

**LAS VIRGENES - TRIUNFO
JOINT POWERS AUTHORITY
AGENDA**

4232 Las Virgenes Road, Calabasas, CA 91302

Members of the public wishing to address the Las Virgenes-Triunfo Joint Powers Authority (JPA) Board of Directors are advised that a statement of Public Comment Protocols is available from the Clerk of the Board. Prior to speaking, each speaker is asked to review these protocols, complete a speakers' card, and hand it to the Clerk of the Board. Speakers will be recognized in the order the cards are received.

The Public Comments agenda item is presented to allow the public to address the Board on matters not on the agenda. The public may also present comments on matters on the agenda; speakers for agendized items will be recognized at the time the item is called up for discussion.

Materials prepared by the JPA in connection with the subject matter on the agenda are available for public inspection at 4232 Las Virgenes Road, Calabasas, CA 91302. Materials prepared by the JPA and distributed to the Board during this meeting are available for public inspection at the meeting or as soon thereafter as possible. Materials presented to the Board by the public will be maintained as part of the records of these proceedings and are available upon request to the Clerk of the Board.

5:00 PM

December 3, 2018

PLEDGE OF ALLEGIANCE

1 CALL TO ORDER AND ROLL CALL

2 APPROVAL OF AGENDA

3 PUBLIC COMMENTS

Members of the public may now address the Board of Directors **ON MATTERS NOT APPEARING ON THE AGENDA**, but within the jurisdiction of the Board. No action shall be taken on any matter not appearing on the agenda unless authorized by Subdivision (b) of Government Code Section 54954.2

4 CONSENT CALENDAR

Matters listed under the Consent Calendar are considered to be routine, non-controversial and normally approved with one motion. If discussion is requested by a member of the Board on any Consent Calendar item, or if a member of the public wishes to comment on

an item, that item will be removed from the Consent Calendar for separate action.

A Minutes: Regular Meeting of November 5, 2018 (PG. 4)

Approve.

5 ILLUSTRATIVE AND/OR VERBAL PRESENTATION AGENDA ITEMS

A Annual Financial Statements and Independent Auditor's Report (Pg. 11)

Receive and file the Fiscal Year 2017-18 JPA Financial Statements and Independent Auditor's Report.

B Pure Water Demonstration Project: 60% Design Review (Pg. 43)

C Woolsey Fire Response and Recovery

6 ACTION ITEMS

A Rancho Solar Generation Project Phase II: Service Agreement for Wholesale Distribution Service and Rule 21 Generator Interconnection Agreement (Pg. 44)

Authorize the General Manager to execute a Service Agreement for Wholesale Distribution Service and Rule 21 Generator Interconnection Agreement with Southern California Edison, and appropriate \$138,013.87 for the reimbursable expense of an interconnection facility for the Rancho Solar Generation Project Phase II.

B Carbon Tower Media Replacement: Authorization of Purchase Order (Pg. 117)

Accept the bid from Carbon Activated Corporation and authorize the Administering Agent/General Manager to issue a purchase order, in the amount of \$38,596, for carbon tower media replacement.

7 BOARD COMMENTS

8 ADMINISTERING AGENT/GENERAL MANAGER REPORT

9 FUTURE AGENDA ITEMS

10 INFORMATION ITEMS

A State and Federal Legislative Update (Pg. 135)

B Sodium Hypochlorite: Award of Bid (Pg. 149)

C Sodium Bisulfite: Award of Bid (Pg. 154)

11 PUBLIC COMMENTS

Members of the public may now address the Board of Directors **ON MATTERS NOT APPEARING ON THE AGENDA**, but within the jurisdiction of the Board. No action shall be taken on any matter not appearing on the agenda unless authorized by Subdivision (b) of Government Code Section 54954.2

12 CLOSED SESSION

A Conference with Legal Counsel – Existing Litigation (Government Code Section 54956.9(a)):

13 ADJOURNMENT

Pursuant to Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and applicable federal rules and regulations, requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting, should be made to the Executive Assistant/Clerk of the Board in advance of the meeting to ensure availability of the requested service or accommodation. Notices, agendas, and public documents related to the Board meetings can be made available in appropriate alternative format upon request.

**LAS VIRGENES – TRIUNFO
JOINT POWERS AUTHORITY
MINUTES
REGULAR MEETING**

5:00 PM

November 5, 2018

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance to the Flag was led by Susan Pan.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at **5:00 p.m.** by Acting Chair Caspary in the Board Room at Las Virgenes Municipal Water District headquarters at 4232 Las Virgenes Road in Calabasas, California. Josie Guzman, Clerk of the Board, conducted the roll call.

Present: Director Caspary, Lewitt, Pan, Polan, Renger, Shapiro, Tjulander, and Wall

Absent: Directors Orkney and Peterson

2. CHAIR/VICE CHAIR**A Welcome TSD Director Leon E. Shapiro to JPA Board of Directors**

Acting Chair Caspary welcomed TSD Director Leon E. Shapiro to the JPA Board of Directors. Director Shapiro stated that he was looking forward to serving on the JPA Board.

3. APPROVAL OF AGENDA

Director Renger moved to approve the agenda. Motion seconded by Director Pan. Motion carried by the following vote:

AYES: Caspary, Lewitt, Pan, Polan, Renger, Shapiro, Tjulander, Wall

NOES: None

ABSTAIN: None

ABSENT: Orkney, Peterson

4. PUBLIC COMMENTS

None.

5. CONSENT CALENDAR

A Minutes: Regular Meeting of October 1, 2018

Director Tjulander moved to approve the Consent Calendar. Motion seconded by Director Shapiro. Motion carried by the following vote:

AYES: Caspary, Pan, Polan, Renger, Shapiro, Tjulander, Wall

NOES: None

ABSTAIN: Lewitt

ABSENT: Orkney, Peterson

6. ILLUSTRATIVE AND/OR VERBAL PRESENTATION AGENDA ITEMS

A Pure Water Project Las Virgenes-Triunfo: Update

David Lippman, Director of Facilities and Operations presented a PowerPoint presentation.

Joe McDermott, Director of Resource Conservation and Public Outreach, presented an update on advocacy and outreach efforts, including:

- Working on the Demonstration Project visitor experience with ASTOUND.
- Conducting presentations to the community, including a presentation to LVWMD employees, the MWD Education Group, at the Quarterly Wastewater Tour, and during MWD State Water Project Inspection Trip.
- Sending the first email with a project update to the Top 50 Influential People List.
- Providing an update at the WaterReuse Communications meeting in October.
- Sponsoring Reyes Adobe Days as part of LVMWD's 60th anniversary celebration, including a float for the parade with the theme "Looking Back to Move Forward" depicting the District's past, present, and future, and highlighting the Pure Water Project Las Virgenes-Triunfo. T-shirts and fans depicting the Pure Water Protect treatment process were handed out to the parade spectators.
- Creating a stand-alone website: www.ourpureh2o.com.
- Sending editorials to several newspapers to educate customers on the benefits of Proposition 3, which would assist in providing funding for the Pure Water Project.

Mr. Lippman continued the PowerPoint presentation and reviewed the following:

- Funding and Financing, including the Water Infrastructure Finance and Innovation Act (WIFIA), Water Resource Development Act (WRDA), Title XVI, State Propositions 68 and 3, State Revolving Fund loans, MWD Local Resource Projects, Certificates of Participation, bonds, bank loans and pay-go.
- Grants received from the U.S. Bureau of Reclamation and applications submitted for funding from Proposition 12, SWRCB Pilot Project Grant Program, and MWD Future Supply Actions Program.

Mr. Lippman noted that the JPA Board approved the advance purchase of equipment for the Demonstration Project. He also noted that a workshop would be held at the December 3rd JPA Board meeting to review the 60 percent design plans. He stated that the environmental analysis for the full-scale project would begin in 2019. He reviewed the potential institutional issues that would need to be addressed, including how costs would be shared for LVMWD-only facilities; whether financing would be obtained jointly or by each partner individually; Calleguas' role in any water transfers; and Policy Principles for Managing the Recycled Water System. Lastly, he reviewed the list of completed technical studies, including the Siting Study for the Advanced Water Treatment Plant, Modeling of Las Virgenes Reservoir, and Title XVI Feasibility Study.

B Pure Water Project Las Virgenes-Triunfo: Title XVI Feasibility Study

Dawn Taffler, representing Kenney/Jenks Consultants, provided an overview and PowerPoint presentation regarding the Pure Water Project Las Virgenes – Triunfo Title XVI Feasibility Study. She responded to questions regarding addressing public opinion as part of public outreach process and during the environmental review process, life cycle cost analysis and stormwater runoff capture.

C Financial Review: First Quarter of Fiscal Year 2018-19

Receive and file the financial review for the first quarter of Fiscal Year 2018-19.

Angela Saccareccia, Finance Manager, presented the report and a PowerPoint presentation.

Director Polan moved to receive and file Item 6C. Motion seconded by Director Renger. Motion carried by the following vote:

AYES: Caspary, Lewitt, Pan, Polan, Renger, Shapiro, Tjulander, Wall

NOES: None

ABSTAIN: None

ABSENT: Orkney, Peterson

7. **ACTION ITEMS**

A 2019 JPA Board Meeting Calendar

Review the 2019 JPA Board Meeting Calendar and make any scheduling adjustments.

Administering Agent/General Manager David Pedersen presented the report.

The Board made the following adjustments to the 2019 JPA Board Meeting calendar: cancel the May 6, 2019 meeting and schedule a special meeting on April 29, 2019, and cancel the December 2, 2019 meeting and schedule a special meeting on December 9, 2019.

B Rancho Lighting Efficiency Upgrade Project: Approve Incentive Agreement with Onsite Energy

Authorize the Administering Agent/General Manager to execute an LCR Customer Incentive Agreement with Onsite Energy for the Rancho Lighting Efficiency Upgrade Project.

Administering Agent/General Manager David Pedersen presented the report.

Director Tjulander moved to approve Item 7B. Motion seconded by Director Renger. Motion carried by the following vote:

AYES: Caspary, Lewitt, Pan, Polan, Renger, Shapiro, Tjulander, Wall

NOES: None

ABSTAIN: None

ABSENT: Orkney, Peterson

C Tapia Process Air Improvements Project: Pre-Purchase of Blowers and Diffusers and Issuance of New Call for Bids

Accept the bids from Sulzer Pump Solutions (US) Inc. and OTT North America; authorize the Administrating Agent/General Manager to issue purchase orders, respectively, in the amount of \$837,769.75, for the purchase of high speed turbo blowers and equipment, in the amount of \$336,291.75, for the purchase of the retrievable fine bubble aeration system equipment; authorize the Administering Agent/General Manager to approve a change of scope to Pacific Advanced Civil Engineering (PACE), in the amount of \$24,640, to revise the plans and specifications and provide additional bidding services; and authorize a new Call for Bids based on the revised bid package for the Tapia Process Air Improvements Project.

Eric Schlageter, Senior Engineer, presented the report. He responded to questions regarding repairs to the supply pipes from the blowers that experienced corrosion issues; ensuring that the specifications clearly state that the contractor will take full responsibility of the equipment once they take possession; and anticipation of additional tariff costs.

David Lippman, Director of Facilities and Operations, responded to questions regarding issues dealing with maintaining the current equipment.

Mr. Schlageter responded to a question regarding whether the three blowers would have sufficient capacity to run the system if one of the blowers requires maintenance by stating that the system could run using two blowers due to the redundancy in the system.

Director Lewitt moved to approve Item 7C. Motion seconded by Director Pan. Motion carried by the following vote:

AYES: Caspary, Lewitt, Pan, Polan, Renger, Shapiro, Tjulander, Wall

NOES: None

ABSTAIN: None

ABSENT: Orkney, Peterson

8. BOARD COMMENTS

Director Polan inquired regarding any impacts due to salt loading when performing chemical cleaning of the membranes at the proposed advanced water treatment plant. Administering Agent/General Manager David Pedersen responded that staff previously discussed some of the processes needed for the membranes, and noted that high and low pH treatments are needed to clean the membranes. He explained that both treatments would result in waste chemicals that need to be neutralized, and salt-based chemicals are generally added to neutralize these chemicals. He stated that the salts added to the system are generally low volume and would likely be sent to the sewer system rather than to the brine line.

9. ADMINISTERING AGENT/GENERAL MANAGER REPORT

Administering Agent/General Manager David Pedersen reported that an arbitration decision was expected on November 8th regarding the Centrate Tank Equalization Project related to extra work performed by Zusser Company. He also reported that the process to temporarily haul dewatered Class B biosolids began earlier in the day to allow the composting process to be shut down for the Rancho Amendment Bin and Conveyance Modifications Project. He noted that steps were taken to stockpile compost for customers, and distribution to commercial customers would be temporarily suspended.

10. FUTURE AGENDA ITEMS

None.

11. INFORMATION ITEMS

A State and Federal Legislative Update

B Rancho Digester No. 2 Cleaning: Call for Bids

C Tapia SCADA System Upgrade: Award of Scoping Services Proposal

D Tapia Water Reclamation Facility Chloride Study: Identification of Options Report

Lynda Lo-Hill inquired regarding the probability of the Tapia Water Reclamation Facility (WRF) meeting the Los Angeles Regional Water Quality Control Board's regulatory limit for discharges of chlorides to the Los Angeles River. She also inquired whether the California WaterFix might be a solution to having less salinity in the source water. David Lippman, Director of Facilities and Operations, responded that he believed the probability of the Tapia WRF meeting obtaining a regulatory remedy to be very high. He addressed the time schedule order (TSO) issued by the Regional Board, which contains interim limits and milestones to allow the Tapia WRF the time to achieve consistent compliance. He stated that the Pure Water Project would be the remedy for the Tapia WRF to reduce the salinity in its treated water. Joe McDermott, Director of Resource Conservation and Public Outreach, added that additional outreach would need to be conducted regarding the use of water softeners in the service area. Administering Agent/General Manager David Pedersen added that the California WaterFix would reduce salinity because fresh water from the Sacramento River would be conveyed through the Delta without mixing with saltwater.

12. PUBLIC COMMENTS

None.

13. CLOSED SESSION

None.

14. ADJOURNMENT

Seeing no further business to come before the Board, the meeting was duly adjourned at **6:50 p.m.**

Glen Peterson, Chair

ATTEST:

Janna Orkney, Vice Chair

December 3, 2018 JPA Board Meeting

TO: JPA Board of Directors

FROM: Finance & Administration

Subject : Annual Financial Statements and Independent Auditor's Report

SUMMARY:

The Pun Group, LLP completed the annual audit of the Las Virgenes-Triunfo Joint Powers Authority (JPA) financial statements and issued an opinion that they fairly present the financial position of the JPA as of June 30, 2018.

RECOMMENDATION(S):

Receive and file the Fiscal Year 2017-18 JPA Financial Statements and Independent Auditor's Report.

FISCAL IMPACT:

No

ITEM BUDGETED:

No

FINANCIAL IMPACT:

There is no financial impact associated with this action.

DISCUSSION:

The JPA's net position increased by \$165,000, or 0.18%, during Fiscal Year 2017-18, as compared to a decrease of \$1.75 million, or 1.9%, during Fiscal Year 2016-17. For Fiscal Year 2017-18, expenditures increased by 4.86%, or \$1.0 million, while billings to participants increased by 5.8%. The increase in expenditures was due to higher direct and allocated labor costs, including pension and other post employment benefit (OPEB) expenses. The increase in net position in Fiscal Year 2017-18 was largely due to participant capital contributions that slightly exceeded the depreciation expense.

The following table provides highlights from the JPA's financial statements.

TABLE 2
Condensed Statements of Revenues, Expenses
and Changes in Net Position
(in thousands of dollars)

	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>
Recycled Water Sales	\$2,281	\$2,058	\$2,287
Other Operating Revenue	65	110	70
Total Operating Revenue	<u>2,346</u>	<u>2,168</u>	<u>2,357</u>
Depreciation Expense	5,695	5,629	6,492
Other Operating Expense	15,679	14,755	13,919
Total Operating Expense	<u>21,374</u>	<u>20,384</u>	<u>20,411</u>
Loss before Billings	<u>-19,028</u>	<u>-18,216</u>	<u>-18,054</u>
Billings to Participants	<u>13,264</u>	<u>12,542</u>	<u>11,540</u>
Non-Operating Revenue	69	45	22
Non-Operating Expense	<u>-238</u>	<u>-554</u>	<u>-44</u>
Net Loss before Capital Contributions	<u>-5,933</u>	<u>-6,183</u>	<u>-6,536</u>
Participant Capital Contributions	<u>6,098</u>	<u>4,433</u>	<u>2,814</u>
NET POSITION:			
Net Position - Beginning of Year	91,010	92,760	96,482
Change in Net Position	165	-1,750	-3,722
Net Position – End of Year	<u>\$91,175</u>	<u>\$91,010</u>	<u>\$92,760</u>

A representative from The Pun Group, LLP will be available at the JPA Board meeting to present the results of the audit and answer questions.

Prepared by: Angela Saccareccia, Finance Manager

ATTACHMENTS:

JPA Financial Statement and Independent Auditor's Report

Las Virgenes – Triunfo Joint Powers Authority

Financial Statements and Independent Auditors' Reports

For the Years Ended June 30, 2018 and 2017



Las Virgenes-Triunfo Joint Powers Authority

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Las Virgenes-Triunfo Joint Powers Authority
Calabasas, California

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Las Virgenes-Triunfo Joint Powers Authority (the "JPA"), which comprise the statements of net position as of June 30, 2018 and 2017, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the JPA as of June 30, 2018 and 2017, and the respective changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

200 East Sandpointe Avenue, Suite 600, Santa Ana, California 92707

Tel: 949-777-8800 • Fax: 949-777-8850

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To the Board of Directors
of the Las Virgenes-Triunfo Joint Powers Authority
Calabasas, California
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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 to 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

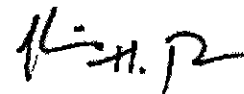

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the JPA's basic financial statements. The Schedule of Changes in Participants' Advance Accounts is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Changes in Participants' Advance Accounts is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Changes in Participants' Advance Accounts is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2018, on our consideration of the JPA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the JPA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the JPA's internal control over financial reporting and compliance.



Santa Ana, California
November 27, 2018

Kenneth H. Pun, CPA, CGMA
CPA Number: 88316



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Board of Directors
of the Las Virgenes-Triunfo Joint Powers Authority
Calabasas, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Las Virgenes-Triunfo Joint Power Authority (the "JPA"), which comprise the statements of net position as of June 30, 2018 and 2017, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and have issued our report thereon dated November 27, 2018.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the JPA's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the JPA's internal control. Accordingly, we do not express an opinion on the effectiveness of the JPA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the JPA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

200 East Sandpointe Avenue, Suite 600, Santa Ana, California 92707

Tel: 949-777-8800 • Fax: 949-777-8850

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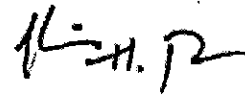
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of the Las Virgenes-Triunfo Joint Powers Authority
Calabasas, California
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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Pun Group, LLP

Santa Ana, California
November 27, 2018



Kenneth H. Pun, CPA, CGMA
CPA Number: 88316

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Joint Powers Authority (JPA) annual financial report presents our analysis of the JPA's financial performance during the Fiscal Years that ended on June 30, 2017 and June 30, 2018. Please read it in conjunction with the Financial Statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The JPA's net position increased by \$0.1 million or 0.18% during FY 2018, decreased by \$1.8 million or 1.8% during FY 2017, and decreased by \$3.8 million or 3.9% during FY 2016.
- During FY18 the JPA's operating expenses, not including depreciation expense, increased \$0.9 million, or up by 4.9%, during FY 2017 it increased by \$0.8 million or up by 6.0% and during FY 2016 it decreased by \$1.3 million or down by 8.4%
- Billings to JPA participants increased to \$13.3 million during FY 2018 or by 5.8% more than the prior fiscal year, it increased to \$12.5 million during FY 2017 or by 8.7% from prior fiscal year, and \$11.5 million during FY 2016 or by 10.7% more from prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to Las Virgenes - Triunfo Joint Powers Authority (JPA) financial statements. The JPA's basic financial statements comprise two components: Financial Statements and Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

BASIC FINANCIAL STATEMENTS

The Financial Statements of the JPA report information about the JPA using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Comparative Statements of Net Position (CSNP) includes all of the JPA's assets and liabilities and provides information about the nature and amount of investments in resources (assets) and the obligations to JPA creditors (liabilities). The CSNP also provides the basis for evaluating the capital structure of the JPA.

All of the current year's revenues and expenses are accounted for in the Comparative Statements of Revenues, Expenses and Changes in Net Position. These statements reflect the result of the JPA's operations over the past year.

The final Financial Statements are the Comparative Statements of Cash Flows. The primary purpose of this statement is to provide information about the JPA's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations and investments. It also provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE JOINT POWERS AUTHORITY

The financial statements provide information on whether the District, as a whole, is in a stronger or weaker financial position compared to the last year. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide a means to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation.

The JPA has seen a slight drought rebound but is still experiencing decreased sanitation flows and decreased sales of recycled water. In FY 2016-17 the JPA Board approved a Basis of Design Report for indirect potable reuse using Las Virgenes Reservoir, as the preferred approach to maximize the JPA's beneficial use of recycled water and minimize discharges to Malibu Creek, subsequently the effort was renamed Pure Water Project Las Virgenes-Triunfo. In FY 2017-18 the effort continued with multiple studies, acquisition of property, environmental reviews, design phases for a demonstration project, and continuing public outreach efforts.

NET POSITION

To begin our analysis, a summary of the JPA's Statement of Net Position is presented in Table 1.

TABLE 1
Condensed Statements of Net Position
(in thousands of dollars)

	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>
Current Assets	\$6,610	\$8,172	\$6,463
Capital Assets	<u>91,175</u>	<u>91,010</u>	<u>92,760</u>
Total Assets	<u>97,785</u>	<u>99,182</u>	<u>99,223</u>
Due to Participants	5,285	7,422	5,812
Other Liabilities	<u>1,325</u>	<u>750</u>	<u>651</u>
Total Liabilities	<u>6,610</u>	<u>8,172</u>	<u>6,463</u>
Total Net Position:	\$91,175	\$91,010	\$92,760

As can be seen from the table above, net position of the JPA is equivalent to capital assets. Everything else is either a current asset or a liability. The increase in Net Position (and capital assets) is due to an increase in capitalized projects and expenditures less than the participant's contribution.

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of these changes.

TABLE 2
Condensed Statements of Revenues, Expenses
and Changes in Net Position
(in thousands of dollars)

	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>
Recycled Water Sales	\$2,281	\$2,058	\$2,287
Other Operating Revenue	65	110	70
Total Operating Revenue	<u>2,346</u>	<u>2,168</u>	<u>2,357</u>
Depreciation Expense	5,695	5,629	6,492
Other Operating Expense	15,679	14,755	13,919
Total Operating Expense	<u>21,374</u>	<u>20,384</u>	<u>20,411</u>
Loss before Billings	-19,028	-18,216	-18,054
Billings to Participants	<u>13,264</u>	<u>12,542</u>	<u>11,540</u>
Non-Operating Revenue	69	45	22
Non-Operating Expense	<u>-238</u>	<u>-554</u>	<u>-44</u>
Net Loss before Capital Contributions	-5,933	-6,183	-6,536
Participant Capital Contributions	<u>6,098</u>	<u>4,433</u>	<u>2,814</u>
NET POSITION:			
Net Position - Beginning of Year	91,010	92,760	96,482
Change in Net Position	165	-1,750	-3,722
Net Position – End of Year	<u>\$91,175</u>	<u>\$91,010</u>	<u>\$92,760</u>

As reflected in Table 2, FY 2018 revenue from recycled water sales increased by \$0.2 million compared to prior fiscal year due to a 10.01% increase in recycled water purchases from Las Virgenes Municipal Water District. Total Operating Expenses not including depreciation, increased 6.3% in FY 2018 from prior fiscal year due to increased direct and allocated labor costs, including pension expenses. Billings to Participants increased as a result of an increase in operating expenses in FY 2018 compared to prior fiscal year.

FY 2017 revenue from recycled water sales decreased compared to prior fiscal year due to a 9.4% reduction in recycled water purchases from Las Virgenes Municipal Water District. Recycled water sales to Triunfo Sanitation District were 2.5% lower in FY 2017 than prior fiscal year. Total Operating Expenses not including depreciation, increased 6.0% in FY 2017 from prior fiscal year due to increased direct and allocated labor costs, including pension expenses. Billings to Participants increased as a result of the decrease in revenues and increase in expenses in FY 2017 compared to prior fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of FY 2018 and FY 2017, the JPA had net capital assets of \$91.2 million and \$91.0 million as shown in Table 3.

TABLE 3
Capital Assets
(in thousands of dollars)

	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>
Land & Land Rights	14,368	12,259	12,259
Sewer & Treatment Plant	121,095	120,682	118,814
Compost Plant	71,196	70,972	63,275
Recycled Water System	34,819	34,013	33,349
Construction in Progress	<u>4,955</u>	<u>3,040</u>	<u>2,217</u>
Subtotal	247,020	241,190	237,611
Less Accumulated Depreciation	<u>-155,845</u>	<u>-150,180</u>	<u>-144,851</u>
Total Capital Assets	<u>91,175</u>	<u>91,010</u>	<u>92,760</u>

The following is a summary of some of the major improvements to the system during FY 2018, FY 2017, and FY 2016.

TABLE 4
Major Capital Improvement Projects

	<u>FY 2018</u>
Land Acquisition	\$2,109
Rancho Las Virgenes Digester Cleaning and Repair	1,228
Raw Sludge Wet Well Mixing Improvements	491
Tapia Lighting Efficiency Upgrade	353
Process Air Improvements	203
Tapia Rehabilitation	146
Pure Water Project Demonstration Project	135
Rancho Amendment Bin and Conveyance	123
Total Major Projects	<u>\$4,788</u>
	<u>FY 2017</u>
Centrate Equalization Tank	1,785
Tapia Primary Tank No.2-5 Rehabilitation	874
Tapia Gate & Drive Replacement	437
Recycled Water Storage Study	224
Facility Siting Study	177
Process Air Improvements	143
Rancho Las Virgenes Digester Cleaning and Repair	109
Tapia Water Reclamation Reliability Improvement	<u>109</u>
Total Major Projects	<u>\$3,858</u>

	<u>FY 2016</u>
Tapia Channel Mixing Improvements	\$1,105
Recycled Water Seasonal Storage Plan	526
Woodland Hills Golf Course Recycled Water Main Extension	378
Rancho Las Virgenes Compost Facility New Loader	163
Rancho Las Virgenes Digester Cleaning and Repair	162
Centrate Equalization Tank	<u>145</u>
Total Major Projects	<u>\$2,479</u>

LONG TERM DEBT

The JPA currently has no long-term debt. All funding is provided by the participating agencies.

CONTACTING THE DISTRICT'S FINANCIAL MANAGER

This financial report is designed to provide our residents, customers and creditors with a general overview of the JPA's finances and to demonstrate the JPA's accountability for the money it receives. The responsibility for the JPA's accounting and financial reporting rests with the staff of the Las Virgenes Municipal Water District. If you have questions about this report or need additional financial information, contact the Las Virgenes Municipal Water District, Department of Finance and Administration, 4232 Las Virgenes Road, Calabasas, California, 91302.

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Las Virgenes-Triunfo Joint Powers Authority
Statements of Net Position
June 30, 2018 and 2017

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalent	\$ 4,282,084	\$ 6,007,921
Investments	972,870	976,730
Accounts receivable	1,112,207	955,388
Interest receivable	19,350	11,442
Inventories	171,555	177,904
Prepaid items	52,427	42,692
Total current assets	6,610,493	8,172,077
Noncurrent assets:		
Capital assets, not being depreciated	19,322,622	15,298,574
Capital assets, being depreciated, net	71,852,004	75,711,003
Total capital assets	91,174,626	91,009,577
Total noncurrent assets	91,174,626	91,009,577
Total assets	97,785,119	99,181,654
LIABILITIES		
Current liabilities:		
Accounts and contracts payable and accrued liabilities	1,325,214	749,697
Due to participants	5,285,279	7,422,380
Total current liabilities	6,610,493	8,172,077
Total liabilities	6,610,493	8,172,077
NET POSITION		
Investments in Capital Assets by Participants:		
Las Virgenes Municipal Water District	60,563,415	59,850,114
Triunfo Sanitation District	30,611,211	31,159,463
Investments in Capital Assets by Participants	91,174,626	91,009,577
Total net position	\$ 91,174,626	\$ 91,009,577

See accompanying Notes to the Basic Financial Statements.

Las Virgenes-Triunfo Joint Powers Authority
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2018 and 2017

	2018	2017
OPERATING REVENUES:		
Wholesale recycled water sales	\$ 2,281,256	\$ 2,057,700
Other income	64,477	110,537
Total operating revenues	2,345,733	2,168,237
OPERATING EXPENSES:		
Treatment plant	4,324,623	4,084,694
Recycled water transmission and distribution	1,253,918	1,296,104
Compost plant	2,458,385	2,452,065
Sewer	59,650	72,881
Depreciation	5,695,161	5,629,045
General and administrative	7,396,735	6,640,031
Other operating expenses	185,899	209,248
Total operating expenses	21,374,371	20,384,068
OPERATING (LOSS) BEFORE BILLINGS TO PARTICIPANTS	(19,028,638)	(18,215,831)
Billings to participants	13,264,203	12,541,776
OPERATING (LOSS)	(5,764,435)	(5,674,055)
NONOPERATING REVENUES (EXPENSES):		
Interest income	69,274	45,010
Other expenses	(237,471)	(528,443)
Loss on disposal of capital assets	(215)	(25,621)
Total nonoperating revenues (expenses)	(168,412)	(509,054)
NET (LOSS) BEFORE PARTICIPANTS' CAPITAL CONTRIBUTIONS	(5,932,847)	(6,183,109)
Participants' capital contributions	6,097,896	4,432,700
CHANGES IN NET POSITION	165,049	(1,750,409)
NET POSITION:		
Beginning of year	91,009,577	92,759,986
End of year	\$ 91,174,626	\$ 91,009,577

See accompanying Notes to the Basic Financial Statements.

Las Virgenes-Triunfo Joint Powers Authority
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from participants	\$ 15,388,640	\$ 14,533,750
Cash paid to suppliers for operations	(15,344,551)	(15,192,282)
Other revenue	64,477	110,537
Net cash provided by (used in) operating activities	108,566	(547,995)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(5,860,425)	(3,904,257)
Capital contributions	6,097,896	4,432,700
Cash paid to participants	(2,137,101)	-
Cash received from participants	-	1,610,683
Net cash provided by (used in) capital and related financing activities	(1,899,630)	2,139,126
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	62,102	60,985
Purchase of investments	(1,000,000)	(1,000,000)
Cash receipts from sale of investments	1,003,125	1,003,125
Net cash provided by investing activities	65,227	64,110
Net change in cash and cash equivalents	(1,725,837)	1,655,241
CASH AND CASH EQUIVALENTS:		
Beginning of year	6,007,921	4,352,680
End of year	\$ 4,282,084	\$ 6,007,921
NONCASH INVESTING ACTIVITIES		
Change in fair value of investments	\$ (5,268)	\$ (5,268)
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating (loss)	\$ (5,764,435)	\$ (5,674,055)
Adjustments to reconcile operating loss to net cash (used in) operating activities:		
Depreciation	5,695,161	5,629,045
Other expenses	(237,471)	(528,443)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(156,819)	(65,726)
(Increase) decrease in inventories	6,349	(2,796)
(Increase) decrease in prepaid items	(9,735)	(4,320)
Increase (decrease) in accounts and contracts payable and accrued liabilities	575,516	98,300
Net cash provided by (used in) operating activities	\$ 108,566	\$ (547,995)

See accompanying Notes to the Basic Financial Statements.

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Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements
For the Years Ended June 30, 2018 and 2017

Note 1 – Reporting Entity

On October 12, 1964, Las Virgenes Municipal Water District (“LVMWD”) and Triunfo Sanitation District (“TSD”) established Las-Virgenes-Triunfo Joint Powers Authority (“JPA”) to construct, operate, maintain and provide for the replacement of a joint sewerage system to serve the Malibu Creek drainage area. The equity of each member is equal to the member’s pro-rata share of capital assets, net of depreciation. LVMWD has been the designated administering agent.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board (“GASB”) commonly referred to as accounting principles generally accepted in the United States of America (“U.S. GAAP”). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

Measurement Focus, Basis of Accounting and Financial Statements Presentation

The Financial Statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of the JPA.

The Financial Statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

Operating revenues are those revenues that are generated from the primary operations of the JPA. The JPA reports a measure of operations by presenting the change in net position from operations as “operating income” in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the JPA as all activities other than financing and investing activities (interest expense and investment income), and other infrequently occurring transaction of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the JPA. All other expenses are reported as non-operating expenses.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value.

The JPA participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and assets-backed securities are subject to market risk and to change in interest rates. The reported value of the pool is based on net asset value.

Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents, and Investments (Continued)

Certain disclosure requirements, if applicable for deposit and investment risk, are specified for the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

Fair Value Measurements

In accordance with U.S. GAAP, investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 — Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 — Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 — Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

Accounts Receivable

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts, if any. The JPA also accrues an estimated amount for services that have been provided, but not yet billed. Management has evaluated the accounts and believes they are all collectible.

Inventories

Inventories consist of expendable supplies and are valued at average cost method.

Prepaid items

Payments made to vendors for services that will benefit periods beyond the fiscal year ended are recorded as prepaid items.

Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are valued at historical cost, or estimated historical cost, if actual historical cost was not available. Donated capital assets are valued at acquisition value on the date donated. The JPA policy has set the capitalization threshold for reporting capital assets at \$5,000, all of which must have an estimated useful life in excess of one year. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets, which range from 3 to 100 years.

Plant	10 - 100 Years
Machinery and equipment	3 - 25 Years

Capital assets are shared in accordance with each participant's capacity rights reserved in each component of the joint system. The allocation of costs for projects in process is based upon engineering estimates of the capacity rights and could increase or decrease when the final capacity rights are determined.

Net Position

Net position represents the difference between all other elements in the statement of net position and may be displayed in the following three components:

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

At June 30, 2018 and 2017 there were no restricted or unrestricted net position reported.

Use of Restricted/Unrestricted Net Position

When both restricted and unrestricted resources are available for use, it is the JPA's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Accounting Changes

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement applies to government employers who provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement parallels GASB Statement 68 and replaces GASB Statement 45. Application of this statement did not have a significant effect on the JPA’s fiscal year ending June 30, 2018.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. Application of this statement did not have a significant effect on the JPA’s fiscal year ending June 30, 2018.

GASB Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement also addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Application of this statement did not have a significant effect on the JPA’s fiscal year ending June 30, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Application of this statement did not have a significant effect on the JPA’s fiscal year ending June 30, 2018.

Note 3 – Cash and Investments

At June 30, 2018 and 2017, cash and investments are reported in the accompanying statements of net position as follows:

	2018	2017
Cash and cash equivalent	\$ 4,282,084	\$ 6,007,921
Investments	972,870	976,730
	\$ 5,254,954	\$ 6,984,651

Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 3 – Cash and Investments (Continued)

At June 30, 2018 and 2017, cash and investments consisted of the followings:

	2018	2017
Deposits:		
Pooled with Las Virgenes Municipal Water District	\$ 692,269	\$ 1,035,616
Investments:		
California Local Agency Investment Fund	3,589,815	4,972,305
U.S. Government Sponsored Agency Security	972,870	976,730
Total cash and investments	\$ 5,254,954	\$ 6,984,651

Demand Deposits

At June 30, 2018 and 2017, the carrying amounts of cash deposits were \$692,269 and \$1,035,616, respectively, which were fully insured and/or collateralized with securities held by the pledging financial institutions in the LVMWD's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the LVMWD's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the LVMWD's name.

The fair value of pledged securities must equal at least 110% of the LVMWD's cash deposits. California law also allows institutions to secure the LVMWD's deposits by pledging first trust deed mortgage notes having a value of 150% of the LVMWD's total cash deposits. LVMWD may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. LVMWD, however, has not waived the collateralization requirements.

Local Agency Investment Fund

The JPA's investments with Local Agency Investment Fund (LAIF) include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

- **Structured Notes** – debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- **Asset-Backed Securities** – the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

As of June 30, 2018, the JPA had \$3,589,815 invested in LAIF, which had invested 2.67% of the pool investment funds in Structured Notes and Asset-Backed Securities compared to \$4,972,305 and 2.89% at June 30, 2017.

Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 3 – Cash and Investments (Continued)

Investments Authorized by the California Government Code and the JPA’s Investment Policy

The JPA follows LVMWD’s investment policy. The table below identifies the investment types that are authorized for the JPA by the California Government Code (or the LVMWD’s investment policy, where more restrictive). The table also identified certain provisions of the California Code (or the LVMWD’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Bills, Bonds and Notes	5 Years	None	None
U.S. Government Sponsored Agency Securities	5 Years	None	None
Time Deposits	1 Year	25%	None
Repurchase Agreements	30 days	10%	None
California Local Agency Investment Fund (LAIF)	None	None	\$50,000,000
Bond issued by Local Agencies or States	5 Years	None	None
Money Market Mutual Funds	None	20%	10%
Certificates of Deposits	5 years	25%	\$250,000

Disclosures Relating to Fair Value Measurement

Information about the fair value measurement of the JPA’s investments is as follows:

	2018			2017		
	Significant Other Observable Input (Level 2)	Uncategorized	Total	Significant Other Observable Input (Level 2)	Uncategorized	Total
California Local Agency Investment Fund	\$ -	\$ 3,589,815	\$ 3,589,815		\$ 4,972,305	\$ 4,972,305
U.S. Government Sponsored Agency Security	972,870	-	972,870	976,730	-	976,730
Total Investments	\$ 972,870	\$ 3,589,815	\$ 4,562,685	\$ 976,730	\$ 4,972,305	\$ 5,949,035

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the JPA manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

The JPA’s investments of \$4,562,685 and \$5,949,035 at June 30, 2018 and 2017, respectively, made up of investments in LAIF and U.S. Government Sponsored Agency Securities at June 30, 2018 and 2017. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. Investment in U.S. Government Sponsored Agency Securities matures in the year ending June 30, 2021, four years from June 30, 2017.

Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 3 – Cash and Investments (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in LAIF in the amounts of \$3,589,815 and \$4,972,305 at June 30, 2018 and 2017, respectively, are unrated. Investment in U.S. Government Sponsored Agency Securities in the amount of \$972,870 and \$976,730 are unrated and unrated at June 30, 2018 and 2017, respectively.

Disclosures Relating to Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and LVMWD's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of government investment pools (such as LAIF).

Note 4 – Capital Assets

Summary of changes in capital assets for the year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Deletions	Reclassification	Balance June 30, 2018
Capital assets, not being depreciated:					
Land and land rights	\$ 12,258,791	\$ -	\$ -	\$ 2,109,359	\$ 14,368,150
Construction in progress	3,039,783	5,860,424	-	(3,945,735)	4,954,472
Total capital assets, not being depreciated	15,298,574	5,860,424	-	(1,836,376)	19,322,622
Capital assets, being depreciated:					
Sewer and treatment plant	120,681,832	-	(6,215)	- 419,159	121,094,776
Compost plant and farm	71,196,292	-	(9,278)	595,872	71,782,886
Recycled water system	34,013,089	-	(15,030)	821,345	34,819,404
Total capital assets, being depreciated	225,891,213	-	(30,523)	1,836,376	227,697,066
Less: accumulated depreciation					
Sewer and treatment plant	(81,808,847)	(2,821,922)	6,215	-	(84,624,554)
Compost plant and farm	(48,236,081)	(1,888,398)	9,278	-	(50,115,201)
Recycled water system	(20,135,282)	(984,841)	14,816	-	(21,105,307)
Total accumulated depreciation	(150,180,210)	(5,695,161)	30,309	-	(155,845,062)
Total capital assets, being depreciated, net	75,711,003	(5,695,161)	(214)	1,836,376	71,852,004
Total capital assets, net	\$ 91,009,577	\$ 165,263	\$ (214)	\$ -	\$ 91,174,626

Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 4 – Capital Assets (Continued)

Summary of changes in capital assets for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions	Reclassification	Balance June 30, 2017
Capital assets, not being depreciated:					
Land and land rights	\$ 12,258,791	\$ -	\$ -	\$ -	\$ 12,258,791
Construction in progress	2,217,135	4,304,341	(400,084)	(3,081,609)	3,039,783
Total capital assets, not being depreciated	<u>14,475,926</u>	<u>4,304,341</u>	<u>(400,084)</u>	<u>(3,081,609)</u>	<u>15,298,574</u>
Capital assets, being depreciated:					
Sewer and treatment plant	118,814,505	-	(268,939)	2,136,266	120,681,832
Compost plant and farm	70,971,846	-	(56,548)	280,994	71,196,292
Recycled water system	33,348,740	-	-	664,349	34,013,089
Total capital assets, being depreciated	<u>223,135,091</u>	<u>-</u>	<u>(325,487)</u>	<u>3,081,609</u>	<u>225,891,213</u>
Less: accumulated depreciation					
Sewer and treatment plant	(79,279,313)	(2,793,048)	263,514	-	(81,808,847)
Compost plant and farm	(46,378,352)	(1,894,081)	36,352	-	(48,236,081)
Recycled water system	(19,193,366)	(941,916)	-	-	(20,135,282)
Total accumulated depreciation	<u>(144,851,031)</u>	<u>(5,629,045)</u>	<u>299,866</u>	<u>-</u>	<u>(150,180,210)</u>
Total capital assets, being depreciated, net	<u>78,284,060</u>	<u>(5,629,045)</u>	<u>(25,621)</u>	<u>3,081,609</u>	<u>75,711,003</u>
Total capital assets, net	<u>\$ 92,759,986</u>	<u>\$ (1,324,704)</u>	<u>\$ (425,705)</u>	<u>\$ -</u>	<u>\$ 91,009,577</u>

Note 5 – Due to Participants

During the year ended June 30, 2018 and 2017, additional advances received from the participants were in the amount of \$17,779,585 and \$19,300,025, respectively. The advances received from the participants are used to pay for the operating, capital, and administrative cost of the JPA. At June 30, 2018 and 2017, due to participants were in the amount of \$5,285,279 and \$7,422,380, respectively.

Note 6 – Participant Contributions

Cost of the JPA is shared by the participants based on the following methodology. Variable operation and maintenance cost are prorated between the participants based on the average sewage flow contributed to the joint system. Fixed operating and maintenance cost are prorated between the participants based on the participants' respective capacity rights in the facility. Capital costs are prorated between the participants based on the participants' respective capacity rights in the facility. Annual audit costs are shared equally. General and administrative costs are based on the actual cost of labor. Lastly, land acquisition costs are shared based on the capacity rights in the project for which the land is acquired. As of January 1, 2005, the joint system, except for the sewer collection system, is allocated by 70.6% to LVMWD and 29.4% to TSD.

Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 6 – Participant Contributions (Continued)

The following is the summary of the contributions made by the participants for the years ended June 30, 2018 and 2017:

		2018			
		Operating Contribution	Percentage	Capital Contribution	Percentage
	LVMWD	\$ 8,954,213	67.5%	\$ 4,305,115	70.6%
	TSD	4,309,990	32.5%	1,792,781	29.4%
	Total	\$ 13,264,203	100.0%	\$ 6,097,896	100.0%
		2017			
		Operating Contribution	Percentage	Capital Contribution	Percentage
	LVMWD	\$ 8,483,081	67.6%	\$ 3,124,742	70.5%
	TSD	4,058,695	32.4%	1,307,958	29.5%
	Total	\$ 12,541,776	100.0%	\$ 4,432,700	100.0%

Note 7 – Risk Management

The JPA is covered under the LVMWD’s insurance policies. The LVMWD retained Tolman & Wiker Insurance Service, LLC for general liability, property, auto and physical damage. The coverage for the general liability provided for \$11 million per occurrence and \$61 million for the aggregate, with a \$50,000 self-insured retention limit per occurrence. The coverage for the property provided for \$61 million per occurrence with a self-insured retention limit of \$50,000 per occurrence.

During the past three fiscal years, none of the above programs of protection have had settlement or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability cover from coverage in the prior year.

Note 8 – Commitment and Contingencies

Lawsuits

The JPA is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the JPA’s legal counsel and the JPA’s management that resolution of these matters will not have a material adverse effect on the financial condition of the JPA.

Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 8 – Commitment and Contingencies (Continued)

Commitments

As of June 30, 2018, the JPA had five material construction commitments evidenced by contractual commitments with contractors in the amount of \$171,713.

Project Name	<u>Contractual Commitment</u>
Pure Water Project Demonstration	<u>\$ 171,713</u>
Total	<u>\$ 171,713</u>

As of June 30, 2017, the JPA had five material construction commitments evidenced by contractual commitments with contractors in the amount of \$776,831.

SUPPLEMENTARY INFORMATION

Las Virgenes-Triunfo Joint Powers Authority
Schedule of Changes in Participants' Advance Accounts
For the Years Ended June 30, 2018 and 2017

	Construction Funds		Operating Funds	
	Tapia Plant and Truck Sewers		Operations and Maintenance	
	Las Virgenes Municipal Water District	Triunfo Sanitation District	Las Virgenes Municipal Water District	Triunfo Sanitation District
Due to (from) Participants - July 1, 2017	\$ 289,535	\$ 532,356	\$ 2,319,689	\$ 979,308
Advance from participants	-	261,576	8,966,450	5,078,749
Interfund activities with participants	-	-	-	-
Constructions costs allocated	123,946	51,615	-	-
Constructions reclass to operating expenses	-	-	-	-
Change in fair market value of LAIF	(9,351)	(24,516)	-	-
Change in fair market value of LAIF - Prior year	17,222	11,315	-	-
Grant income	-	-	-	-
Other miscellaneous income	-	-	-	-
Billings to participants for operating expenses	-	-	(8,966,450)	(4,326,679)
Billings to participants from replacement fund interest income	-	-	-	-
Interest income from (to) participants	2,939	7,706	-	-
Adjustment billing to participants for operating fund	-	-	-	-
Recycled water billings to Triunfo Sanitation District	-	-	-	(716,703)
Due to (from) Participants - June 30, 2018	<u>\$ 424,291</u>	<u>\$ 840,052</u>	<u>\$ 2,319,689</u>	<u>\$ 1,014,675</u>

(Continued)

	Construction Funds		Operating Funds	
	Tapia Plant and Truck Sewers		Operations and Maintenance	
	Las Virgenes Municipal Water District	Triunfo Sanitation District	Las Virgenes Municipal Water District	Triunfo Sanitation District
Due to (from) Participants - July 1, 2016	\$ 161,397	\$ (63,101)	\$ 2,319,689	\$ 1,076,196
Advance from participants	364,378	697,231	8,492,174	4,658,798
Interfund activities with participants	-	-	-	-
Constructions costs allocated	(218,879)	(91,148)	-	-
Change in fair market value of LAIF	(17,222)	(11,315)	-	-
Change in fair market value of LAIF - Prior year	(2,368)	(775)	-	-
Grant income	-	-	-	-
Other miscellaneous income	-	-	-	-
Billings to participants for operating expenses	-	-	(8,492,174)	(4,067,010)
Billings to participants from replacement fund interest income	-	-	-	-
Interest income from (to) participants	2,229	1,464	-	-
Adjustment billing to participants for operating fund	-	-	-	-
Recycled water billings to Triunfo Sanitation District	-	-	-	(688,676)
Due to (from) Participants - June 30, 2017	<u>\$ 289,535</u>	<u>\$ 532,356</u>	<u>\$ 2,319,689</u>	<u>\$ 979,308</u>

(Continued)

Las Virgenes-Triunfo Joint Powers Authority
Schedule of Changes in Participants' Advance Accounts (Continued)
For the Years Ended June 30, 2018 and 2017

	Operating Funds		Replacement of		
	Capital Assets				
	Las Virgenes Municipal Water District	Triunfo Sanitation District	Total		
		2018	2017		
Due to (from) Participants - July 1, 2017	\$ 1,488,481	\$ 1,813,011	\$ 7,422,380	\$ 5,811,697	
Advance from participants	2,903,766	569,044	17,779,585	19,300,025	
Interfund activities with participants	-	-	-	-	
Constructions costs allocated	(4,429,060)	(1,844,396)	(6,097,895)	(4,432,700)	
Constructions reclass to operating expenses	42,865	17,850	60,715	-	
Change in fair market value of LAIF	-	-	(33,867)	(28,537)	
Change in fair market value of LAIF - Prior year	-	-	28,537	(3,143)	
Grant income	-	-	-	-	
Other miscellaneous income	67,835	28,249	96,084	1,797	
Billings to participants for operating expenses	-	-	(13,293,129)	(12,559,184)	
Billings to participants from replacement fund interest income	12,237	16,690	28,927	17,408	
Interest income from (to) participants	-	-	10,645	3,693	
Adjustment billing to participants for operating fund	-	-	-	-	
Recycled water billings to Triunfo Sanitation District	-	-	(716,703)	(688,676)	
Due to (from) Participants - June 30, 2018	<u>\$ 86,124</u>	<u>\$ 600,448</u>	<u>\$ 5,285,279</u>	<u>\$ 7,422,380</u>	

(Concluded)

	Operating Funds		Replacement of		
	Capital Assets				
	Las Virgenes Municipal Water District	Triunfo Sanitation District	Total		
		2017	2016		
Due to (from) Participants - July 1, 2016	\$ 1,074,315	\$ 1,243,201	\$ 5,811,697	\$ 5,952,119	
Advance from participants	3,309,667	1,777,777	19,300,025	14,480,333	
Interfund activities with participants	-	-	-	-	
Constructions costs allocated	(2,905,863)	(1,216,810)	(4,432,700)	(2,814,137)	
Change in fair market value of LAIF	-	-	(28,537)	3,143	
Change in fair market value of LAIF - Prior year	-	-	(3,143)	(1,645)	
Grant income	-	-	-	38,936	
Other miscellaneous income	1,269	528	1,797	421,402	
Billings to participants for operating expenses	-	-	(12,559,184)	(11,547,614)	
Billings to participants from replacement fund interest income	9,093	8,315	17,408	7,235	
Interest income from (to) participants	-	-	3,693	1,084	
Adjustment billing to participants for operating fund	-	-	-	(222)	
Recycled water billings to Triunfo Sanitation District	-	-	(688,676)	(728,937)	
Due to (from) Participants - June 30, 2017	<u>\$ 1,488,481</u>	<u>\$ 1,813,011</u>	<u>\$ 7,422,380</u>	<u>\$ 5,811,697</u>	

(Concluded)

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December 3, 2018 JPA Board Meeting

TO: JPA Board of Directors

FROM: Facilities & Operations

Subject : Pure Water Demonstration Project: 60% Design Review

SUMMARY:

On July 11, 2018, a workshop was held with the JPA Board to solicit feedback on a refined configuration and layout for the Pure Water Demonstration Project. Based on the feedback received from the Board, Carollo Engineers developed 60% architectural and landscaping drawings and Astound/New Water Resources prepared updated concepts for the visitor experience. At the meeting, representatives of Carollo Engineers, Astound and New Water Resources will present the 60% drawings and visitor experience concepts to the Board.

FISCAL IMPACT:

No

ITEM BUDGETED:

Yes

Prepared by: David R. Lippman, P.E., Director of Facilities and Operations

December 3, 2018 JPA Board Meeting

TO: JPA Board of Directors

FROM: Facilities & Operations

Subject : Rancho Solar Generation Project Phase II: Service Agreement for Wholesale Distribution Service and Rule 21 Generator Interconnection Agreement

SUMMARY:

On March 5, 2018, the JPA Board approved a professional services agreement with Terra Verde Renewable Partners, LLC (Terra Verde) to develop a Request For Proposals (RFP) and solicit proposals for a 4-megawatt solar project in the North Canyon of the Rancho Las Virgenes Farm. The scope of work included tasks to analyze the proposals, negotiate terms for a Power Purchase Agreement (PPA) and assist in preparing a recommendation to the JPA Board. Concurrent with the RFP process, staff and Terra Verde representatives have worked with Southern California Edison (SCE) on two agreements that are required for the project: a Service Agreement for Wholesale Distribution Service, and a Rule 21 Generator Interconnection Agreement.

The two attached agreements set the terms and conditions, which are primarily mandated by California Public Utilities Commission (CPUC) except for the project-specific portions, for SCE distribution system to receive and deliver solar energy generated from the proposed Rancho Solar Generation Project Phase II under a CPUC-approved Renewable Energy Self-Generation Bill Credit Transfer (RES-BCT) tariff. The RES-BCT tariff would allow the JPA to export the solar energy to SCE's distribution system and receive credit for the generation on its electrical bills for up to 50 SCE accounts.

Based on the pro-forma completed by Terra Verde, the estimated cost-savings to the JPA would be approximately \$5.3 million over 25 years. An interconnection facility would need to be designed and constructed by SCE at a cost of \$138,013.87. The cost of the interconnection facility to the JPA would be reimbursed by the contracted solar developer as stated in the RFP and upon award of a contract, currently scheduled for consideration by the JPA Board on February 4, 2019. The agreements have been reviewed and approved as to form by JPA Legal Counsel. Staff recommends authorization to execute the two agreements with SCE.

RECOMMENDATION(S):

Authorize the General Manager to execute a Service Agreement for Wholesale Distribution Service and Rule 21 Generator Interconnection Agreement with Southern California Edison, and appropriate \$138,013.87 for the reimbursable expense of an interconnection facility for

the Rancho Solar Generation Project Phase II.

FISCAL IMPACT:

Yes

ITEM BUDGETED:

Yes

FINANCIAL IMPACT:

The cost of this action is \$138,013.87, which will be 100% reimbursed under the terms of a proposed Power Purchase Agreement for the facility. The RFP for the project includes approximately \$400,000 in reimbursements to the JPA for costs related to preparation of the RFP, the SCE interconnection facility and any mitigation required by the environmental review for the project. The JPA's upfront investment for the project will be minimal.

DISCUSSION:

On November 15 2018, a total of eight competitive power purchase proposals were received for the Rancho Solar Generation Project Phase II. Based on an initial review, the proposed cost for the JPA to purchase the power produced by the facility will be approximately 25% less than projected in the pro-forma. As a result, the total cost-savings to the JPA is expected to be 25% higher over 25 years, or \$6.6 million compared to 5.3 million. Staff and Terra Verde representatives will review the proposals in detail, interview the firms with the best proposals, and negotiate the terms of a power purchase agreement. Staff expects to recommend award of the power purchase agreement, approved as to form by JPA Legal Counsel, at the JPA meeting on February 4, 2019.

Staff has also conducted a environmental review of the proposed project for compliance with the California Environmental Quality Act and performed extensive outreach to public agencies, HOAs and residents of the Las Virgenes Valley. No written comments have been received to-date. Staff will recommend that the JPA Board approve the CEQA document for the project on or before February 4, 2019.

In addition, staff has also been working SCE and the CPUC for the JPA to receive approximately \$1 million in bill credits after the first year of the project's operation to offset SCE's proposed peak hour shift from 12 noon to 6:00 p.m. to 4:00 p.m. to 9:00 p.m., which has an adverse effect on solar projects. Energy used and produced during the peak hours carries the highest price or value based on CPUC rules. The proposed peak hour shift will reduce the overall value of the energy produced by solar projects. However, the proposed Rancho Solar Generation Project Phase II will be eligible for compensation after its first year of operation under the terms of a draft settlement agreement with SCE because the JPA submitted its interconnection application before the regulatory deadline of December 31, 2017. The terms of the settlement will be subject to CPUC approval.

Prepared by: John Zhao, P.E., Principal Engineer

ATTACHMENTS:

Service Agreement for Wholesale Distribution
Rule 21 Generator Interconnection Agreement

**SERVICE AGREEMENT FOR
WHOLESALE DISTRIBUTION SERVICE**

Between

SOUTHERN CALIFORNIA EDISON COMPANY

And

LAS VIRGENES MUNICIPAL WATER DISTRICT

(Project: Las Virgenes Solar Farm – GFID8639)

Contract Effective Date: xx/xx/xx
905.xxx.0
GFID8639

Tariff Record Proposed Effective Date: xx/xx/xx
Version Number: 0.0.0
Option Code A

SERVICE AGREEMENT FOR WHOLESALE DISTRIBUTION SERVICE

1. This Service Agreement, dated as of the date executed by the Distribution Customer, is entered into, by and between Southern California Edison Company ("Distribution Provider"), and Las Virgenes Municipal Water District ("Distribution Customer").
2. The Distribution Customer has been determined by the Distribution Provider to have a Completed Application for Distribution Service under the Tariff.
3. The Distribution Customer has provided to the Distribution Provider an Application deposit in the amount of \$xxxx, in accordance with the provisions of Section 15.2 of the Tariff.
4. Service under this Service Agreement shall commence on the later of (1) December 10, 2019, or (2) the date on which construction of any Direct Assignment Facilities and/or Distribution System Upgrades specified in Sections 7.0 and 8.0 of the attached Specifications For Wholesale Distribution Service are completed and all additional requirements are met pursuant to Section 13.5 of the Tariff, or (3) such other date as it is permitted to become effective by the Commission. Service under this Service Agreement shall terminate on the earliest of the following to occur: (1) the termination date of the Distribution Customer's Las Virgenes Solar Farm project CPUC-jurisdictional Generator Interconnection Agreement between Distribution Provider and Distribution Customer executed concurrently herewith ("GIA"), or (2) the date on which Distribution Provider terminates at Distribution Provider's option, subject to FERC acceptance, if prior to the Interconnection Facilities Completion date as defined in the GIA, the Distribution Provider learns that Distribution Customer has terminated its plan to complete and energize the Las Virgenes Solar Farm project.

5. The Distribution Provider agrees to provide and the Distribution Customer agrees to take and pay for Distribution Service in accordance with the provisions of the Tariff and this Service Agreement.

6. Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Distribution Provider:

Southern California Edison Company

Transmission & Distribution

Manager, Grid Contract Management

P. O. Box 800

2244 Walnut Grove Avenue

Rosemead, California 91770

Telefax No. (626) 302-1152

Telephone No. (626) 302-9640

Distribution Customer:

Las Virgenes Municipal Water District

Attn: David Lippman

4232 Las Virgenes Road

Calabasas, CA 91302-1994

Telefax No. N/A

Telephone No. (818) 251-2221

7. The Tariff and attached Specifications For Wholesale Distribution Service are incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Distribution Provider:

By: Director, Contracts and Reliability
Standards Operations

Jill P. Horswell Title Date

Distribution Customer:

By: [Title]

[Name] Title Date

SPECIFICATIONS FOR WHOLESALE DISTRIBUTION SERVICE

1. Term of Transaction: See Section 4 of the Service Agreement
Service Commencement Date: See Section 4 of the Service Agreement
Termination Date: See Section 4 of the Service Agreement
2. For a Resource connected to the Distribution Provider's Distribution System, a description of capacity and energy to be transmitted by Distribution Provider and a five year forecast of monthly Generation: Distribution Customer's Las Virgenes Solar Farm project as described in the GIA. Capacity shall be as specified in Section 6 below. Distribution Customer shall provide Distribution Provider a five-year forecast of monthly Generation.
3. Point of Receipt: A tap on the Distribution Provider's Plateau 16kV distribution line out of Crater 66/16kV Substation.
Point of Delivery: The ISO Grid at Distribution Provider's 220kV Bus at Moorpark Substation.
Receiving Party: The California Independent System Operator Corporation.
4. Description of Wholesale Distribution Load at the Point of Delivery (including a five year forecast of monthly load requirements): Not Applicable.
5. Interruptible Load amount (summer and winter), location and conditions/limitations (five year forecast): Not Applicable.
6. For Resources, the maximum amount of capacity and energy to be transmitted. For Wholesale Distribution Load, the estimated peak load for informational purposes only: 3.0 MW.
7. Direct Assignment Facilities: Provided for in the GIA.

8. Distribution System Upgrades required prior to the commencement of service: Provided for in the GIA.
9. Real Power Loss Factors: The factor set forth in Section 13.9 of the Tariff applicable to the output of Resources interconnected at distribution voltages below 50 kV and greater than or equal to 2 kV.
10. Power Factor: The Distribution Customer is required to maintain its power factor within a range of 0.95 lagging to 0.95 leading (or, if so specified in the Service Agreement, a greater range), pursuant to Good Utility Practice. This provision recognizes that a Distribution Customer may provide reactive power support in accordance with Section 12.10 (Self Provision of Ancillary Services), of this Tariff. The operating power factor at the Interconnection Customer's 16kV switchboard shall be at unity unless Distribution Customer is otherwise notified by the Distribution Provider to maintain a specified voltage schedule while operating within the power factor range as specified above.
11. Distribution Service under this Agreement will be subject to the charges detailed below.
- 11.1 Customer Charge: None.
 - 11.2 Demand Charge: None, pursuant to Section 21.2.2 of the Tariff.
 - 11.3 Facilities Charge: The monthly Interconnection Facilities Charge and the monthly Distribution Upgrades Charge, as provided for under the CPUC-jurisdictional GIA.
 - 11.4 System Impact and/or Facilities Study Charge(s): None.
12. Letter of credit or alternative form of security to be provided and maintained by Distribution Customer pursuant to Sections 8 and 16.4 of the Tariff: Provided for in the GIA.

**RULE 21 GENERATOR INTERCONNECTION AGREEMENT (GIA)
FOR EXPORTING GENERATING FACILITIES
(Applicable to Schedule RES-BCT)**

**RULE 21 GENERATOR INTERCONNECTION AGREEMENT (GIA)
FOR EXPORTING GENERATING FACILITIES
(Applicable to Schedule RES-BCT)**

BETWEEN

LAS VIRGENES MUNICIPAL WATER DISTRICT

AND

SOUTHERN CALIFORNIA EDISON COMPANY

PROJECT: LAS VIRGENES SOLAR FARM (SCE GFID8639)

RULE 21 GENERATOR INTERCONNECTION AGREEMENT (GIA)
FOR EXPORTING GENERATING FACILITIES
(Applicable to Schedule RES-BCT)

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RULE 21 GENERATOR INTERCONNECTION AGREEMENT (GIA)
FOR EXPORTING GENERATING FACILITIES
(Applicable to Schedule RES-BCT)

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RULE 21 GENERATOR INTERCONNECTION AGREEMENT (GIA)
FOR EXPORTING GENERATING FACILITIES
(Applicable to Schedule RES-BCT)

This Interconnection Agreement (“Agreement” or “GIA”) is made and entered into this _____ day of _____, 2018, by Southern California Edison Company (“Distribution Provider”), and Las Virgenes Municipal Water District (“Interconnection Customer”) each hereinafter sometimes referred to individually as “Party” or both referred to collectively as the “Parties.”

Distribution Provider Information

Distribution Provider: Southern California Edison Company
Attention: Grid Contract Management
Address: 2244 Walnut Grove Avenue
City: State: Zip: Rosemead, California 91770
Phone: (626) 302-9640
Fax: Not available

Interconnection Customer Information

Interconnection Customer: Las Virgenes Municipal Water District
Attention: David Lippman
Address: 4232 Las Virgenes Road
City: State: Zip: Calabasas, CA 91302-1994
Phone: (818) 251-2221
Fax: N/A

Interconnection Customer Application No: GFID8639

WHEREAS, Interconnection Customer proposes to interconnect to the Distribution System; and

WHEREAS, the Interconnection Customer’s Interconnection Request was studied under the Fast Track Process, Independent Study Process, Distribution Group Study Process, or Transmission Cluster Study Process; and,

WHEREAS, Interconnection Customer has elected and qualifies for the Cost Envelope Option in accordance with Rule 21 Section F.7: Yes / No ; and

WHEREAS, the basis for the Parties entering into this Agreement is that the Interconnection Customer will export electrical energy to the grid pursuant to the Distribution Provider’s Schedule RES-BCT for Local Government Renewable Energy Self-Generation Bill Credit Transfer;

THEREFORE, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

Article 1. Scope and Limitations of Agreement

1.1 Applicability

This Agreement shall be used for an interconnection governed by the Distribution Provider's California Public Utilities Commission ("CPUC") approved Electric Rule 21 ("Rule 21") of a Generating Facility that satisfies all requirements of the Distribution Provider's Schedule RES-BCT Local Government Renewable Energy Self-Generation Bill Credit Transfer ("Schedule RES-BCT") for the export of electrical energy to the grid (an "Eligible Renewable Generating Facility"). The Eligible Renewable Generating Facility may be coupled with one or more Non-Exporting Generators not participating under Schedule RES-BCT ("Non-Participating Generator") co-located at the same site and utilizing a common Point of Interconnection, (defined in Schedule RES-BCT as a Multiple Tariff Generating Facility).

1.2 Purpose

This Agreement incorporates in its entirety the Distribution Provider's Rule 21, subject to any modifications the CPUC may direct in the exercise of its jurisdiction. This Agreement governs the terms and conditions under which the Interconnection Customer's Generating Facility will interconnect with, and operate in parallel with, the Distribution Provider's Distribution System. In the event of inconsistency between this Agreement and the terms of Rule 21, the provisions of the latter shall control.

1.3 No Agreement to Purchase or Deliver Power

This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity.

1.4 Limitations

Nothing in this Agreement is intended to affect any other agreement between the Distribution Provider and the Interconnection Customer. This Agreement does not address Interconnection Customer's account billing and payment for energy consumption or generation. Eligible Renewable Generating Facilities will be billed in accordance with Schedule RES-BCT.

1.5 Responsibilities of the Parties

1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.

1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Generating Facility and construct, operate, and maintain its Interconnection

RULE 21 GENERATOR INTERCONNECTION AGREEMENT (GIA)
FOR EXPORTING GENERATING FACILITIES
(Applicable to Schedule RES-BCT)

Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.

- 1.5.3 The Distribution Provider shall construct, operate, and maintain its Distribution System, Transmission System, Interconnection Facilities, Distribution Upgrades and Network Upgrades in accordance with this Agreement, and with Good Utility Practice.
- 1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Distribution Provider and any Affected Systems. The Interconnection Customer shall comply with the Distribution Provider's Interconnection Handbook. In the event of a conflict between the terms of this GIA and the terms of the Distribution Provider's Interconnection Handbook, the terms in this GIA shall govern.
- 1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Distribution Provider and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Distribution Provider's Transmission System, Distribution System, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.
- 1.5.6 The Distribution Provider shall coordinate with Affected Systems to support the interconnection.
- 1.5.7 [Intentionally Omitted]

1.6 Parallel Operation Obligations

Once the Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Generating Facility in the applicable balancing authority area, including, but not limited to; 1) the rules and procedures concerning the operation of generation set forth in Rule 21 or by the applicable system operator(s) for the Distribution

Provider's Distribution System and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

The Interconnection Customer shall be responsible for the Distribution Provider's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 2 and 3 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements. Nothing in this provision replaces or alters the metering requirements of Schedule RES-BCT.

1.8 Reactive Power

1.8.1 The Interconnection Customer shall design its Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection and the Generating Facility shall be capable of operating within a power factor range of 0.9 leading to 0.9 lagging, unless the Distribution Provider has established different requirements that apply to all similarly situated generators in the balancing authority area on a comparable basis. Operation outside this range is acceptable provided the reactive power of the Generating Facility is used to meet the reactive power needs of the host loads or that reactive power is otherwise provided under tariff by Distribution Provider. The Interconnection Customer shall notify Distribution Provider if it is using the Generating Facility for power factor correction. Unless otherwise agreed upon by the Interconnection Customer and Distribution Provider, Generating Facilities shall automatically regulate power factor, not voltage, while operating in parallel with Distribution Provider's Distribution System.

1.9 Capitalized Terms

When used in this Agreement, terms with initial capitalization that are not defined in the Glossary of Terms in Attachment 1 shall have the meanings specified in the Article in which they are used or in Rule 21.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

2.1.1 Pursuant to Rule 21, the Interconnection Customer shall test and inspect its Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the Distribution Provider of such activities no fewer than five (5) Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Distribution Provider may, at its own expense, send qualified personnel

to the Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Distribution Provider a written test report when such testing and inspection is completed.

- 2.1.2 The Distribution Provider shall provide the Interconnection Customer written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Distribution Provider of the safety, durability, suitability, or reliability of the Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

- 2.2.1 The Distribution Provider shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Distribution Provider shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Distribution Provider shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.
- 2.2.2 The Interconnection Customer shall not operate its Generating Facility in parallel with the Distribution Provider's Distribution System without prior written authorization of the Distribution Provider. The Distribution Provider will provide such authorization once the Distribution Provider receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

- 2.3.1 Upon reasonable notice, the Distribution Provider may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Generating Facility first operates in parallel to inspect the interconnection, and observe the commissioning of the Generating Facility (including any required testing), startup, and operation for a period of up to three (3) Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Distribution Provider at least five (5) Business Days prior to conducting any on-site verification testing of the Generating Facility.
- 2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an

emergency or hazardous condition, the Distribution Provider shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.

2.3.3 Costs associated with this Article are subject to the relevant provisions of Rule 21.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of thirty (30) years from the Effective Date or such other longer period as the Parties may agree and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with Article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the Distribution Provider sixty (60) calendar day's prior written notice.

3.3.2 Either Party may terminate this Agreement after Default pursuant to Article 7.6.

3.3.3 This Agreement will terminate immediately without notice from the Distribution Provider upon (1) the Interconnection Customer's termination of service under Schedule RES-BCT, or (2) the Interconnection Customer's failure to satisfy the requirements for service under Schedule RES-BCT.

3.3.3.1 Interconnection Customer is responsible for complying with the requirements for service under Schedule RES-BCT and must notify Distribution Provider (1) sixty (60) calendar days in advance of Interconnection Customer's termination of service under Schedule RES-BCT, or (2) immediately upon its failure to satisfy the requirements for service under Schedule RES-BCT. If Interconnection Customer fails to provide such notice, it is wholly responsible for any penalties incurred from any Governmental Authority or the California Independent System Operator Corporation ("CAISO"), including penalties and charges incurred by the Distribution Provider, as a result of this failure to notify the Distribution Provider.

3.3.3.2 If Interconnection Customer is no longer eligible for a Rule 21 interconnection then Distribution Provider may terminate this Agreement.

3.3.4 Upon termination of this Agreement, the Generating Facility will be disconnected from the Distribution Provider's Distribution System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this GIA or such non-terminating Party otherwise is responsible for these costs under this GIA.

3.3.5 The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.

3.3.6 The provisions of this Article shall survive termination or expiration of this Agreement.

3.3.7 If the Generating Facility no longer falls within the scope and description provided in Article 1.1 of this Agreement, this Agreement is terminated.

3.4 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.

3.4.1 Emergency Conditions -- "Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the Distribution Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Distribution System, the Distribution Provider's Interconnection Facilities or any Affected Systems(s); or (3) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the Distribution Provider may immediately suspend interconnection service and temporarily disconnect the Generating Facility. The Distribution Provider shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Generating Facility. The Interconnection Customer shall notify the Distribution Provider promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Distribution Provider's Distribution System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

The Distribution Provider may interrupt interconnection service or curtail the output of the Generating Facility and temporarily disconnect the Generating Facility from the Distribution Provider's Distribution System when necessary for routine maintenance, construction, and repairs on the Distribution Provider's Distribution System and/or Transmission System. The Distribution Provider shall provide the Interconnection Customer with five (5) Business Days notice prior to such interruption. The Distribution Provider shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

3.4.3 Forced Outages

During any forced outage, the Distribution Provider may suspend interconnection service to effect immediate repairs on the Distribution Provider's Distribution System and/or Transmission System. The Distribution Provider shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Distribution Provider shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The Distribution Provider shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Generating Facility could cause damage to the Distribution Provider's Distribution System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Distribution Provider may disconnect the Generating Facility. The Distribution Provider shall provide the Interconnection Customer with five (5) Business Day notice of such disconnection, unless the provisions of Article 3.4.1 apply.

3.4.5 Modification of the Generating Facility

The Interconnection Customer must receive written authorization from the Distribution Provider before making any change to the Generating Facility that may have a material impact on the safety or reliability of the Distribution System and/or the Transmission System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the Distribution Provider's prior written authorization, the latter shall have the right to temporarily disconnect the Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Generating Facility, Interconnection Facilities, and the Distribution Provider's Distribution System and/or Transmission System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement, subject to the provisions of the Cost Envelope Option, if applicable. The Distribution Provider shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Distribution Provider.

4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Distribution Provider's Interconnection Facilities.

4.2 Distribution Upgrades

The Distribution Provider shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Distribution Provider and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer, subject to the provisions of the Cost Envelope Option, if applicable.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this Article 5 shall apply unless the interconnection of the Generating Facility requires Network Upgrades.

5.2 Network Upgrades

The Distribution Provider or the Distribution Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Distribution Provider and the Interconnection Customer agree, the Interconnection

Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Distribution Provider elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne by the Interconnection Customer unless Article 5.2.1 Directs otherwise.

5.2.1 Repayment of Amounts Advanced for Network Upgrades

To the extent that the applicable provision(s) of the CAISO Tariff provides for cash repayment to interconnection customers for contribution to the cost of Network Upgrades, the Interconnection Customer shall be entitled to a cash repayment, equal to the total amount paid to the Distribution Provider and Affected System operator, if any, for Network Upgrades, including any tax gross-up or other tax-related payments associated with the Network Upgrades, and not otherwise refunded to the Interconnection Customer, to be paid to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, as payments are made under the Distribution Provider's Tariff and Affected System's Tariff for transmission services with respect to the Generating Facility. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. The Interconnection Customer may assign such repayment rights to any person. To the extent that the CAISO Tariff does not provide for cash repayment to interconnection customers for contribution to the cost of Network Upgrades, Interconnection Customer is not entitled to a cash repayment for amounts paid to the Distribution Provider and Affected System operator for Network Upgrades, and no cash repayment shall be made pursuant to this Agreement.

5.2.1.1 If the Interconnection Customer is entitled to a cash repayment pursuant to Article 5.2.1, the Interconnection Customer, the Distribution Provider, and any applicable Affected System operators may adopt any alternative payment schedule that is mutually agreeable so long as the Distribution Provider and said Affected System operators take one of the following actions no later than five years from the Commercial Operation Date: (1) return to the Interconnection Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that the Distribution Provider or any applicable Affected System operators will continue to provide payments to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; however, full reimbursement shall not extend beyond twenty (20) years from the commercial operation date.

5.2.1.2 If the Generating Facility fails to achieve commercial operation, but it or another generating facility is later constructed and requires use of the Network Upgrades, the Distribution Provider and Affected System operator shall at that time reimburse the Interconnection Customer for the amounts advanced for the Network Upgrades if the Interconnection Customer is entitled to a cash repayment pursuant to Article 5.2.1. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the generating facility, if different, is responsible for identifying the entity to which reimbursement must be made.

5.3 [Intentionally Omitted]

5.4 Rights Under Other Agreements

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Generating Facility.

Article 6. Billing, Payment, Milestones, and Interconnection Financial Security

6.1 Billing and Payment Procedures and Final Accounting

6.1.1 The Distribution Provider shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs, including any applicable taxes, of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within thirty (30) calendar days of receipt, or as otherwise agreed to by the Parties.

6.1.2 Within three (3) months of completing the construction and installation of the Distribution Provider's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Distribution Provider shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Distribution Provider for such facilities or Upgrades.

If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Distribution Provider shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Distribution Provider within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Distribution Provider shall refund to the Interconnection Customer an amount equal to the difference within thirty (30) calendar days of the final accounting report.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Uncontrollable Force Event, it shall immediately notify the other Party of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Interconnection Financial Security Arrangements

6.3.1 Interconnection Financial Security for Interconnections under the Fast Track Process

For Generating Facilities that qualify for interconnection under the Fast Track Process, at least twenty (20) Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Distribution Provider's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Distribution Provider Interconnection Financial Security in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Distribution Provider's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the Distribution Provider under this Agreement during its term.

6.3.2 Interconnection Financial Security for Interconnections under the Independent Study Process, Distribution Group Study Process and Transmission Cluster Study Process

The Interconnection Customer is obligated to provide all necessary Interconnection Financial Security required under Rule 21 Section F.4 if studied under the Independent Study Process or Distribution Group Study Process. The

Interconnection Customer is obligated to provide all necessary Interconnection Financial Security required under Section 4.8 of the GIP if studied under the Transmission Cluster Study Process.

Article 7. Assignment, Liability, Indemnity, Uncontrollable Force, Consequential Damages, and Default

7.1 Assignment

This Agreement may be assigned by either Party upon fifteen (15) Business Days prior written notice and opportunity to object by the other Party; provided that:

- 7.1.1 Either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the Distribution Provider of any such assignment;
- 7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Distribution Provider, for collateral security purposes to aid in providing financing for the Generating Facility, provided that the Interconnection Customer will promptly notify the Distribution Provider of any such assignment.
- 7.1.3 Any attempted assignment that violates this Article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 Limitation of Liability

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

7.3 Indemnity

- 7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in Article 7.2.

- 7.3.2 The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.
- 7.3.3 If an indemnified person is entitled to indemnification under this Article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this Article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.
- 7.3.4 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this Article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.
- 7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this Article may apply, the indemnified person shall notify the indemnifying party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party.

7.4 Consequential Damages

Other than as expressly provided for in this Agreement, neither Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.5 Uncontrollable Force

7.5.1 As used in this Article, an Uncontrollable Force Event shall mean "any act of

God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond the reasonable control of the Distribution Provider or Interconnection Customer which could not be avoided through the exercise of Good Utility Practice. An Uncontrollable Force Event does not include an act of negligence or intentional wrongdoing by the Party claiming Uncontrollable Force."

7.5.2 If an Uncontrollable Force Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Uncontrollable Force Event (Affected Party) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Uncontrollable Force Event. The notification must specify in reasonable detail the circumstances of the Uncontrollable Force Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the Uncontrollable Force Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Uncontrollable Force Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

7.6 Default

7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of an Uncontrollable Force Event as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in Article 7.6.2, the defaulting Party shall have sixty (60) calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within sixty (60) calendar days, the defaulting Party shall commence such cure within twenty (20) calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

7.6.2 If a Default is not cured as provided in this Article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is

entitled at law or in equity. The provisions of this Article will survive termination of this Agreement.

Article 8. Insurance

8.1 General Liability and Additional Insurance

The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in California. Certification that such insurance is in effect shall be provided upon request of the Distribution Provider, except that the Interconnection Customer shall show proof of insurance to the Distribution Provider no later than ten (10) Business Days prior to the anticipated Parallel Operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.

8.2 Maintenance of Insurance

The Distribution Provider agrees to maintain general liability insurance or self-insurance consistent with the Distribution Provider's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Distribution Provider's liabilities undertaken pursuant to this Agreement.

8.3 Notification

The Parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

Article 9. Confidentiality

9.1 Definition of Confidential Information

The confidentiality provisions applicable to this Agreement are set forth in Section D.7, Confidentiality of Rule 21 and in the following provisions included in this Article.

9.1.1 Release of Confidential Information

Neither Party shall release or disclose Confidential Information to any other person, employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in

connection with these procedures, unless such person has first been advised of the confidentiality provisions of this Article and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article.

9.1.2 Rights

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

9.1.3 No Warranties

By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.

9.1.4 Standard of Care

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination; however, in no case shall a Party use less than reasonable care in protecting Confidential Information. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under this Agreement or its regulatory requirements.

9.1.5 Order of Disclosure

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance.

Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

9.1.6 Remedies

The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's Breach of its obligations under this Article. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article.

Article 10. Disputes

10.1 Dispute Resolution

Any dispute arising between the Parties regarding a Party's performance of its obligations under this Agreement or requirements related to the interconnection of the Generating Facility shall be resolved according to the procedures in Rule 21.

Article 11. Taxes

11.1 Applicable Tax Laws and Regulation

The Parties agree to follow all applicable tax laws and regulations, consistent with CPUC policy and Internal Revenue Service requirements.

11.2 Maintenance of Tax Status

Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the Distribution Provider's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the State of California (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties.

12.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

12.4 Waiver

12.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

12.4.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Distribution Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

This Agreement, including all Attachments, and any incorporated tariffs or Rules, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

12.10 Environmental Releases

Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Distribution Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

12.11.2 The obligations under this Article will not be limited in any way by any

limitation of subcontractor's insurance.

12.12 CPUC Modification

Unless otherwise ordered by the CPUC, this Agreement at all times shall be subject to such modifications as the CPUC may direct from time to time in the exercise of its jurisdiction.

12.13 Review of Records and Data

12.13.1 The Distribution Provider shall have the right to review and obtain copies of Interconnection Customer's operations and maintenance records, logs, or other information such as, unit availability, maintenance outages, circuit breaker operation requiring manual reset, relay targets and unusual events pertaining to Interconnection Customer's Generating Facility or its interconnection with Distribution Provider's Distribution System.

12.13.2 The Interconnection Customer authorizes the Distribution Provider to release to the California Energy Commission ("CEC"), the CAISO, and/or the CPUC information regarding the Generating Facility, including the Interconnection Customer's name and location, and the size, location and operational characteristics of the Generating Facility, as requested from time to time pursuant to the CEC's, CAISO's, or CPUC's rules and regulations.

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national carrier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Interconnection Customer: Las Virgenes Municipal Water District
Attention: David Lippman
Address: 4232 Las Virgenes Road
City: State: Zip: Calabasas, CA 91302-1994
Phone: (818) 251-2221
Fax: N/A

If to the Distribution Provider:

Distribution Provider: Southern California Edison Company

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Attention: Grid Contract Management
Address: 2244 Walnut Grove Avenue
City: State: Zip: Rosemead, California 91770
Phone: (626) 302-9640
Fax: Not available

13.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below:

Interconnection Customer: Las Virgenes Municipal Water District
Attention: David Lippman
Address: 4232 Las Virgenes Road
City: State: Zip: Calabasas, CA 91302-1994

Distribution Provider: Southern California Edison Company
Attention: Accounts Receivable (GCM)
Address: P. O. Box 800
2244 Walnut Grove Avenue
City: State: Zip: Rosemead, CA 91771-0001

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by either Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Interconnection Customer: Las Virgenes Municipal Water District
Attention: David Lippman
Address: 4232 Las Virgenes Road
City: State: Zip: Calabasas, CA 91302-1994
Phone: (818) 251-2221
Fax: N/A

If to the Distribution Provider:

Distribution Provider: Southern California Edison Company
Attention: Grid Contract Management
Address: 2244 Walnut Grove Avenue
City: State: Zip: Rosemead, California 91770

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Phone: (626) 302-9640
Fax: Not available

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

Interconnection Customer: Las Virgenes Municipal Water District
Attention: David Lippman
Address: 4232 Las Virgenes Road
City: State: Zip: Calabasas, CA 91302-1994
Phone: (818) 251-2221
Fax: N/A

Distribution Provider's Operating Representative:

Distribution Provider: Southern California Edison Company
Attention: Grid Contract Management
Address: 2244 Walnut Grove Avenue
City: State: Zip: Rosemead, California 91770
Phone: (626) 302-9640
Fax: Not available

13.5 Changes to the Notice Information

Either Party may change this information by giving five Business Days written notice prior to the effective date of the change.

Article 14. Signatures

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

For the Distribution Provider

Name: _____
Jill P. Horswell

Title: Director, Contracts and Reliability Standards Operations

Date: _____

For the Interconnection Customer

Name: _____
[Name]

Title: [Title]

Date: _____

Glossary of Terms

Affected System - An electric system other than the Distribution Provider's Distribution System that may be affected by the proposed interconnection, including but not limited to the Transmission System.

Applicable Laws and Regulations - All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Business Day - Monday through Friday, excluding Federal and State Holidays.

Cost Envelope Option - The option described in Rule 21 Section F.7 applicable to Interconnection Requests evaluated under the Fast Track Process or Independent Study Process that meet the specified eligibility requirements.

Default - The failure of a breaching Party to cure its breach under the Agreement.

Distribution Group Study Process - The interconnection study process set forth in Rule 21 Section F.3.c.

Distribution Owner - The entity that owns, leases or otherwise possesses an interest in the portion of the Distribution System at the Point of Interconnection and may be a Party to the Agreement to the extent necessary.

Distribution Provider - The public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity and provides distribution service to the Interconnection Customer. The term Distribution Provider should be read to include the Distribution Owner when the Distribution Owner is separate from the Distribution Provider.

Distribution System - Those non-CAISO transmission and distribution facilities, owned, controlled and operated by the Distribution Provider that are used to provide distribution service, which facilities and equipment are used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades - The additions, modifications, and upgrades to the Distribution Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility. Distribution Upgrades do not include Interconnection Facilities.

Eligible Renewable Generating Facility – A generating facility as defined in the Special Conditions section of the Distribution Provider’s Schedule RES-BCT.

Fast Track Process - The interconnection study process set forth in Section F.2 of Rule 21.

Generating Facility -The Interconnection Customer's device for the production or storage of electricity identified in Attachment 2 of the Agreement, but shall not include the Interconnection Customer's Interconnection Facilities.

Generator Interconnection Procedures (GIP) - The interconnection procedures applicable to an interconnection request pertaining to a Generating Facility set forth in Attachment I of the Distribution Provider’s Wholesale Distribution Access Tariff, subject to any modifications FERC may direct in the exercise of its jurisdiction.

Good Utility Practice - Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority - Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, the Distribution Provider, or any Affiliate thereof.

Independent Study Process - The interconnection study process set forth in Rule 21 Section F.3.b.

Interconnection Customer - Any entity, including the Distribution Provider, Distribution Owner or any of the affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Distribution Provider's Distribution System. The definition of “Interconnection Customer” in this Agreement is intended to be identical to and used interchangeably with the definition of “Producer” in Rule 21.

Interconnection Facilities - The Distribution Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Distribution Provider's

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Distribution System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

Interconnection Financial Security - Any of the financial instruments listed in Rule 21 Section F.4.a. that are posted by the Interconnection Customer to secure its financial obligations under this GIA.

Interconnection Handbook - A handbook, developed by the Distribution Provider and posted on the Distribution Provider's website or otherwise made available by the Distribution Provider, describing the technical and operational requirements for wholesale generators and loads connected to the Distribution System, as such handbook may be modified or superseded from time to time. In the event of a conflict between the terms of this Agreement and the terms of the Distribution Provider's Interconnection Handbook, the terms in this Agreement shall govern.

Multiple Tariff Generating Facility – A Generating Facility consisting of one or more Eligible Renewable Generating Facilities and one or more Non-Participating Generators that share a common Point of Interconnection as defined in the Distribution Provider's Schedule RES-BCT.

Network Upgrades - Additions, modifications, and upgrades to the Distribution Provider's Transmission System required at or beyond the point at which the Distribution System connects to the Distribution Provider's Transmission System to accommodate the interconnection of the Generating Facility to the Distribution Provider's Distribution System. Network Upgrades do not include Distribution Upgrades.

Non-Participating Generator - A Non-Exporting Generator that is not eligible under the Distribution Provider's Schedule RES-BCT as defined in the Special Conditions section of the Distribution Provider's Schedule RES-BCT.

Operating Requirements - Any operating and technical requirements that may be applicable due to Regional Transmission Organization, the CAISO, balancing authority area, or the Distribution Provider's requirements, including those set forth in the Agreement.

Party or Parties - The Distribution Provider, Distribution Owner, Interconnection Customer, Producer or any combination of the above.

Point of Interconnection - The point where the Interconnection Facilities connect with the Distribution Provider's Distribution System.

Reasonable Efforts - With respect to an action required to be attempted or taken by a Party under the Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Transmission Cluster Study Process - The Transmission Cluster Study Process set forth in GIP Section 4.

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Transmission System - Those facilities owned by the Distribution Provider that have been placed under the CAISO's operational control and are part of the CAISO Grid.

Upgrades - The required additions and modifications to the Distribution Provider's Distribution System and Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

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**Description and Costs of the Generating Facility,
Interconnection Facilities, and Metering Equipment**

Equipment, including the Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer, the Distribution Provider, or the Distribution Owner. The Distribution Provider will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

(Include description of the Eligible Renewable Generating Facility and Non-Participating Generator as defined in the Distribution Provider's Schedule RES-BCT)

Generating Facility: See Attachment 5 for a description of the generating facility.

The Distribution Provider's Interconnection Facilities, Network Upgrades and Distribution Upgrades described in Attachments 2 and 6 of this GIA are preliminary based on a conceptual method of service and their associated estimated costs calculated using a standardized estimating approach. Such descriptions are subject to modification following completion of the Distribution Provider's detailed engineering and design, completion of the actual facilities constructed and installed, identification of field conditions, and compliance with applicable environmental and permitting requirements.

1. Interconnection Facilities.

- (a) **Interconnection Customer's Interconnection Facilities.** The Interconnection Customer shall:
- (i) Install two (2) 16kV main step-up transformers with a 5.75 percent impedance on a 1500 MVA base.
 - (ii) Install one (1) 16kV switchboard which complies with Distribution Provider's electrical service requirements as described in the Interconnection Handbook.
 - (iii) Procure and construct underground duct banks and related structures required for Distribution Provider's Interconnection Facilities ("Civil Construction") in accordance with specifications and designs provided by the Distribution Provider. The Distribution Provider may subsequently determine that the Civil Construction, or a portion thereof, may need to be owned by the Distribution Provider pursuant to Section 3(j) of Attachment 5 of this GIA.
 - (iv) Acquire, and provide to the Distribution Provider within thirty (30) calendar days following the Effective Date, an agreement from the property owner at 3810 Las Virgenes Rd, Calabasas, CA 91302 (APN#: 4455-025-900), for the Distribution Provider to have the following:

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1. the right to enter property owner's premises for any purpose connected with the Distribution Provider's Interconnection Facilities or interconnection service,
 2. the right for the use of a Distribution Provider approved locking device if Interconnection Customer wants to prevent unauthorized access to Distribution Provider's Interconnection Facilities,
 3. the right for safe and ready access for Distribution Provider's personnel free from unrestrained animals,
 4. the right for unobstructed ready access for Distribution Provider's vehicles and equipment to install, remove, repair, and maintain its Interconnection Facilities,
 5. the right to remove Distribution Provider's Interconnection Facilities after termination of interconnection service.
- (v) Telemetry.
- In accordance with specifications provided by the Distribution Provider, provide the following in compliance with the telemetry requirements of the Interconnection Handbook:
1. Allow the Distribution Provider to review and approve the Interconnection Customer's telemetry equipment design and perform inspections to ensure compatibility with the Distribution Provider's telemetry equipment; allow the Distribution Provider to perform acceptance testing of the telemetry equipment and the right to require the correction of installation deficiencies.
 2. Provide broadband internet service to support communication of the telemetering data to the Distribution Provider's grid control center.
 3. Provide and install a Distribution Provider approved serial device server ("SDS") in an approved enclosure located in an area with a suitable environment.
 4. Provide a convenience power source to the SDS enclosure for SDS power.
 5. Provide and install data communication cabling for the required telemetering data from the Interconnection Customer's data acquisition system to the SDS enclosure.
 6. Allow the Distribution Provider to terminate the data communication cables inside the Interconnection Customer's SDS enclosure and program the SDS.
- (vi) Install all required metering equipment at the Generating Facility, in accordance with Rule 21, the CAISO Tariff, and the Interconnection Handbook.
- (vii) Allow the Distribution Provider to install, in the switchboard provided by the Interconnection Customer, revenue meters, potential transformers ("PTs"), current transformers ("CTs"), and appurtenant equipment required to meter the retail load at the Generating Facility in accordance with Distribution Provider's electrical service requirements as described in the Interconnection Handbook.
- (viii) Install all equipment necessary to comply with the power factor requirements of Article 1.8.1 of the GIA, including the ability to automatically regulate power factor to a schedule (VAR schedule) in accordance with the Interconnection Handbook.

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- (ix) Install all equipment and controls necessary to maintain the Generating Facility's output ramp rate within the parameters set forth by the Distribution Provider, in accordance with Attachment 5 of this GIA.
 - (x) Install disconnect facilities in accordance with the Distribution Provider's Interconnection Handbook to comply with the Distribution Provider's switching and tagging procedures.
 - (xi) Acquire the necessary rights-of-way for the Interconnection Customer's Interconnection Facilities.
 - (xii) Perform the necessary environmental studies and obtain permits for the Interconnection Customer's Interconnection Facilities.
- (b) **Distribution Provider's Interconnection Facilities.** The Distribution Provider shall:
- (i) Install primary riser.
 - (ii) Install approximately 400 feet of 1/0 JCN cable.
 - (iii) Install one (1) 3-way pad-mounted gas switch with RCS-G.
 - (iv) Telemetry.
 - 1. Terminate the Interconnection Customer provided communication cables inside the Interconnection Customer's SDS enclosure.
 - 2. Program and test the SDS.
 - 3. Perform setup and programming on the Distribution Provider's telemetry equipment as required to support communication of the telemetered data to the Distribution Provider's grid control center.
 - 4. Perform a functional test of the telemetry equipment to verify compliance with the requirements of the Interconnection Handbook.
 - (v) Metering.

Install revenue meters, PTs, CTs and appurtenant equipment required to meter the retail load at the Generating Facility. Notwithstanding that the meters, PTs, CTs and appurtenant equipment will be located on the Interconnection Customer's side of the Point of Change of Ownership, the Distribution Provider shall own, operate and maintain such facilities as part of the Distribution Provider's Interconnection Facilities.
 - (vi) Real Properties.

Obtain easements and/or acquire land for the installation of the Distribution Provider's Interconnection Facilities, including any associated telecommunication equipment.
 - (vii) Environmental Activities, Permits, and Licensing.

Perform all required environmental activities, and obtain required licensing and permits for the installation of the Distribution Provider's Interconnection Facilities, including any associated telecommunications equipment.

2. Network Upgrades. See Attachment 6, Section 1.

3. Distribution Upgrades. See Attachment 6, Section 2.

4. Not Used.

5. Point of Change of Ownership. The Point of Change of Ownership shall be at the pull section of the new 16kV switchboard panel provided, installed, and owned by the Interconnection Customer.

6. Point of Interconnection. A tap on the Distribution Provider's Plateau 16kV distribution line out of Crater 66/16kV Substation.

7. One-Line Diagram of Interconnection. See Attachment 3.

8. Additional Definitions. For the purposes of these Attachments, the following terms, when used with initial capitalization, whether in the singular or the plural, shall have the meanings specified below:

- (a) Accounting Practice: Generally accepted accounting principles and practices applicable to electric utility operations.
- (b) Applicable Reliability Council: The reliability council applicable to the Distribution System to which the Generating Facility is directly interconnected.
- (c) Applicable Reliability Standards: The requirements and guidelines of the North American Electric Reliability Corporation (NERC), the Applicable Reliability Council, and the Balancing Authority Area of the Distribution System to which the Generating Facility is directly interconnected, including the requirements adopted pursuant to Section 215 of the Federal Power Act.
- (d) Balancing Authority: The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports interconnection frequency in real time.
- (e) Balancing Authority Area: The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.
- (f) CAISO Controlled Grid: The system of transmission lines and associated facilities that have been placed under the CAISO's Operational Control.
- (g) CAISO Tariff: The California Independent System Operator FERC Electric Tariff.
- (h) Capital Additions: Any modifications to the Distribution Provider's Interconnection Facilities or to the Distribution Upgrades. Such modifications may be any Units of Property which are added to the Distribution Provider's Interconnection Facilities or Distribution Upgrades; the enlargement, modification or betterment of any Units of Property constituting a part of the Distribution Provider's Interconnection Facilities or

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Distribution Upgrades; or the replacement of any Units of Property constituting a part of the Distribution Provider's Interconnection Facilities or Distribution Upgrades, irrespective of whether such replacement constitutes an enlargement, modification or betterment of that which it replaces; and the costs of which additions, enlargements, modifications, betterments or replacements in accordance with Accounting Practice would be capitalized and have not previously been included in the Interconnection Facilities Cost or the Distribution Upgrades Cost.

- (i) Capital Additions Cost: All costs, excluding One-Time Cost, determined by Distribution Provider to be associated with the design, engineering, procurement, construction and installation of Capital Additions.
- (j) Commercial Operation: The status of a Generating Facility that has commenced generating electricity, excluding electricity generated during the period which the Producer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.
- (k) Commercial Operation Date: The date on which a Generator at a Generating Facility commences Commercial Operation as agreed to by the Parties.
- (l) Customer-Financed Monthly Rate: The rate most recently adopted by the CPUC for application to the Distribution Provider's retail electric customers for added facilities, which does not compensate the Distribution Provider for replacement of added facilities. The currently effective Customer-Financed Monthly Rate is as provided in Section 16 of this Attachment 2 and shall automatically increase or decrease without formal amendment to this GIA if the CPUC subsequently authorizes a higher or lower percentage rate, effective with the date of such authorization.
- (m) Distribution Provider's Interconnection Facilities: Those facilities as described in Section 1(b) of this Attachment 2, as such facilities may be modified during the term of this Agreement.
- (n) Distribution Upgrades Charge: The monthly charge to the Interconnection Customer to recover the revenue requirements for the Distribution Provider's Distribution Upgrades, calculated as the product of the Customer-Financed Monthly Rate and the Distribution Upgrades Cost. The Distribution Upgrades Charge is provided in Section 16 of this Attachment 2.
- (o) Distribution Upgrades Completion Date: The date upon which the construction of the Distribution Upgrades is complete and such facilities are successfully tested and ready for service.
- (p) Distribution Upgrades Cost: The Interconnection Customer's allocated share of all costs, excluding One-Time Cost, determined by the Distribution Provider to be associated with the design, engineering, procurement, construction and installation of

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the Distribution Upgrades as adjusted to reflect any applicable limitations pursuant to the Cost Envelope Option. The Distribution Upgrades Cost is provided in Section 15 of this Attachment 2.

- (q) Distribution Upgrades Payment: The sum of the Distribution Upgrades Cost and associated One-Time Cost. The Distribution Upgrades Payment is provided in Section 17 of this Attachment 2.
- (r) Effective Date: The date on which this Agreement becomes effective pursuant to Article 3.1.
- (s) Generator: A device converting mechanical, chemical, or solar energy into electrical energy, including all of its protective and control functions and structural appurtenances. One or more Generators comprise a Generating Facility.
- (t) In-Service Date: The estimated date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Distribution Provider's Interconnection Facilities.
- (u) Initial Synchronization Date: The date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.
- (v) Interconnection Customer's Interconnection Facilities: All facilities and equipment, as identified in Section 1(a) of this Attachment 2 of this GIA, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Distribution System. Interconnection Customer's Interconnection Facilities are sole use facilities.
- (w) Interconnection Facilities Charge: The monthly charge to the Interconnection Customer to recover the revenue requirements for the Distribution Provider's Interconnection Facilities, calculated as the product of the Customer-Financed Monthly Rate and the Interconnection Facilities Cost. The Interconnection Facilities Charge is provided in Section 16 of this Attachment 2.
- (x) Interconnection Facilities Completion Date: The date upon which the construction of the Distribution Provider's Interconnection Facilities is complete and such facilities are successfully tested and ready for service.
- (y) Interconnection Facilities Cost: All costs, excluding One-Time Cost, determined by the Distribution Provider to be associated with the design, engineering, procurement, construction and installation of the Distribution Provider's Interconnection Facilities as adjusted to reflect any applicable limitations pursuant to the Cost Envelope Option. The Interconnection Facilities Cost is provided in Section 15 of this Attachment 2.

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- (z) Interconnection Facilities Payment: The sum of the Interconnection Facilities Cost and associated One-Time Cost. The Interconnection Facilities Payment is provided in Section 17 of this Attachment 2.
- (aa) ITCC (Income Tax Component of Contribution): The ITCC is equal to the estimated tax liability and is the Income Tax Component of Contribution specified in the Preliminary Statement, Part M of the Distribution Provider's tariff on file with the CPUC, applicable to the Distribution Upgrades Cost and Interconnection Facilities Cost. The ITCC applicable to the Distribution Upgrades Cost and Interconnection Facilities Cost is described in Section 11 of this Attachment 2 and is shown in Section 15 of this Attachment 2.
- (bb) NERC: The North American Electric Reliability Corporation or its successor organization.
- (cc) One-Time Cost: All costs determined by the Distribution Provider to be associated with the installation of the Distribution Upgrades, Distribution Provider's Interconnection Facilities, Reliability Network Upgrades, or Capital Additions which are not capitalized. The One-Time Cost associated with the Distribution Provider's Interconnection Facilities and Distribution Upgrades are subject to adjustment to reflect any applicable limitations pursuant to the Cost Envelope Option.
- (dd) Point of Change of Ownership: The point, as set forth in Attachment 3 to this GIA, where the Interconnection Customer's Interconnection Facilities connect to the Distribution Provider's Interconnection Facilities.
- (ee) Reliability Network Upgrades: The transmission facilities at or beyond the point where Distribution Provider's Distribution System interconnects to the CAISO Controlled Grid, necessary to interconnect one or more Generating Facility(ies) safely and reliably to the CAISO Controlled Grid, as defined in the CAISO Tariff.
- (ff) Reliability Network Upgrades Cost: The Interconnection Customer's allocated share of all costs, excluding One-Time Cost, determined by the Distribution Provider to be associated with the design, engineering, procurement, construction and installation of the Reliability Network Upgrades. The Reliability Network Upgrades Cost is provided in Section 15 of this Attachment 2.
- (gg) Reliability Network Upgrades Payment: The sum of the Reliability Network Upgrades Cost and associated One-Time Cost. The Reliability Network Upgrades Payment is provided in Section 17 of this Attachment 2.
- (hh) Removal Cost: The actual cost the Distribution Provider incurs for the removal of the Distribution Provider's Interconnection Facilities, Distribution Upgrades, or any portion thereof, which is calculated as the amount, if positive, of the costs of removal

minus the salvage value of the Distribution Provider's Interconnection Facilities and Distribution Upgrades.

- (ii) Trial Operation: The period during which the Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.
- (jj) Units of Property: As described in FERC's "List of Units of Property for Use in Connection with Uniform System of Accounts Prescribed for Public Utilities and Licensees" in effect as of the date of this GIA, as such "List" may be amended from time to time.

9. Transmission Credits. None.

10. Security Amount for the Distribution Upgrades, the Distribution Provider's Interconnection Facilities and Network Upgrades.

- (a) **Distribution Upgrades**: Pursuant to Article 6.3 and Attachment 4 of the GIA, the Interconnection Customer shall provide Interconnection Financial Security in the total amount of \$0 to cover the costs for constructing, procuring and installing the Distribution Upgrades.
- (b) **The Distribution Provider's Interconnection Facilities**: Pursuant to Article 6.3 and Attachment 4 of the GIA, the Interconnection Customer shall provide Interconnection Financial Security in the total amount of \$0 to cover the costs for constructing, procuring and installing the Distribution Provider's Interconnection Facilities.
- (c) **Network Upgrades**: Pursuant to Article 6.3 and Attachment 4 of the GIA, the Interconnection Customer shall provide Interconnection Financial Security in the total amount of \$0 to cover the costs for constructing, procuring and installing the Network Upgrades.
- (d) To the extent that any Interconnection Financial Security is not utilized by the Distribution Provider, the release of such Interconnection Financial Security shall be made in accordance with the Interconnection Customer's instructions.

11. Estimated Tax Liability. The Interconnection Customer's estimated tax liability is as follows:

Current Tax Rate x (Gross Income Amount – Present Value of Tax Depreciation)/(1 – Current Tax Rate) = 24%

Estimated tax liability for Distribution Provider's Interconnection Facilities = 24% x (Interconnection Facilities Cost) = 24% x (\$108,100) = \$25,944

Estimated tax liability for Distribution Upgrades = 24% x (Distribution Upgrades Cost) = 24% x (\$78,800) = \$18,888

Estimated tax liability assumes the following costs:

Interconnection Facilities Cost = \$108,100

Distribution Upgrades Cost = \$78,700

Based upon the total estimated tax liability, the Interconnection Customer shall provide payment to the Distribution Provider in the amount of \$44,832, pursuant to Section 17 of this Attachment 2.

12. Removal of the Distribution Provider's Interconnection Facilities and Distribution Upgrades. Following termination of the GIA, the Distribution Provider will remove the Distribution Provider's Interconnection Facilities and Distribution Upgrades from service to the Interconnection Customer, pursuant to Article 3.3 of the GIA. On or before the date one year following termination of the GIA, the Distribution Provider shall notify the Interconnection Customer as to whether the Distribution Provider intends to physically remove the Distribution Provider's Interconnection Facilities, Distribution Upgrades, or any part thereof. If the Distribution Provider intends to physically remove the Distribution Provider's Interconnection Facilities, Distribution Upgrades, or any part thereof, then the Distribution Provider shall physically remove such facilities within two years from the date of notification of intent, and the Interconnection Customer shall pay the Removal Cost. If the Distribution Provider does not intend to physically remove the Distribution Provider's Interconnection Facilities, Distribution Upgrades, or any part thereof, then the Interconnection Customer shall have no obligation to pay such Removal Cost.

13. Charges.

- (a) The Interconnection Customer shall pay to the Distribution Provider the following charges in accordance with the GIA: (i) Interconnection Facilities Payment; (ii) Distribution Upgrades Payment; (iii) Reliability Network Upgrades Payment; (iv) payments for any Capital Additions; (v) Distribution Upgrades Charge; (vi) Interconnection Facilities Charge; (vii) Removal Cost pursuant to Section 12 of this Attachment 2; (viii) termination charges pursuant to Article 3.3.5 of the GIA; and (ix) disconnection costs pursuant to Article 3.3.4 of the GIA.
- (b) The Interconnection Facilities Cost, Distribution Upgrades Cost, Reliability Network Upgrades Cost, Capital Additions Cost, One-Time Cost and Removal Cost shall be compiled in accordance with Accounting Practice.
- (c) If, during the term of the GIA, the Distribution Provider executes an agreement to provide service to another entity (other than retail load) that contributes to the need for the Distribution Provider's Interconnection Facilities, the charges due hereunder may be adjusted to appropriately reflect such service based on the Distribution Provider's cost allocation principles in effect at such time.

- (d) If Capital Additions are required in order to benefit the Distribution Provider, or because of damage caused by negligence or willful misconduct of the Distribution Provider, then the Interconnection Customer will not bear cost responsibility for such Capital Additions; and no adjustment will be made to the Interconnection Facilities Cost or the Distribution Upgrades Cost; and no Capital Additions Cost or One-Time Cost will be charged to the Interconnection Customer for such Capital Additions.

14. Supplemental Billing and Payment Provisions.

- (a) Pursuant to Article 6 of the GIA, the Distribution Provider shall submit to the Interconnection Customer invoices due for the preceding month for the Interconnection Facilities Payment, Distribution Upgrades Payment and Reliability Network Upgrades Payment.
- (b) Pursuant to Articles 4.1.2 and 6.1 of the GIA, commencing on or following the Interconnection Facilities Completion Date, each month the Distribution Provider will render bills to the Interconnection Customer for the Interconnection Facilities Charge. The Interconnection Facilities Charge shall initially be based on the estimated Interconnection Facilities Cost, as specified in Section 15 of this Attachment 2, and payments made for such Interconnection Facilities Charge shall be subject to later adjustment pursuant to Sections 14(b)(i) and 14(b)(ii) of this Attachment 2. The Interconnection Facilities Charge for the first and last month of service hereunder shall be pro-rated based on the number of days in which service was provided during said months.
 - (i) If the amounts paid for the Interconnection Facilities Charge are less than the amounts due for the Interconnection Facilities Charge, as determined from the actual recorded Interconnection Facilities Cost as adjusted to reflect any applicable limitations pursuant to the Cost Envelope Option, the Distribution Provider will bill the Interconnection Customer the difference between the amounts previously paid by the Interconnection Customer and the amounts which would have been paid based on actual recorded costs as adjusted to reflect any applicable limitations pursuant to the Cost Envelope Option, without interest, on the next regular billing.
 - (ii) If the amounts paid for the Interconnection Facilities Charge are greater than the amounts due for the Interconnection Facilities Charge, as determined from the actual recorded Interconnection Facilities Cost as adjusted to reflect any applicable limitations pursuant to the Cost Envelope Option, the Distribution Provider will credit the Interconnection Customer the difference between the amounts previously paid by the Interconnection Customer and the amounts which would have been paid based on actual recorded costs as adjusted to reflect any applicable limitations pursuant to the Cost Envelope Option, without interest, on the next regular billing.

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- (c) Commencing on or following the Distribution Upgrades Completion Date, each month the Distribution Provider will render bills to the Interconnection Customer for the Distribution Upgrades Charge. The Distribution Upgrades Charge shall initially be based on the estimated Distribution Upgrades Cost, as specified in Section 15 of this Attachment 2, and payments made for such Distribution Upgrades Charge shall be subject to later adjustment pursuant to Section 14(c)(i) and 14(c)(ii) of this Attachment 2. The Distribution Upgrades Charge for the first and last month of service hereunder shall be pro-rated based on the number of days in which service was provided during said months.
- (i) If the amounts paid for the Distribution Upgrades Charge are less than the amounts due for the Distribution Upgrades Charge, as determined from the actual recorded Distribution Upgrades Cost as adjusted to reflect any applicable limitations pursuant to the Cost Envelope Option, the Distribution Provider will bill the Interconnection Customer the difference between the amounts previously paid by the Interconnection Customer and the amounts which would have been paid based on actual recorded costs as adjusted to reflect any applicable limitations pursuant to the Cost Envelope Option, without interest, on the next regular billing.
- (ii) If the amounts paid for the Distribution Upgrades Charge are greater than the amounts due for the Distribution Upgrades Charge, as determined from the actual recorded Distribution Upgrades Cost as adjusted to reflect any applicable limitations pursuant to the Cost Envelope Option, the Distribution Provider will credit the Interconnection Customer the difference between the amounts previously paid by the Interconnection Customer and the amounts which would have been paid based on actual recorded costs as adjusted to reflect any applicable limitations pursuant to the Cost Envelope Option, without interest, on the next regular billing.
- (d) In the event that any portion of the Distribution Provider's Interconnection Facilities or Distribution Upgrades is not complete but, at the request of the Interconnection Customer, the Distribution Provider commences interconnection service under this GIA notwithstanding the incomplete facilities, the Distribution Provider shall commence billing, and the Interconnection Customer shall pay, the Interconnection Facilities Charge and the Distribution Upgrades Charge, as applicable, commencing on the date that such service commences.
- (e) In accordance with Articles 4.1.2 and 6.1 of the GIA, the Distribution Provider shall submit invoices to the Interconnection Customer for the preceding month for Capital Additions payments due, if any.
- (i) For Capital Additions that are the cost responsibility of the Interconnection Customer, the Distribution Provider will provide at least sixty (60) calendar days

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advance written notification to the Interconnection Customer prior to commencing work, except that the Distribution Provider may commence the work on the Capital Additions with either shorter advance written notification or written notification after the work has commenced, at the Distribution Provider's sole discretion, if the Distribution Provider determines that the Capital Additions are required to comply with safety or regulatory requirements or to preserve system integrity or reliability. Any such written notification will include the estimated cost of the Capital Additions, and the amount of and due date for the security, if any, required to be paid by the Interconnection Customer, which is sufficient to cover the costs for constructing, procuring and installing the Capital Additions consistent with the applicable terms of Article 6.3 of the GIA.

- (ii) Except as provided in Section 13(d) of this Attachment 2, if certain of the Distribution Provider's Interconnection Facilities or Distribution Upgrades are removed to accommodate Capital Additions and such removal results in a change in the Interconnection Facilities Cost or Distribution Upgrades Cost, the Interconnection Facilities Charge or Distribution Upgrades Charge, as applicable, shall be adjusted to reflect the change in the Interconnection Facilities Cost or Distribution Upgrades Cost, as applicable, as of the in-service date of such Capital Additions.
- (iii) Except as provided in Section 13(d) of this Attachment 2, if Capital Additions result in an increase in the Interconnection Facilities Cost or Distribution Upgrades Cost, then the Interconnection Facilities Charge or Distribution Upgrades Charge, as applicable, shall be adjusted as of the in-service date of such Capital Additions to reflect the change in such costs.
- (f) As soon as reasonably practicable, but within three (3) months after the in-service date of any Capital Additions, the Distribution Provider shall provide an invoice of the final cost of the construction of the Capital Additions to the Interconnection Customer, and shall set forth such costs in sufficient detail to enable the Interconnection Customer to compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates. The Distribution Provider will refund to the Interconnection Customer any amount by which the payment made by the Interconnection Customer for estimated costs of the Capital Additions exceeds the actual costs of construction within thirty (30) calendar days of the issuance of such final construction invoice; or, in the event the actual costs of construction exceed the Interconnection Customer's payment made for the estimated costs of the Capital Additions, then the Interconnection Customer shall pay to the Distribution Provider any amount by which the actual costs of construction exceed the payment made by the Interconnection Customer for estimated costs within thirty (30) calendar days of the issuance of such final construction invoice.
- (g) If, in accordance with the removal of the Distribution Provider's Interconnection Facilities and Distribution Upgrades, as specified in Section 12 of this Attachment 2, the Distribution Provider decides to physically remove the Distribution Provider's

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Interconnection Facilities or Distribution Upgrades, or any part thereof, the Distribution Provider shall render a bill to the Interconnection Customer for the Removal Cost. The Interconnection Customer shall pay the Removal Cost within thirty (30) calendar days of such bill. Such billing shall initially be based on the Distribution Provider's estimate of the Removal Cost. Within twelve (12) months following the removal of the Distribution Provider's Interconnection Facilities or Distribution Upgrades, or any part thereof, the Distribution Provider shall determine the actual Removal Cost and provide the Interconnection Customer with a final invoice. The Distribution Provider shall refund to the Interconnection Customer any amount by which the payment by the Interconnection Customer for the estimated Removal Cost exceeds the actual Removal Cost within thirty (30) calendar days of the issuance of such final invoice; or, in the event the actual Removal Cost exceeds the Interconnection Customer's payment for the estimated Removal Cost, then the Interconnection Customer shall pay to the Distribution Provider any amount by which the actual Removal Cost exceeds the payment by the Interconnection Customer for the estimated Removal Cost within thirty (30) calendar days of the issuance of such final invoice.

15. Interconnection Facilities Cost, Distribution Upgrades Cost and Reliability Network Upgrades Cost Summary.

(a) Estimated Cost:

Element	Interconnection Facilities Cost	Distribution Upgrades Cost	Reliability Network Upgrades Cost	One-Time Cost	Total	ITCC*
Subject to Cost Envelope						
Distribution Provider's Interconnection Facilities						
Primary riser						
Labor	\$869.98				\$869.98	
Material	\$258.91				\$258.91	
Sub-total	\$1,128.89				\$1,128.89	\$270.93
400 feet of primary cable						
Labor	\$1,393.95				\$1,393.95	
Material	\$4,858.88				\$4,858.88	
Sub-total	\$6,252.83				\$6,252.83	\$1,500.68
One (1) 3-way pad-mounted gas switch						
Labor	\$4,996.70				\$4,996.70	
Material	\$43,784.57				\$43,784.57	
Sub-total	\$48,781.27				\$48,781.27	\$11,707.50
16kV metering and associated wiring						
Labor	\$1,803.14				\$1,803.14	

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Material	\$6,497.38				\$6,497.38	
Sub-total	\$8,300.52				\$8,300.52	\$1,992.12
Centralized RTU						
Labor				\$6,100.00	\$6,100.00	
Material						
Sub-total				\$6,100.00	\$6,100.00	
Sub-total Distribution Provider's Interconnection Facilities	\$64,463.51			\$6,100.00	\$70,563.51	
Distribution Upgrades						
Bi-directional watt-transducer						
Labor		\$99,387.19			\$99,387.19	
Material		\$14,969.72			\$14,969.72	
Sub-total		\$114,356.91			\$114,356.91	\$27,445.66
Point addition to RTU						
Labor				\$23,656.96	\$23,656.96	
Material						
Sub-total				\$23,656.96	\$23,656.96	
Sub-total Distribution Upgrades		\$114,356.91		\$23,656.96	\$138,013.87	
Total	\$64,463.51	\$114,356.91		\$29,756.96	\$208,577.38	\$42,916.90
Not Subject to Cost Envelope						
Distribution Provider's Interconnection Facilities						
Sub-total Distribution Provider's Interconnection Facilities	\$0			\$0	\$0	
Distribution Upgrades						
Sub-total Distribution Upgrades		\$0		\$0	\$0	
Reliability Network Upgrades						
Sub-total Reliability Network Upgrades	\$0		\$0	\$0	\$0	
Total	\$0	\$0	\$0	\$0	\$0	
Total Estimated Cost = Total Subject to Cost Envelope + Total Not Subject to Cost Envelope						
Total Estimated Cost	\$64,463.51	\$114,356.91	\$0	\$29,756.96	\$208,577.38	\$42,916.90

All amounts shown above are in nominal dollars.

*Note: ITCC/estimated tax liability will be provided pursuant to Attachment 2, Sections 11 and 17.

The estimated costs provided in the table above in this Section 15(a) of Attachment 2 of the GIA are provided pursuant to the Cost Envelope Option. Any change in the information provided by the Interconnection Customer as permitted under Section F.7 of Rule 21 used in support of preparation of the Cost Envelope Estimate by the Distribution Provider may require re-evaluation of the Cost Envelope Estimate at the Interconnection Customer's expense in accordance with Section F.7 of Rule 21.

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(b) Actual Cost:

[TO BE INSERTED AFTER TRUE-UP OF ACTUAL COSTS]

Element	Interconnection Facilities Cost	Distribution Upgrades Cost	Reliability Network Upgrades Cost	One-Time Cost	Total	ITCC
Total						

16. Interconnection Facilities Charge and Distribution Upgrades Charge.

(a) Interconnection Facilities Charge = Customer-Financed Monthly Rate x (Interconnection Facilities Cost)

Effective	Customer-Financed Monthly Rate	Estimated		Actual	
		Interconnection Facilities Cost	Interconnection Facilities Charge	Interconnection Facilities Cost	Interconnection Facilities Charge
As of the Interconnection Facilities Completion Date	0.38%	\$64,463.51	\$244.96	[to be inserted after true-up]	[to be inserted after true-up]

(b) Distribution Upgrades Charge = Customer-Financed Monthly Rate x (Distribution Upgrades Cost)

Effective	Customer-Financed Monthly Rate	Estimated		Actual	
		Distribution Upgrades Cost	Distribution Upgrades Charge	Distribution Upgrades Cost	Distribution Upgrades Charge
As of the Distribution	0.38%	\$114,356.91	\$434.56	[to be inserted after true-up]	[to be inserted after true-up]

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Upgrades Completion Date					
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17. Payment Schedule.

The payment amounts shown below are based on an estimate of the costs expected to be incurred for the Distribution Upgrades, Distribution Provider’s Interconnection Facilities, and Network Upgrades.

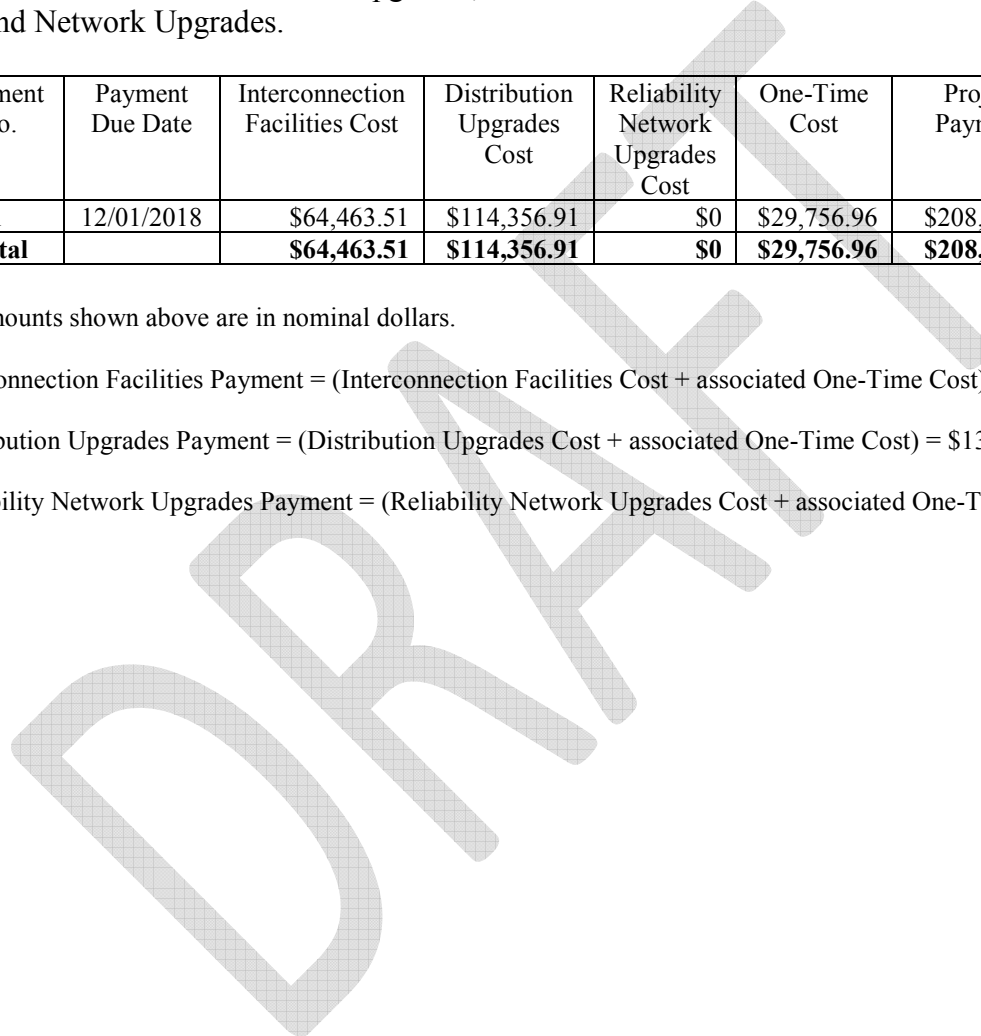
Payment No.	Payment Due Date	Interconnection Facilities Cost	Distribution Upgrades Cost	Reliability Network Upgrades Cost	One-Time Cost	Project Payment	Associated ITCC
1	12/01/2018	\$64,463.51	\$114,356.91	\$0	\$29,756.96	\$208,577.38	\$42,916.90
Total		\$64,463.51	\$114,356.91	\$0	\$29,756.96	\$208,577.38	\$42,916.90

All amounts shown above are in nominal dollars.

Interconnection Facilities Payment = (Interconnection Facilities Cost + associated One-Time Cost) = \$70,563.51

Distribution Upgrades Payment = (Distribution Upgrades Cost + associated One-Time Cost) = \$138,013.87

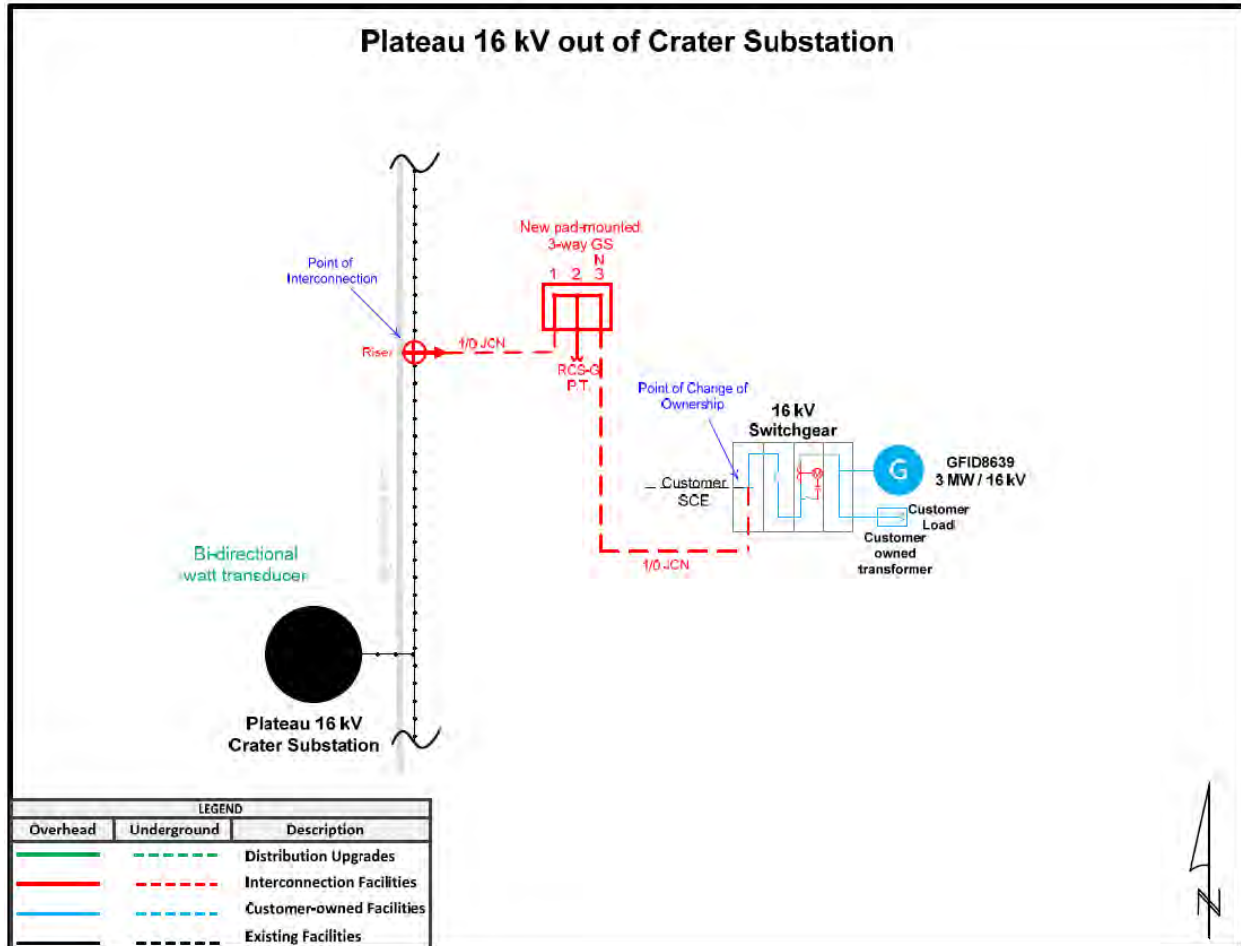
Reliability Network Upgrades Payment = (Reliability Network Upgrades Cost + associated One-Time Cost) = \$0



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Attachment 3

**One-line Diagram Depicting the Generating Facility, Interconnection
 Facilities, Metering Equipment, and Upgrades**



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Attachment 4

Milestones

In-Service Date: November 1, 2019

Critical milestones and responsibility as agreed to by the Parties:

Item	Milestone	Responsible Party	Due Date
(a)	Submit proof of insurance coverage in accordance with Article 8.1 of the GIA	Interconnection Customer	Within ten (10) calendar days after the Effective Date
(b)	Submittal of Interconnection Financial Security for the Distribution Provider's Interconnection Facilities, Distribution Upgrades and Network Upgrades to the Distribution Provider pursuant to Section 10 of Attachment 2 of the GIA	Interconnection Customer	N/A
(c)	Provide the following information ("Required Information") in support of the Distribution Provider's engineering and design of the Distribution Provider's Interconnection Facilities and Distribution Upgrades: 1) a completed Distribution Provider provided Interconnection Customer information sheet, 2) a unique address for the project, 3) public right-of-way (street) base maps as required by the interconnection, 4) street improvement plans, 5) site plot plan on a 30:1 scale or digital file, 6) grading plans, 7) sewer and storm plot plans, 8) landscape, sprinkler and pedestal locations, 9) proposed location for the RTU, if applicable, 10) easements/lease agreements, and 11) panel drawings	Interconnection Customer	Within thirty (30) calendar days after the Effective Date
(d)	Completion of the Distribution Provider's design and engineering of the Distribution Provider's Interconnection Facilities, Distribution Upgrades, if applicable, and the Civil Construction	Distribution Provider	Within ninety (90) calendar days of Distribution Provider's receipt of the Required Information

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Item	Milestone	Responsible Party	Due Date
(e)	Provide to the Interconnection Customer: 1) an updated scope of work and design for the Distribution Provider's Interconnection Facilities, Distribution Upgrades, if applicable, and the Civil Construction; 2) an updated cost estimate and schedule related to the Distribution Provider's Interconnection Facilities and Distribution Upgrades, as applicable, if there are any material changes resulting from completion of the Distribution Provider's detailed design of Distribution Provider's Interconnection Facilities and Distribution Upgrades; and 3) comment on the Interconnection Customer's proposed location for the RTU, if applicable	Distribution Provider	Within five (5) calendar days following completion of Distribution Provider's design and engineering of the Distribution Provider's Interconnection Facilities, Distribution Upgrades, if applicable, and Civil Construction
(f)	Completion of the Civil Construction, including Distribution Provider's release, in accordance with Section 1 of Attachment 2 and Section 3 of Attachment 5 of the GIA	Interconnection Customer	Within sixty (60) calendar days after the Distribution Provider provides the design for the Civil Construction to the Interconnection Customer
(g)	Submittal of final specifications for the Interconnection Customer's Interconnection Facilities and Generating Facility, including system protection facilities, to the Distribution Provider	Interconnection Customer	At least ninety (90) calendar days prior to completion of the Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades
(h)	Review of and comment on the Interconnection Customer's final specifications	Distribution Provider	Within forty-five (45) calendar days following the Interconnection Customer's submittal of the final specifications for the Interconnection Customer's Interconnection Facilities and Generating Facility

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Item	Milestone	Responsible Party	Due Date
(i)	Notification of testing and inspection of the Generating Facility and Interconnection Customer's Interconnection Facilities pursuant to Articles 2.1.1 and 2.3.1 of the GIA	Interconnection Customer	At least five (5) Business Days prior to such testing and inspection
(j)	Performance of a complete calibration test and functional trip test of the system protection facilities	Interconnection Customer and Distribution Provider	At least fifteen (15) calendar days prior to the Initial Synchronization Date
(k)	Submission of a written test report to the Distribution Provider, in accordance with Article 2.1.1 of the GIA	Interconnection Customer	Within five (5) Business Days following completion of Interconnection Customer's testing and inspection
(l)	Written acknowledgement of the Generating Facility and Interconnection Customer's Interconnection Facilities written test report pursuant to Article 2.1.2 of the GIA	Distribution Provider	Within five (5) Business Days of Interconnection Customer's submission of the test report
(m)	Submission of written documentation reflecting Interconnection Customer's satisfaction of parallel operation requirements pursuant to Article 2.2.2 of the GIA	Interconnection Customer	At least fifteen (15) calendar days prior to the Initial Synchronization Date
(n)	Proposed Interconnection Customer's Interconnection Facilities completion date	Interconnection Customer	November 1, 2019
(o)	Completion of the Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades	Distribution Provider	Within twelve (12) months following the Effective Date, assuming Items (c) and (f) of this Attachment 4 have occurred timely*
(p)	Provide the Distribution Provider written notice of the Interconnection Customer's expected date of initial synchronization of the Generating Facility to the Distribution System	Interconnection Customer	At least fifteen (15) calendar days prior to the Initial Synchronization Date

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Item	Milestone	Responsible Party	Due Date
(q)	Provide the Interconnection Customer written notice that the required Distribution Provider facilities have been installed and tested, and have been approved to allow initial synchronization of the Generating Facility to the Distribution System and the commencement of Trial Operation in accordance with Article 2.2.2	Distribution Provider	At least ten (10) calendar days prior to the Initial Synchronization Date
(r)	In-Service Date	Interconnection Customer	December 1, 2019
(s)	Proposed Initial Synchronization Date/Trial Operation	Interconnection Customer	December 10, 2019
(t)	Provide the Interconnection Customer written notice that the required Distribution Provider facilities have been installed and tested, and have been approved to allow the Generating Facility to operate in parallel with the Distribution Provider's Distribution System	Distribution Provider	Within five (5) calendar days after the Initial Synchronization Date and the Interconnection Customer's satisfaction of parallel operation requirements pursuant to Article 2.2.2
(u)	Proposed Commercial Operation Date	Interconnection Customer	December 20, 2019
(v)	Submittal of "as-built" drawings, information and documents for the Interconnection Customer's Interconnection Facilities, including the Civil Construction, and the Generating Facility to the Distribution Provider	Interconnection Customer	Within one hundred twenty (120) calendar days after the Commercial Operation Date, unless otherwise agreed

* Note: The Interconnection Customer understands and acknowledges that such timeline is only an estimate and that equipment and material lead times, labor availability, outage coordination, regulatory approvals, right-of-way negotiations, or other unforeseen events could delay the actual in-service dates of the Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades beyond those specified. The Distribution Provider shall not be liable for any cost or damage incurred by the Interconnection Customer because of any delay in the work provided for in this GIA.

Agreed to by:

For the Distribution Provider _____ Date _____
Jill P. Horswell

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For the Distribution Owner (If Applicable) _____ Date _____

For the Interconnection Customer _____ Date _____
[Name]

DRAFT

**Additional Operating Requirements for the Distribution Provider's
Distribution System and Affected Systems Needed to Support
the Interconnection Customer's Needs**

The Distribution Provider shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the Distribution Provider's Distribution System.

1. Generating Facility: All equipment and facilities comprising the Interconnection Customer's 3.0 net MW (3.0 gross MW) Las Virgenes Solar Farm generating facility at 3810 Las Virgenes Rd, Calabasas, CA 91302 (APN#: 4455-025-900), as disclosed by the Interconnection Customer in its Interconnection Request, as may have been amended, which includes:

- (a) Eligible Renewable Generating Facility – a 3.0 net kW (3.0 gross kW) solar photovoltaic generator which consists of (i) fifty (50) SOLECTRIA – PVI-60TL-480 [SI1] inverters each rated at 60 kW, (ii) the associated infrastructure, (iii) meters and metering equipment, and (iv) appurtenant equipment.
- (b) Non-Participating Generator – Not Applicable.

The amount of net capacity provided to the Eligible Renewable Generating Facility under this GIA for the export of electrical energy to the grid is **3.0 MW** at the Point of Interconnection.

The Interconnection Customer acknowledges that if the Interconnection Customer wishes to increase the amount of interconnection capacity provided pursuant to this GIA, the Interconnection Customer shall be required to submit a new Interconnection Request in accordance with the terms and conditions of applicable tariffs.

2. Interconnection Customer Operational Requirements.

- (a) Pursuant to Article 1.5.2 of the GIA, the Interconnection Customer shall operate the Generating Facility and the Interconnection Customer's Interconnection Facilities in accordance with Rule 21; and the Applicable Reliability Council requirements; and Applicable Reliability Standards.
- (b) The Generating Facility shall be operated so as to prevent or protect against the following adverse conditions on the Distribution Provider's electric system: inadvertent and unwanted re-energizing of a utility dead line or bus; interconnection while out of synchronization; overcurrent; voltage imbalance; ground faults; generated alternating current frequency outside permitted safe limits; power factor or reactive power outside permitted limits; and abnormal waveforms.

- (c) The Parties agree that the Interconnection Customer shall not hold the Distribution Provider liable for damage to the Generating Facility that may be caused due to sympathetic generation tripping associated with the Interconnection Customer's Generating Facility design.
- (d) Neither Party's facilities shall cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, or any applicable superseding electric industry standard or any alternative Applicable Reliability Standard or other applicable reliability council standard. In the event of a conflict among ANSI Standard C84.1-1989, or any applicable superseding electric industry standard, or any alternative Applicable Reliability Standard or other applicable reliability council standard, the alternative Applicable Reliability Standard or other applicable reliability council standard shall control.
- (e) The Interconnection Customer shall control the Generating Facility's output ramp rate so as to prevent adverse voltage conditions on the Distribution System. Such ramp rate control shall be in accordance with parameters, which may be modified from time to time by the Distribution Provider, set forth by the Distribution Provider and provided to the Interconnection Customer within 30 calendar days following the Distribution Provider's completion of final engineering for the Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades, as applicable.

3. Interconnection Principles:

- (a) The costs associated with any mitigation measures required to third party transmission systems, which result from interconnection of the Generating Facility to the Distribution Provider's electrical system, are not reflected in this GIA. The Distribution Provider shall have no responsibility to pay costs associated with any such mitigation measures.
- (b) In the event the Distribution Provider's Interconnection Facilities are utilized to provide retail service to the Interconnection Customer in addition to the interconnection service provided under this GIA, and the Interconnection Customer fails to make payment for such retail service in accordance with the Distribution Provider's applicable retail tariffs, then the Distribution Provider's Interconnection Facilities may be removed from service to the Interconnection Customer, subject to the notice and cure provisions of such retail tariffs, until payment is made by the Interconnection Customer pursuant to such retail tariffs.
- (c) Review by the Distribution Provider of the electrical specifications, design, construction, operation, or maintenance of the Generating Facility and Interconnection

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(Applicable to Schedule RES-BCT)

Customer's Interconnection Facilities shall not constitute any representation as to the economic or technical feasibility, operational capability, or reliability of such facilities. The Interconnection Customer shall in no way represent to any third party that any such review by the Distribution Provider of such facilities, including, but not limited to, any review of the design, construction, operation, or maintenance of such facilities by the Distribution Provider, is a representation by the Distribution Provider as to the economic or technical feasibility, operational capability, or reliability of the Generating Facility or the Interconnection Customer's Interconnection Facilities.

- (d) Prior to Commercial Operation, the Distribution Provider will verify that any required low-voltage ride-through, SCADA capability, and power factor correction equipment have been installed.
- (e) The Parties acknowledge and agree that Interconnection Customer's construction of the Civil Construction work is being performed by the Interconnection Customer on its own behalf and Article 7.3.2 of the GIA does not apply. Accordingly, Interconnection Customer shall at all times indemnify, defend and save Distribution Provider harmless from any and all damages, losses, claims, demands, suits, recoveries, cost and expenses, court cost, attorney fees, and all other obligations, arising out of or resulting from the Interconnection Customer's construction of the Civil Construction, except in the case of gross negligence or intentional wrongdoing by Distribution Provider.
- (f) Prior to commencing construction of the Civil Construction, Distribution Provider shall review Interconnection Customer's construction documents and Interconnection Customer shall obtain Distribution Provider's approval of such documents. Such approval shall not be unreasonably withheld.
- (g) During construction of the Civil Construction, Distribution Provider shall have the right to access the Civil Construction to conduct inspections.
- (h) If at any time during construction, Distribution Provider determines that the Civil Construction does not meet Distribution Provider's standards and specifications, Interconnection Customer shall remedy such deficiencies.
- (i) Following completion of construction of the Civil Construction and prior to the in-service date of the Civil Construction, Distribution Provider shall provide final inspection and field testing of the Civil Construction, and Interconnection Customer shall obtain an inspection release from the proper inspection authority.
- (j) Following completion of the Civil Construction, the Distribution Provider may determine that the Civil Construction, or a portion thereof, in support of the interconnection for the Generating Facility may need to be owned by the Distribution Provider. Upon such determination, the Civil Construction, or a portion thereof, will be reclassified as Distribution Provider's Interconnection Facilities and/or Distribution Upgrades, as applicable, and the Interconnection Customer shall be required to transfer

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ownership to the Distribution Provider. The Interconnection Customer understands and acknowledges that upon such transfer, it shall provide to Distribution Provider the final costs of the Civil Construction actually transferred in a form acceptable to the Distribution Provider, and Interconnection Customer shall be responsible for the ITCC and Interconnection Facilities Charge and/or Distribution Upgrades Charge for the portion of the Civil Construction transferred to Distribution Provider. Any reclassification of the Civil Construction and the terms and conditions related to the transfer of the reclassified portions of the Civil Construction to the Distribution Provider shall be reflected in an amendment to the GIA.

- (k) Within one hundred-twenty (120) calendar days of the Commercial Operation Date, Interconnection Customer shall deliver to Distribution Provider “as-built” drawings, information, and any other documents that are required by Distribution Provider to assure that the Civil Construction is built to the standards and specifications required by Distribution Provider.
- (l) The Interconnection Customer shall complete and receive approval for all environmental impact studies and any permitting necessary for the construction, operation and maintenance of the Generating Facility and Interconnection Customer’s Interconnection Facilities. The Interconnection Customer shall include the Distribution Provider’s Interconnection Facilities, Distribution Upgrades and Network Upgrades described in Attachments 2 and 6 of this GIA in all such environmental impact studies, where applicable. The Interconnection Customer shall provide the results of such studies and approvals to the Distribution Provider for use in the Distribution Provider’s application(s) to obtain the regulatory approvals required to be obtained by Distribution Provider for the construction, operation and maintenance of the Distribution Provider’s Interconnection Facilities, Distribution Upgrades and Network Upgrades described in Attachments 2 and 6 of this GIA.
- (m) The Interconnection Customer is responsible for all costs associated with any necessary relocation of any of the Distribution Provider’s facilities as a result of the Generating Facility and Interconnection Customer’s Interconnection Facilities and acquiring all property rights necessary for the Interconnection Customer’s Interconnection Facilities, including those required to cross the Distribution Provider’s facilities and property. The relocation of the Distribution Provider’s facilities or use of the Distribution Provider’s property rights shall only be permitted upon written agreement between the Distribution Provider and the Interconnection Customer. Any proposed relocation of the Distribution Provider’s facilities or use of the Distribution Provider’s property rights may require a study and/or evaluation, the cost of which would be borne by the Interconnection Customer, to determine whether such use may be accommodated. The terms and conditions of any such use of the Distribution Provider’s facilities or property rights would be the subject of a separate agreement and any associated costs to the Interconnection Customer would not be considered to be associated with a Network Upgrade or Distribution Upgrade and would not be refundable to the Interconnection Customer pursuant to Article 5.2.1 of this GIA.

- (n) This GIA does not address any requirements for standby power or temporary construction power that the Generating Facility may require prior to the Interconnection Facilities Completion Date. Should the Generating Facility require standby power or temporary construction power from the Distribution Provider prior to the Interconnection Facilities Completion Date, the Interconnection Customer is responsible to make appropriate arrangements with the Distribution Provider to receive and pay for such retail service.

4. Not Used.

5. Interconnection Operations:

- (a) The Interconnection Customer shall cause the Generating Facility to participate in any protection scheme required to prevent thermal overloads and unstable conditions resulting from outages. Such participation shall be in accordance with Rule 21, applicable CPUC regulations, FERC regulations, and CAISO Tariff provisions and protocols. The Interconnection Customer will not be entitled to any compensation from the Distribution Provider, pursuant to the GIA, for loss of generation output when (i) the Generating Facility's generation is reduced or the Generating Facility is tripped off-line due to implementation of a protection scheme; or (ii) such generation output is restricted in the event any protection apparatus becomes inoperable. In accordance with Good Utility Practice, the Distribution Provider will provide the Interconnection Customer advance notice of any required protection scheme beyond that which has already been identified in this GIA.
- (b) Following outages of the Interconnection Facilities or the Generating Facility, the Interconnection Customer shall not energize the Generating Facility or Interconnection Customer's Interconnection Facilities for any reason without specific permission from the Distribution Provider's operations personnel. Such permission shall not be unreasonably withheld.
- (c) The Interconnection Customer shall maintain operating communications with the Distribution Provider's designated switching center. The operating communications shall include, but not be limited to, system parallel operation or separation, scheduled and unscheduled outages, equipment clearances, protective relay operations, and levels of operating voltage and reactive power.
- (d) The Distribution Provider may perform technical assessments reasonably related to interconnection or operation of the Generating Facility when requested by the Interconnection Customer, directed by the CAISO in accordance with the CAISO Tariff, or as deemed necessary by the Distribution Provider, at the Interconnection Customer's expense, with scope, timing and cost to be determined by the Distribution Provider.

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- (e) Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party (“Granting Party”) shall furnish at no cost to the other Party (“Access Party”) any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents (if allowed under the applicable agency agreement), or any affiliate, that are necessary to enable the Access Party to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Generating Facility with the Distribution System; (ii) operate and maintain the Generating Facility, the Interconnection Facilities and the Distribution Provider’s electrical system; and (iii) disconnect or remove the Access Party’s facilities and equipment upon termination of this GIA. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party’s business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party. The Interconnection Customer and Distribution Provider shall execute any necessary supplemental agreements, as determined by the Distribution Provider, to effectuate and record such easement(s) which provides the Distribution Provider unrestricted 24 hour access to Distribution Provider's Interconnection Facilities, and Distribution Upgrades, and Network Upgrades, if applicable, located on the Interconnection Customer's side of the Point of Change of Ownership for construction, operation, and maintenance.
- (f) **Compliance with Applicable Reliability Standards:** The Interconnection Customer shall comply with all Applicable Reliability Standards for the Interconnection Customer’s Interconnection Facilities and the Generating Facility. The Distribution Provider will not assume any responsibility for complying with mandatory reliability standards for such facilities and offers no opinion as to whether the Interconnection Customer must register with NERC. If required to register with NERC, the Interconnection Customer shall be responsible for complying with all Applicable Reliability Standards for the Interconnection Customer’s Interconnection Facilities and the Generating Facility up to the Point of Change of Ownership, as described in Section 5 of Attachment 2 of this GIA.

6. Insurance:

As indicated below, the designated Party shall, at its own expense, maintain in force throughout the period of this GIA, and until released by the other Party, the following minimum insurance coverages, with insurers authorized to do business in the state where the Point of Interconnection is located:

- (a) **Employers’ Liability and Workers’ Compensation Insurance.** The Distribution Provider and the Interconnection Customer shall maintain such coverage from the commencement of any construction activities providing statutory benefits for workers compensation coverage and coverage amounts of no less than one million dollars (\$1,000,000) for employer’s liability in accordance with the laws and regulations of the

RULE 21 GENERATOR INTERCONNECTION AGREEMENT (GIA)
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state in which the Point of Interconnection is located. The Distribution Provider shall provide the Interconnection Customer with evidence of such insurance within thirty (30) calendar days of any request by the Interconnection Customer. The Interconnection Customer and contractor or any other person acting on Interconnection Customer's behalf shall provide evidence of such insurance thirty (30) calendar days prior to entry by any employee or contractor or other person acting on the Interconnection Customer's behalf onto any construction site to perform any work related to the Interconnection Facilities or Generating Facility.

- (b) Commercial General Liability Insurance. The Distribution Provider and the Interconnection Customer shall maintain commercial general liability insurance commencing within thirty (30) days of the Effective Date of this GIA, Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of one million dollars (\$1,000,000) per occurrence/one million dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage. If the activities of the Interconnection Customer are being conducted through the actions of an affiliate, then the Interconnection Customer may satisfy the insurance requirements of this Attachment 5 Section 6(b) by providing evidence of insurance coverage carried by such affiliate and showing the Distribution Provider as an additional insured, together with the Interconnection Customer's written representation to the Distribution Provider that the insured affiliate is conducting all of the necessary pre-construction work. Within thirty (30) calendar days prior to the entry of any person on behalf of the Interconnection Customer onto any construction site to perform work related to the Interconnection Facilities or Generating Facility, the Interconnection Customer shall replace any evidence of affiliate insurance with evidence of such insurance carried by the Interconnection Customer, naming the Distribution Provider as additional insured.
- (c) Business Automobile Liability Insurance. Prior to the entry of any vehicles on any construction site in connection with work done by or on behalf of the Interconnection Customer, the Interconnection Customer shall provide evidence of coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of one million dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage. Upon the request of the Distribution Provider, the Interconnection Customer shall name the Distribution Provider as an additional insured on any such policies.
- (d) Excess Liability Insurance. Commencing at the time of entry of any person on its behalf upon any construction site for the Distribution Upgrades, Interconnection Facilities, or Generating Facility, the Distribution Provider and the Interconnection

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Customer shall maintain excess liability insurance over and above the Employers' Liability, Commercial General Liability, and Business Automobile Liability Insurance coverage, with a minimum limit of one million dollars per MW, of Generating Facility capacity, rounded up to the nearest MW, per occurrence, up to a maximum of twenty million dollars (\$20,000,000) per occurrence/twenty million dollars (\$20,000,000) aggregate. Such insurance carried by the Distribution Provider shall name the Interconnection Customer as an additional insured, and such insurance carried by the Interconnection Customer shall name the Distribution Provider as an additional insured.

- (e) The Commercial General Liability Insurance, Business Automobile Liability Insurance and Excess Liability Insurance policies shall name the other Party identified in the sections above, its parent, associated and affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this GIA against the Other Party Group and provide thirty (30) calendar days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition. If any Party can reasonably demonstrate that coverage policies containing provisions for insurer waiver of subrogation rights, or advance written notice are not commercially available, then the Parties shall meet and confer and mutually determine to (i) establish replacement or equivalent terms in lieu of subrogation or notice or (ii) waive the requirements that coverage(s) include such subrogation provision or require advance written notice from such insurers.
- (f) The Commercial General Liability Insurance, Business Automobile Liability Insurance and Excess Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.
- (g) The Commercial General Liability Insurance, Business Automobile Liability Insurance and Excess Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this GIA, which coverage may be in the form of extended reporting period coverage if agreed by the Parties.
- (h) The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this GIA.
- (i) Within ten (10) calendar days following the Effective Date of this GIA, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and

RULE 21 GENERATOR INTERCONNECTION AGREEMENT (GIA)
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in any event within ninety (90) calendar days thereafter, each Party shall provide certification of all insurance required in this GIA, executed by each insurer or by an authorized representative of each insurer.

- (j) Notwithstanding the foregoing, each Party may self-insure (a) to meet the insurance requirements of Section 6(a) of this Attachment 5, to the extent that it maintains a self-insurance program and is a qualified self-insurer within the state in which the Point of Interconnection is located, under the laws and regulations of such state; and (b) to meet the minimum insurance requirements of Sections 6(b) through 6(i) of this Attachment 5 to the extent it maintains a self-insurance program; provided that, such Party's senior secured debt is rated at investment grade or better by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Sections 6(b) through 6(i) of this Attachment 5. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Sections 6(b) through 6(i) of this Attachment 5. In the event that a Party is permitted to self-insure pursuant to Article 8 of this GIA and Section 6(j) of this Attachment 5, it shall notify the other Party that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Section 6(i) of this Attachment 5.
- (k) The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this GIA.

Distribution Provider's Description of its Upgrades and Cost Responsibility

The Distribution Provider shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Distribution Provider shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

1. **Network Upgrades.** None.
2. **Distribution Upgrades.** The Distribution Provider shall:
 - (a) Install a bi-directional watt transducer.
 - (b) Real Properties.
Obtain easements and/or acquire land for the installation of the Distribution Upgrades, including any associated telecommunication equipment.
 - (c) Environmental Activities, Permits, and Licensing.
Perform all required environmental activities, and obtain required licensing and permits for the installation of Distribution Upgrades, including any associated telecommunication equipment.

See Attachment 2, Section 15 for the estimated cost of Distribution Upgrades.

RULE 21 GENERATOR INTERCONNECTION AGREEMENT (GIA)
FOR EXPORTING GENERATING FACILITIES
(Applicable to Schedule RES-BCT)

Attachment 7

Summary of Generating Facility and Interconnection Customer Account

The customer shall also provide the following information for the Eligible Renewable Generating Facility and Non-Participating Generator, as defined in the Distribution Provider's Schedule RES-BCT:

	Eligible Renewable Generating Facility	Non-Participating Generator
(a) Generating Facility Identification Number:	GFID8639	
(b) Interconnection Customer Meter Number:	256000169208	
(c) Interconnection Customer Service Account Number:	3000436862	
(d) Applicable Rate Schedule:	TOU-GS2B	
(e) Generating Facility Location:	3810 Las Virgenes Rd, Calabasas, CA 91302 (APN#: 4455-025-900)	
	Eligible Renewable Generating Facility	Non-Participating Generator
(f) Generating Facility Technology:	solar photovoltaic	Not-Applicable
(g) Generating Facility Capacity:	3.0 net MW 3.0 gross MW	Not-Applicable
(h) Estimated Monthly Energy Production of the Generating Facility:	[xxx] MWh	Not-Applicable
(i) Estimated Date of Parallel Operation of the Generating Facility with the Distribution System:	December 10, 2019	Not-Applicable

December 3, 2018 JPA Board Meeting

TO: JPA Board of Directors

FROM: Facilities & Operations

Subject : Carbon Tower Media Replacement: Authorization of Purchase Order

SUMMARY:

One of the routine maintenance projects included in the JPA budget is for replacement of the granular activated carbon used for odor control at the Tapia Water Reclamation Facility. There are four carbon towers that service the headworks facility and three carbon towers for the primary sedimentation basins. These carbon towers need to have the media replaced regularly to function properly. For Fiscal Year 2018-19, the media replacement is scheduled for one headworks carbon tower (18,000 lbs.) and two primary sedimentation basin carbon towers (6,000 lbs. each). The life expectancy of the carbon for the headworks facility is approximately two years, compared to one year for primary sedimentation basins. Additionally, LVMWD replaces the media for the carbon towers at its two lift stations annually.

A request for quotes was advertised for the carbon media replacement on LVMWD's website, and one bid was received from Carbon Activated Corporation, in the amount of \$38,596. Staff recommends that the Board accept the bid from Carbon Activated Corporation and authorization to issue a purchase order, in the amount of \$38,596, for carbon media replacement.

RECOMMENDATION(S):

Accept the bid from Carbon Activated Corporation and authorize the Administering Agent/General Manager to issue a purchase order, in the amount of \$38,596, for carbon tower media replacement.

FISCAL IMPACT:

Yes

ITEM BUDGETED:

Yes

FINANCIAL IMPACT:

The total cost of the carbon media replacement is \$38,596. Sufficient funds are available in the adopted Fiscal Year 2018-19 JPA and LVMWD Budgets for the service. The cost of

carbon media replacement at the Tapia Water Reclamation Facility will be charged to the JPA and allocated 70.6% to LVWMD and 29.4% to Triunfo Sanitation District. The cost of media replacement for the lift stations will be charged 100% to LVMWD.

Prepared by: Brett Dingman, Water Reclamation Manager

ATTACHMENTS:

Carbon Activated Corporation Bid



CARBON ACTIVATED CORP.

Bid Packet for

RFQ “ Tapia WRF Odor
Control Tower Carbon
Replacement”

Due: November 14th by 3:00pm

and must be initialed in ink by the person signing the proposal.

II. VENDOR QUALIFICATIONS

The vendor must have a Class A General Engineering Contractors license issued by the State of California Contractors Licensing Board. The proposal must include all the following information. Failure to do so could result in disqualification.

1. List at least three references including names, addresses, telephone numbers and contact persons of clients for whom you have performed similar services as requested in this proposal.
 1. San Diego North City 4949 East Gate Mall, San Diego CA. 92212 Robert Ralph (858) 824-6016
 2. Los Angeles Hyperion 12000 Vista Del Mar, Playa del Rey CA 90298 Joel Jimenez (310) 648-5885
 3. City of Los Angeles Water Authority 2335 Dorris Place, Los Angeles CA 90031 Nick Steffen 213 344 8411

2. State how long you have been operating under your present company name. 22 years

3. Have you ever defaulted on a contract? No

4. If yes to #3, please describe the circumstances for the default(s). N/A

5. Bidder's qualifications, years in business, experience in providing the level and type of service specified in the proposal. *****See attached letter*****

III. STANDARD PROVISIONS FOR CONTRACTS

If a contract is awarded, the selected bidder will be required to adhere to a set of general contract provisions which will become a part of any formal agreement. A copy of the contract and conditions is included for reference. These provisions are general principles which apply to all contractors of service to District such as the following:

LAS VIRGENES MUNICIPAL WATER DISTRICT
SCHEDULE OF WORK AND PRICES FOR
Tapia WRF Odor Control Tower Carbon Change Out

Item No.	Description	Estimated Quantity	Unit Price	Total
1.	Removal and disposal of 18,000 pounds of spent carbon from headworks carbon tower. Refill dual bed tower with 18,000 pounds of 4 x 8 coconut shell reactivated carbon. Price to include all labor, equipment, transportation and taxes.	Lump sum		\$12,298.00
2.	Removal and disposal of 6,000 pounds of spent carbon from primary carbon tower. Refill dual bed tower with 6,000 pounds of 4 x 8 coconut shell reactivated carbon. Price to include all labor, equipment, transportation and taxes.	Lump sum		\$ 6,297.00
3.	Removal and disposal of 6,000 pounds of spent carbon from RSL wet well carbon tower. Refill dual bed tower with 5,000 pounds of 4 x 8 virgin high capacity H2S activated carbon and 1,000 pounds of 4 x 8 virgin coconut shell granular activated carbon. Price to include all labor, equipment, transportation and taxes.	Lump sum		\$14,357.00
4.	Removal and disposal of two (2) x 600 pounds of spent carbon from Lift Station vessels. Refill both vessels with 600 pounds of 4 x 8 virgin high capacity H2S activated carbon. Price to include all labor, equipment, transportation and taxes.	Lump Sum		\$5,644.00
	TOTAL ALL ITEMS:			\$38,596.00

Comments: No exceptions taken.

Company: Carbon Activated Corporation

Date: November 13, 2018

Name: Dale Kerr 

Title: Operations

2250 S. Central Ave., Compton, CA 90220

Phone: 310 885 4555 ext. 223

Printed Name

Email: dalek@activatedcarbon.com

Fax: 310 763 5126



CARBON ACTIVATED CORP.

Activated Carbon & Related Services

2250 S. Central Ave., Compton, CA 90220 ♦ Phone: (877) 323-8132, (310) 885-4555

Fax: (310) 763-5126 ♦ E-mail: info@activatedcarbon.com ♦ Website: www.activatedcarbon.com

November 13, 2018

Las Virgenes Municipal Water district
4232 Las Virgenes Road
Calabasas, CA 91302

Attn: Brett Dingman

Vendor Qualifications; the answers to 1, 2, and 3 are written on page 4 in the Vendor qualifications section in blue below is the answer for Item 5. This letter is to address our qualification, years in business, experience in providing the level and type of service specified in the proposal. Carbon Activated Corporation has been in business since 1996 in that time we have performed more than 5,000 Change out on the filters in this bid.

The President of the Corporation, Mr. Lionel Perera, has over 31 years of experience in Manufacturing, Quality Control, Storage, Reactivation, and Installation of Activated Carbon.

The Operations/Project Manager of the Corporation Dale Kerr has over 21 years of experience in Activated Carbon and Filter Media applications. His experience is in System Design for Industrial/Municipal applications, Reactivation/Disposal, to ask questions on factors dealing with Chemical Loading on Carbon and to determine the life of the Carbon.

Manufacturing Process: Depending on the GAC we are making we first select the raw material the highest high grade of Coal Base Bituminous or Coconut Shell next we crush and screen to get the correct mesh size using US Standard Screens. After screening we put the carbon through a process called Carbonization (Pyrolysis) where the raw material is heated to 1500 to 1800 degrees F for drying to remove moisture and Volatile compounds. Next the Activation process is done in a Rotary furnace, which introduces high-pressure steam at 1500 to 1800 degrees F. The last step is Post Activation screening where samples are pulled at the end of the screening process. These samples are then sent to an Independent Lab for Iodine, Total Ash, Water Soluble Ash, Moisture, Particle Size Distribution Sieve Analysis, Mean Particle Diameter, Effective Size, Uniformity Coefficient, Apparent Density, Specific Surface Area, and Water Extractable Phosphate. Then the information is faxed to us for approval prior to shipping, once approved it is shipped. Upon arrival at our warehouse our Lab Department will pull samples from 10 Super Sacks and tag each super sack from each container received then test for the following Iodine, Total Ash, Water Soluble Ash, Moisture, Particle Size Distribution Sieve Analysis, Mean Particle Diameter, Effective Size, Uniformity Coefficient, Apparent Density, Specific Surface Area, and Water Extractable Phosphate. After test results have been analyze and meets our specifications our Lab Department will release the shipment to the Shipping/Receiving Department for the unloading and storage in our Warehouse.

ISO-9001: 2008





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2250 S. Central Ave., Compton, CA 90220 ♦ Phone: (877) 323-8132, (310) 885-4555

Fax: (310) 763-5126 ♦ E-mail: info@activatedcarbon.com ♦ Website: www.activatedcarbon.com

Reactivation Return Process: Our Reactivation and Screening Plant runs 24hr per day 364 days a year.

This is a brief description of how we handle Carbon that is shipped back for Reactivation for reuse at Remediation sites throughout the United States.

Upon the arrival of the Spent Carbon back at our plant each Super Sack will be off loaded the truck. Then each super sack is tagged with the following information Site Name, Type/size of carbon, and date. Once all the media has been unloaded and tagged the Reactivation Manager will take possession of the media and schedule it for reactivation.

Reactivation process is done through our state of the art Rotary Furnace at 1400 degrees F, which is A.Q.M.D., permitted. During the reactivation process our inhouse lab will pull sample for the media to check its activity to ensure the media is being reactivated properly. This information will be logged in a book to have a baseline record of the media prior to rescreening. At this point a Reactivation Certificate is generated sent to the originating site for their records showing the media has been properly disposed of.

Once all the carbon in that lot has been reactivated it is sent to the rescreening department that will screen the product to the proper size. During the screening process our inhouse Lab will pull sample to preform sieve analysis to ensure the carbon meets size specification. Once all carbon for that lot has been screened our inhouse Lab will pull from 10 Super Sacks to test for Activity and size they will also assign a Lot number for that batch. They will log all testing information during the reactivation, screening, and the final testing into our system so if a customer request the information it can be supplied. .

Shipping/Receiving: Our warehouse is located in Compton California is where all carbon is stored in a clean, dry, and organized in the original packaging from our Manufacturing Plant. The only time repackaging is done is upon customers request. In bound Shipments of the carbon is in Van trailers as to keep it out of the elements.

Vacuum Change out: Upon arrival on site and prior to arrival on site it will be determined if entry is required to remove the spent media. If entry is required then Permits will be filled out and air samples of the quality of air will be tested from the Top, Middle, and lower levels of the filter. At all times while we have Technician inside the Filter the air quality will be monitored by a trained Attendee. If needed ladders will be placed and fall protection will be installed so safe entry and exiting can be performed. The spent media will be removed by vacuum method where the media is sucked out of the filter through a hose into a hopper which will bump every few minutes with the media falling into a Super Sack for onsite storage until shipped out for proper disposal.

ISO-9001: 2008





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Fax: (310) 763-5126 ♦ E-mail: info@activatedcarbon.com ♦ Website: www.activatedcarbon.com

Below are the Loading Procedures we use:

The Crane method: This method is used for open bay Filters or Filters that you can't load due to space. This is where a crane picks up our specially designed 1,100lb Super Sacks that are designed for 1,500lb. then carries it to an open bay filter or enclosed Filters. Open Bay type Filters there are two types of loading Dry and Wet method. **The Dry method** is where the Super Sack is lowered into the filters system the spouts on the bottom is opened to allow the carbon to flow out of the super sack into the filter. **The Wet Method** is the same as the Dry Method with the exception 18" of water is either left in or added to the Filter System. This method is used for insitences requiring low dust or if there is a concern about damaging the under-drain system. On installing new beds it is recommended that on this method the media is put on a 12 hour soak to allow the media to release air that might be trapped in the media or air pockets.

The Forklift method: This method is used for Filters that you can load the carbon from Super Sacks using as forklift or Reach Forklift. This is where the forks are put through the eye loops on the super sack that is designed to hold 1,500lb. The Forklift will pick up our specially designed 1,100lb Super Sacks and carry it to the filter for loading. There are two types of loading Dry and Wet method.

(a) Dry method; is where the Super Sack is lowered over the filters system then the spout on the bottom is opened to allow the carbon to flow out of the super sack into the filter no higher than 6 feet from the floor or media that was just loaded.

The Hand method: is usually done by using 1 or 2 cubic foot bags or with the aid of a forklift load super sacks. This is where the carbon is either poured using 1 or 2 cubic foot bags or lowered over the man way and the bottom of the Super Sack is opened and the media flows out into the Filter. On installing new beds it is recommended that on this method the media is put on a 12 hour soak to allow the media to release air that might be trapped in the media or air pockets.

The services **CARBON ACTIVATED CORPORATION** can provide to your Water Treatment plant through our Lab is testing of the carbon to check Iodine number for life left in carbon, Particle Size Distribution Sieve Analysis to insure Mean Particle Diameter, Effective Size, Uniformity Coefficient, and Apparent Density.

Regards,

Dale Kerr
Operations Manager

ISO-9001: 2008

Certified





CONTRACTORS
STATE LICENSE BOARD
ACTIVE LICENSE



License Number **842091**

Entity **CORP**

Business Name **CARBON ACTIVATED CORPORATION**

Classification **A**

Expiration Date **07/31/2020**

www.cslb.ca.gov





State of California

Department of Industrial Relations

Labor Law Cal/OSHA - Safety & Health Workers' Comp Self Insurance Apprenticeship Director's Office Boards

Public Works > Public Works Contractor (PWC) Registration Search

Public Works Contractor (PWC) Registration Search

Enter at least **one** search criteria to display registered public works contractor(s) matching your selections.

Note: Search results will display all of the public works contractor registrations, both current and expired.

Make sure the proper registration fiscal year is selected when performing a search.

Registration Fiscal Year:

PWC Registration Number:

Contractor Legal Name:

License Number: Contractor License Lookup

County:

This is a listing of PWC registrations pursuant to Division 2, Part 7, Chapter 1 (commencing with section 1720 of the California Labor Code.)

Export as: [Excel](#) | [PDF](#)

Search Results

One registered contractor found. 1

Details	Legal Name	Registration Number	County	City	License Type/Number (s)	Current Status	Registration Date	Expiration Date
View	CARBON ACTIVATED CORPORATION	1000009862	LOS ANGELES	COMPTON	CSLB:842091	Active	05/10/2018	06/30/2019

v2.20171120

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LAS VIRGENES MUNICIPAL WATER DISTRICT
4232 Las Virgenes Road, Calabasas, California 91302



REQUEST FOR QUOTATIONS

For

Tapia WRF Odor Control Tower Carbon Replacement

Proposal Issue Date

October 11, 2018

Proposal Submittal Due Date

3:00 p.m. on November 14, 2018

PRE-BID SITE EVALUATION:

By Request

REQUEST FOR QUOTATIONS

The Las Virgenes Municipal Water District is issuing a Request for Quotations (RFQ) for Tapia WRF Odor Control Tower Carbon Replacement.

Sealed Proposals: Vendor will deliver one (1) original and one (1) copy to the following address:

Las Virgenes Municipal Water District
ATTN: Brett Dingman
4232 Las Virgenes Road
Calabasas, CA 91302

By 3:00 pm on Wednesday, November 14, 2018

This submission shall include the entire Request for Quotations document and any amendments if issued.

Proposals received after the above-cited time will be considered late and are not acceptable unless waived.

- Please clearly mark the envelope as follows: "*Tapia WRF Odor Control Tower Carbon Replacement.*"
- Please direct purchasing and procedural questions regarding this RFP to Brett Dingman at (818) 251-2330.
- Please direct any site-specific questions regarding this RFP to Michael Varbel at (818) 251-2313.

I. SPECIFICATIONS

- Definitions:**
- “District”** is the Las Virgenes Municipal Water District.
 - “Bidder”** an individual or business submitting a bid to Las Virgenes Municipal Water District.
 - “Contractor”** one who contracts to perform work or furnish materials in accordance with a contract.

Purpose: The carbon media in vapor phase odor control towers needs to be changed out regularly to effectively remove odors.

Terms:

- A. District reserves the right to reject any and all proposals received as a result of this RFQ. If a proposal is selected, it will be the most advantageous regarding price, quality of service, the Vendor’s qualifications and capabilities to provide the specified service, and other factors which District may consider. The District does not intend to award a bid fully on the basis of any response made to the proposal; the District reserves the right to consider proposals for modifications at any time before a Bid would be awarded, and negotiations would be undertaken with that provider whose proposal is deemed to best meet the District’s specifications and needs.
- B. The District reserves the right to reject any or all bids, to waive or not waive informalities or irregularities in bids or bidding procedures, and to accept or further negotiate cost, terms, or conditions of any bid determined by the District to be in the best interests of the District even though not the lowest bid.
- C. The price quotations stated in the bidder’s proposal will not be subject to any price increase from the date on which the proposal is opened by the District to the mutually agreed-to date of Bid.
- D. Proposals must be signed by an official authorized to bind the provider to its provisions for at least a period of 90 days. Failure of the successful bidder to accept the obligation of the Bid may result in the cancellation of any award.
- E. In the event it becomes necessary to revise any part of the RFQ, addenda will be provided, deadlines for submission of the RFQ’s may be adjusted to allow for revisions. The entire proposal document with any amendments should be returned. To be considered, original proposal and One copy must be at the District on or before the date and time specified.
- F. Quotes should be prepared simply and economically providing a straight-forward, concise description of the vendor’s ability to meet the requirements of the RFQ. Quotes shall be written in ink or typewritten. No erasures are permitted. Mistakes may be crossed out and corrected

INDEMNIFICATION

Contractor shall defend, indemnify, and hold harmless District, its officers, employees and agents, from and against loss, injury, liability, or damages arising from any act or omission to act, including any negligent act or omission to act by Contractor or Contractor's officers, employees, or agents. Contractor's duty to indemnify and defend does not extend to the damages or liability caused by the District's sole negligence, active negligence, or willful misconduct.

INSURANCE

- (a) Contractor shall procure and maintain, for the duration of this Agreement, insurance against claims for injuries to persons or damages to property arising from or in connection with the performance of the work hereunder by the Vendor, officers, agents, employees, or volunteers.
- (b) Contractor shall provide the following coverage:
 - (1) Commercial general liability insurance written on an occurrence basis in the amount of \$1,000,000 combined single limit per occurrence for bodily injury, personal injury, and property damage. The insurance policy shall be amended to provide the general aggregate limit shall apply separately to the work under this Agreement or the general aggregate shall be twice the required per occurrence limit.
 - (2) Automobile liability insurance insuring all owned, non-owned and hired automobiles, in the amount of \$1,000,000 combined single limit per accident for bodily injury and property damage.
 - (3) Workers' Compensation insurance as required by the Labor Code of the State of California with the statutory limits required by the Labor Code.
 - (4) Employer's liability insurance of at least \$1,000,000 per occurrence.
- (c) The insurance policies required above shall contain or be endorsed to contain the following specific provisions:
 - (1) Commercial general liability and automobile liability:
 - (i) District and its board members, officers, employees, agents and volunteers are added as insureds.
 - (ii) Vendor's insurance shall be primary insurance as respects the District, its board members, officers, employees, agents and volunteers and any insurance or self-insurance maintained by District shall be in excess of Vendor's insurance and shall not contribute to it.
 - (iii) Any failure to comply with the claim reporting provisions of the policies or any breach of a policy warranty shall not affect coverage under the policy provided to District, its board members, officers, employees, agents and volunteers.
 - (iv) The policies shall contain a waiver of transfer rights of recovery ("waiver of subrogation") against District, its board members, officers, employees, agents and volunteers, for any claims arising out of the work of Vendor.
 - (v) The policies may provide coverage which contains deductible or self-insured retentions. Such deductible and/or self-insured retentions shall

not be applicable with respect to the coverage provided to District under such policies. Vendor shall be solely responsible for deductible and/or self-insured retention and District, at its option, may require Vendor to secure the payment of such deductible or self-insured retentions by a surety bond or an irrevocable and unconditional letter of credit. The insurance policies that contain deductibles or self-insured retentions in excess of \$25,000 per occurrence shall not be acceptable without the prior approval of District.

- (vi) Prior to start of work under this Agreement, Vendor shall file with District evidence of insurance as required above from an insurer or insurers certifying to the required coverage.
- (2) Each policy required in this section shall contain a policy cancellation clause that provides the policy shall not be canceled or otherwise terminated by the insurer or the Vendor or reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the District, Attention: Office Manager.
- (d) Insurance required by this Agreement shall be placed with insurers licensed by the State of California to transact insurance business of the types required herein. Each insurer shall have a current Best Insurance Guide rating of not less than A: VII unless prior approval is secured from the District as to the use of such insurer.

EQUAL OPPORTUNITY EMPLOYER

(a) CONTRACTOR will not discriminate against any employee or applicant for employment because of race, color, religion, creed, national origin, ancestry, physical handicap, medical condition, age, marital status, or sex. CONTRACTOR shall ensure applicants are employed, and employees will be treated during employment without regard to their race, color, religion, creed, national origin, ancestry, physical handicap, medical condition, age, marital status, or sex. Such actions shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation; and selection for training. CONTRACTOR shall post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this non-discrimination clause.

(b) In all solicitations or advertisements for employees, CONTRACTOR will state qualified applicants will receive consideration for employment without regard to race, color, religion, creed, national origin, ancestry, physical handicap, medical condition, age, marital status, or sex.

COMPLIANCE WITH LAWS AND REGULATIONS

The Contractor will comply with all federal, state and local regulations, including but not limited to all applicable OSHA/MIOSHA requirements and the Americans with Disabilities Act.

DEPARTMENT OF INDUSTRIAL RELATIONS REGISTRATION

Vendors and Contractors are required to be registered with the California Department of Industrial Relations (DIR) prior to providing a proposal. Form PWC-100 is required to be completed and filed with the DIR prior to commencing work.

IV. TERMS AND CONDITIONS

Award: District reserves the right to reject any and all proposals received as a result of this RFQ. If a proposal is selected it will be the most advantageous regarding price (See: "Low Bidder" following), quality of service, the Bidder's qualifications and capabilities to provide the specified service, and other factors which the District may consider. The District does not intend to award a Bid fully on the basis of any response made to the proposal; the District reserves the right to consider proposals for modifications at any time before a Bid would be awarded, and negotiations would be undertaken with that Bidder whose proposal is deemed to best meet the District's specifications and needs.

Low Bidder: A low bidder will be determined by the price, qualifications and capabilities to provide the specified services.

V. GENERAL SPECIFICATIONS

1. SCOPE OF WORK

The scope of work includes the removal and disposal of spent carbon and the supply and placement of new carbon (turnkey) as specified for each vessel as shown below:

1. One headworks carbon tower: 18,000 lb. dual bed. Use 4 x 8 coconut shell reactivated carbon.
2. One primary carbon tower: 6,000 lb. dual bed. Use 4 x 8 coconut shell reactivated carbon.
3. One RSL wet well tower: 6,000 lb. dual bed. Use 5,000 lb. 4 x 8 virgin high capacity H₂S activated carbon and 1,000 lb. Use 4 x 8 virgin coconut shell granular activated carbon.
4. Two lift station vessels: 600 lb. each. Use 4 x 8 virgin high capacity H₂S activated carbon.

The headworks, primary, and RSL wet well carbon towers are located at the Tapia Water Reclamation Facility: 731 Malibu Canyon Road, Calabasas, CA 91302. One lift station vessel is located at 4815 El Canon Road, Calabasas, CA 91302, the other is at 24303 Calabasas Road, Calabasas, CA 91302.

- The Contractor shall provide all labor, materials, equipment and supervision with incidental services necessary to complete the work described above.

- The Contractor must execute a Contractual Services Agreement (attached).
- Hours of work are Monday through Friday, between 7:00 AM and 3:00 PM.
- Timing: Work shall be completed within 3 months of award of purchase order.
- Speed limit: Posted speed limit at District facilities shall be observed at all times.



To: Las Virgenes – Triunfo JPA Board of Directors
From: John Freshman and Ana Schwab
Date: November 29, 2018
RE: Federal Report

Budget and Appropriations

December 7th is the deadline for funding of nine Cabinet departments and dozens of federal agencies, including Department of the Interior and the Environmental Protection Agency. President Trump has said that a shutdown is possible if the funding for the border wall that he would like is not included. There is a divide among current majority leadership at what level to support the President's request.

There is currently a proposal to extend current funding until December 14th. There is debate whether members would support a one-week stop-gap. Some Republicans are talking about a six month or one year funding measure.

With regards to funding the federal government, there was a proposal to switch the budget resolution from being passed annually to a two-year resolution. The Joint Select Committee on Budget and Appropriations Process Reform rejected the proposal. The change was supported by two Democrats and three Republicans, however, it needed support from five members of each party to move forward.

Tax Relief

House Ways and Means Committee Chairman has introduced a series of tax measures. One of the measures would provide several forms of tax relief to individuals and businesses affected by certain presidentially declared major disasters in 2018 including the Camp, Mendocino, and Wosley fires.

Senate Finance Committee Chairman Orrin Hatch has said that the Senate Finance Committee will be releasing its own year-end tax legislation.

116th Congress Leadership

With beginning of a new congress upcoming in January, the Democrats and Republicans have elected their leadership for the 116th Congress.

Republicans maintain the majority in the Senate and the Democrats have gained the majority in the House.

Senate Republicans

Senate Republican leadership for the 116th Congress will be:



- Majority Leader: Senator Mitch McConnell (KY)
- Majority Whip: Senator John Thune (SD)
- Conference Chair: Senator John Barrasso (WY)
- Conference Vice Chair: Joni Ernst (IA)
- Campaign Committee Chair: Senator Todd Young (IN)
- Policy Committee Chair: Senator Roy Blunt (MO)
- Steering Committee Chair: Senator Mike Lee (UT)
- Chief Deputy Whip: Senator Mike Crapo (ID)

Senate Democrats

Senate Democratic leadership for the 116th Congress will be:

- Minority Leader: Senator Chuck Schumer (NY)
- Minority Whip: Senator Dick Durbin (IL)
- Assistant Leader: Senator Patty Murray (WA)
- Policy Committee Chair: Senator Debbie Stabenow (MI)
- Caucus Vice Chairs: Senators Mark Warner (VA) and Elizabeth Warren (MA)
- Steering Committee Chair: Senator Amy Klobuchar (MN)
- Outreach Chair: Senator Bernie Sanders (VT)
- Policy Committee Vice Chair: Senator Joe Manchin (WV)
- Caucus Secretary: Senator Tammy Baldwin (IL)
- Campaign Committee Chair: Catherine Cortez Masto (NV)
- Chief Deputy Whip: Senator Jeff Merkley (OR)

House Republicans

Speaker Paul Ryan is retiring at the end of this Congress. The Republicans do not have a Speaker position to nominate for and the remainder of their leadership will largely stay the same for the 116th Congress. House Republican leadership for the 116th Congress will be:

- Minority Leader: Kevin McCarthy (CA)
- Whip: Congressman Steve Scalise (LA)
- Conference Chair: Congresswoman Liz Cheney (WY)
- Conference Vice Chair: Congressman Mark Walker (NC)
- Conference Secretary: Congressman Jason Smith (MO)
- Policy Committee Chair: Congressman Gary Palmer (AL)
- Campaign Committee Chair: Congressman Tom Emmer (MN)
- Chief Deputy Whip: Congressman Drew Ferguson (GA)
- The following posts have not been voted on and publicized at the time this report was created:
 - Senior Deputy Whips



House Democrats

Democrats have gained the Majority in the House. House Democratic leadership for the 116th Congress will be:

- Speaker*: Congresswoman Nancy Pelosi (CA)
 - The position of Speaker is not formal until a vote takes place by the whole House of Representatives at the start of the 116th Congress.
- Majority Leader: Congressman Steny Hoyer (MD)
- Majority Whip: Congressman Jim Clyburn (SC)
- Assistant Leader: Congressman Ben Ray Lujan (NM)
- Caucus Chair: Congressman Hakeem Jeffries (NY)
- Caucus Vice Chair: Congresswoman Katherine Clark (MA)
- Campaign Committee Chair: Congresswoman Cheri Bustos (IL)
- Policy and Communications Committee Chair: Congressman David Cicilline (RI)
- The following posts have not been voted on and publicized at the time this report was created:
 - Steering and Policy Committee Co-Chairs
 - Senior Chief Deputy Whip
 - Chief Deputy Whips

**LAS VIRGENES-TRIUNFO - HIGH PRIORITY LEGISLATION IN THE 115TH CONGRESS
NOVEMBER 2018**

Legislation	Summary	Status	Position
<p><u>H.R. 23</u> – <u>Gaining Responsibility on Water Act of 2017</u></p>	<p>This legislation will allow for more water conveyance while protecting the water rights of users, as well. Additionally, the legislation reforms the Central Valley Project Improvement Act and the San Joaquin River Restoration Settlement Act. This legislation would reduce the cost of water delivery contracts and would give users more authority over how restoration funds are spent. The bill purports to expand on a compromise reached between Sen. Dianne Feinstein (D-CA) and House Majority Leader Kevin McCarthy (R-CA) during last year’s Water Infrastructure Improvements for the Nation Act discussion. The compromise directed more water to farms by tweaking the rules meant to protect endangered fish are interpreted when operating the State’s waterways.</p>	<p>Introduced by Rep. David Valadao – January 3, 2017 Passed the House of Representatives on July 12, 2017. This measure has not been taken up in the Senate yet.</p>	
<p><u>H.R. 434</u> – <u>New Water Available to Every Reclamation State Act or the New WATER Act</u></p>	<p>This legislation authorizes the Department of the Interior to provide financial assistance, such as loans and guarantees, to entities that contract under federal reclamation law to carry out water projects within the 17 western states served by the Bureau of Reclamation, and Alaska and Hawaii.</p> <p>Eligible Projects include:</p> <ul style="list-style-type: none"> • non-federal water infrastructure projects that would contribute to a safe, adequate water supply for domestic, agricultural, environmental, or municipal and industrial use; • projects for enhanced energy efficiency in the operation of a water system; • projects for accelerated repair and replacement of aging water distribution facilities; • brackish or sea water desalination projects; and • the acquisition of real property or an interest therein for water storage, reclaimed or recycled water, or wastewater that is integral to such a project. 	<p>Introduced by Rep. Jeff Denham – January 11, 2017</p>	

Legislation-con't	Summary-con't	Status-con't	Position-con't
<p><u>H.R. 448 – Water Conservation Rebate Tax Parity Act</u></p>	<p>This bill amends the Internal Revenue Code to expand the tax exclusion for energy conservation subsidies provided by public utilities to exclude from gross income subsidies provided (directly or indirectly): (1) by a public utility to a customer, or by a state or local government to a resident of such state or locality, for the purchase or installation of any water conservation or efficiency measure; and (2) by a storm water management provider to a customer, or by a state or local government to a resident of such state or locality, for the purchase or installation of any storm water management measure.</p>	<p>Introduced by Rep. Jared Huffman and Rep. Dana Rohrabacher – January 11, 2017</p>	<p><i>Watch</i></p>
<p><u>S. 692 – Water Infrastructure Flexibility Act</u></p>	<p>To provide for integrated plan permits, to establish an Office of the Municipal Ombudsman, to promote green infrastructure, and to require the revision of financial capability guidance.</p>	<p>Introduced by Sen. Deb Fischer – March 21, 2017</p> <p>Passed the Senate on October 5, 2017</p> <p>This action has not yet been taken up by the House</p>	
<p><u>H.R. 5596 – Water Infrastructure Resiliency and Sustainability Act of 2018</u></p>	<p>To authorize the Administrator of the Environmental Protection Agency to establish a program of awarding grants to owners or operators of water systems to increase resiliency or adaptability of the systems to any ongoing or forecasted changes to the hydrologic conditions of a region of the United States.</p>	<p>Introduced by Rep. Salud Carbajal – April 24, 2018</p>	<p><i>Watch</i></p>
<p><u>H.R. 5609 – Water Affordability, Transparency, Equity, and Reliability Act of 2018</u></p>	<p>To establish a trust fund to provide for adequate funding for water and sewer infrastructure, and for other purposes.</p>	<p>Introduced by Rep. Keith Ellison – April 25, 2018</p>	
<p><u>S. 2771 – Residential Decentralized Wastewater System Improvement Act</u></p>	<p>To amend the Federal Water Pollution Control Act to require the Administrator of the Environmental Protection Agency to provide grants for the construction, refurbishing, and servicing of individual household decentralized wastewater systems to individuals with low or moderate income.</p>	<p>Introduced by Sen. Cory Booker – April 26, 2018</p>	<p><i>Watch</i></p>

Legislation-con't	Summary-con't	Status-con't	Position-con't
<p><u>S. 2772</u> – A bill to amend the Consolidated Farm and Rural Development Act to modify provisions relating to the household water well system grant program.</p>	<p>To amend the Consolidated Farm and Rural Development Act to modify provisions relating to the household water well system grant program.</p>	<p>Introduced by Sen. Cory Booker – April 26, 2018</p>	
<p><u>H.R. 2510</u> – Water Quality Protection and Job Creation Act of 2017</p>	<p>To amend the Federal Water Pollution Control Act to authorize appropriations for State water pollution control revolving funds, and for other purposes.</p>	<p>Introduced by Rep. Peter DeFazio – May 18, 2017</p>	
<p><u>S. 2800</u> – America's Water Infrastructure Act of 2018</p>	<p>To provide for the conservation and development of water and related resources, to authorize the Secretary of the Army to construct various projects for improvements to rivers and harbors of the United States, and for other purposes.</p>	<p>Introduced by Sen. John Barrasso – May 8, 2018 Signed into law by President Trump on October 23, 2018</p>	
<p><u>H.R. 8</u> – Water Resources Development Act of 2018</p>	<p>To provide for improvements to the rivers and harbors of the United States, to provide for the conservation and development of water and related resources, and for other purposes.</p>	<p>Introduced by Rep. Bill Shuster – May 18, 2018 Passed the House on June 6, 2018</p>	
<p><u>S. 2969</u> – Rural Water Infrastructure Improvement Act of 2019</p>	<p>To amend the Consolidated Farm and Rural Development Act to improve water or waste disposal grants or direct or guaranteed loans, and for other purposes.</p>	<p>Introduced by Sen. Tammy Baldwin – May 24, 2018</p>	
<p><u>H.Res. 923</u> – Providing for further consideration of the bill (H.R. 5895)</p>	<p>Providing for further consideration of the bill (H.R. 5895) making appropriations for energy and water development and related agencies for the fiscal year ending September 30, 2019, and for other purposes, and providing for consideration of the bill (H.R. 3) to rescind certain budget authority proposed to be rescinded in special messages transmitted to the Congress by the President on May 8, 2018, in accordance with title X of the Congressional Budget and Impoundment Control Act 1974.</p>	<p>Introduced by Rep. Michael Burgess – June 6, 2018 Passed the House on June 7, 2018</p>	

Legislation-con't	Summary-con't	Status-con't	Position-con't
<p><u>S. 3012 – Water Technology Acceleration Act</u></p> <p><u>S. 3015 – Water Affordability Act</u></p>	<p>To establish an innovative water technology grant program and to amend the Safe Drinking Water Act and the Federal Water Pollution Control Act to encourage the use of innovative water technology, and for other purposes.</p> <p>To amend the Federal Water Pollution Control Act to establish a low-income sewer and drinking water assistance pilot program, and for other purposes.</p>	<p>Introduced by Sen. Tammy Baldwin – June 6, 2018</p> <p>Introduced by Sen. Kamala Harris – June 6, 2018</p>	<p><i>Watch</i></p> <p><i>Watch</i></p>
<p><u>S. 3001 – Contra Costa Canal Transfer Act</u></p>	<p>To authorize the Secretary of the Interior to convey certain land and facilities of the Central Valley Project.</p>	<p>Introduced by Sen. Diane Feinstein – June 6, 2018</p> <p>Reported favorably out of the Committee on Energy and Natural Resources on October 2, 2018</p>	
<p><u>H.R. 6040 – Contra Costa Canal Transfer Act</u></p>	<p>To authorize the Secretary of the Interior to convey certain land and facilities of the Central Valley Project.</p>	<p>Introduced by Rep. Mark DeSaulnier – June 7, 2018</p> <p>Passed out of the House on September 12, 2018</p> <p>Reported favorably out of the Committee on Energy and Natural Resources on October 2, 2018</p>	

Legislation-con't	Summary-con't	Status-con't	Position-con't
<p>S. 3121 – Water Infrastructure Transparency Act</p>	<p>To amend the Federal Water Pollution Control Act, the Safe Drinking Water Act, and the Water Infrastructure Finance and Innovation Act of 2014 to require maximum open and free competition in procurement for projects receiving assistance under those Acts, and for other purposes.</p>	<p>Introduced by Sen. Rand Paul – June 25, 2018</p>	
<p>H.R. 6267 – COAST Research Act</p>	<p>To amend the Federal Ocean Acidification Research and Monitoring Act of 2009 to establish an Ocean Acidification Advisory Board, to expand and improve the research on Ocean Acidification and Coastal Acidification, to establish and maintain a data archive system for Ocean Acidification data and Coastal Acidification data, and for other purposes.</p>	<p>Introduced by Rep. Suzanne Bonamici – June 28, 2018</p>	
<p>S. 3192 – Contaminant and Lead Electronic Accounting and Reporting Requirements (CLEAR) for Drinking Water Act of 2018</p>	<p>To amend the Safe Drinking Water Act to update and modernize the reporting requirements for contaminants, including lead, in drinking water, and for other purposes.</p>	<p>Introduced by Sen. Ed Markey – July 11, 2018</p>	<p><i>Watch</i></p>
<p>H.R. 6354 – STORAGE Act of 2018</p>	<p>To amend the Endangered Species Act of 1973 to prohibit designation as critical habitat of certain areas in artificial water diversion or delivery facilities.</p>	<p>Introduced by Rep. Paul Gosar – July 12, 2018</p> <p>Natural Resources Committee Hearing held on September 26, 2018</p>	
<p>S. 3303 – Water Quality Certification Improvement Act of 2018</p>	<p>To amend the Federal Water Pollution Control Act to make changes with respect to water quality certification, and for other purposes.</p>	<p>Introduced by Sen. John Barrasso – July 31, 2018</p> <p>EPW Committee Hearing held on August 16, 2018</p>	<p><i>Watch</i></p>

Legislation-con't	Summary-con't	Status-con't	Position-con't
<u>S. 3341 – IMAGINE Act</u>	To encourage the research and use of innovative materials and associated techniques in the construction and preservation of the domestic transportation and water infrastructure system, and for other purposes.	Introduced by Sen. Sheldon Whitehouse – August 1, 2018	<i>Watch</i>
<u>H.R. 6653 – IMAGINE Act</u>	To encourage the research and use of innovative materials and associated techniques in the construction and preservation of the domestic transportation and water infrastructure system, and for other purposes.	Introduced by Rep. Elizabeth Etsy – August 3, 2018	<i>Watch</i>
<u>S. 3358 – Sustainable Water Infrastructure Investment Act of 2018</u>	A bill to amend the Internal Revenue Code of 1986 to provide that the volume cap for private activity bonds shall not apply to bonds for facilities for furnishing of water and sewage facilities.	Introduced by Sen. Bob Menendez – August 21, 2018	
<u>S. 3381 – PFAS Accountability Act of 2018</u>	A bill to encourage Federal agencies to expeditiously enter into or amend cooperative agreements with States for removal and remedial actions to address PFAS contamination in drinking, surface, and ground water and land surface and subsurface strata, and for other purposes	Introduced by Sen. Debbie Stabenow – August 23, 2018	
<u>S. 3382 – PFAS Detection Act of 2018</u>	A bill to require the Director of the United States Geological Survey to perform a nationwide survey of perfluorinated compounds, and for other purposes.	Introduced by Sen. Debbie Stabenow – August 23, 2018	
<u>S. 3394 – Comprehensive National Mercury Monitoring Act</u>	A bill to establish a national mercury monitoring program, and for other purposes.	Introduced by Sen. Susan Collins – August 28, 2018	
<u>H.R. 6705 – To amend the Safe Drinking Water Act to require the Administrator of the Environmental Protection Agency to publish a maximum contaminant level goal and promulgate a national primary drinking water regulation for perchlorate, and for other purposes.</u>	To amend the Safe Drinking Water Act to require the Administrator of the Environmental Protection Agency to publish a maximum contaminant level goal and promulgate a national primary drinking water regulation for perchlorate, and for other purposes	Introduced by Rep. Tony Cardenas – September 5, 2018	

Legislation-con't	Summary-con't	Status-con't	Position-con't
<u>H.R. 6727 – Water Technology Acceleration Act</u>	To establish an innovative water technology grant program and to amend the Safe Drinking Water Act and the Federal Water Pollution Control Act to encourage the use of emerging and innovative water technology, and for other purposes.	Introduced by Rep. Gwen Moore – September 6, 2018	
<u>H.R. 6750 – Santa Monica Mountains National Recreation Area Boundary Adjustment Study Act</u>	To direct the Secretary of the Interior to conduct a special resource study of portions of the Los Angeles coastal area in the State of California to evaluate alternatives for protecting the resources of the coastal area, and for other purposes.	Introduced by Rep. Ted Lieu – September 7, 2018	<i>Watch</i>
<u>H.R. 6759 – Land and Water Conservation Authorization and Funding Act</u>	To amend title 54, United States Code, to provide consistent and reliable authority for, and for the funding of, the Land and Water Conservation Fund to maximize the effectiveness of the Fund for future generations, and for other purposes.	Introduced by Rep. Raul Grijalva – September 10, 2018	
<u>H.R. 6782 – Sustainable Water Supplies Act</u>	To determine the feasibility of additional agreements for long-term use of existing or expanded non-Federal storage and conveyance facilities to augment Federal water supply, ecosystem, and operational flexibility benefits in certain areas, and for other purposes.	Introduced by Rep. Mark DeSaulnier – September 12, 2018	
<u>H.R. 6804 – Onsite Wastewater Recycling Efficiency Act</u>	To improve processes for alternative wastewater systems, and for other purposes.	Introduced by Rep. Brian Babin – September 13, 2018	
<u>H.R. 6818 – Clean Water Infrastructure Act</u>	To amend the Safe Drinking Water Act to increase assistance for States, water systems, and disadvantaged communities; to encourage good financial and environmental management of water systems; and to strengthen the Environmental Protection Agency's ability to enforce the requirements of the Act, and for other purposes.	Introduced by Rep. A. Donald McEachin – September 13, 2018	<i>Watch</i>
<u>H.R. 6835 – PFAS Federal Facility Accountability Act of 2018</u>	To encourage Federal agencies to enter into or amend cooperative agreements with States for removal and remedial actions to address PFAS contamination in drinking water, surface water, ground water, sediment, and soil, and for other purposes.	Introduced by Rep. Fred Upton – September 17, 2018	
<u>H.R. 6889 – Water Quality Certification Improvement Act of 2018</u>	To amend the Federal Water Pollution Control Act to make changes with respect to water quality certification, and for other purposes.	Introduced by Rep. David McKinley – September 25, 2018	

Legislation-con't	Summary-con't	Status-con't	Position-con't
H.R. 6944 – Clean Water Through Green Infrastructure Act	<p>This bill requires the Environmental Protection Agency (EPA) to provide grants to eligible higher education institutions and research institutions to establish and maintain between three and five centers of excellence for innovative stormwater control infrastructure, which is any green stormwater management technique that: (1) uses natural systems or engineered systems that mimic natural processes to infiltrate, evapotranspire, or capture stormwater; and (2) preserves, enhances, or mimics natural hydrology to protect or restore water quality. One of the centers must be the national electronic clearinghouse center and operate a website and a public database on the infrastructure. In addition, the EPA must provide grants to state, tribal, or local governments or entities that manage stormwater, drinking water resources, or wastewater resources for innovative stormwater control infrastructure projects. The EPA must ensure that: (1) EPA's Office of Water, Office of Enforcement and Compliance, Office of Research and Development, and Office of Policy promote the use of the infrastructure in, and coordinate the integration of, permitting programs, planning efforts, research, technical assistance, and funding guidance; and (2) the Office of Water supports establishing innovative financing mechanisms in the implementation of the infrastructure. The EPA must: (1) direct each EPA regional office to promote and integrate the use of the infrastructure within the region, and (2) promote sharing information about the infrastructure approaches. The EPA must establish the innovative stormwater control infrastructure portfolio standard of voluntary, measurable goals to increase the percentage of annual water managed by entities that use the infrastructure.</p> <p>To direct the Secretary of Agriculture to carry out a grant program to award grants to qualified partnerships to remove non-native plant species that contribute to drought conditions, and for other purposes.</p> <p>To amend the Internal Revenue Code of 1986 to include green infrastructure bonds in the definition of qualified private activity bonds.</p>	<p>Introduced by Rep. Denny Heck – September 27, 2018</p>	
H.R. 6961 – DRIP Act	<p>To direct the Secretary of Agriculture to carry out a grant program to award grants to qualified partnerships to remove non-native plant species that contribute to drought conditions, and for other purposes.</p>	<p>Introduced by Rep. Krysten Sinema – September 27, 2018</p>	
H.R. 7041 – P3 Act	<p>To amend the Internal Revenue Code of 1986 to include green infrastructure bonds in the definition of qualified private activity bonds.</p>	<p>Introduced by Rep. Derek Kilmer – October 5, 2018</p>	
S. 3564 – Low-Income Water Customer Assistance Programs Act of 2018	<p>A bill to amend the Safe Drinking Water Act and the Federal Water Pollution Control Act to establish pilot programs to assist low-income households in maintaining access to sanitation services and drinking water, and for other purposes.</p>	<p>Introduced by Sen. Ben Cardin – October 10, 2018</p>	<p><i>Watch</i></p>
H.R. 7078 – Protection from Algal Toxins Act	<p>To amend the Safe Drinking Water Act to require the Administrator of the Environmental Protection Agency to publish a maximum contaminant level goal and promulgate a national primary drinking water regulation for microcystin toxin, and for other purposes.</p>	<p>Introduced by Rep. Marcy Kaptur – October 19, 2018</p>	<p><i>Watch</i></p>

Legislation-con't	Summary-con't	Status-con't	Position-con't
<p><u>H.R. 7154</u> – <u>Safe Drinking Water in Playgrounds and Parks Act</u></p>	<p>To replace drinking water fountains in playgrounds and parks under the Reducing Lead in Drinking Water Grant Program.</p>	<p>Introduced by Rep. Grace Meng – November 16, 2018</p>	
<p><u>H.R. 7155</u> – <u>National Drinking Water Standards Reauthorization Act of 2018</u></p>	<p>To reauthorize appropriations for the creation and analysis of national drinking water standards.</p>	<p>Introduced by Rep. Grace Meng – November 16, 2018</p>	

FY2019 Appropriations

Legislation	Summary	Status	Position
H.R. 5895 – Energy and Water Development and Related Agencies Appropriations Act, 2019	Funding for the Army Corps of Engineers , the Department of the Interior – Bureau of Reclamation, and the Department of Energy	Introduced by Rep. Michael Simpson – May 21, 2018 Signed into Law on September 21, 2018	
S. 2975 – Energy and Water Development and Related Agencies Appropriations Act, 2019	Funding for the Army Corps of Engineers , the Department of the Interior – Bureau of Reclamation, and the Department of Energy	Introduced by Sen. Lamar Alexander – May 24, 2018 Signed into Law on September 21, 2018	
House Interior, Environment, and Related Agencies Appropriations Act, 2019	Funding for the Department of the Interior, the Environmental Protection Agency, the Forest Service, the Indian Health Service, and various independent and related agencies.	Introduced by Rep. Ken Calvert Passed the House on July 19, 2018 (At FY18 levels until December 7, 2018 due to a Continuing Resolution)	

Legislation – con't	Summary	Status	Position – con't
<p>Senate Interior, Environment, and Related Agencies Appropriations Act, 2019</p>	<p>Funding for the Department of the Interior, the Environmental Protection Agency, the Forest Service, the Indian Health Service, and various independent and related agencies.</p>	<p>Introduced by Sen. Lisa Murkowski</p> <p>Passed the Senate Interior Appropriations Subcommittee on June 12, 2018</p> <p>(At FY18 levels until December 7, 2018 due to a Continuing Resolution)</p>	

INFORMATION ONLY

December 3, 2018 JPA Board Meeting

TO: Board of Directors

FROM: Finance & Administration

Subject : Sodium Hypochlorite: Award of Bid

On October 23, 2018, the LVMWD Board, acting as the Administering Agent of the Las Virgenes-Triunfo Joint Powers Authority (JPA), accepted a bid from Olin Chlor and authorized the General Manager to issue a one-year purchase order, in the amount of \$394,500, with four one-year renewal options using a mutually agreeable inflationary factor not to exceed 10%, for the purchase and delivery of sodium hypochlorite.

SUMMARY:

On September 20, 2018, a request for bids was released for the supply and delivery of sodium hypochlorite to establish an annual purchase order with four one-year renewal options. Sodium hypochlorite is used by the JPA for the disinfection of the final effluent at the Tapia Water Reclamation Facility and by LVMWD for treatment of potable water at the Westlake Filtration Plant. The annual expense for the product is estimated to be \$394,500. The LVMWD Board awarded the bid to Olin Chlor on October 23, 2018.

FISCAL IMPACT:

Yes

ITEM BUDGETED:

Yes

FINANCIAL IMPACT:

The total one-year cost for this purchase is estimated to be \$394,500. Sufficient funds are available in the adopted Fiscal Year 2018-19 JPA and LVMWD Budgets and will be proposed in future year budgets. Deliveries to the Tapia Water Reclamation Facility will be charged to the JPA and allocated 70.6% to LVMWD and 29.4% to Triunfo Sanitation District. Deliveries to the Westlake Filtration Plant will be charged 100% to LVMWD.

DISCUSSION:

Background:

The JPA uses sodium hypochlorite for the disinfection of the final effluent at the Tapia Water Reclamation Facility, and LVMWD uses sodium hypochlorite for treatment of potable water at the Westlake Filtration Plant. The last formal bid for the product was awarded in October 2015. In August 2018, the incumbent supplier requested an increase of 30% for the upcoming one-year renewal period, citing increased costs for raw materials, trade tariffs and transportation. The increase exceeded the General Manager's authority; therefore, a request for bids was issued.

The resulting bids confirmed the higher current market pricing. The lowest bid was from the incumbent and the same as originally proposed for the renewal pricing. Accepting the bid from Olin Chlor will cap future annual renewals at a maximum of 10%, while allowing for a lower increase when the market stabilizes or a decrease if market pricing should drop.

Bid Process:

A request for bids was posted on LVMWD's website, advertised in *The Acom*, and sent to ten different vendors that previously expressed interest in supplying the JPA and LVMWD with chemicals. Two bids were received and publicly opened on October 11, 2018. Additionally, two other companies responded and stated that they were unable to bid at this time. Olin Chlor submitted the lowest responsible, responsive bid, in the amount of \$394,500.

In compliance with the Instructions to Bidders, award is based on total estimated annual cost. The Inflationary factor was a consideration, but not the basis for award. Both bidders proposed inflationary factors based on future statistics as opposed to a flat percentage. During the bid review process, Olin Chlor was asked to clarify the proposed inflationary factor for its bid. Olin Chlor responded with a listing of the independent market documentation that would be used to determine future renewal pricing.

Bid Summary:

Bidder	Unit Price	Bid Total
Olin Chlor	\$0.789	\$394,500
JCI Jones	\$0.870	\$435,000
Thatcher of CA		No Bid
Univar		No Bid

Prepared by: Gretchen Bullock, Purchasing Supervisor

ATTACHMENTS:

Sodium Hypochlorite Olin Bid

ORIGINAL

**Las Virgenes Municipal Water District
Bid Form-Schedule
Sodium Hypochlorite**

The undersigned states and declares as follows: that the bidder has carefully read and examined the Bid Documents; Bid Notice; Instruction to Bidders; Bid Specifications including exhibits; Bid Form-Schedule; and that the bidder will comply with the bid terms and conditions. The undersigned agrees to supply and deliver materials in strict conformity with the specifications and instructions enclosed with the Invitation for Bids for the prices set forth below in this bid schedule.

It is understood that this bid shall remain open and shall not be withdrawn for a period of ninety (90) days from the date prescribed for the opening of the bid.

It is further agreed that the materials/services to be furnished under this bid shall be delivered at such time and in such quantities as called for by the Las Virgenes Municipal Water District. The District may extend the term of this contract by written notice to the supplier at the end of the contract period.

CONTRACT TERM as follows: initial contract term shall be good for one (1) year from date of contract execution. Four (4) additional one (1) year renewals may be negotiated at the District's option.

Materials to be furnished under this bid shall be delivered FOB Destination Freight Pre-Paid and Allowed to Las Virgenes Municipal Water District's Tapia Water Reclamation Facility, 731 Malibu Canyon Road, Calabasas, CA 91302 and Westlake Filtration Plant, 32601 Torchwood Place, Westlake Village, CA 91361 in the manner set forth in the Bid Scope and Specifications.

All bidders are required to submit the following information with their bid

- Completed Bid Form-Schedule
- Inflation Indicator
- Contact information for three public entities the bidder is currently supplying with Sodium Bisulfite
- Product information/technical data sheet
- Global Harmonized System-Safety Data Sheet (GHS-SDS)

The bidder's authorized officer identified below hereby declares that the representations in this bid are true and correct and of my own personal knowledge, and that these representations are made under penalty of perjury under the laws of the State of California, and that I am duly authorized to bind this bidder to this bid.

>>>continued on next page<<<

ORIGINAL

Bid Item No.	Quantity	Unit of Measure UOM	Description (Refer to Bid Scope & Specifications for detailed description)	Unit Price	Extended Price
1.	500,000	gallon	Sodium Hypochlorite	0.789	394,500.00
					0.00
					0.00
					0.00
Total Bid				\$ 394,500.00	

Written Total Bid Amount:

Three hundred ninety-four thousand, five hundred dollars and zero cents.

State Inflation Indicator (refer to Instructions to Bidders Item 16 for details):

+/- 0%-10% with independent market documentation and upon mutual agreement.

Notes or Exceptions:

- Annual renewal options to be upon mutual agreement of both supplier and district.
- Product is warranted to meet or exceed Olin product spec sheet included as reflecting material currently supplied by Olin.

Addendum Acknowledgement (if applicable):

Addendum #1

Signed: 

Addendum #2

Signed: _____

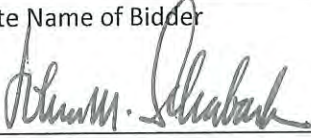
Addendum #3

Signed: _____

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ORIGINAL

Bidder:

Olin Corporation, dba Olin Chlor	9/28/18
Corporate Name of Bidder	Date
By: 	Title: Business Director
Authorized Signature	
John M. Schabacker	JMSchabacker@olin.com
Print Name	E-mail
	209-835-7204
	Phone
26700 South Banta Road, Tracy, CA 95304	N/A
Address	Mobile

INFORMATION ONLY

December 3, 2018 JPA Board Meeting

TO: Board of Directors

FROM: Finance & Administration

Subject : Sodium Bisulfite: Award of Bid

On October 23, 2018, the LVMWD Board, acting as the Administering Agent of the Las Virgenes-Triunfo Joint Powers Authority (JPA), accepted a bid from Thatcher Company of California, Inc., and authorized the General Manager to issue a one-year purchase order, in the amount of \$185,220, with four one-year renewal options using a specified inflationary index, for the purchase and delivery of sodium bisulfite.

SUMMARY:

On September 13, 2018, a request for bids was released for the supply and delivery of sodium bisulfite to establish an annual purchase order with four one-year renewal options. Sodium bisulfite is a dechlorinating agent used to eliminate the chlorine residual in treated water prior to discharge. The annual expense for the product is estimated to be \$185,220. The LVMWD Board awarded the bid to Thatcher Company of California, Inc., on October 23, 2018.

FISCAL IMPACT:

Yes

ITEM BUDGETED:

Yes

FINANCIAL IMPACT:

The total annual cost for the product is estimated to be \$185,220. Sufficient funds are available in the adopted Fiscal Year 2018-19 JPA Budget and will be proposed in future year budgets. While the bid pricing of \$1.47 per gallon is 10.5% higher than under the previous contract, it is 15% lower than the \$1.67 renewal proposed by incumbent supplier. Award of the bid will result in an estimated annual savings of \$25,200 as compared to the quoted pricing for renewal. The cost of sodium bisulfite is allocated 70.6% to LVMWD and 29.4% to Triunfo Sanitation District.

DISCUSSION:

Background:

The JPA uses sodium bisulfite as a dechlorinating agent to eliminate the chlorine residual in treated water from the Tapia Water Reclamation Facility prior to discharge. The last formal bid for the product was awarded in October of 2014. At that time, the Board approved a one-year contract with four one-year renewal options. In August 2018, the incumbent supplier requested a 25.7% increase for the final renewal option citing current raw material market conditions. The increase exceeded the General Manager's authority; therefore, a request for bids was issued.

Bid Process:

A request for bids was posted on LVMWD's website, advertised in *The Acom*, and sent to ten different vendors that previously expressed interest in supplying the District and JPA with chemicals. Three bids were received and publicly opened on October 11, 2018. Thatcher Company of California, Inc. submitted the lowest responsible, responsive bid, in the amount of \$185,220. The total estimated annual cost to the JPA for sodium bisulfite based on the proposed renewal from the incumbent was \$210,420. The formal bid process resulted in an estimated annual savings of \$25,200.

During the bid review process, the following irregularities were considered. The apparent low bidder, Univar USA, Inc., was deemed non-responsive as it failed to provide a specified inflationary index as required in the Instructions to Bidders. The extended bid total submitted by JCI Jones included tax; however, the unit price of the product did not. Due to the intended use, the product is not considered taxable, and this irregularity had no bearing on the recommendation as JCI Jones' unit price was \$0.09 higher than that submitted by Thatcher.

Bid Summary:

Bidder	Unit Price (\$/gallon)	Bid Total
Thatcher Company of CA	\$1.47	\$185,220.00
JCI Jones	\$1.56	\$215,233.20
Univar USA (non-responsive)	\$1.46	\$183,960.00

Prepared by: Gretchen Bullock, Purchasing Supervisor

ATTACHMENTS:

Thatcher Bid

**Las Virgenes Municipal Water District
Bid Form-Schedule
Sodium Bisulfite**

The undersigned states and declares as follows: that the bidder has carefully read and examined the Bid Documents; Bid Notice; Instruction to Bidders; Bid Specifications including exhibits; Bid Form-Schedule; and that the bidder will comply with the bid terms and conditions. The undersigned agrees to supply and deliver materials in strict conformity with the specifications and instructions enclosed with the Invitation for Bids for the prices set forth below in this bid schedule.

It is understood that this bid shall remain open and shall not be withdrawn for a period of ninety (90) days from the date prescribed for the opening of the bid.

It is further agreed that the materials/services to be furnished under this bid shall be delivered at such time and in such quantities as called for by the Las Virgenes Municipal Water District. The District may extend the term of this contract by written notice to the supplier at the end of the contract period.

CONTRACT TERM as follows: initial contract term shall be good for one (1) year from date of contract execution. Four (4) additional one (1) year renewals may be negotiated at the District's option.

Materials to be furnished under this bid shall be delivered FOB Destination Freight Pre-Paid and Allowed to Las Virgenes Municipal Water District's Tapia Water Reclamation Facility, 731 Malibu Canyon Road, Calabasas, CA 91302 in the manner set forth in the Bid Scope and Specifications.

All bidders are required to submit the following information with their bid

- Completed Bid Form-Schedule
- Inflation Indicator
- Contact information for three public entities the bidder is currently supplying with Sodium Bisulfite
- Product information/technical data sheet
- Global Harmonized System-Safety Data Sheet (GHS-SDS)

The bidder's authorized officer identified below hereby declares that the representations in this bid are true and correct and of my own personal knowledge, and that these representations are made under penalty of perjury under the laws of the State of California, and that I am duly authorized to bind this bidder to this bid.

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Bid Item No.	Quantity	Unit of Measure UOM	Description (Refer to Bid Scope & Specifications for detailed description)	Unit Price	Extended Price
1.	126,000	gallon	Sodium Bisulfite Solution	1.47	\$ 185,220.00
					\$ 0.00
Total Bid					\$ 185,220.00

Written Total Bid Amount:

One hundred eighty-five thousand two hundred twenty dollars and zero cents.

State Inflation Indicator (refer to Instructions to Bidders Item 16 for details):

Yearly price change mechanism will be 62% times the yearly change in the Green Markets Publication Tampa Contract plus 38% times the yearly change in the IHS market US Dense Contract (small volume) ex. Wy.

Notes or Exceptions:

None.

Addendum Acknowledgement (if applicable):

- Addendum #1 Signed: _____
- Addendum #2 Signed: _____
- Addendum #3 Signed: _____

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Bidder:

Thatcher Company of California, Inc.	10/2/18
Corporate Name of Bidder	Date
By: 	Title: Legal Counsel
Authorized Signature	
Joseph Sorensen	michael.walker@tchem.com; wendy.richmond@tchem.com
Print Name	E-mail
P. O. Box 27407	(800) 348-0034 Ext. 1452
	Phone
Salt Lake City, UT 84127-0407	N/A
Address	Mobile