

**COUNTY OF MARIN**  
**STANDARD SHORT FORM CONTRACT**

**THIS AGREEMENT** is made and entered into this day November 14, 2006 by and between the COUNTY OF MARIN, hereinafter referred to as "County" and **NAVIGANT CONSULTING, INC. (NCI)**, hereinafter referred to as "Contractor."

**RECITALS:**

**WHEREAS**, County desires to retain a person or firm to provide the following services: Conduct Phase II study of Community Choice Aggregation; and

**WHEREAS**, Contractor warrants that it is qualified and competent to render the aforesaid services;

**NOW, THEREFORE**, for and in consideration of the agreement made, and the payments to be made by County, the parties agree to the following:

**1. SCOPE OF SERVICES:**

Contractor agrees to provide all of the services described in **Exhibit "A"** attached hereto and by this reference made a part hereof.

**2. FURNISHED SERVICES:**

The County agrees to:

- A. Guarantee access to and make provisions for the Contractor to enter upon public and private lands as required to perform their work.
- B. Make available all pertinent data and records for review.
- C. Provide general bid and contract forms and special provisions format when needed.

**3. FEES AND PAYMENT SCHEDULE:**

The fees and payment schedule for furnishing services under this Contract shall be based on the rate schedule which is attached hereto as **Exhibit "B"** and by this reference incorporated herein. Said fees shall remain in effect for the entire term of the Contract.

Contractor shall provide County with his/her/its Federal Tax I.D. number prior to submitting the first invoice.

**4. MAXIMUM COST TO COUNTY:**

In no event will the cost to County for the services to be provided herein exceed the maximum sum of **\$197,000** including direct non-salary expenses.

**5. TIME OF AGREEMENT:**

This Agreement shall commence on **November 14, 2006**, and shall terminate on **December 31, 2007**. Certificate(s) of Insurance must be current on day Contract commences and if scheduled to lapse prior to termination date, must be automatically updated before final payment may be made to Contractor. The final invoice must be submitted within 30 days of completion of the stated scope of services.

**6. INSURANCE:**

All required insurance coverages shall be substantiated with a certificate of insurance and must be signed by the insurer or its representative evidencing such insurance to County. The general liability policy shall be endorsed naming the County of Marin as an additional insured. The certificate(s) of insurance and required endorsement shall be furnished to the County prior to commencement of work. Each certificate shall provide for thirty (30) days advance notice to County of any cancellation in coverage. Said policies shall remain in force through the life of this Contract and shall be payable on a per occurrence basis only, except those required by paragraph 6.4. a. and b. which may be provided on a claims-made basis consistent with the criteria noted therein.

Failure to provide and maintain the insurance required by this Contract will constitute a material breach of the agreement. In addition to any other available remedies, County may suspend payment to the Contractor for any services provided during any time that insurance was not in effect and until such time as the Contractor provides adequate evidence that Contractor has obtained the required coverage.

A request for a waiver of any of the following insurance requirements must be set forth on **Exhibit "C"** attached hereto. A waiver must address reduced amounts of coverage or the type of coverage waived entirely.

**6.1 GENERAL LIABILITY**

The Contractor shall maintain a commercial general liability insurance policy in an amount of no less than one million dollars (\$1,000,000.00). The County shall be named as an additional insured on the commercial general liability policy and the Certificate of Insurance shall include an additional endorsement page. (see sample form: ISO - CG 20 10 11 85).

**Insurance Reduction or Waiver of Coverage Requested (Exhibit "C")**

**6.2 AUTO LIABILITY**

Where the services to be provided under this Contract involve or require the use of any type of vehicle by Contractor in order to perform said services, Contractor shall also provide comprehensive business or commercial automobile liability coverage including non-owned and hired automobile liability in the amount of one million dollars (\$1,000,000.00).

Insurance Reduction or Waiver of Coverage Requested (Exhibit "C")

**6.3 WORKERS' COMPENSATION**

The Contractor acknowledges that it is aware of the provisions of the Labor Code of the State of California which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and it certifies that it will comply with such provisions before commencing the performance of the work under this Contract. If Contractor has employees, a copy of the certificate evidencing such insurance or a copy of the Certificate of Consent to Self-Insure shall be provided to County prior to commencement of work.

Insurance Reduction or Waiver of Coverage Requested (Exhibit "C")

**6.4 OTHER INSURANCES**

Contractor may be required to carry additional insurance based upon the nature of the work to be performed (scope of services). For each additional required insurance, a corresponding certificate of insurance must be provided. Claims-made policies must have a retroactive date either prior to the effective date of the Contract or the beginning of the Contract work. Claims-made coverage must extend a minimum of twelve (12) months beyond completion of Contract work or end of current Contract, whichever is later. If coverage is cancelled or non-renewed, and not replaced with another claims made policy with a retroactive date prior to the Contract effective date, the Contractor must purchase extended reporting coverage for a minimum of twelve (12) months beyond completion of Contract work. Contractor shall maintain a policy limit of not less than one million dollars (\$1,000,000) per incident, with a deductible or self-insured retention not to exceed \*\$2,500 unless approved by the County.

6.4.a Professional Liability Insurance..... (check box if required)

*\*Deductibles greater than \$2,500 require Insurance Reduction/Waiver form (Exhibit "C") to be completed.*

6.4.b Maritime Insurance..... (check box if required)

**7. NONDISCRIMINATORY EMPLOYMENT:**

Contractor and/or any permitted subcontractor, shall not unlawfully discriminate against any individual based on race, color, religion, nationality, sex, sexual orientation, age or condition of disability. Contractor and/or any permitted subcontractor understands and agrees that Contractor and/or any permitted subcontractor is bound by and will comply with the nondiscrimination mandates of all Federal, State and local statutes, regulations and ordinances.

**8. SUBCONTRACTING:**

The Contractor shall not subcontract nor assign any portion of the work required by this Contract without prior written approval of the County except for any subcontract work identified herein. If Contractor hires a subcontractor under this Agreement, Contractor shall require subcontractor to provide and maintain insurance coverage(s) identical to what is required of Contractor under this Agreement and shall require subcontractor to name Contractor as additional insured under this Agreement. It shall be Contractor's responsibility to collect and maintain current evidence of insurance provided by its subcontractors and shall forward to the County evidence of same.

**9. ASSIGNMENT:**

The rights, responsibilities and duties under this Contract are personal to the Contractor and may not be transferred or assigned without the express prior written consent of the County.

**10. LICENSING AND PERMITS:**

The Contractor shall maintain the appropriate licenses throughout the life of this Contract. Contractor shall also obtain any and all permits which might be required by the work to be performed herein.

**11. BOOKS OF RECORD AND AUDIT PROVISION:**

Contractor shall maintain on a current basis complete books and records relating to this Contract. Such records shall include, but not be limited to, documents supporting all bids, all income and all expenditures. The books and records shall be original entry books with a general ledger itemizing all debits and credits for the work on this Contract. In addition, Contractor shall maintain detailed payroll records including all subsistence, travel and field expenses, and canceled checks, receipts and invoices for all items. These documents and records shall be retained for at least five years from the completion of this Contract. Contractor will permit County to audit all books, accounts or records relating to this Contract or all books, accounts or records of any business entities controlled by Contractor who participated in this Contract in any way. Any audit may be conducted on Contractor's premises or, at County's option, Contractor shall

provide all books and records within a maximum of fifteen (15) days upon receipt of written notice from County. Contractor shall refund any monies erroneously charged.

**12. TITLE:**

Any and all documents, information and reports concerning this project prepared by the Contractor, shall be the property of the County. The Contractor may retain reproducible copies of drawings and copies of other documents. In the event of the termination of this Contract, for any reason whatsoever, Contractor shall promptly turn over all information, writing and documents to County without exception or reservation.

**13. TERMINATION:**

- A. If the Contractor fails to provide in any manner the services required under this Contract or otherwise fails to comply with the terms of this Contract or violates any ordinance, regulation or other law which applies to its performance herein, the County may terminate this Contract by giving five (5) calendar days written notice to the party involved.
- B. The Contractor shall be excused for failure to perform services herein if such services are prevented by acts of God, strikes, labor disputes or other forces over which the Contractor has no control.
- C. Either party hereto may terminate this Contract for any reason by giving thirty (30) calendar days written notice to the other parties. Notice of termination shall be by written notice to the other parties and be sent by registered mail.
- D. In the event of termination not the fault of the Contractor, the Contractor shall be paid for services performed to the date of termination in accordance with the terms of this Contract so long as proof of required insurance is provided for the periods covered in the Contract or Amendment(s).

**14. RELATIONSHIP BETWEEN THE PARTIES:**

It is expressly understood that in the performances of the services herein, the Contractor, and the agents and employees thereof, shall act in an independent capacity and as an independent contractor and not as officers, employees or agents of the County. Contractor shall be solely responsible to pay all required taxes, including but not limited to, all withholding social security, and workers' compensation.

**15. AMENDMENT:**

This Contract may be amended or modified only by written agreement of all parties.

**16. ASSIGNMENT OF PERSONNEL:**

The Contractor shall not substitute any personnel for those specifically named in its proposal unless personnel with substantially equal or better qualifications and experience are provided, acceptable to County, as is evidenced in writing.

**17. JURISDICTION AND VENUE:**

This Contract shall be construed in accordance with the laws of the State of California and the parties hereto agree that venue shall be in Marin County, California.

**18. INDEMNIFICATION:**

Contractor agrees to indemnify, defend, and hold County, its employees, officers, and agents, harmless from any and all liabilities including, but not limited to, litigation costs and attorney's fees arising from any and all claims and losses to anyone who may be injured or damaged by reason of Contractor's willful misconduct or negligent performance of this Contract. In recognition of the relative risks, the parties agree to the fullest extent permitted by law, to limit the aggregate liability of each party (and its affiliates, directors, officers, employees, agents, and representatives) to \$1,000,000.00 or the total compensation paid to the Contractor under this Agreement, whichever is greater. This limitation of liability shall apply to all suits, claims, actions, losses, costs, and damages of any nature, including, but not limited to, legal fees and expenses, arising from or related to this Agreement and without regard to the legal theory under which such liability may be imposed. Under no circumstances shall either party have any liability to the other for incidental or consequential costs, even if such party shall have been advised of the possibility of such costs.

**19. COMPLIANCE WITH APPLICABLE LAWS:**

The Contractor shall comply with any and all Federal, State and local laws and resolutions (including, but not limited to the County of Marin Nuclear Free Zone, Living Wage Ordinance, and Resolution #2005-97 of the Board of Supervisors prohibiting the off-shoring of professional services involving employee/retiree medical and financial data) affecting services covered by this Contract. Copies of any of the above-referenced local laws and resolutions may be secured from the County's contact person referenced in paragraph 20.

NOTICES below.

**20. NOTICES:**

This Contract shall be managed and administered on County's behalf by the Department Contract Manager named below. All invoices shall be submitted and approved by this Department and all notices shall be given to County at the following location:

Contract Manager: Dawn Weisz  
Dept./Location: County Community Development Agency  
3501 Civic Center Drive, Room 308  
San Rafael, CA 94903  
Telephone No.: (415) 507-2706

Notices shall be given to Contractor at the following address:

Contractor: John Delassi  
Associate Director  
Address: Navigant Consulting, Inc.  
3100 Zinfandel Drive, Suite 600  
Rancho Cordova, CA 95670  
Telephone No.: (916) 631-3210

**21. ACKNOWLEDGEMENT OF EXHIBITS**

**CONTRACTOR'S INITIALS**

- EXHIBIT A.**       **Scope of Services**
- EXHIBIT B.**       **Fees and Payment**
- EXHIBIT C.**       **Insurance Reduction/Waiver**

IN WITNESS WHEREOF, the parties have executed this Contract on the date first above written.

**APPROVED BY  
COUNTY OF MARIN:**

By: \_\_\_\_\_  
COUNTY ADMINISTRATOR

**CONTRACTOR:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Telephone No.: \_\_\_\_\_

**COUNTY COUNSEL REVIEW AND APPROVAL (Only required if any of the noted reason(s) applies)**

**REASON(S) REVIEW:**

- Contract Requires Board of Supervisors' Approval**
- Standard Short Form Content Has Been Modified**
- Optional Review by County Counsel at Department's Request**

**County Counsel:** \_\_\_\_\_

**Date:** \_\_\_\_\_

## EXHIBIT A

### SCOPE OF SERVICE FOR THE PROFESSIONAL SERVICES AGREEMENT BETWEEN NAVIGANT CONSULTING, INC. AND COUNTY FOR THE COMMUNITY CHOICE AGGREGATION DEMONSTRATION PROJECT PHASE 2

This exhibit defines the Scope of Services, Schedule and Budget for work (Work) to be completed by Navigant Consulting, Inc. (NCI) for County.

#### BACKGROUND

NCI is the exclusive technical consultant for a Community Choice Aggregation (CCA) demonstration project funded by the California Energy Commission (CEC), U.S. Department of Energy and the Local Government Commission (LGC). The funding is provided to offset costs and assist selected cities, counties and groups of cities and counties with developing associated strategic plans, base case feasibility studies, business plans and implementation plans.

A consortium of local governments including Marin County was originally selected by the CEC and LGC for participation in the demonstration project. NCI performed a Phase 1 Scope of Services that provided a base case feasibility evaluation for formation of a Community Choice Aggregation Program for all the local governments in Marin County. Based on the Phase I findings, an independent analysis of the study, additional examination of other legal issues, and the outcome of the CPUC CCA proceedings, the County is continuing to pursue the development of a CCA. The following scope of work, project schedule and budget is applicable to the County as a Phase 2 participant in the aforementioned CEC/LGC Community Choice Aggregation demonstration project.

The Phase 2 work includes several tasks culminating in the development of a Community Choice Aggregation Business Plan and, pending approval by the County and cities in Marin, the subsequent filing of the required Implementation Plan with the California Public Utilities Commission (CPUC). This plan will be developed collaboratively with the County and associated cities to meet the needs and interests of Marin. These tasks include:

- 1) Decision Support for Business Planning Process
  - 1.0 Issue Identification and Resolution
  - 1.1 Public Outreach and Council Information
- 2) Critical Business Planning Elements
  - 2.1 Organization and Governance Plan
  - 2.2 Integrated Resource Supply Plan
    - 2.2.1 Baseline Load Forecast and Demand Side Resources
    - 2.2.2 Renewable Resource Supply Plan
    - 2.2.3 Conventional Resource Supply Plan
  - 2.3 Financing Plan
    - 2.3.1 Revised Pro Forma and Sensitivity Analysis
    - 2.3.2 Financing
- 3) Other Business Planning Elements
  - 3.1 Governance Documents
  - 3.2 Product and Rate-setting Plan
  - 3.3 Other Business Plan Elements
  - 3.4 Business Plan Document
- 4) Qualifications and Bids from Potential Suppliers
- 5) Final Evaluation of CCA Feasibility
- 6) Implementation Plan
- 7) Regulatory Services
  - 5.1 Participation in CPUC Rulemaking Process
  - 5.2 Filing and Support of the Implementation Plan

## **TIMING FOR INITIATING WORK**

The following tasks/subtasks shall be completed in sequence. NCI shall wait to proceed from one task to the next until the County has approved the deliverables for the current task and the County's Representative has authorized beginning the next task in writing.

- Critical Business Planning Elements
- Other Business Planning Elements
- Qualifications and Bids from Potential Suppliers
- Final Evaluation
- Implementation Plan
- Filing and Support for the Implementation Plan

The following tasks may be undertaken concurrently with other tasks.

- Decision Support For Business Planning Process
- Participation in CPUC Rulemaking Process

## **TASK 1: DECISION SUPPORT FOR BUSINESS PLANNING PROCESS**

### **1.0 Issue Identification**

The goal of this task is to work with County decision makers to identify and resolve key issues during the conduct of the business planning process.

#### **NCI shall:**

- Provide information and policy recommendations on issues and choices as they arise during the Work to County representatives and policy committee convened by the County.
- Participate in working sessions with the County, committee and its agents to review financial models used in the development of the Business Plan and details of the model's assumptions, provided that NCI shall not be obligated to consult with or provide draft deliverables, assumptions and/or methodological approaches to agents of the County that are direct competitors of the Contractor.
- Identify issues that would impact the feasibility and effectiveness of CCA

#### **Deliverables:**

- Identification of issues and recommendations
- Participation in four half-day working sessions with County decision makers to discuss policy issues and recommendations, located at the offices of one of the participating cities, selected by the cities.
- Participation in a total of four half-day working sessions with an Advisory Group or a Stakeholders Group, organized by County staff, to discuss policy and/or technical issues and recommendations, located at the offices of one of the participating cities, selected by the County and participating cities.
- One half-day meeting to review financial models individually with County Staff and Agents, or a full day meeting jointly with several cities, located at the NCI offices.

NCI recognizes that this project is part of the decisional process that will inform a larger energy resource policy being developed by the County. NCI will provide information and otherwise cooperate with other contractors and staff working for the County as requested by the County Project Manager, subject to reasonable confidentiality provisions and protection of NCI's proprietary information. Additional meetings or workshops requested by the County beyond those specified above will be provided on a time and materials basis at the rates contained in Exhibit B.

### **1.1 Public Outreach and Council Information**

The goal of this task is to provide detailed information to the public and elected leaders regarding the evolving feasibility of forming a CCA program and the implications of various business models available for implementation of a CCA program in Marin County.

**NCI shall:**

- Provide information for, and participate in working sessions with the public and elected leaders to communicate the results of the feasibility study and the evolving Business Plan.

**Deliverables:**

- Electronic versions of materials for handouts at community meetings.
- Attendance at two community-wide meetings in the county.

**TASK 2: CRITICAL BUSINESS PLANNING ELEMENTS****2.1 Organization and Governance Plan**

The goal of this task is to develop plans of governance and organization for the program. Alternative options will be assessed through the process described in Task 1, and the selected alternative will be used to create, and will be detailed in, the Business Plan.

**NCI shall:**

- Identify the issues that must be addressed in the governance of the CCA program
- Identify issues that would impact the feasibility and effectiveness of CCA
- Evaluate how alternative governance and organizational structures compare in terms of providing benefits and minimizing costs and risks for the JPA. Examples of alternative structures include unilateral independent implementation by the JPA; implementation as a member of a regional CCA organization; outsourcing (whole or in part) of program operator functions
- Assist the County in exploring opportunities for partnering with other local governments in the formation of a regional CCA program in order to achieve economies of scale in the program's operations.
- Provide periodic reports on progress

**Deliverables:**

- Evaluation of governance options.
- Initial and projected staffing plans, including an evaluation of organizational options, staffing requirements, and estimated costs
- Evaluation of local and regional partnering opportunities
- Recommended governance authorities, documentation and structure.

**2.2 Integrated Resource Supply Plan**

The goal of this task is to prepare a resource acquisition plan for the program that integrates supplies from purchases, CCA-owned generation, and self-generation in the CCA community with demand-side management, consistent with the State of California's adopted energy policies. The supply plan will include definition of resource preferences (e.g., renewable content and technologies, long term contracts), a plan for program investment in renewable and/or conventional generation resources, a list of potential suppliers for the program, and consideration of the impacts of demand side programs offered by PG&E and the CCA.

**2.2.1 Baseline Load Forecast and CCA Demand-Side Resources**

The goal of this task is to determine a program load forecast to be used in the supply plan. The load forecast will identify impacts of energy efficiency and demand-side resources to determine a net load forecast that must be met by supply-side resources.

**NCI Shall:**

- Refine a baseline load forecast based on PG&E forecasts and local growth projections.
- Determine the historic and proposed levels of investment and resources acquired from PG&E-administered PGC-funded programs in the CCA territory, subject to data availability.
- Determine a level of CCA funded and administered investment and a resource acquisition target for demand-side and self-generation resources that could be funded as a cost-effective alternative to procurement of supply side resources.

- Evaluate the load impacts of energy efficiency activities funded by PG&E in the CCA territory and prepare budgetary estimates of program costs and energy savings that could be funded by the CCA or from Public Goods Charges via partnerships with PG&E.
- Budget, resource targets and duration of energy savings for demand-side energy efficiency programs undertaken by PG&E
- Procurement budget, resource targets and duration of energy savings for demand side resource targets funded or administered by CCA program

### **2.2.2 Renewable Resource Supply Plan**

The goal of this task is to develop a renewable resource supply plan and identify specific renewable resource development opportunities that may be used in the county's CCA program. The availability of local energy resources, transmission, portfolio fit and other locational impacts will be explored along with mechanisms for public financing of renewable energy projects to develop a "roadmap" for renewable resource development. This renewable resource supply plan will be inform the request for qualifications process to be undertaken under Task 4.

#### **NCI Shall:**

- Research and assess financing and/or ownership models (equity, pre-purchases of energy, etc.) to support expanded utilization of cost-effective renewable energy.
- Identify proposed renewable energy projects for potential near-term utilization by the JPA and assess operational and transmission constraints that may limit the JPA's ability to meet its renewable energy targets.
- Identify suitable resources for the JPA's long-term resource planning, incorporating the technical potential for renewable energy development, resource costs, portfolio fit and deliverability issues.
- Identify issues that would impact the feasibility and effectiveness of CCA
- Develop criteria for evaluating the environmental, economic and social/equity impacts of projects and practices of suppliers.
- Assess the CCA impacts on greenhouse gas emissions in the county and in the PG&E service territory.

#### **Deliverables:**

- Renewable Resource Supply Plan identifying:
  - Financing/ownership models for community development of renewable generation projects
  - Identification of resource preferences for meeting the program's renewable energy requirements, including capacity desired from various types of renewable resources options
  - Preliminary assessment of deliverability to serve the CCA program and ranking of potential renewable resource locations (regions) to support long-term resource planning
- Sustainable impact criteria
- Comparison of the annual emissions attributable to the county with and without a CCA.
- Comparison of the annual PG&E/CCA system-wide emissions with and without a CCA.

### **2.2.3 Conventional Resource Supply Plan**

The goal of this task is to develop the non-renewable component of the program's supply plan.

#### **NCI Shall:**

- Determine projected capacity and energy requirements for the program
- Develop a supply plan for capacity and energy requirements, other than those met by renewable resources.

#### **Deliverables**

- Conventional resource supply plan, including energy and capacity balances, power purchases, generation and resource adequacy requirements.

## **2.3 Financing Plan**



### **2.3.1 Revised Pro Forma and Sensitivities**

The CPUC's December 2004 decision in first phase of the CCA proceeding provides for a much higher level of detailed customer information for use by prospective CCAs than was previously available. Other decisions may clarify issues that affect CCAs.

NCI will use updated cost and other relevant information updates to more accurately model the load and financial feasibility for the JPA. This work will be done prior to all other tasks on which this analysis does not depend and provide sufficient information for the County to make a reasonable determination to proceed with a CCA.

#### **NCI shall:**

- Prepare request for customer billing data for County
- Incorporate the billing data in the load analysis and financial modeling pro forma for business planning
- Update the base case study model to include operating costs, rules and protocols for the CCA based on revised feasibility studies to support final plan evaluation.

#### **Deliverables:**

- Analysis of residential electricity usage by tier, as defined in the applicable PG&E tariffs
- Analysis of non-residential electricity usage by time-of-use period, as defined in the applicable PG&E tariffs
- Revised pro forma utilizing customer billing data and updated cost and pricing assumptions
- Sensitivity analyses for fuel and electricity costs, customer participation rates, utility rates, regulatory variables, resource acquisition (contractual or investment).

### **2.3.2 Financing**

The goal of this task is to prepare a plan for financing the operations and investments of the CCA. This shall include an assessment of cash flows, operating reserves, bond costs (transaction and interests), required collateral and exposure.

#### **NCI shall:**

- Model program cash flows under various scenarios for fuel and electricity prices, customer participation rates, utility rates, regulatory variables and ownership of generation assets.
- Identify sources and uses of funds
- Work with County-retained bond counsel to define security requirements and other issues for program financing

#### **Deliverables:**

- Pro forma for the program's operations including start-up costs, working capital and other relevant issues.
- Programs terms and conditions to provide security for program financing requirements, including any covenants regarding collateral, governance and specific CCA authorities.
- Sensitivity analyses

## **TASK 3: OTHER BUSINESS PLANNING ELEMENTS**

### **3.1 Governance Documents**

The goal of this task is to develop final plans of governance and organization for the program.

#### **NCI shall:**

- Draft the agreements necessary for forming a JPA for purposes of implementing a CCA program with the County and one or more cities as participants. Final agreements will be prepared by legal counsel retained by the County or potential JPA members.

#### **Deliverables:**

- JPA and CCA program draft agreements.
- Governance plan including recommended policies and procedures.
- Final organizational plan

### **3.2 Product and Rate setting Plan**

The goal of this task is to define the process and policies that will be used to establish rates and other terms and conditions of service for customers of the program.

#### **NCI shall:**

- Develop policies and procedures for the following:
  - The process for setting rates, including periodic adjustments to ensure the financial integrity of the program
  - Cost allocation and rate design policies
  - Customer notice requirements and opt-out rights
  - Credit requirements and customer deposits
  - Consumer protection
  - Dispute resolution
  - Termination of service, including methodologies and application of program exit fees

#### **Deliverables:**

- Rate setting process
- Recommended program rates and policies
- Program terms and conditions

### **3.3 Other Business Plan Elements**

The goal of this task is to prepare other elements of a business plan that will be necessary for the successful operation of the CCA. These items shall include a marketing and outreach plan; a risk management plan to the extent not included in the supply plan; exit strategies; analysis of threats such as those arising from competition for resources or transmission constraints; or other requirements of the CPUC. If unanticipated CPUC requirements materially alter the project scope, the parties will make best efforts to negotiate a reasonable budget adjustment. Exit strategies will be prepared for the pre-capitalization and post capitalization phases of the CCA.

#### **NCI shall:**

- Identify elements that will be necessary for the successful operation of the CCA program.

#### **Deliverables:**

- Discussion of critical success factors and risks to successful program implementation and operation.

### **3.4 Business Plan Document**

The goal of this task is to publish a formal business plan to assist the community, public officials, County staff and other stakeholders as they decide how to best proceed on the subject of Community Choice Aggregation.

#### **NCI shall:**

- Submit drafts of the business plan and its elements to the County and cities policy committee and Representatives as the Work progresses.
- Provide final copies of the business plan to the County after the policy committee and Representatives have confirmed in writing that the business plan is acceptable.

#### **Deliverables:**

- MSWord and PDF submittals of draft business plan and plan elements during the course of the Work.
- Six copies of the accepted business plan.
- One MSWord and one PDF copy of the business plan for distribution, sent electronically to the County Representative.

#### **TASK 4: QUALIFICATIONS AND BIDS FROM POTENTIAL SUPPLIERS**

The CCA Implementation Plan must contain a description of third-party suppliers to the CCA program, including their financial, technical, and operational capabilities. Therefore, NCI shall provide services to acquire information that the CPUC requires in the Implementation Plan and that will be needed to perform the final evaluation of CCA feasibility.

##### **NCI shall:**

- Prepare a request for qualifications and pricing offers and distribute to potential third party service providers.
- Evaluate supplier qualifications, service offerings and pricing of third-party service providers to the CCA Program.
- Report on the evaluation including copies of relevant data and a summary of pricing and other important considerations of the evaluation process.
- Provide a report recommending a short list of qualified suppliers for inclusion in the Implementation Plan.

##### **Deliverables:**

- Request qualifications and pricing offers from potential suppliers
- Documentation of supplier qualifications
- Report on the evaluation
- Report with short list of qualified suppliers and their pricing
- Integrate results into the Business Plan.

#### **TASK 5: FINAL EVALUATION**

The goal of this task is to provide the County with a final evaluation of the feasibility of implementing the CCA program, incorporating the the pricing results of potential suppliers

##### **NCI shall:**

- Prepare a final evaluation of the feasibility of implementing the CCA program, including confirmation of the CCA's ability to deliver lower electricity rates, more stable energy prices and increased latitude to develop and utilize environmentally friendly renewable resources.
- Prepare a Final Evaluation Report.

##### **Deliverables:**

- Final Evaluation Report

#### **TASK 6: IMPLEMENTATION PLAN**

The goal of this task is to prepare a CCA Implementation Plan that details how the program will be organized, funded, and operated. The Implementation Plan must be adopted at a duly noticed public hearing and must be filed with the California Public Utilities Commission prior to the commencement of CCA service. Navigant shall proceed with this task upon County notice of authorization from the County.

##### **NCI shall:**

- Develop a CCA Implementation Plan for the County detailing all of the following:
  - Program structure, organization, operations (including impacts of pricing from qualified potential vendors) and funding
  - Rate setting and other costs to participants (rates will be based on indicative bids solicited from suppliers)
  - Provisions for disclosure in setting rates and allocating costs among participants
  - Methods for entering and terminating agreements with other entities
  - Rights and responsibilities of program participants (consumer protection, credit requirements and shutoff procedures)
  - Termination of the program
  - Description of third-party suppliers (including financial, technical and operational capabilities)

- Prepare a statement of intent that demonstrates the program will provide:
  - Universal access
  - Reliability
  - Customer class equity
  - Other requirements established by state law or the CPUC

**Deliverables:**

- Draft CCA Implementation Plan and Statement of Intent
- Final CCA Implementation Plan and Statement of Intent

**TASK 7: REGULATORY SERVICES**

**7.1 Participation in CPUC Rulemaking Process**

The goal of this task is to participate in any continuing CPUC decision-making process to implement AB117, Community Choice Aggregation; to inform the Client regarding the costs, credits, rules and protocols developed in the CPUC process; and to evaluate the possible impacts of CCA implementation for the Client. NCI will monitor related CPUC processes for possible impacts on CCA implementation, but it is not intended that NCI will intervene or advocate in regulatory proceedings on behalf of the County.

**NCI shall:**

- Monitor the CPUC decision-making proceedings to implement AB117, Community Choice Aggregation.
- Identify, evaluate and document CCA implementation activities being developed by the CPUC proceedings that could impact the JPA.
- Attend and participate in working group sessions as needed to obtain a clear understanding of the CCA implementation activities and impacts.
- Provide progress reports for the JPA on the CCA implementation decisions.
- Prepare and distribute periodic reports that clarify to the JPA the costs, credits, rules and protocols developed in the CPUC process for implementing Community Choice Aggregation in California. The report will also evaluate the possible impacts of the CCA implementation activities on the Client.
- Develop policy positions in collaboration with the JPA.

**Deliverables:**

- Progress reports on CCA implementation meetings and decisions.
- Periodic reports that clarify to the JPA the costs, credits, rules and protocols developed in the CPUC process for implementing Community Choice Aggregation in California. The report will also evaluate the possible impacts of the CCA implementation activities on the Client.
- Draft statements of JPA policy positions.

**7.2 Filing and Support of the Implementation Plan**

The goal of this task is to file the JPA’s CCA Implementation Plan with the CPUC, support obtaining CPUC approval of the Implementation Plan, and monitor and summarize the actions and results of the JPA’s CCA Implementation Plan filing. The summary information will be used to evaluate and to revise, as needed, the feasibility study based on proposed CPUC decisions. Navigant shall file the Implementation Plan upon notice of authorization from the County.

**NCI shall:**

- Submit the JPA’s Implementation Plan to the CPUC
- Respond to intervener or CPUC data requests
- Model the impacts of CPUC proposed decisions
- Prepare reports on CCA implementation decisions and possible impacts to local governments considering CCA
- Revise the feasibility study, if needed, to incorporate the CPUC’s action on the JPA’s CCA Implementation Plan

**Deliverables:**

- Implementation Plan submittal to the CPUC
- Data request responses
- Reports on CCA implementation decisions and possible impacts to local governments considering CCA
- Revised feasibility studies

**TASK 8: ADDITIONAL SERVICES**

Due to the complex and precedent setting nature of the implementation plan, the County and Navigant recognize that there may be need to supplement the work outlined in Tasks 1-7 with additional services to complete the plan. Therefore, in addition to the task described above, Navigant shall provide additional services to the County relevant to the purpose of this Agreement as needed and mutually agreed upon. All additional services shall be requested in writing by the County in advance. Upon receiving a written request for additional services by the County, Navigant shall submit an estimated cost proposal for the requested additional services to the County for approval based upon the hourly rates outlined in Exhibit B. Navigant shall not initiate any additional services or incur any additional expenses unless the County has made written request for the additional services, approved an estimated cost proposal for the additional requested services and given Navigant written Notice to Proceed with the additional services.

**SCHEDULE**

The following project work is to be performed for the County. Project work will begin pending notice to proceed by the CEC, LGC and the County.

The development of the CCA Business Plan, encompassing Tasks 1 – 3, is expected to take approximately 180 days to complete after NCI receives notice to proceed. Actual time for completion of the final Business Plan will depend upon actions and decisions made by the County and pre-JPA members on key policy issues as they arise during the work. Tasks 4 - 6 will be accomplished within 90 days following completion of Task 3. The timing for completion of Task 7 is dependent upon actions of the CPUC.

## EXHIBIT B

### Fees for Services

#### **BUDGET**

California Energy Commission and U.S. Department of Energy underwriting is provided under the administration of the Local Government Commission rendering project costs significantly reduced for participants. The following table summarizes Client fees and underwriting for the tasks and deliverables described in Exhibit A, above:

	Description	Billing Method	Client Fees	Consortium Project Underwriting *
Task 1	Decision Support	Retainer	\$28,152	\$81,880
Task 2	Critical Business Planning Elements	Retainer	\$50,240	\$63,710
Task 3	Other Business Planning Elements	Deliverable	\$35,280	\$22,480
Task 4	Qualifications and Prices from Potential Suppliers	Deliverable	\$16,820	\$15,200
Task 5	Final Evaluation	Deliverable	\$10,000	\$18,820
Task 6	Implementation Plan	Deliverable	\$20,160	\$56,505
Task 7	Regulatory Services	Retainer	\$37,000	\$61,085
Total			\$197,652	\$319,680

\* Project underwriting represents the pool of funds available to offset costs for all project participants in the PG&E service territory.

Additional meetings beyond those described under Task 1 will be charged on a time and materials basis. Invoices for work completed will be submitted by NCI based upon the following task specific billing methods:

**Retainer**: Invoices will be submitted monthly as labor accrues with amounts not to exceed task specific client fees identified above.

**Deliverable**: Invoices will be submitted for task specific amounts when work products are delivered. Where multiple deliverables are indicated, invoiced amounts shall be prorated across each deliverable.

Professional and support services, except testimony, shall be billed at the following rates:

<b>2006 Rate Schedule</b>	
<b>Level</b>	<b>2006 Government Rates</b>
Managing Director	\$375
Director	\$320
Associate Director	\$260
Managing Consultant	\$220
Senior Consultant	\$190
Consultant	\$145
Office Services	\$125

Testimony shall be billed at not less than eight (8) hours per day and shall include a premium of 25% above the standard rates shown above.

The above rates shall be adjusted each year commencing January 1, 2008; annual escalation rates will not exceed 4.5%.

Reproduction, printing, communications, computer services, graphics, and other miscellaneous support services shall be billed at rates for such services as determined from time to time and officially established by Navigant Consulting.

All travel, food, lodging, and miscellaneous expenses, except automobile mileage, associated with the provision of services hereunder shall be billed at cost plus ten (10) percent. Mileage will be reimbursed at the rate then approved by the Internal Revenue Service.

Client shall reimburse Navigant Consulting for any applicable sales tax imposed on services rendered by Navigant Consulting to Client.