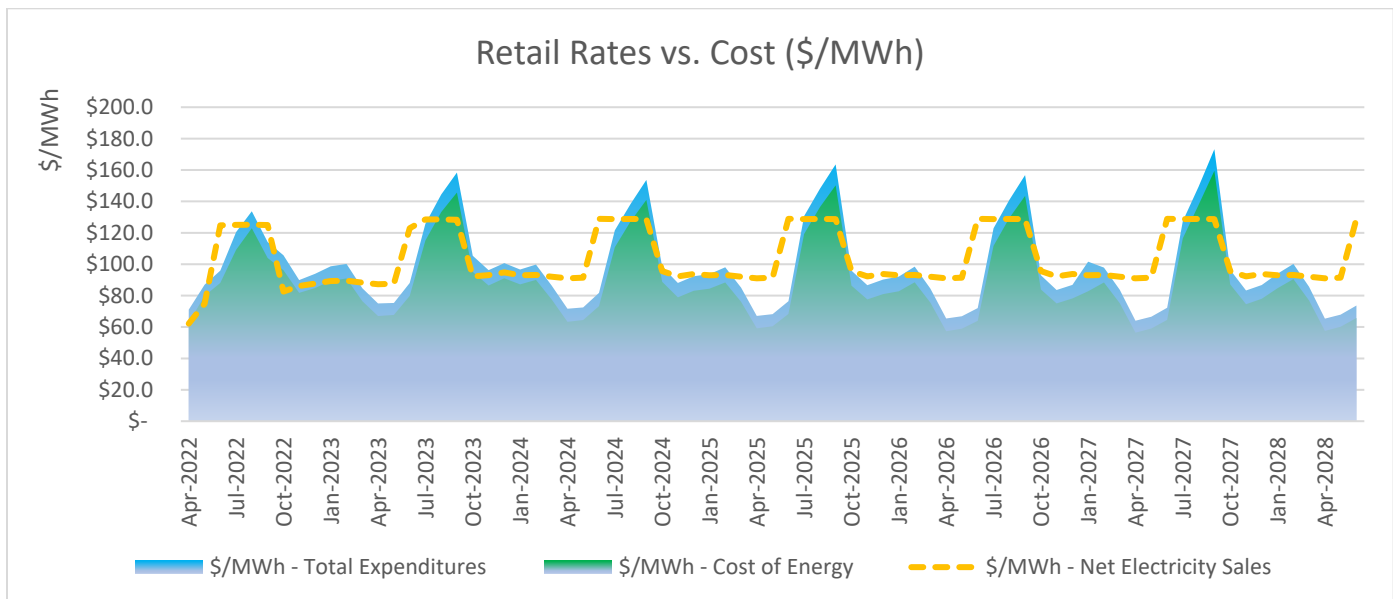
Below are the key assumptions for power supply cost in FY22/23:

- Power supply forecast is estimated at 3,258 GWh, or 106% of retail sales to account for transmission and distribution losses.
- OCPA uses forward contracts to lock in energy supply prior to delivery to its customers. This ensures sufficiency of resources and promotes cost certainty for OCPA's budget.
- Power supply cost consists of two major components - Energy and Resource Adequacy Capacity:
  - Energy, consisting predominantly of system energy, eligible renewable energy, and CAISO fees, is estimated at \$251 million, or 88% of total power supply cost.

# FY 22/23 Budget Drivers and Assumptions (Cont'd)

- Resource Adequacy (RA), a reliability obligation requiring generating capacity committed to operating when needed for system reliability, is estimated at \$34 million, or 12% of total power supply cost.
- Energy prices are hedged for approximately 100% of expected consumption. Changes in energy market prices, rates of customer participation, demand forecast deviations arising from unusual weather or other unpredictable factors, and legislative and regulatory risks could cause deviations from the current forecast.
- For solar customers, OCPA's Net Surplus Compensation (NSC) rate is set at 10% above SCE's April NSC rate (SCE NSC rate was at 3.926 cents/kWh in April 2022). The total payout amount forecast for OCPA NEM customers is estimated at \$45k for FY22/23.

The following graph shows the cyclical nature of utility costs and revenues in which costs and revenues are higher in the summer and lower in the non-summer months:



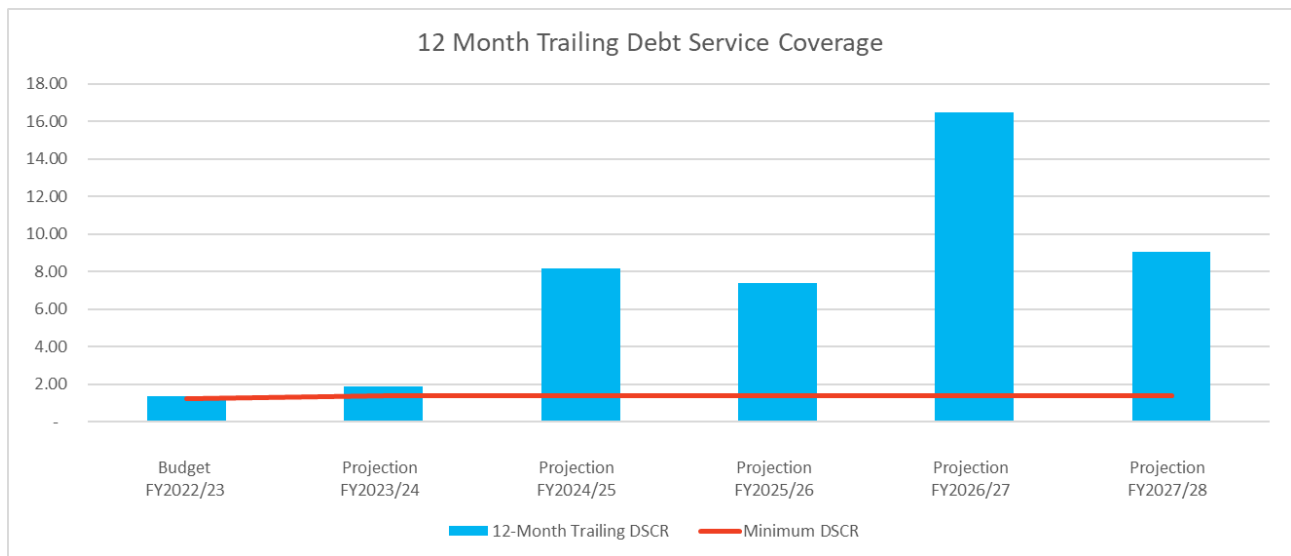
# FY22/23 Budget Summary (Recommended Base Case)

(\$ in thousands)	Mid-Year Approved Budget FY 2021/22	% of Rev	Reforecast (10A + 2F) FY 2021/22	% of Rev	Proposed Budget FY2022/23	% of Rev	Change \$	Change %
<b>REVENUE AND OTHER SOURCES</b>								
Net Revenue - Electricity	44,367	100.0%	44,024	100.0%	301,750	100.0%	257,726	585.4%
Investment and Miscellaneous Income	(0)	(0.0%)	1	0.0%	1	0.0%	0	34.2%
<b>Total Net Revenue and Other Sources</b>	<b>44,367</b>	<b>100.0%</b>	<b>44,025</b>	<b>100.0%</b>	<b>301,752</b>	<b>100.0%</b>	<b>257,727</b>	<b>585.4%</b>
<b>EXPENDITURES AND OTHER USES</b>								
<b>CURRENT EXPENDITURES</b>								
Cost of Energy	40,816	92.0%	41,051	93.2%	285,342	94.6%	244,291	595.1%
Data Manager	0	0.0%	0	0.0%	1,839	0.6%	1,839	0.0%
Utilities Service Fees	14	0.0%	33	0.1%	532	0.2%	499	1512.3%
Staffing Costs	1,522	3.4%	1,060	2.4%	4,046	1.3%	2,986	281.7%
Contract Services	1,137	2.6%	1,125	2.6%	1,302	0.4%	177	15.7%
Legal Services	800		799	1.8%	580	0.2%	(219)	(27.4%)
Marketing and Customer Enrollment	433	1.0%	531	1.2%	1,597	0.5%	1,066	200.7%
Other G&A	201	0.5%	210	0.5%	844	0.3%	634	301.3%
Energy Programs	0	0.0%	0	0.0%	500	0.2%	500	0.0%
	44,922	101.3%	44,809	101.8%	296,582	98.3%	251,772	561.9%
<b>OTHER USES</b>								
Capital Outlay	0	0.0%	0	0.0%	110	0.0%	110	0.0%
Total Other Uses	0	0.0%	0	0.0%	110	0.0%	110	0.0%
<b>DEBT SERVICE</b>								
Interest costs - nonoperating	149	0.3%	199	0.5%	329	0.1%	130	65.2%
Finance costs - Principal	0		0		0		0	0.0%
<b>Total Expenditures and Other Uses</b>	<b>45,071</b>	<b>101.6%</b>	<b>45,009</b>	<b>102.2%</b>	<b>297,021</b>	<b>98.4%</b>	<b>252,012</b>	<b>559.9%</b>
<b>Net Income (Surplus/Deficit)</b>	<b>(704)</b>	<b>(1.6%)</b>	<b>(983)</b>	<b>(2.2%)</b>	<b>4,731</b>	<b>1.6%</b>	<b>5,714</b>	<b>(581.2%)</b>
<b>Key Statistics:</b>								
Total Load (MWh) - Retail	468,334		482,193		3,073,713			
\$/MWh - Net Electricity Sales	\$ 94.73		\$ 91.30		\$ 98.17			
Total Load (MWh) - Wholesale	496,434		511,124		3,258,136			
\$/MWh - Cost of Energy	\$ 82.22		\$ 80.32		\$ 87.58			

# 5-Year Financial Proforma Key Assumptions

## Revenue

- Natural gas prices, which are a material driver of California power prices, are near 14-year highs. Uncertainty around which renewable projects will come online and the impact of solar tariffs is also weighing on power markets. These factors are reflected in historically elevated forward prices for the 2023-24 period; in effect, there is a significant risk premium built into forward prices. OCPA has continued to follow its Energy Risk Management (ERM) Policy of progressively hedging through time, steadily reducing its open position. Even with that approach, the impact of power prices on the total cost of energy remains significant. Therefore, it led us to the following rates projection:
  - Basic Choice: One-time 5.5% increase on July 1, 2023 (FY23/24)
  - Smart Choice: Remains at 1.225 cents per kWh above Basic Choice
  - 100% Renewable Choice: Remains at 1.740 cents per kWh above Basic Choice
  - All rates will remain unchanged from FY24/25 to FY27/28
- Staff will continue to analyze ways to manage power costs and reduce risks, with the goal of reducing potential rate increase in FY23/24 while meeting the bank covenant metrics (1.40 DSCR since June 2024 and \$17 million reserve beginning June 2025). The following graph illustrates the 12-month trailing DSCR:

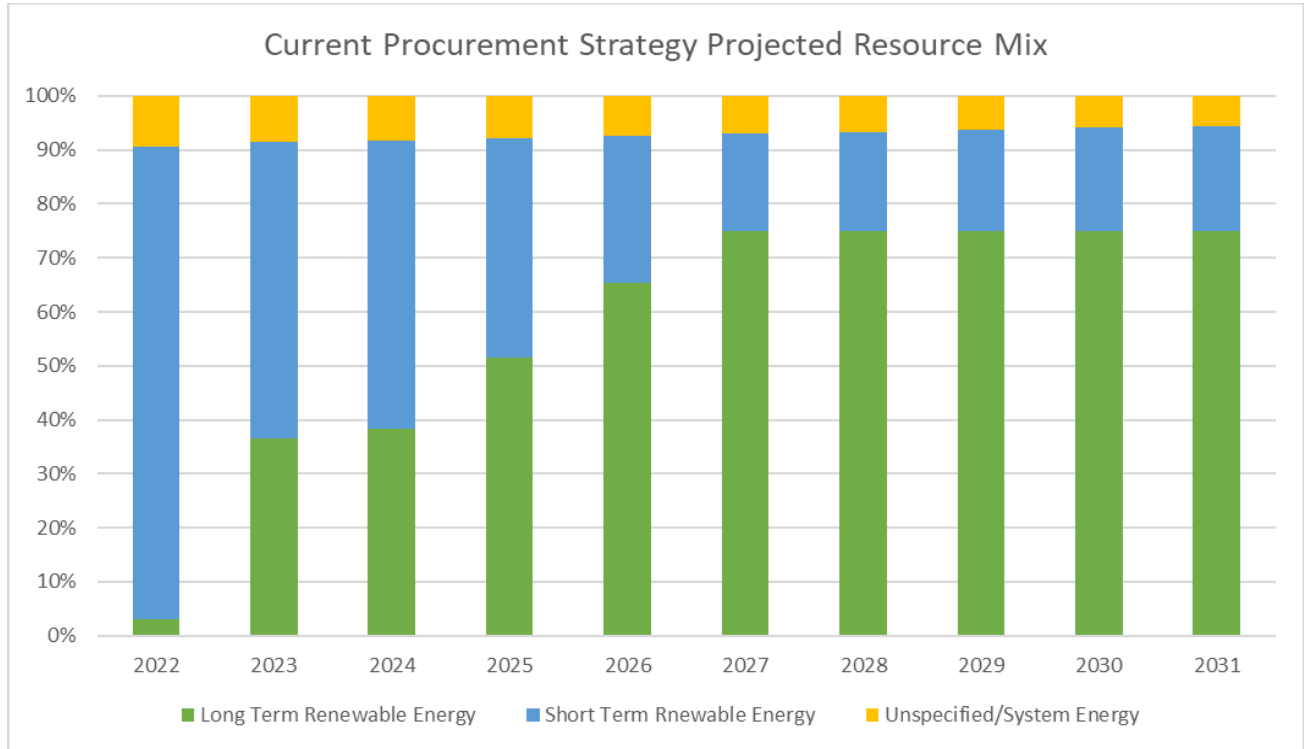


- As a result, energy sales revenues are estimated to increase significantly over the next 2 years, then lower to an average 0.5% increase over the following 3 years, primarily due to the projected rate increase since July 2023 and the enrollment in Fall 2023 of approximately 50,000 business and residential accounts (demand forecast of 597 GWh) in the unincorporated area of Orange County, located in the SCE and SDG&E service areas.

# 5-Year Financial Proforma Key Assumptions (Cont'd)

## Power Expenses

- Cost of Energy is estimated based on OCPA's long-term procurement strategy, existing power contracts, and market price expectations for future energy purchases. The following graph reflects the projected resource mix of the OCPA procurement strategy:

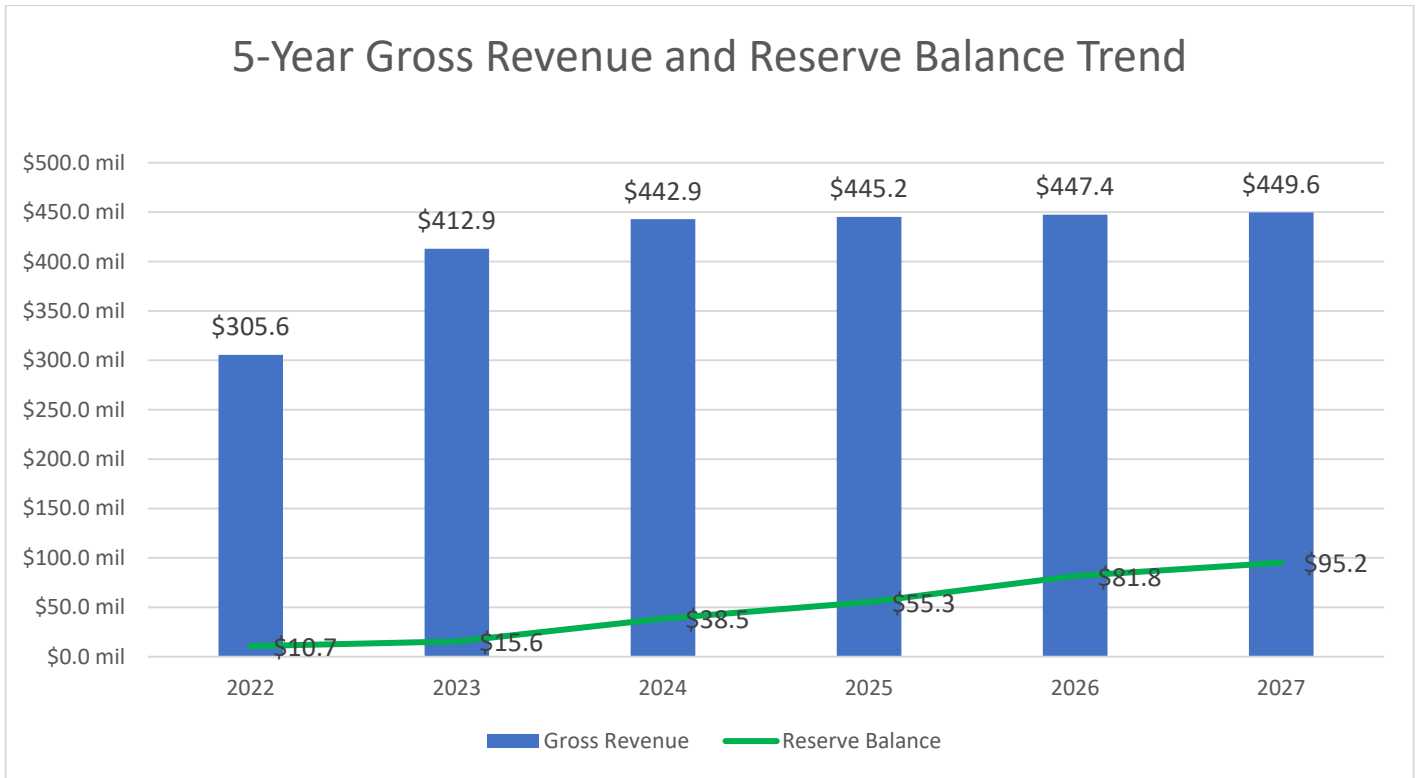


- For the 2023-24 period, the projected power supply costs increase due to relatively high forward energy prices and the increased wholesale demand of approximately 597 GWh for the unincorporated area of Orange County, as mentioned above. Power supply costs are expected to stabilize over the next 4 years as forward energy prices peak in 2023 and gradually decline. The fixed price contracts that OCPA entered in the past 9 months help stabilize OCPA's cost of energy. Over the long-term, market energy prices are assumed to increase annually by 3 percent. Resource Adequacy cost will continue to stay elevated and may follow an unpredictable path until sufficient storage capacity is built in California.
- Total wholesale demand is estimated as follows:
  1. FY 23/24 at 4,109 GWh
  2. FY 24/25 at 4,369 GWh
  3. FY 25/26 at 4,391 GWh
  4. FY 26/27 at 4,413 GWh
  5. FY 27/28 at 4,435 GWh

System and distribution losses are estimated at 6%.

# 5-Year Financial Proforma Key Assumptions (Cont'd)

## 5-Year Rate Stabilization Reserve Fund Trend



- OCPA will establish a Rate Stabilization Reserve Fund (RSF) to provide stable rates and secure financial creditability in the energy marketplace. The RSF will absorb any surplus or deficiency in each fiscal year. It is also one of the bank covenant requirements to build at least \$17 million beginning June 2025 (by the end of FY24/25).
- In FY24/25, the balance of RSF is projected at \$38.5 million (above Reserve Requirement by over \$21.5 million). The balance of the RSF will gradually increase to reach \$95.2 million by the end of 2028.
- OCPA may withdraw from the RSF to keep rates competitive or to address an emergency situation or event.

# 5-Year Financial Proforma

(\$ in thousands)	Reforecast (10A+2F)		Budget		Projection		Projection		Projection		Projection		Projection	
	Period Ending Jun 30	FY2021/22	% of Rev	FY2022/23	% of Rev	FY2023/24	% of Rev	FY2024/25	% of Rev	FY2025/26	% of Rev	FY2026/27	% of Rev	FY2027/28
<b>REVENUE AND OTHER SOURCES</b>														
Net Revenue - Electricity	44,024	100.0%	301,750	100.0%	407,779	100.0%	437,404	100.0%	439,591	100.0%	441,789	100.0%	443,998	100.0%
Investment and Miscellaneous Income	1	0.0%	1	0.0%	1	0.0%	1	0.0%	1	0.0%	1	0.0%	1	0.0%
<b>Total Net Revenue and Other Sources</b>	<b>44,025</b>	<b>100.0%</b>	<b>301,752</b>	<b>100.0%</b>	<b>407,780</b>	<b>100.0%</b>	<b>437,405</b>	<b>100.0%</b>	<b>439,592</b>	<b>100.0%</b>	<b>441,790</b>	<b>100.0%</b>	<b>443,999</b>	<b>100.0%</b>
<b>EXPENDITURES AND OTHER USES</b>														
<b>CURRENT EXPENDITURES</b>														
Cost of Energy	41,051	93.2%	285,342	94.6%	386,887	94.9%	397,068	90.8%	404,838	92.1%	394,775	89.4%	413,462	93.1%
Data Manager	0	0.0%	1,839	0.6%	3,294	0.8%	3,484	0.8%	3,696	0.8%	3,949	0.9%	4,062	0.9%
Utilities Service Fees	33	0.1%	532	0.2%	541	0.1%	578	0.1%	595	0.1%	613	0.1%	631	0.1%
Staffing Costs	1,060	2.4%	4,046	1.3%	5,582	1.4%	5,861	1.3%	6,153	1.4%	6,460	1.5%	6,783	1.5%
Contract Services	1,125	2.6%	1,302	0.4%	1,200	0.3%	1,094	0.3%	845	0.2%	821	0.2%	843	0.2%
Legal Services	799	1.8%	580	0.2%	525	0.1%	551	0.1%	579	0.1%	608	0.1%	638	0.1%
Marketing and Customer Enrollment	531	1.2%	1,597	0.5%	1,187	0.3%	1,259	0.3%	1,320	0.3%	1,383	0.3%	1,450	0.3%
Other G&A	210	0.5%	844	0.3%	970	0.2%	923	0.2%	957	0.2%	1,094	0.2%	1,101	0.2%
Energy Programs	0	0.0%	500	0.2%	750	0.2%	1,000	0.2%	1,250	0.3%	1,500	0.3%	1,500	0.3%
	44,809	101.8%	296,582	98.3%	400,936	98.3%	411,818	94.2%	420,233	95.6%	411,204	93.1%	430,470	97.0%
<b>OTHER USES</b>														
Capital Outlay	0	0.0%	110	0.0%	15	0.0%	15	0.0%	15	0.0%	15	0.0%	15	0.0%
Total Other Uses	0	0.0%	110	0.0%	15	0.0%	15	0.0%	15	0.0%	15	0.0%	15	0.0%
<b>DEBT SERVICE</b>														
Interest costs - nonoperating	199	0.5%	329	0.1%	310	0.1%	259	0.1%	207	0.0%	122	0.0%	104	0.0%
Finance costs - Principal	0	0.0%	0	0.0%	1,711	0.4%	2,322	0.5%	2,368	0.5%	3,981	0.9%	0	0.0%
<b>Total Expenditures and Other Uses</b>	<b>45,009</b>	<b>102.2%</b>	<b>297,021</b>	<b>98.4%</b>	<b>402,973</b>	<b>98.8%</b>	<b>414,414</b>	<b>94.7%</b>	<b>422,824</b>	<b>96.2%</b>	<b>415,322</b>	<b>94.0%</b>	<b>430,589</b>	<b>97.0%</b>
<b>Net Income Surplus/(Deficit) BEFORE Fund Transfers</b>	<b>(983)</b>	<b>(2.2%)</b>	<b>4,731</b>	<b>1.6%</b>	<b>4,808</b>	<b>1.2%</b>	<b>22,991</b>	<b>5.3%</b>	<b>16,768</b>	<b>3.8%</b>	<b>26,468</b>	<b>6.0%</b>	<b>13,410</b>	<b>3.0%</b>
Additional Transfer to Program Funds	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Net Surplus/(Deficit) AFTER Program Fund Transfers</b>	<b>(983)</b>		<b>4,731</b>		<b>4,808</b>		<b>22,991</b>		<b>16,768</b>		<b>26,468</b>		<b>13,410</b>	
<b>Reserve Balance:</b>														
Carryover balance	0	0.0%	6,017	2.0%	10,748	2.6%	15,556	3.6%	38,547	8.8%	55,315	12.5%	81,783	18.4%
Net Margin	(983)	(2.2%)	4,731	1.6%	4,808	1.2%	22,991	5.3%	16,768	3.8%	26,468	6.0%	13,410	3.0%
Cash Financing	7,000	15.9%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Ending balance</b>	<b>6,017</b>		<b>10,748</b>		<b>15,556</b>		<b>38,547</b>		<b>55,315</b>		<b>81,783</b>		<b>95,193</b>	

Note: This five-year outlook is subject to changes as new information is available regarding the market cost of energy, PCIA, and other industry expenditures.

# Operating and Non-Operating Expenses

OCPA's operating expenses fall into seven categories: Data Management & Utilities Service Fees, Staffing Costs, Professional Contract and Legal Support Services, Marketing and Customer Enrollment, General and Administration, Energy Programs, and Capital Expenditures. OCPA's budget also includes non-operating debt service expenses related to interest and related expenses used to finance its operations. Additional expense details are as follows:

## Data Management & Utilities Service Fees

- Data Management is a broad scope of services provided by contract through Calpine Energy Solutions. Services include billing data validation, bill coordination with investor-owned utilities (IOUs), call center operation services, and many support functions related to data reporting. The data management fees are based on a monthly fixed fee plus a fixed price per meter per month. Such fees will be waived from July to October 2022 due to the waiver of service fees clause in the contract.
- Service fees paid to SCE are based on charges per account per month for meter data posting and customer billing processing charges. There are also numerous small fees associated with data requests. The fees cover SCE's costs associated with additional data processing and coordination and are mandatory and regulated by the California Public Utilities Commission (CPUC).

## Staffing Costs

- Staffing costs include salaries, payroll taxes, and benefits for staff. The staffing strategy includes the addition of 12 new positions during FY22/23 to support the continued growth of OCPA. Most notably, the hiring strategy assumes:
  - Power Services: recruit 4 positions to build an in-house power services team. The team includes a Power Resources Director; a "Front Office" handling integrated resources planning, hedging & procurement, Energy Risk Management Policy management, and CAISO scheduling; a "Middle Office" handling market and credit risk oversight, load forecasting, power price curves management, and energy data analytics; and a "Back Office" handling PPA development & management, regulatory compliance, contract compliance, and invoice validation.
  - Communications, Outreach & Programs: recruit 2 positions including a Director of Communications & External Affairs to oversee marketing, media relations, outreach & public engagement, key accounts and customer management, energy programs, and business development.
  - The office of CEO: recruit an in-house Board Clerk/Assistant to the CEO and an IT Specialist to support board & committee management and information technology.
  - Finance and Data Analytics: recruit a Data Scientist and a Data Analyst to support OCPA data analytics platform development and data analytics strategy.
  - HR and Administrative Services: recruit a HR Generalist and an Administrative Assistant to support recruitment, employee relations & performance management, office management, front desk reception, and administrative support.
- Proposes to offer across-the-board Cost-of-Living Adjustments (COLA) effective January 1 in each year according to the Customer Price Index, Los Angeles-Long Beach-Anaheim, April 2022, and update salary max pay accordingly.
- Combined with the existing 8 positions, OCPA will have 20 full-time equivalents (FTEs) by June 30, 2023. Impact of total staffing costs is budgeted at approximately 1.3% of revenue.



# Operating and Non-Operating Expenses (Continued)

## Professional Contract and Legal Support Services

- Day-to-day accounting, annual financial audit, advanced metering infrastructure (AMI) audit, HR, board clerk, IT, rate design, banking, and technical analytics support services.
- Consulting support for power supply portfolio management and power procurement, risk management, integrated resource and implementation plan, scheduling coordination and dispatch, load forecasting, market monitoring and congestion revenue rights, and CAISO settlements and reporting, and legislative & regulatory compliance services.
- Legal support for general counsel, special counsel representation of OCPA, and power supply procurement transactional and negotiation. Regulatory and legislative advocacy, as well as technical consulting support for OCPA's engagement on issues across two different investor-owned utility service territories (SCE and SDG&E).

## Marketing and Customer Enrollment

As a community-focused public agency, engagement with our customers is a driving force for much of the agency's work. Through direct customer contact, staff-hosted webinars, virtual workshops as well as community events, surveys, and membership in business, environmental and community-based organizations, OCPA staff is constantly looking for new opportunities to reach and build positive relationships with our customers:

- Engagement with relevant local business and industry organizations through memberships and sponsorships to increase awareness of OCPA and strengthen relationships.
- Coordination with press and media outlets to share OCPA story, enrollment, and value proposition, to reinforce brand awareness through our marketing and public relations.
- Successful enrollment of an estimated 256,000 residential customer accounts in October 2022.
- Engage key customers on enrollment and rate structure. Outreach will include meeting with customers and industry stakeholder groups.
- Development of key customer service tools to enhance customer experience.
- Support events and efforts which provide exposure and visibility for OCPA as a community partner committed to supporting our diverse communities.
- This budget also covers the direct mailers and postage for customer enrollment notifications, Joint Rate Comparisons (JRC), Power Content Label (PCL), and consulting support for strategic outreach and marketing efforts such as OCPA website enhancement and collateral development, social media and video development, language translation, customer survey development, and other outreach activities in the enrollment service areas.

# Operating and Non-Operating Expenses (Continued)

## General and Administration

- Ordinary business expenses include leasing office space (partially offset by a rental credit provided by Calpine Energy Solutions), office utilities and maintenance, liability insurance, office supplies, equipment and software, internet and telephone, subscriptions, copier usage, conferences and professional development, travel and business meals, and miscellaneous operational expenses.
- This budget covers the California Community Choice Association (Cal-CCA) Membership dues. Cal-CCA provides legislative and regulatory support to its members to address many of the challenges that face our industry.
- In addition, this budget covers the California Community Power (CC Power) membership fees. CC Power is a joint powers authority designed to leverage the CCA purchasing power for long-duration energy storage.

## Energy Programs

- Energy Programs will be made available to OCPA customers and be one of the significant contributors to community reinvestment.
- Designed to assist households and businesses with the transition from fossil-fuel sources to clean energy solutions, Energy Programs target the two sectors which make the biggest contributions to Orange County GHG emissions: transportation and building.
- To improve energy resiliency, OCPA Energy Programs will be designed to accelerate electrification while making significant contributions to GHG reductions.
- To support agency goals, OCPA Energy Programs will help to address equity and the unique needs and priorities of Orange County's diverse communities.
- Achieving successful Energy Programs requires consistent community engagement to gain a clear understanding of what our OCPA communities need most. Energy programs will become a hallmark for local control and the power of community input.

## Capital Expenditures

- Staff will work with a consulting team to develop a flexible, in-house analytics platform to ensure team members are working from a central data source. This platform will be cloud based and set up to expand with OCPA as requirements and capabilities grow in this dynamic environment. Data process and analytics play essential roles in driving OCPA's strategic decision making and operations, and improves work efficiency through integrating automated data pipelines, reporting, and harnessing big data analysis capabilities in a timely fashion.
- This budget covers a lease office tenant improvement (95% offset by a tenant improvement credit provided by Calpine Energy Solutions).

## Debt Service

- Interest and related financing costs, including the repayment of loan principle, associated interest, loan commitment, and letters of credit issuance and facility fees.

# About OCPA

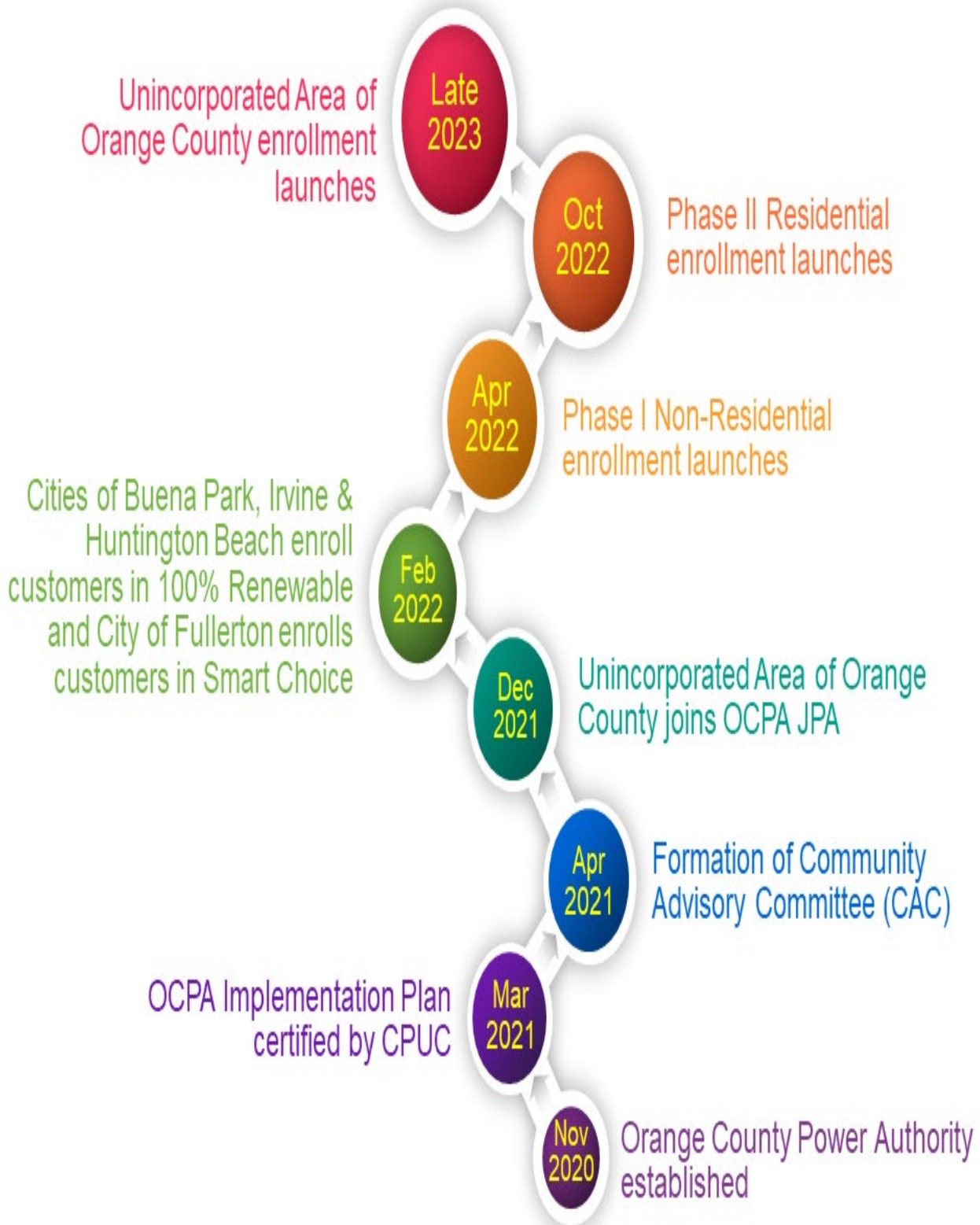
Orange County Power Authority (OCPA) is a Joint Powers Authority formed in November 2020 to provide electric generation service to residents and businesses in the Cities of Buena Park, Fullerton, Huntington Beach, and Irvine through the Community Choice Aggregation (CCA) model established by the State of California. In December 2021, the OCPA Board approved the inclusion of the unincorporated area of Orange County to the agency.

The CCA will provide retail electricity customers the opportunity to procure electricity from competitive suppliers, with the electricity being delivered over Southern California Edison's (SCE) and San Diego Gas & Electric's (SDG&E) transmission and distribution system.

OCPA is committed to reducing greenhouse gas emissions through local control of renewable electricity generation provided at competitive rates and the implementation of innovative energy programs. OCPA promotes economic development, stimulates renewable energy development, implements distributed energy resources, and sustains long-term rate stability.



# OCPA Major Milestone



# OCPA Board

Orange County Power Authority is governed by the Board of Directors. All OCPA Board meetings are open and accessible to the public.

To assure representation of all communities and customers served, OCPA Board is comprised of six elected officials from five member communities.

OCPA's governance structure is unique among businesses, private or community-based alike. Our Board members are in the best position to understand how to implement OCPA policies that represent the needs of all our customers, from the underserved communities to our member agencies. We are governed by and work for the benefit of the communities we serve.



# 2022 OCPA Board



**Chairman**  
Mike Carroll  
City of Irvine



**Vice Chairman**  
Fred Jung  
City of Fullerton



**Member**  
Susan Sonne  
City of Buena Park



**Member**  
Dan Kalmick  
City of Huntington Beach



**Member**  
Farrah Khan  
City of Irvine



**Member**  
Donald Wagner  
County of Orange

# 2022 OCPA Community Advisory Committee



The OCPA Community Advisory Committee is comprised of 12 members consisting of two members appointed from each member jurisdiction and two at-large members. Current appointees include:

Jose Trinidad Castaneda III - City of Buena Park

Shanin Ziemer - City of Buena Park

Angela Lindstrom - City of Fullerton

Deepak Nanda - City of Fullerton

Kathleen McGowan - City of Huntington Beach

Steven Shepherd - City of Huntington Beach

Mohammed Alrai - City of Irvine

Anil Kumar - City of Irvine

Scott Kitcher - Member at Large

Senait Forthal - Member at Large



P.O. Box 54283 | Irvine, CA 92619-4283

[ocpower.org](http://ocpower.org)





**ORANGE COUNTY POWER AUTHORITY**  
**Staff Report – Item 10.2**

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To: Orange County Power Authority Board of Directors

From: Brian Probolsky, Chief Executive Officer

Subject: Approve Agreement for Purchase of RA Capacity from Marsh Landing, LLC.

Date: June 29, 2022

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**RECOMMENDED ACTION**

1. Authorize OCPA’s Chief Executive Officer (“CEO”) to enter into a resource adequacy capacity purchase agreement with Marsh Landing, LLC (“Marsh Landing”).

**ANALYSIS AND DISCUSSION**

OCPA has been actively engaged in procurement of resource adequacy capacity to meet its upcoming regulatory obligations for 2023 and beyond. By November 2022, OCPA will need to demonstrate that it has resource adequacy under contract for at least 90% of its anticipated summer month peak demands in 2023, plus a 15% reserve margin. On a month-ahead basis, this requirement increases to 100% for all months in the year.

Resource adequacy capacity supplies remain extremely tight in California due to several factors. These include the recent and planned retirement of natural gas-fueled generators, the upcoming retirement of the state’s last nuclear power plant, regulatory changes that have reduced capacity ratings for solar and wind resources, declining capacity imports from neighboring states, and shifting generation and consumption patterns caused by more intermittent renewable resources on the grid and large amounts of behind-the-meter solar located on customer premises. In this environment, most resource adequacy suppliers seem to prefer engaging in multi-year purchase agreements – such agreements provide improved revenue/budgetary certainty for generator owners and, in exchange, more favorable pricing for resource adequacy buyers. OCPA has considered available options and recently negotiated a 3+ year agreement with Marsh Landing that will provide significant resource adequacy capacity to help OCPA meet its upcoming compliance obligations at competitive prices.

The Marsh Landing agreement came through a competitive solicitation administered by OCPA in May 2022. OCPA staff and consultants are satisfied that this agreement is competitively priced and represents the best value available to OCPA.

The CEO requires Board authorization before executing the subject agreement due to the tenor limits set forth in OCPA’s Energy Risk Management Policy delegation of authorities.

**Transaction Summary**

Product Type: Resource Adequacy (flexible)

**ORANGE COUNTY POWER AUTHORITY**  
**Staff Report – Item 10.2**

Tenor: 3+ years (May 1, 2023 through September 30, 2026, excluding the month of March in each year of the delivery period)

Volume: 2,850 MW-Months

Notional Value: \$24.9 million

Additional contract details are confidential.

**Conclusion**

This agreement is fundamental to OCPA meeting its 2023 resource adequacy compliance obligations and lays a solid foundation for OCPA to meet its resource adequacy obligations in future years as well. With this agreement, in conjunction with agreements previously executed or pending, OCPA is expected to be fully compliant with its projected year-ahead resource adequacy obligations for 2023.

**ATTACHMENTS**

Attachment A – Marsh Landing RA Confirmation

Attachment B – Master Power Purchase & Sale

Attachment A - Marsh Landing RA Confirmation (Placeholder)

Attachment B – Master Power Purchase & Sale (Placeholder)

**ORANGE COUNTY POWER AUTHORITY**  
**Staff Report – Item 10.3**

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To: Orange County Power Authority Board of Directors

From: Brian Probolsky, Chief Executive Officer

Subject: Approve Agreement for Purchase of RA Capacity from Sunrise Power Company, LLC.

Date: June 29, 2022

---

**RECOMMENDED ACTION**

1. Authorize OCPA’s Chief Executive Officer (“CEO”) to enter into a resource adequacy capacity purchase agreement with Sunrise Power Company, LLC (“Sunrise Power”).

**ANALYSIS AND DISCUSSION**

OCPA has been actively engaged in procurement of resource adequacy capacity to meet its upcoming regulatory obligations for 2023 and beyond. By November 2022, OCPA will need to demonstrate that it has resource adequacy under contract for at least 90% of its anticipated summer month peak demands in 2023, plus a 15% reserve margin. On a month-ahead basis, this requirement increases to 100% for all months in the year.

Resource adequacy capacity supplies remain extremely tight in California due to several factors. These include the recent and planned retirement of natural gas-fueled generators, the upcoming retirement of the state’s last nuclear power plant, regulatory changes that have reduced capacity ratings for solar and wind resources, declining capacity imports from neighboring states, and shifting generation and consumption patterns caused by more intermittent renewable resources on the grid and large amounts of behind-the-meter solar located on customer premises. In this environment, most resource adequacy suppliers seem to prefer engaging in multi-year purchase agreements – such agreements provide improved revenue/budgetary certainty for generator owners and, in exchange, more favorable pricing for resource adequacy buyers. OCPA has considered available options and recently negotiated a five-year agreement with Sunrise Power that will provide significant resource adequacy capacity to help OCPA meet its upcoming compliance obligations at highly competitive prices.

The Sunrise Power agreement came about through a variety of procurement mechanisms employed by OCPA which resulted in awards to Sunrise Power that have been consolidated into a single purchase agreement – Appendix B of the agreement reflects pertinent commercial terms associated with each element of this transaction, including quantity, price, term and other important details. With regard to the origination of this agreement, OCPA awarded certain volumes to Sunrise Power via a competitive solicitation administered by OCPA in February 2022. Separately, OCPA was matched with Sunrise Power via two distinct broker conduits – the elements of each broker-matched transaction have also been consolidated in Appendix B. Lastly, OCPA reached out directly to Sunrise Power and negotiated additional volumes.

**ORANGE COUNTY POWER AUTHORITY**  
**Staff Report – Item 10.3**

OCPA staff and consultants are satisfied that this agreement is competitively priced and represents the best value available to OCPA.

The CEO requires Board authorization before executing the subject agreement due to the tenor, notional value, and volume limits set forth in OCPA's Energy Risk Management Policy delegation of authorities.

**Transaction Summary**

Product Type: Resource Adequacy (system generic and system flexible)

Tenor: 5 years

Volume: 14,100 MW-Months

Notional Value: \$97.9 million

Additional contract details are confidential.

**Conclusion**

This agreement is fundamental to OCPA meeting its 2023 resource adequacy compliance obligations and lays a solid foundation for OCPA to meet its resource adequacy obligations through 2027. With this agreement, in conjunction with agreements previously executed or pending, OCPA is expected to be fully compliant with its projected year-ahead resource adequacy obligations for 2023.

**ATTACHMENTS**

Attachment A – Sunrise Power RA Confirmation

Attachment B – Joinder

Attachment C – Joinder for Lockbox

## **RESOURCE ADEQUACY CONFIRMATION LETTER**

This confirmation letter (“Confirmation”) confirms the Transactions agreed to on May 23, 2022 (the “Confirmation Date”), between Sunrise Power Company, LLC (“Sunrise”) and Orange Country Power Authority (“OCPA”), by which Seller agrees to sell and deliver, and Buyer agrees to purchase and receive, the Product, and is governed by the terms of Western Systems Power Pool Agreement effective as of August 12, 2021 along with any annexes and amendments thereto (collectively, the “WSPP Agreement”), which are incorporated herein by reference. Any conflicts between the WSPP Agreement and the Confirmation shall be resolved in the following order of control: first, the Confirmation; and second, the WSPP Agreement. Capitalized terms not otherwise defined in this Confirmation or the WSPP Agreement are defined in the Tariff.

### **ARTICLE 1** **TRANSACTION TERMS**

#### **1.1 Parties**

**Buyer:** OCPA

**Seller:** Sunrise

#### **1.2 Quantity, Contract Price, etc.**

Product, Delivery Period, Quantity, Contract Price and other specifics of the Product for each Transaction entered into pursuant to this Confirmation are set forth in Appendices B-1, B-2, B-3 B-4, B-5 and B-6. Appendices A, B and C are incorporated into this Confirmation.

#### **1.3 Separate Transactions.**

Each Appendix B attached to this Confirmation memorializes a separate “Transaction” for the purposes of this Confirmation, including the rights and obligations of Buyer and Seller with respect to performance, payment, default and termination.

### **ARTICLE 2** **DELIVERY OBLIGATIONS AND ADJUSTMENTS**

#### **2.1 Sale and Delivery of Product**

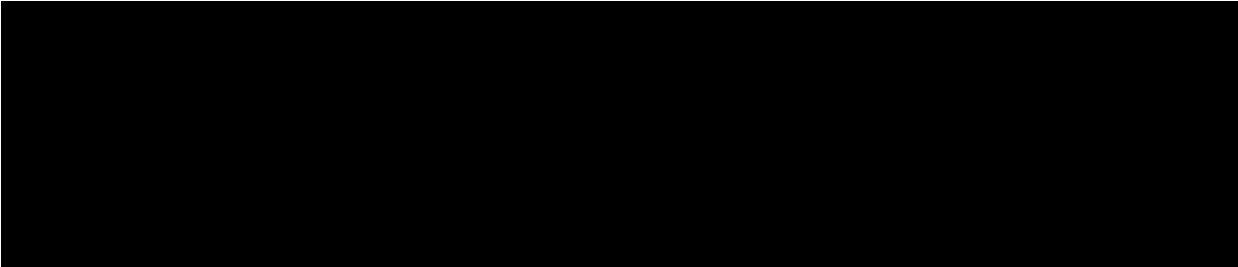
- (a) For each Showing Month of the Delivery Period, Seller will sell and deliver to Buyer, and Buyer will purchase and receive from Seller, the Quantity of the Product from the Shown Unit(s).
- (b) Seller will deliver the Quantity by submitting to CAISO in its Supply Plan the Shown Unit and the characteristics of the Shown Unit and Product for Buyer, as further specified in Appendix B, all in compliance with this Confirmation.
- (c) Seller will cause all Supply Plans to meet and be filed in conformance with the requirements of the CPUC and the Tariff. Seller will submit, or cause the Unit’s

SC to submit, on a timely basis with respect to each applicable Showing Month, Supply Plans in accordance with the Tariff and CPUC requirements to identify and confirm the Product delivered to Buyer for each Showing Month of the Delivery Period. The total amount of Product identified and confirmed for each day of such Showing Month will equal the Quantity, including a request for Hold-Back Capacity pursuant to Article Five of this Confirmation, less any excused deductions to the Quantity.

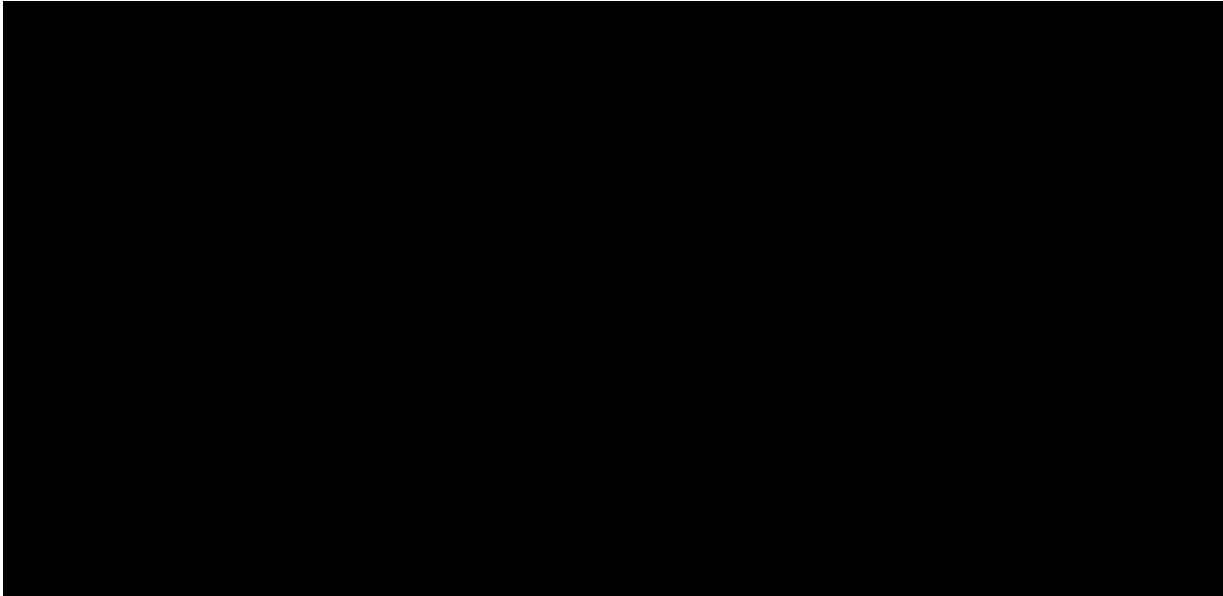
- (d) Seller may sell and deliver from a Shown Unit that meets requirements set forth in Appendix B. Seller will identify the Shown Unit(s) and Quantity by providing Buyer with the specific Unit information contemplated in Appendix B no later than the Notification Deadline for the relevant Showing Month.
- (e) If CAISO rejects either the Supply Plan or the Resource Adequacy Plan with respect to any part of the Quantity for the Shown Unit in any Showing Month, the Parties will confer, make such corrections as are necessary for acceptance, and resubmit the corrected Supply Plan or Resource Adequacy Plan for validation before the applicable deadline for the Showing Month.



- (g) The Shown Unit must not have characteristics that would trigger the need for Buyer or Seller to file an advice letter or other request for authorization with the CPUC or for Buyer to make a compliance filing pursuant to California Public Utilities Code Section 380.

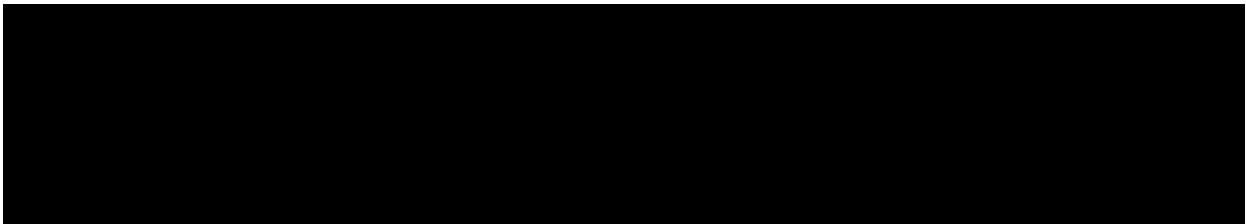
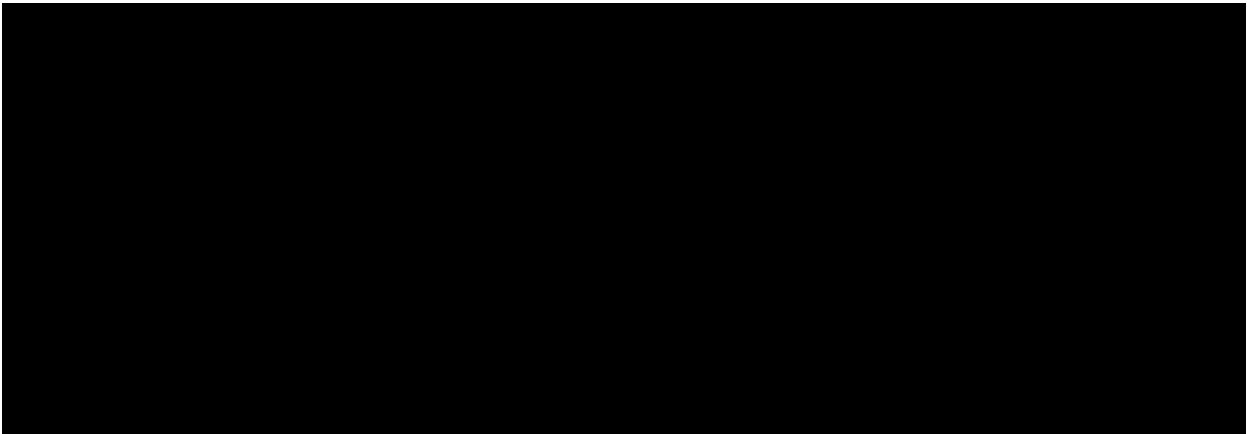






**2.2 Buyer's Remedies for Seller's Failure to Deliver Quantity**

- (a) If Seller fails to deliver any part of the Quantity as required herein for any Showing Month, Seller is liable for damages pursuant to Section 21.3 of the WSPP Agreement, without reference to the word "hourly" therein.



### **2.3 Buyer's Re-Sale of Product**

- (a) Buyer may re-sell all or part of the Product; provided that any such re-sale must not increase Seller's obligations hereunder other than as set forth in this Section 2.3(a), and provided further that Buyer shall remain liable for payment under this Confirmation, notwithstanding such resale. For any such a resale, Resource Adequacy Plan of Buyer as used herein will refer to the Resource Adequacy Plan of Subsequent Buyer. Seller will, or will cause the Unit's SC, to follow Buyer's instructions with respect to providing such resold Product to Subsequent Buyers, to the extent such instructions are consistent with Seller's obligations under this Confirmation. Seller will, and will cause the Unit's SC, to take all commercially reasonable actions and execute all documents or instruments reasonably necessary to allow such Subsequent Buyers to use such resold Product in a manner consistent with Buyer's rights under this Confirmation. Notwithstanding the foregoing, any rights granted under this paragraph do not apply to the CAISO's Competitive Solicitation Processes framework in Section 43A.4 of the Tariff; in the event either Party intends to participate in the CAISO's Competitive Solicitation Processes, then the Parties shall coordinate compliance with the CAISO's requirements for such participation. If Buyer incurs any liability to a Subsequent Buyer due to the failure of Seller or the Unit's SC to comply with this Confirmation, Seller will be liable to Buyer for the same amounts Seller would have owed Buyer under this Confirmation if Buyer had not resold the Product.
- (b) Buyer will notify Seller in writing of any resale of Product and the Subsequent Buyer no later than two Business Days before the Notification Deadline for the Showing Month. Buyer will notify Seller of any subsequent changes or further resales no later than two Business Days before the Notification Deadline for the Showing Month.

## **ARTICLE 3 PAYMENTS AND COLLATERAL**

### **3.1 Payment**

After Seller has delivered the Quantity in accordance with Section 2.1 and issued its invoice consistent with the provisions of this Section 3.1, Buyer must pay for the Product as provided in Article 9 of the WSPP Agreement. Seller shall issue a monthly invoice for the Product, in arrears, which shall equal the product of (a) the applicable Contract Price for that Showing Month, (b) the Quantity for the Showing Month, less any portion of the Quantity that was not delivered in accordance with Section 2.1, and (c) 1,000, rounded to the nearest penny (i.e., two decimal places) (the "Monthly RA Capacity Payment"). Buyer shall make the Monthly RA Capacity Payment by the twenty-third day (23rd) of the month in which Buyer receives the invoice from Seller and if such day is not a Business Day, the next following Business Day, provided, however, that if Buyer does not receive the invoice at least three (3) Business Days prior to the payment date, then the invoice will be paid on the 23rd day of the following month.

**3.2 Allocation of Other Payments and Costs**

[Redacted]

[Redacted]

[Redacted]

[Redacted]

**3.3 Credit and Collateral Requirements**

[Redacted]

[Redacted]

**ARTICLE 4**  
**OTHER BUYER AND SELLER COVENANTS**

**4.1 CAISO Requirements**

Seller must schedule or cause the Unit's SC to schedule or make available to CAISO the Quantity of the Product during the Delivery Period, in compliance with the Tariff, and perform all, or cause the Unit's SC, owner, or operator to perform all, obligations under applicable law and the Tariff relating to the Product. [REDACTED]

**4.2 Seller's and Buyer's Duties to Take Actions to Allow Product Utilization**

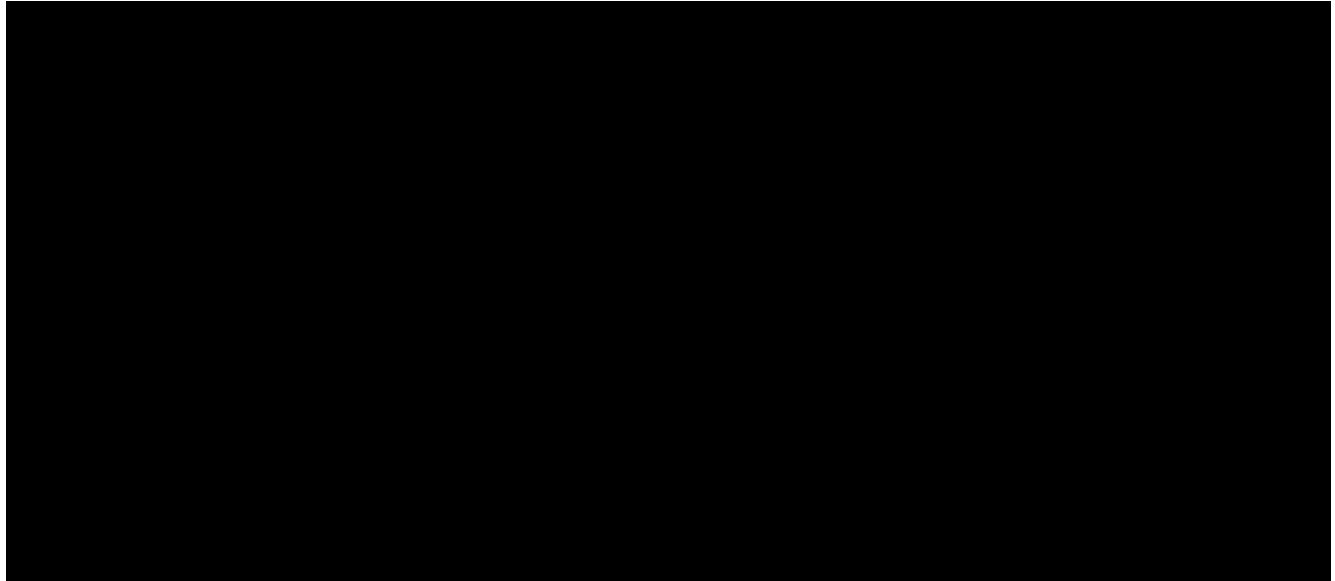
**4.3 Seller's Representations and Warranties**

Seller represents and warrants to Buyer throughout the Delivery Period that:

- (b) the Unit qualifies under the Tariff for the Product, and the Unit and Seller are capable of delivering the Product;
- (c) the aggregation of all amounts of Capacity Attributes that Seller has sold, assigned, or transferred for the Unit during the Delivery Period does not exceed the Unit NQC and, if applicable, the Unit EFC, for that Unit;
- (d) if applicable, Seller has notified either the Unit's SC or the entity from which Seller purchased the Product that Seller has transferred the Quantity of Product for the Delivery Period to Buyer; and
- (e) Seller has notified or will notify the Unit's SC that Buyer is entitled to the revenues set forth in Section 3.2(b), and such SC is obligated to promptly deliver

those revenues to Buyer, along with appropriate documentation supporting the amount of those revenues.

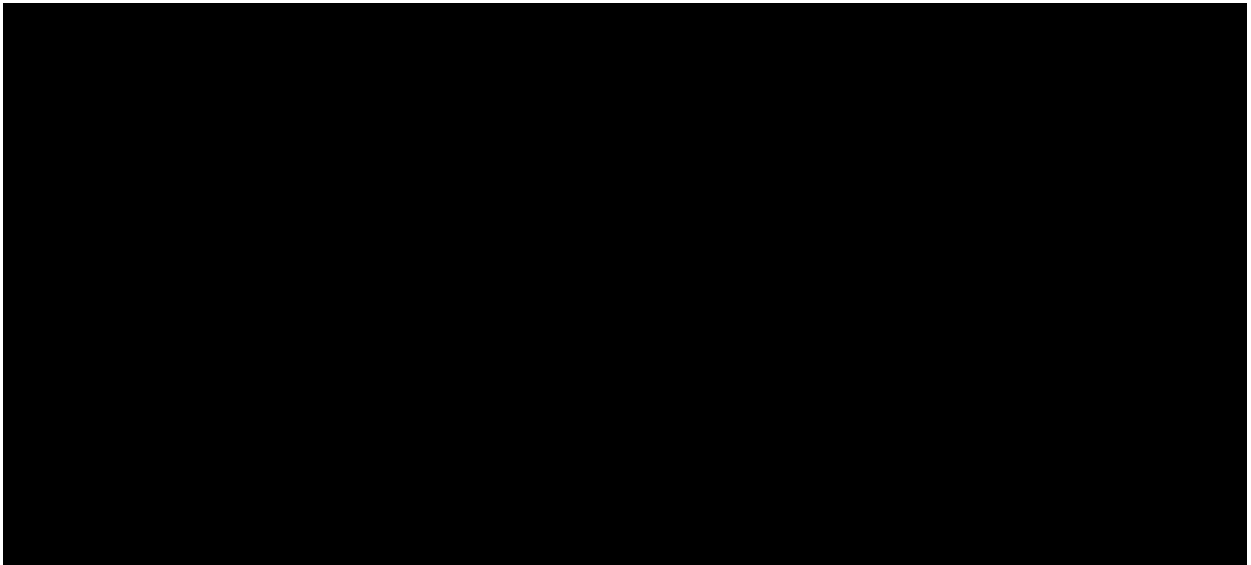
**ARTICLE 5**  
**HOLDBACK AND SUBSTITUTE CAPACITY**



**ARTICLE 6**  
**ADDITIONAL WSPP AGREEMENT AMENDMENTS; GENERAL PROVISIONS**

**6.1 Termination Payment**

For this Confirmation, the following is inserted as a penultimate paragraph in Section 22.2(b) of the WSPP Agreement:



## **6.2 Confidentiality**

Notwithstanding Section 30.1 of the WSPP Agreement,, (i) Buyer may disclose information in order to support its Compliance Showings or otherwise show it has met its Compliance Obligations; (ii) Seller may disclose to a Unit’s SC or as necessary for Supply Plans; (iii) each Party may disclose information to the independent evaluator or other administrator of any competitive solicitation process of Buyer, which in turn may disclose such information to CAISO or any Governmental Body; and (iv) Buyer may disclose information to any Subsequent Buyer. Seller acknowledges that Purchaser is a public agency subject to the requirements of the California Public Records Act (Cal. Gov. Code section 6250 et seq.).

## **6.3 Dodd-Frank Act**

Each Party represents and warrants to the other that it is an “eligible contract participant” within the meaning of United States Commodity Exchange Act §1a(18). Without limiting Section 10.10 of the Master Agreement, the Parties intend these Transactions to be a “customary commercial arrangement” as described in Section II.A.1 of Commodity Futures Trading Commission, *Proposed Guidance, Certain Natural Gas and Electric Power Contracts*, 81 Fed. Reg. 20583 at 20586 (Apr. 8, 2016) and a “Forward Capacity Transaction” within the meaning of Commodity Futures Trading Commission, *Final Order in Response to a Petition From Certain Independent System Operators and Regional Transmission Organizations To Exempt Specified Transactions Authorized by a Tariff or Protocol Approved by the Federal Energy Regulatory Commission*, 78 Fed. Reg. 19,880 (Apr. 2, 2013).

## **6.4 Dispute Resolution and Venue**

- (a) Section 21.2 of the WSPP Agreement is deleted and replaced with the following:

“Any Party due monies under this Agreement, the amounts of which are not in dispute or if disputed have been the subject of a decision awarding monies, (i) shall have the right to seek payment of such monies in court in accordance with Section 34.1 and (ii) shall possess the right to seek relief directly from such court without first exercising termination and liquidation rights under Section 22.

In addition, each Party shall possess the right to seek specific performance (injunctive relief) of the non-delivery related terms of this Agreement and any Confirmation in court in accordance with Section 34.1. In seeking to enforce the terms of this Agreement, however, consistent with Section 21.1, no Party is entitled to receive or recover monetary damages except as provided in Sections 21.3 and 22.”

- (b) Section 21.3(d) of the WSPP Agreement is modified by replacing the words “After informal dispute resolution as required by Section 34.1, any remaining dispute involving the calculation of the damages shall be referred to binding dispute resolution as provided by Section 34.2 of this Agreement” with “Unless otherwise resolved informally, any dispute involving the calculation of the damages shall be resolved in accordance with Section 34 of this Agreement”.

(c) Subsections 34.1 through 34.4 of the WSPP Agreement are deleted and replaced with the following:

“34.1 Consent to Jurisdiction. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PARTY ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, COUNTY OF ORANGE. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH PARTY, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY (a) ACCEPTS GENERALLY AND UNCONDITIONALLY THE EXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS; (b) WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT BROUGHT IN THE COURTS REFERRED TO ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

34.2 Reserved.

34.3 Reserved.

34.4 Reserved.”

## **6.5 Governing Law**

(a) For each Transaction, Section 13.1 of the WSPP Agreement is amended to change “FERC” to “FERC or the CPUC”.

(b) Section 24 of the WSPP Agreement is deleted in its entirety and replaced with the following:

“This Confirmation, including the provisions and requirements of the Tariff and the definition of the Product and its components, and any portion of the WSPP Agreement applicable to this Confirmation shall be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of laws rules thereof.”

## **6.6 Forward Contracts.**

Section 35 of the WSPP Agreement is modified by inserting the following paragraph between the first and second sentences: “The Parties agree that each Party’s business consists in whole or in part of entering into forward contracts as or with merchants in capacity or energy, which is presently the subject of dealing in the forward contract trade. The Parties further agree that the transactions entered into pursuant to any Confirmations hereunder (as provided in Article 32 of the WSPP Agreement) are forward contracts involving the sale of capacity and/or energy, which are presently the subject of dealing in the forward contract trade. No Party shall assert before any court or other governmental authority either that another Party is not, or shall not be treated as, a forward contract merchant or that the transaction entered into pursuant, to any Confirmations hereunder (as provided in Article 32 of the WSPP Agreement) are not, or shall not be treated as, forward contracts under the United States Bankruptcy Code.”

## **6.7 Mobile Sierra.**

Section 40 “Execution by Counterparts” of the WSPP Agreement is hereby deleted and the following “Mobile Sierra” Section shall be inserted in its place:

Mobile Sierra.

To the fullest extent permitted by Applicable Law, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives any rights it can or may have, now or in the future, whether under §§ 205 and/or 206 of the Federal Power Act or otherwise, to seek to obtain from FERC by any means, directly or indirectly (through complaint, investigation or otherwise), and each hereby covenants and agrees not at any time to seek to so obtain, an order from FERC changing any section of this Agreement specifying the rate, charge, classification, or other term or condition agreed to by the Parties, it being the express intent of the Parties that, to the fullest extent permitted by Applicable Law, neither Party shall unilaterally seek to obtain from FERC any relief changing the rate, charge, classification, or other term or condition of this Agreement, notwithstanding any subsequent changes in Applicable Law or market conditions that may occur. In the event it were to be determined that Applicable Law precludes the Parties from waiving their rights to seek changes from FERC to their market-based power sales contracts (including entering into covenants not to do so) then this subsection (ii) shall not apply, provided that, consistent with the foregoing subsection (i), neither Party shall seek any such changes except solely under the “public interest” application of the “just and reasonable” standard of review and otherwise as set forth in the foregoing section (i).”

## **6.8 Joint Powers Authority**

Purchaser is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (California Government Code Sections 6500 et seq.) and is a public entity separate and distinct from its members. Purchaser shall solely be responsible for all of such Party’s debts, obligations and liabilities accruing and arising out of this Confirmation. Seller shall have no rights and shall not make any claim, take any actions or assert any remedies against any of the Purchaser’s members, any cities or counties participating in Purchaser’s community



choice aggregation program, or any of Purchaser's retail customers in connection with this Confirmation.

**6.9 Counterparts**

This Confirmation may be signed in any number of counterparts with the same effect as if the signatures to the counterparts were upon a single instrument. The Parties may rely on electronic, facsimile or scanned signatures as originals under this Confirmation. Delivery of an executed signature page of this Confirmation by facsimile or electronic mail transmission (including PDF) shall be the same as delivery of a manually executed signature page.

**6.10 Entire Agreement; No Oral Agreements or Modifications**

This Confirmation sets forth the terms of the Transactions into which the Parties have entered and shall constitute the entire agreement between the Parties relating to the contemplated purchase and sale of the Product. Notwithstanding any other provision of the Agreement to the contrary, the Transactions may be confirmed only through a written document executed by both Parties, and no amendment or modification to the Transactions shall be enforceable except through a written document executed by both Parties.

**AGREED AS OF THE CONFIRMATION DATE:**

<b>Sunrise Power Company, LLC</b> By: <u>DRR</u> Name: Daniel R. Revers Title: President	<b>Orange Country Power Authority</b> By: _____ Name: Title:
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**APPENDIX A  
DEFINED TERMS**

“CAISO” means the California ISO.

“Capacity Attributes” means attributes of the Unit that may be counted toward Compliance Obligations, including: dispatchability, physical location or point of electrical interconnection of the Unit; Unit ability to generate at a given capacity level, provide ancillary services, or ramp up or down at a given rate; any current or future defined characteristics, certificates, tags, credits, or accounting constructs of the Unit, howsoever entitled, identified from time to time by the CAISO or a Governmental Body having jurisdiction over Compliance Obligations.

“CIRA Tool” means the CAISO Customer Interface for Resource Adequacy. “Compliance Obligations” means, as applicable, RAR, Local RAR and FCR.

“Compliance Showings” means the applicable LSE’s compliance with the resource adequacy requirements of the CPUC for an applicable Showing Month.

“Contract Price”

“CPUC” means the California Public Utilities Commission.

“CPUC Decisions” means any currently effective or future decisions, resolutions, or rulings related to resource adequacy.

“CPUC Filing Guide” is the document issued annually by the CPUC which sets forth the guidelines, requirements and instructions for load serving entities to demonstrate compliance with the CPUC’s resource adequacy program.

“Delivery Period” means the period specified in Appendix B during which Seller shall deliver the Product to Buyer.

“Environmental Costs”

“FCR” means the Flexible Capacity requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, the CAISO pursuant to the Tariff, or other Governmental Body having jurisdiction over Compliance Obligations and includes any non-binding advisory showing which an LSE is required to make with respect to flexible capacity.

“FCR Attributes” means, with respect to a Unit, any and all resource adequacy attributes of the Unit, as may be identified from time to time by the CPUC, CAISO, or other Governmental Body having jurisdiction over Compliance Obligations, that can be counted toward an LSE’s FCR.

“Governmental Body” means any federal, state, local, municipal or other government; any governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and any court or governmental tribunal.

“Flexible Capacity Category” shall be as described in the annual CPUC Filing Guide, as such may be modified, amended, supplemented or updated from time to time.

“Local RAR” means the local resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, by CAISO pursuant to the Tariff, or by any other Governmental Body having jurisdiction over Compliance Obligations.

“LSE” means “Load Serving Entity” as such term is used in Section 40.9 of the Tariff. “MW” means megawatt.

“Notification Deadline” is twenty (20) Business Days before the relevant deadlines for the corresponding Compliance Showings applicable to the relevant Showing Month.

“Product” means RAR, Local RAR and FCR, for the Delivery Period, Unit, Quantity, Contract Price and other specifications contained in Appendix B.

“Quantity” [REDACTED]

“RAR” means the resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, by CAISO pursuant to the Tariff, or by any other Governmental Body having jurisdiction over Compliance Obligations.

“Resource Category” shall be as described in the annual CPUC Filing Guide, as such may be modified, amended, supplemented or updated from time to time.

“SC” means Scheduling Coordinator as defined in the Tariff.

“Showing Month” means the calendar month of the Delivery Period that is the subject of the related Compliance Showing.

“Shown Unit” means a Unit specified by Seller in a Supply Plan, but not necessarily identified by Seller to Buyer on the Confirmation Date.

“Subsequent Buyer” means the buyer of Product from Buyer in a re-sale of Product by Buyer.  
“Substitute Capacity” has the meaning set forth in the Tariff for “RA Substitute Capacity”.

“Supply Plan” means the supply plan, or similar or successor filing, that a Scheduling Coordinator submits to the CAISO, CPUC, or other applicable governmental body in order for the Capacity Attributes to count toward Compliance Obligations.

“Tariff” means the CAISO Tariff, including any current CAISO-published “Operating Procedures” and “Business Practice Manuals,” in each case as amended or supplemented from time to time.

“Unit” means the generation unit described in Appendix B or any Shown Unit.

“Unit EFC” means Unit Effective Capacity and is the lesser of that of the Unit as set by CAISO as of the Confirmation Date and that of the Unit on a subsequent date of determination.

“Unit NQC” means Unit Net Qualifying Capacity and is the lesser of that of the Unit as set by CAISO as of the Confirmation Date and that of the Unit on a subsequent date of determination.

**APPENDIX B - 1  
PRODUCT AND UNIT INFORMATION**

**Product:**

RAR                       Local RAR                       Flexible Capacity

and all Capacity Attributes related to such Product.

**Delivery Period:** January 1, 2023 to December 31, 2024

**Quantity and Contract Price:**

Showing Month and Year	Quantity (MWs)	Contract Price (\$/kW-mo)
January 2023 – December 2024	████████	████████
	<b>Total Notional:</b>	████████

**Portion of Quantity with FCR Attributes:**

Showing Month and Year	Portion of Quantity with FCR Attributes (MWs)
January 2023 – December 2024	████████

Unit Specific Information	
<b>Resource Name</b>	Sunrise Power Project
Physical Location	████████████████████
CAISO Resource ID	████████████████████
SCID of Resource	████████████████████
Unit NQC:	████████
Unit EFC:	████████
Resource Type (e.g., gas, hydro, solar, etc.)	Gen
Resource Category (1, 2, 3 or 4)	4
Flexible RAR Category (1, 2 or 3)	1
Path 26 (North or South)	████████
Local Capacity Area (if any, as of Confirmation Date)	████████
Deliverability restrictions, if any, as described in most recent CAISO	████████
Run Hour Restrictions	████████

**APPENDIX B - 2  
PRODUCT AND UNIT INFORMATION**

**Product:**

RAR                       Local RAR                       Flexible Capacity

and all Capacity Attributes related to such Product.

**Delivery Period:** January 1, 2023 to December 31, 2026

**Quantity and Contract Price:**

Showing Month and Year	Quantity (MWs)	Contract Price (\$/kW-mo)
January 2023 – December 2026	████	████
	<b>Total Notional:</b>	████████

**Portion of Quantity with FCR Attributes:**

Showing Month and Year	Portion of Quantity with FCR Attributes (MWs)
January 2023 – December 2026	██

Unit Specific Information	
<b>Resource Name</b>	Sunrise Power Project
Physical Location	████████████████
CAISO Resource ID	████████████████
SCID of Resource	████████
Unit NQC:	██
Unit EFC:	██
Resource Type (e.g., gas, hydro, solar, etc.)	Gen
Resource Category (1, 2, 3 or 4)	4
Flexible RAR Category (1, 2 or 3)	1
Path 26 (North or South)	██
Local Capacity Area (if any, as of Confirmation Date)	██
Deliverability restrictions, if any, as described in most recent CAISO	██
Run Hour Restrictions	██

**APPENDIX B - 3  
PRODUCT AND UNIT INFORMATION**

**Product:**

RAR                       Local RAR                       Flexible Capacity

and all Capacity Attributes related to such Product.

**Delivery Period:** January 1, 2023 to December 31, 2027

**Quantity and Contract Price:**

Showing Month and Year	Quantity (MWs)	Contract Price (\$/kW-mo)
January 2023 – December 2027	■	■
	<b>Total Notional:</b>	■

**Portion of Quantity with FCR Attributes:**

Showing Month and Year	Portion of Quantity with FCR Attributes (MWs)
January 2023 – December 2027	■

Unit Specific Information	
<b>Resource Name</b>	Sunrise Power Project
Physical Location	■
CAISO Resource ID	■
SCID of Resource	■
Unit NQC:	■
Unit EFC:	■
Resource Type (e.g., gas, hydro, solar, etc.)	Gen
Resource Category (1, 2, 3 or 4)	4
Flexible RAR Category (1, 2 or 3)	■
Path 26 (North or South)	■
Local Capacity Area (if any, as of Confirmation Date)	■
Deliverability restrictions, if any, as described in most recent CAISO	■
Run Hour Restrictions	■

**APPENDIX B - 4  
PRODUCT AND UNIT INFORMATION**

**Product:**

RAR                       Local RAR                       Flexible Capacity

and all Capacity Attributes related to such Product.

**Delivery Period:** January 1, 2023 to December 31, 2027

**Quantity and Contract Price:**

Showing Month and Year	Quantity (MWs)	Contract Price (\$/kW-mo)
January 2023 – December 2027	■	■
	<b>Total Notional:</b>	■

Unit Specific Information	
<b>Resource Name</b>	Sunrise Power Project
Physical Location	■
CAISO Resource ID	■
SCID of Resource	■
Unit NQC:	■
Unit EFC:	■
Resource Type (e.g., gas, hydro, solar, etc.)	Gen
Resource Category (1, 2, 3 or 4)	4
Flexible RAR Category (1, 2 or 3)	■
Path 26 (North or South)	■
Local Capacity Area (if any, as of Confirmation Date)	■
Deliverability restrictions, if any, as described in most recent CAISO	■
Run Hour Restrictions	■



**APPENDIX B - 5  
PRODUCT AND UNIT INFORMATION**

**Product:**

RAR                       Local RAR                       Flexible Capacity

and all Capacity Attributes related to such Product.

**Delivery Period:** January 1, 2023 to December 31, 2027

**Quantity and Contract Price:**

Showing Month and Year	Quantity (MWs)	Contract Price (\$/kW-mo)
January 2023 – December 2027	■	■
	<b>Total Notional:</b>	■

**Portion of Quantity with FCR Attributes:**

Showing Month and Year	Portion of Quantity with FCR Attributes (MWs)
January 2023 – December 2027	■

Unit Specific Information	
<b>Resource Name</b>	Sunrise Power Project
Physical Location	■
CAISO Resource ID	■
SCID of Resource	■
Unit NQC:	■
Unit EFC:	■
Resource Type (e.g., gas, hydro, solar, etc.)	Gen
Resource Category (1, 2, 3 or 4)	4
Flexible RAR Category (1, 2 or 3)	■
Path 26 (North or South)	■
Local Capacity Area (if any, as of Confirmation Date)	■
Deliverability restrictions, if any, as described in most recent CAISO	■
Run Hour Restrictions	■

**APPENDIX B - 6  
PRODUCT AND UNIT INFORMATION**

**Product:**

RAR                       Local RAR                       Flexible Capacity

and all Capacity Attributes related to such Product.

**Delivery Period:** January 1, 2023 to December 31, 2027

**Quantity and Contract Price:**

Showing Month and Year	Quantity (MWs)	Contract Price (\$/kW-mo)
January 2023 – December 2027	■	■
	<b>Total Notional:</b>	■

Unit Specific Information	
<b>Resource Name</b>	Sunrise Power Project
Physical Location	■
CAISO Resource ID	■
SCID of Resource	■
Unit NQC:	■
Unit EFC:	■
Resource Type (e.g., gas, hydro, solar, etc.)	Gen
Resource Category (1, 2, 3 or 4)	4
Flexible RAR Category (1, 2 or 3)	■
Path 26 (North or South)	■
Local Capacity Area (if any, as of Confirmation Date)	■
Deliverability restrictions, if any, as described in most recent CAISO	■
Run Hour Restrictions	■

**APPENDIX C  
NOTICE INFORMATION**

<p><b>Seller: Sunrise Power Company, LLC</b></p>	<p><b>Buyer: Orange Country Power Authority</b></p>
<p><b>All Notices:</b>          Attn: David Baugh          Street: 910 Louisiana Street, Suite 2400          City: Houston          State: TX Zip: 77002          Phone: (713) 358-9726          Email: <a href="mailto:dbaugh@camstex.com">dbaugh@camstex.com</a></p>	<p><b>All Notices:</b>          Attn: Brian Probolsky, Chief Executive Officer          Address: P.O. Box 54283          Irvine, California 92619          Phone: (949) 767-8700          Email: <a href="mailto:brian@ocpower.org">brian@ocpower.org</a>          Duns: [REDACTED]          Federal Tax ID Number: [REDACTED]</p>
<p><b>Invoices:</b>          Attn: Kristen Mohun          Phone: (713) 358-9789          Email: <a href="mailto:kmohun@camstex.com">kmohun@camstex.com</a></p>	<p><b>Invoices:</b>          Attn: Tiffany law          Phone: (949) 767-8700          Email: <a href="mailto:tlaw@ocpower.org">tlaw@ocpower.org</a></p>
<p><b>Scheduling:</b>          Attn: David Baugh          Phone: (713) 358-9726          Email: <a href="mailto:dbaugh@camstex.com">dbaugh@camstex.com</a></p>	<p><b>Scheduling:</b>          Name: TEA CAISO Scheduling Coordinator          Address: 405 114th Ave SE #100,          Bellevue, WA 98004          Phone: (425) 460-1118          Email: <a href="mailto:group-corp-tradingcaiso@teainc.org">group-corp-tradingcaiso@teainc.org</a></p>
<p><b>Wire Transfer:</b>           As provided in writing, as may be amended from time to time.</p>	<p><b>Wire Transfer:</b>          Bank Name: [REDACTED]          Bank ABA:          Account name:          Account Number:</p>
<p><b>Credit and Collections:</b>          Attn: Kristen Mohun          Phone: (713) 358-9789          Email: <a href="mailto:kmohun@camstex.com">kmohun@camstex.com</a></p>	<p><b>Credit and Collections:</b>          Attn: Tiffany Law          Phone: (949) 767-8700          Email: <a href="mailto:tlaw@ocpower.org">tlaw@ocpower.org</a></p>

**Defaults:**

Attn: David Baugh  
Phone: (713) 358-9726  
Email: [dbaugh@camstex.com](mailto:dbaugh@camstex.com)

Additional notices of an Event of Default to:

Sunrise Power Company, LLC  
c/o ArcLight Capital Partners LLC  
200 Clarendon Street, 55th Floor  
Boston, MA 02116  
Attn: Jonathan Chadbourne  
Telephone: (617) 531-6397  
Email: [jchadbourne@arclight.com](mailto:jchadbourne@arclight.com)

**Defaults:**

Attn:  
Additional notices of an Event of Default to:

Attn: Ryan Baron, Best Best & Krieger LLP  
Address: 18101 Von Karman Ave., Suite 1000  
Irvine CA 92612  
Phone: (949) 263-6568  
Email: [ryan.baron@bbklaw.com](mailto:ryan.baron@bbklaw.com)

## JOINDER

The undersigned, Orange County Power Authority, a California joint powers authority, under that laws of California, (the “Joining Party”) hereby agrees to become party as a Debt Representative under the Collateral Agency and Intercreditor Agreement, dated as of December 1, 2021 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “Intercreditor Agreement”; capitalized terms used herein without definition shall have the respective meaning assigned in the Intercreditor Agreement), by and among GENERATION BRIDGE, LLC, a Delaware limited liability company, the other OBLIGORS from time to time party thereto, CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as administrative agent and collateral agent (in such capacities, the “Administrative Agent” and “Collateral Agent” respectively), and the other parties from time to time party thereto for all purposes thereof on the terms set forth therein, and to be bound by the terms of the Intercreditor Agreement as fully as if the undersigned had executed and delivered the Intercreditor Agreement as of the date thereof.

The Borrower, on behalf of itself and each other Obligor, and the Joining Party hereby agree for the benefit of the Secured Parties as follows:

(1) The Joining Party hereby (i) acknowledges, agrees and confirms that, by its execution of this Joinder, the Joining Party will be deemed to be a party to the Intercreditor Agreement, and, from and after the date hereof, shall have all of the obligations of a Debt Representative, a Secured Party and a SECURED COMMODITY HEDGE COUNTERPARTY thereunder as if it had executed the Intercreditor Agreement and (ii) appoints the Collateral Agent to act in its behalf in such capacity and on the terms of the Intercreditor Agreement, and consents to and directs the Collateral Agent to perform its obligations under the Intercreditor Agreement and the other Security Documents. The Joining Party hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions applicable to a Debt Representative, a Secured Party and a SECURED COMMODITY HEDGE COUNTERPARTY contained in the Intercreditor Agreement. The obligations to be secured under that certain Resource Adequacy Agreement to be dated on or about the date hereof (the “RA Agreement”) by and between the Borrower and the Joining Party are hereby designated “Secured Obligations” and will be secured Equally and ratably with all existing and future Secured Obligations permitted by the Debt Documents. The Borrower and each other Obligor has duly authorized, executed (if applicable) and recorded (or caused to be recorded) in each appropriate governmental office all relevant filings and recordations to ensure that the RA Agreement is secured by the Collateral in accordance with the Security Documents.

(2) The Borrower, on behalf of itself and the other Obligors, hereby consents to the designation of the RA Agreement as Secured Obligations as set forth in this Joinder and hereby confirms its respective guarantees, pledges, grants of security interests and other obligations, as applicable, under and subject to the terms of each of the Debt Documents to which it is party, and agrees that, notwithstanding the designation of such additional indebtedness or any of the transactions contemplated thereby, such guarantees, pledges, grants of security interests and other obligations, and the terms of each Debt Document to which it is a party, are not impaired or adversely affected in any manner whatsoever and shall continue to be in full force and effect and such additional secured debt shall be entitled to all of the benefits of such Debt Documents.

(3) The address of the Joining Party for purposes of all notices and other

communications under the Intercreditor Agreement is:

Orange Country Power Authority  
Attn: Brian Probolsky, Chief Executive Officer  
P.O. Box 54283  
Irvine, California 92619  
Phone: (949) 767-8700  
Email: brian@ocpower.org

This Joinder may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute one contract. Delivery of an executed counterpart of a signature page of this Joinder by facsimile or other electronic means, which shall include DocuSign and similar electronic signature platforms and digital copies of a signatory's manual signature, will for all purposes be treated as the equivalent of delivery of a manually executed counterpart of this Joinder. The words "execution", "signed", "signature" and words of like import in this Joinder shall be deemed to include electronic signatures, including by DocuSign and similar electronic signature platforms and digital copies of a signatory's manual signature, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act or any other similar state laws based on the Uniform Electronic Transactions Act.

The provisions of Article 7 of the Intercreditor Agreement will apply with like effect to this Joinder.

IN WITNESS WHEREOF, the parties hereto have caused this Joinder to be executed by their respective officers or representatives as of May 23, 2022

GENERATION BRIDGE, LLC,  
as the Borrower

By: DRR  
Name: Daniel R. Revers  
Title: President

ORANGE COUNTY POWER AUTHORITY  
as JOINING PARTY

By: \_\_\_\_\_  
Name: Brian Probolsky  
Title: Chief Executive Officer

CREDIT SUISSE AG, CAYMAN ISLANDS  
BRANCH,  
as Collateral Agent

By: \_\_\_\_\_  
Name:  
Title:



## JOINDER TO INTERCREDITOR AND COLLATERAL AGENCY AGREEMENT


TMI Trust Company, in its capacity as Collateral Agent  
1100 Abernathy Road, Suite 480  
Atlanta, GA 30328  
[Email: dschachel@tmico.com](mailto:dschachel@tmico.com)

Reference is made to the Intercreditor and Collateral Agency Agreement, dated as of October 29, 2021 (as amended or restated from time to time, the “**Intercreditor Agreement**”; capitalized terms used but not otherwise defined herein shall have the meaning ascribed thereto in the Intercreditor Agreement), among TMI Trust Company, as Collateral Agent, and the PPA Providers party thereto, relating to the security interests granted by Orange County Power Authority (“**OCPA**”) in the Lockbox Account.

By executing and delivering this Joinder to Intercreditor and Collateral Agency Agreement (this “**Joinder**”), the undersigned holder of the Obligations arising under that certain Power Purchase Agreement between OCPA and the undersigned, a copy of which is enclosed with this Joinder, (1) agrees to the appointment of TMI Trust Company, as its Collateral Agent in accordance with Section 3.1 of the Intercreditor Agreement, and (2) agrees to be bound by all of the terms and provisions of the Intercreditor Agreement. The address set forth under the signature of the undersigned constitutes its address for the purposes of Section 6.9 of the Intercreditor Agreement.

Dated as of: May 23, 2022.

**Sunrise Power Company, LLC**

By:   
Name: Daniel R. Revers  
Title: President

### NOTICE INFORMATION:

Sunrise Power Company, LLC  
910 Louisiana Street, Suite 2400  
Houston, TX 77002  
Attention: David Baugh  
Email: [dbaugh@camstex.com](mailto:dbaugh@camstex.com)  
Telephone (713) 358-9726