

PROFESSIONAL CONSULTANT SERVICES AGREEMENT

LEIDOS ENGINEERING, LLC

(Electric Cost of Service Analysis and Rate Design)

THIS PROFESSIONAL CONSULTANT SERVICES AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20____ ("Effective Date"), by and between the CITY OF RIVERSIDE ("City"), a California charter city and municipal corporation and LEIDOS ENGINEERING, a Delaware limited liability company authorized to do business in California ("Consultant").

1. **Scope of Services.** City agrees to retain and does hereby retain Consultant and Consultant agrees to provide the services more particularly described in Exhibit "A," "Scope of Services" ("Services"), attached hereto and incorporated herein by reference, in conjunction with Electric Cost of Service Analysis and Rate Design ("Project").

2. **Term.** This Agreement shall be effective on the date first written above and shall remain in effect for one year thereafter, unless otherwise terminated pursuant to the provisions herein.

3. **Compensation/Payment.** Consultant shall perform the Services under this Agreement for the total sum of One Hundred Twenty-Five Thousand Dollars (\$125,000) payable in accordance with the terms set forth in Exhibit "B." Said payment shall be made in accordance with City's usual accounting procedures upon receipt and approval of an itemized invoice setting forth the services performed. The invoices shall be delivered to City at the address set forth in Section 4 hereof.

4. **Notices.** Any notices required to be given, hereunder shall be in writing and shall be personally served or given by mail. Any notice given by mail shall be deemed given when deposited in the United States Mail, certified and postage prepaid, addressed to the party to be served as follows:

To City

Public Utilities Department
City of Riverside
Attn: Brian Seinturier,
CPA
3901 Orange Street
Riverside, CA 92501

To Consultant

Leidos Engineering, LLC
Attn: Scott Burnham, Manager Director
1801 California Street, Suite 2800
Denver, CO 80202

5. **Prevailing Wage.** If applicable, Consultant and all subcontractors are required to pay the general prevailing wage rates of per diem wages and overtime and holiday wages determined by the Director of the Department of Industrial Relations under Section 1720 et seq. of the California Labor Code and implemented by Resolution No. 13346 of the City Council of the City of Riverside.

The Director's determination is available on-line at:

www.dir.ca.gov/dlsr/DPreWageDetermination.htm and is referred to and made a part hereof; the wage rates therein ascertained, determined, and specified are referred to and made a part hereof as though fully set forth herein.

6. **Contract Administration.** A designee of the City will be appointed in writing by the City Manager or Department Director to administer this Agreement on behalf of City and shall be referred to herein as Contract Administrator.

7. **Standard of Performance.** While performing the Services, Consultant shall exercise the reasonable professional care and skill customarily exercised by reputable members of Consultant's profession practicing in the Metropolitan Southern California Area, and shall use reasonable diligence and best judgment while exercising its professional skill and expertise.

8. **Personnel.** Consultant shall furnish all personnel necessary to perform the Services and shall be responsible for their performance and compensation. Consultant recognizes that the qualifications and experience of the personnel to be used are vital to professional and timely completion of the Services. The key personnel listed in Exhibit "C" attached hereto and incorporated herein by this reference and assigned to perform portions of the Services shall remain assigned through completion of the Services, unless otherwise mutually agreed by the parties in writing, or caused by hardship or resignation in which case substitutes shall be subject to City approval.

9. **Assignment and Subcontracting.** Neither party shall assign any right, interest, or obligation in or under this Agreement to any other entity without prior written consent of the other party. In any event, no assignment shall be made unless the assignee expressly assumes the obligations of assignor under this Agreement, in a writing satisfactory to the parties. Consultant acknowledges that any assignment may, at the City's sole discretion, require City Manager and/or City Council approval. Consultant shall not subcontract any portion of the work required by this Agreement without prior written approval by the responsible City Contract Administrator. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement, including without limitation, the insurance obligations set forth in Section 12. The Consultant acknowledges and agrees that the City is an intended beneficiary of any work performed by any subcontractor for purposes of establishing a duty of care between any subcontractor and the City.

10. **Independent Contractor.** In the performance of this Agreement, Consultant, and Consultant's employees, subcontractors and agents, shall act in an independent capacity as independent contractors, and not as officers or employees of the City of Riverside. Consultant acknowledges and agrees that the City has no obligation to pay or withhold state or federal taxes or to provide workers' compensation or unemployment insurance to Consultant, or to Consultant's employees, subcontractors and agents. Consultant, as an independent contractor, shall be responsible for any and all taxes that apply to Consultant as an employer.

11. **Indemnification.**

11.1 Design Professional Defined. For purposes of this Agreement, "Design Professional" includes the following:

- A. An individual licensed as an architect pursuant to Chapter 3 (commencing with Section 5500) of Division 3 of the Business and Professions Code, and a business entity offering architectural services in accordance with that chapter.
- B. An individual licensed as a landscape architect pursuant to Chapter 3.5 (commencing with Section 5615) of Division 3 of the Business and Professions Code, and a business entity offering landscape architectural services in accordance with that chapter.
- C. An individual registered as a professional engineer pursuant to Chapter 7 (commencing with Section 6700) of Division 3 of the Business and Professions Code, and a business entity offering professional engineering services in accordance with that chapter.
- D. An individual licensed as a professional land surveyor pursuant to Chapter 15 (commencing with Section 8700) of Division 3 of the Business and Professions Code, and a business entity offering professional land surveying services in accordance with that chapter.

11.2 Defense Obligation for Design Professional Liability. Consultant agrees, at its cost and expense, to promptly defend the City, and the City's employees, officers, managers, agents and council members (collectively the "Parties to be Defended") from and against any and all claims, allegations, lawsuits, arbitration proceedings, administrative proceedings, regulatory proceedings, or other legal proceedings to the extent the same arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of Consultant, or anyone employed by or working under the Consultant or for services rendered to the Consultant in the performance of the Agreement, notwithstanding that the City may have benefited from its work or services and whether or not caused in part by the negligence of an Indemnified Party. Consultant agrees to provide this defense immediately upon written notice from the City, and with well qualified, adequately insured and experienced legal counsel acceptable to City. This obligation to defend as set forth herein is binding on the successors, assigns and heirs of Consultant and shall survive the termination of Consultant's Services under this Agreement.

11.3 Indemnity for Design Professional Liability. When the law establishes a professional standard of care for Consultant's services, to the fullest extent permitted by law, Consultant shall indemnify, protect and hold harmless the City and the City's employees, officers, managers, agents, and Council Members ("Indemnified Parties") from and against any and all claim for damage, charge, lawsuit, action, judicial, administrative, regulatory or arbitration proceeding, damage, cost, expense (including counsel and expert fees), judgment, civil fines and penalties, liabilities or losses of any kind or nature whatsoever to the extent the same arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of Consultant, or anyone employed by or working under the Consultant or for services rendered to the Consultant in the performance of the

Agreement, notwithstanding that the City may have benefited from its work or services and whether or not caused in part by the negligence of an Indemnified Party.

11.4 Defense Obligation for Other than Design Professional Liability.

Consultant agrees, at its cost and expense, to promptly defend the City, and the City's employees, officers, managers, agents and council members (collectively the "Parties to be Defended") from and against any and all claims, allegations, lawsuits, arbitration proceedings, administrative proceedings, regulatory proceedings, or other legal proceedings which arise out of, or relate to, or are in any way connected with: 1) the Services, work, activities, operations, or duties of the Consultant, or of anyone employed by or working under the Consultant, or 2) any breach of the Agreement by the Consultant. This duty to defend shall apply whether or not such claims, allegations, lawsuits or proceedings have merit or are meritless, or which involve claims or allegations that any or all of the Parties to be Defended were actively, passively, or concurrently negligent, or which otherwise assert that the Parties to be Defended are responsible, in whole or in part, for any loss, damage or injury. Consultant agrees to provide this defense immediately upon written notice from the City, and with well qualified, adequately insured and experienced legal counsel acceptable to City. This obligation to defend as set forth herein is binding on the successors, assigns and heirs of Consultant and shall survive the termination of Consultant's Services under this Agreement.

11.5 Indemnity for Other than Design Professional Liability. Except as to the sole negligence or willful misconduct of the City, Consultant agrees to indemnify, protect and hold harmless the Indemnified Parties from and against any claim for damage, charge, lawsuit, action, judicial, administrative, regulatory or arbitration proceeding, damage, cost, expense (including counsel and expert fees), judgment, civil fine and penalties, liabilities or losses of any kind or nature whatsoever whether actual, threatened or alleged, which arise out of, pertain to, or relate to, or are a consequence of, or are attributable to, or are in any manner connected with the performance of the Services, work, activities, operations or duties of the Consultant, or anyone employed by or working under the Consultant or for services rendered to Consultant in the performance of this Agreement, notwithstanding that the City may have benefited from its work or services. This indemnification provision shall apply to any acts, omissions, negligence, recklessness, or willful misconduct, whether active or passive, on the part of the Consultant or anyone employed or working under the Consultant.

12. Insurance.

12.1 General Provisions. Prior to the City's execution of this Agreement, Consultant shall provide satisfactory evidence of, and shall thereafter maintain during the term of this Agreement, such insurance policies and coverages in the types, limits, forms and ratings required herein. The rating and required insurance policies and coverages may be modified in writing by the City's Risk Manager or City Attorney, or a designee, unless such modification is prohibited by law.

12.1.1 Limitations. These minimum amounts of coverage shall not constitute any limitation or cap on Consultant's indemnification obligations under Section 11 hereof.

12.1.2 Ratings. Any insurance policy or coverage provided by Consultant or subcontractors as required by this Agreement shall be deemed inadequate and a material breach of this Agreement, unless such policy or coverage is issued by insurance companies authorized to transact insurance business in the State of California with a policy holder's rating of A or higher and a Financial Class of VII or higher.

12.1.3 Cancellation. The policies shall not be canceled unless thirty (30) days prior written notification of intended cancellation has been given to City by certified or registered mail, postage prepaid.

12.1.4 Adequacy. The City, its officers, employees and agents make no representation that the types or limits of insurance specified to be carried by Consultant pursuant to this Agreement are adequate to protect Consultant. If Consultant believes that any required insurance coverage is inadequate, Consultant will obtain such additional insurance coverage as Consultant deems adequate, at Consultant's sole expense.

12.2 Workers' Compensation Insurance. By executing this Agreement, Consultant certifies that Consultant is aware of and will comply with Section 3700 of the Labor Code of the State of California requiring every employer to be insured against liability for workers' compensation, or to undertake self-insurance before commencing any of the work. Consultant shall carry the insurance or provide for self-insurance required by California law to protect said Consultant from claims under the Workers' Compensation Act. Prior to City's execution of this Agreement, Consultant shall file with City either 1) a certificate of insurance showing that such insurance is in effect, or that Consultant is self-insured for such coverage, or 2) a certified statement that Consultant has no employees, and acknowledging that if Consultant does employ any person, the necessary certificate of insurance will immediately be filed with City. Any certificate filed with City shall provide that City will be given ten (10) days prior written notice before modification or cancellation thereof.

12.3 Commercial General Liability and Automobile Insurance. Prior to City's execution of this Agreement, Consultant shall obtain, and shall thereafter maintain during the term of this Agreement, commercial general liability insurance and automobile liability insurance as required to insure Consultant against damages for personal injury, including accidental death, as well as from claims for property damage, which may arise from or which may concern operations by anyone directly or indirectly employed by, connected with, or acting for or on behalf of Consultant. The City, and its officers, employees and agents, shall be named as additional insureds under the Consultant's insurance policies.

12.3.1 Consultant's commercial general liability insurance policy shall cover both bodily injury (including death) and property damage (including, but not limited to, premises operations liability, products-completed operations liability, independent contractor's liability, personal injury liability, and contractual liability) in an amount not less than \$1,000,000 per occurrence and a general aggregate limit in the amount of not less than \$2,000,000.

12.3.2 Consultant's automobile liability policy shall cover both bodily injury and property damage in an amount not less than \$1,000,000 per occurrence and an aggregate limit of

not less than \$1,000,000. All of Consultant's automobile and/or commercial general liability insurance policies shall cover all vehicles used in connection with Consultant's performance of this Agreement, which vehicles shall include, but are not limited to, Consultant owned vehicles, Consultant leased vehicles, Consultant's employee vehicles, non-Consultant owned vehicles and hired vehicles.

12.3.3 Prior to City's execution of this Agreement, copies of insurance policies or original certificates along with additional insured endorsements acceptable to the City evidencing the coverage required by this Agreement, for both commercial general and automobile liability insurance, shall be filed with City and shall include the City and its officers, employees and agents, as additional insureds. Said policies shall be in the usual form of commercial general and automobile liability insurance policies, but shall include the following provisions:

It is agreed that the City of Riverside, and its officers, employees and agents, are added as additional insureds under this policy, solely for work done by and on behalf of the named insured for the City of Riverside.

12.3.4 The insurance policy or policies shall also comply with the following provisions:

- a. The policy shall be endorsed to waive any right of subrogation against the City and its sub-consultants, employees, officers and agents for services performed under this Agreement.
- b. If the policy is written on a claims-made basis, the certificate should so specify and the policy must continue in force for one year after completion of the services. The retroactive date of coverage must also be listed.
- c. The policy shall specify that the insurance provided by Consultant will be considered primary and not contributory to any other insurance available to the City and Endorsement No. CG 20010413 shall be provided to the City.

12.4 Errors and Omissions Insurance. Prior to City's execution of this Agreement, Consultant shall obtain, and shall thereafter maintain during the term of this Agreement, errors and omissions professional liability insurance in the minimum amount of \$1,000,000 to protect the City from claims resulting from the Consultant's activities.

12.5 Subcontractors' Insurance. Consultant shall require all of its subcontractors to carry insurance, in an amount sufficient to cover the risk of injury, damage or loss that may be caused by the subcontractors' scope of work and activities provided in furtherance of this Agreement, including, but without limitation, the following coverages: Workers Compensation, Commercial General Liability, Errors and Omissions, and Automobile liability. Upon City's request, Consultant shall provide City with satisfactory evidence that Subcontractors have obtained insurance policies and coverages required by this section.

13. **Business Tax.** Consultant understands that the Services performed under this Agreement constitutes doing business in the City of Riverside, and Consultant agrees that Consultant will register for and pay a business tax pursuant to Chapter 5.04 of the Riverside Municipal Code and keep such tax certificate current during the term of this Agreement.

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

15. **City's Right to Employ Other Consultants.** City reserves the right to employ other Consultants in connection with the Project. If the City is required to employ another consultant to complete Consultant's work, due to the failure of the Consultant to perform, or due to the breach of any of the provisions of this Agreement, the City reserves the right to seek reimbursement from Consultant.

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

17. **Confidentiality.** All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other materials either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant, except as otherwise directed by City's Contract Administrator. Nothing furnished to Consultant which is otherwise known to the Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use City's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production, website, or other similar medium without the prior written consent of the City.

18. **Ownership of Documents.** All reports, maps, drawings and other contract deliverables prepared under this Agreement by Consultant shall be and remain the property of City. Consultant shall not release to others information furnished by City without prior express written approval of City.

19. **Copyrights.** Consultant agrees that any work prepared for City which is eligible for copyright protection in the United States or elsewhere shall be a work made for hire. If any such work is deemed for any reason not to be a work made for hire, Consultant assigns all right, title and interest in the copyright in such work, and all extensions and renewals thereof, to City, and agrees to provide all assistance reasonably requested by City in the establishment, preservation and enforcement of its copyright in such work, such assistance to be provided at City's expense but without any additional compensation to Consultant. Consultant agrees to waive all moral rights relating to the work developed or produced, including without limitation any and all rights of

identification of authorship and any and all rights of approval, restriction or limitation on use or subsequent modifications.

20. **Conflict of Interest.** Consultant, for itself and on behalf of the individuals listed in Exhibit "C", represents and warrants that by the execution of this Agreement, they have no interest, present or contemplated, in the Project affected by the above-described Services. Consultant further warrants that neither Consultant, nor the individuals listed in Exhibit "C" have any real property, business interests or income interests that will be affected by this project or, alternatively, that Consultant will file with the City an affidavit disclosing any such interest.

21. **Solicitation.** Consultant warrants that Consultant has not employed or retained any person or agency to solicit or secure this Agreement, nor has it entered into any agreement or understanding for a commission, percentage, brokerage, or contingent fee to be paid to secure this Agreement. For breach of this warranty, City shall have the right to terminate this Agreement without liability and pay Consultant only for the value of work Consultant has actually performed, or, in its sole discretion, to deduct from the Agreement price or otherwise recover from Consultant the full amount of such commission, percentage, brokerage or commission fee. The remedies specified in this section shall be in addition to and not in lieu of those remedies otherwise specified in this Agreement.

22. **General Compliance with Laws.** Consultant shall keep fully informed of federal, state and local laws and ordinances and regulations which in any manner affect those employed by Consultant, or in any way affect the performance of services by Consultant pursuant to this Agreement. Consultant shall at all times observe and comply with all such laws, ordinances and regulations, and shall be solely responsible for any failure to comply with all applicable laws, ordinances and regulations. Consultant represents and warrants that Consultant has obtained all necessary licenses to perform the Scope of Services and that such licenses are in good standing. Consultant further represents and warrants that the services provided herein shall conform to all ordinances, policies and practices of the City of Riverside.

23. **Waiver.** No action or failure to act by the City shall constitute a waiver of any right or duty afforded City under this Agreement, nor shall any such action or failure to act constitute approval of or acquiescence in any breach thereunder, except as may be specifically, provided in this Agreement or as may be otherwise agreed in writing.

24. **Amendments.** This Agreement may be modified or amended only by a written agreement and/or change order executed by the Consultant and City.

25. **Termination.** City, by notifying Consultant in writing, shall have the right to terminate any or all of Consultant's services and work covered by this Agreement at any time. In the event of such termination, Consultant may submit Consultant's final written statement of the amount of Consultant's services as of the date of such termination based upon the ratio that the work completed bears to the total work required to make the report complete, subject to the City's rights under Sections 15 and 25 hereof. In ascertaining the work actually rendered through the termination date, City shall consider completed work, work in progress and complete and incomplete reports and other documents only after delivered to City.

25.1 Other than as stated below, City shall give Consultant thirty (30) days prior written notice prior to termination.

25.2 City may terminate this Agreement upon fifteen (15) days written notice to Consultant, in the event:

25.2.1 Consultant substantially fails to perform or materially breaches the Agreement; or

25.2.2 City decides to abandon or postpone the Project.

26. **Offsets.** Consultant acknowledges and agrees that with respect to any business tax or penalties thereon, utility charges, invoiced fee or other debt which Consultant owes or may owe to the City, City reserves the right to withhold and offset said amounts from payments or refunds or reimbursements owed by City to Consultant. Notice of such withholding and offset, shall promptly be given to Consultant by City in writing. In the event of a dispute as to the amount owed or whether such amount is owed to the City, City will hold such disputed amount until either the appropriate appeal process has been completed or until the dispute has been resolved.

27. **Successors and Assigns.** This Agreement shall be binding upon City and its successors and assigns, and upon Consultant and its permitted successors and assigns, and shall not be assigned by Consultant, either in whole or in part, except as otherwise provided in paragraph 9 of this Agreement.

28. **Venue and Attorneys' Fees.** Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights provided for by this Agreement shall be tried in a court of competent jurisdiction in the County of Riverside, State of California, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county. In the event either party hereto shall bring suit to enforce any term of this Agreement or to recover any damages for and on account of the breach of any term or condition of this Agreement, it is mutually agreed that the prevailing party in such action shall recover all costs thereof, including reasonable attorneys' fees. However, the recovery of attorneys' fees by the prevailing party is limited to individual actions or proceedings in which the City elects, at the initiation of that individual action or proceeding, to seek recovery of its own attorneys' fee. In no action shall an award of attorneys' fees to the prevailing party exceed the amount of reasonable attorneys' fees incurred by the City in the action or proceeding.

29. **Nondiscrimination.** During Consultant's performance of this Agreement, Consultant shall not discriminate on the grounds of race, religious creed, color, national origin, ancestry, age, physical disability, mental disability, medical condition, including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sex, genetic information, gender, gender identity, gender expression, or sexual orientation, in the selection and retention of employees and subcontractors and the procurement of materials and equipment, except as provided in Section 12940 of the California Government Code. Further, Consultant agrees to conform to the requirements of the Americans with Disabilities Act in the performance of this Agreement.

30. **Severability.** Each provision, term, condition, covenant and/or restriction, in whole and in part, of this Agreement shall be considered severable. In the event any provision, term, condition, covenant and/or restriction, in whole and/or in part, of this Agreement is declared invalid, unconstitutional, or void for any reason, such provision or part thereof shall be severed from this Agreement and shall not affect any other provision, term, condition, covenant and/or restriction of this Agreement, and the remainder of the Agreement shall continue in full force and effect.

31. **Authority.** The individuals executing this Agreement and the instruments referenced herein on behalf of Consultant each represent and warrant that they have the legal power, right and actual authority to bind Consultant to the terms and conditions hereof and thereof.

32. **Entire Agreement.** This Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement, and supersedes all prior and contemporaneous understandings or agreements of the parties. Neither party has been induced to enter into this Agreement by and neither party is relying on, any representation or warranty outside those expressly set forth in this Agreement.

33. **Interpretation.** City and Consultant acknowledge and agree that this Agreement is the product of mutual arms-length negotiations and accordingly, the rule of construction, which provides that the ambiguities in a document shall be construed against the drafter of that document, shall have no application to the interpretation and enforcement of this Agreement.

33.1 Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of the Agreement or any of its terms. Reference to section numbers, are to sections in the Agreement unless expressly stated otherwise.

33.2 This Agreement shall be governed by and construed in accordance with the laws of the State of California in effect at the time of the execution of this Agreement.

33.3 In the event of a conflict between the body of this Agreement and Exhibit "A" - Scope of Services hereto, the terms contained in Exhibit "A" shall be controlling.

34. **Exhibits.** The following exhibits attached hereto are incorporated herein to this Agreement by this reference:

Exhibit "A" - Scope of Services
Exhibit "B" - Compensation
Exhibit "C" - Key Personnel

(Signatures on Following Page)

IN WITNESS WHEREOF, City and Consultant have caused this Agreement to be duly executed the day and year first above written.

CITY OF RIVERSIDE, a California charter city and municipal corporation

By: _____
City Manager

Attest: _____
City Clerk

Approved as to Form:

By: Susan Wilson
Deputy City Attorney

LEIDOS ENGINEERING, LLC, a Delaware limited liability company authorized to do business in California

By: _____

Scott Bernhan
Printed Name

Managing Director
Title

By: Ivan L. Clark

Ivan L. Clark
Printed Name

Managing Director
Title

EXHIBIT "A"

SCOPE OF SERVICES

SECTION 1

Work Plan

Project Management

Project management is an integral part of project of this type. Our project management approach and management will be led by Mr. Scott Burnham, located in our Denver office. Mr. Burnham has over 17 years' experience working with utilities and will ultimately be responsible for ensuring the quality and timing of the deliverables of the entire Study.

Leidos' Project Execution Plan will reflect lessons learned from prior engagements to benefit RPU in each phase of the Study.

Mr. Burnham will be responsible for the development and implementation of a Project Execution Plan. This plan will outline our collaborative vision for completion of the Study, identify specific opportunities for soliciting feedback, and memorialize project milestones to ensure adherence with the completion schedule. The Project Execution Plan will include the following elements:

- › Development of communication plan and protocol, including regularly scheduled weekly (or biweekly) project progress reviews
- › Reports / updates to RPU regarding project scope, personnel, budget status and schedule
- › Identification of project milestones from project initiation through completion
- › Integrated feedback mechanisms to continually improve the project execution

The project Execution Plan will be developed and completed after the initial project meeting and provided to RPU for review and comment.

Phase I: Electric System Cost of Service Analysis at Current Rates

The first phase of the proposed Study is to conduct the COSA utilizing the existing RPU rate structure. We have developed a series of tasks designed to complete this phase of the Study; Task 1 includes the initial project kick-off meeting, Task 2 focuses on the analysis of the RPU data, and Task 3 is the creation and delivery of a subsequent report. Phase I will utilize the financial data provided by RPU and establish the foundation for the underlying cost causation by rate class. The end result of Phase I will be a series of unbundled rates by rate class that reflect the costs to provide service.

Task 1: Initial Project Meeting and Preliminary Analysis

Immediately upon receiving notice to proceed, a data request will be submitted to RPU seeking cost accounting data, system operating statistics, operating budgets and forecasts, and customer usage characteristics and summary statistics from customer bills. The basis for the Study will be RPU's 2014 audited financial data. The financial data will be adjusted based on adopted budget and RPU projections for FY2015–FY2024.

Within two weeks of notice to proceed, an Initial Project Meeting will be held with appropriate RPU management and staff to clarify project goals and objectives. This meeting will serve to identify roles and responsibilities, introduce the Leidos and RPU project team, establish communication protocols, identify potential project-related issues, review data needs, and confirm the project schedule. A summary of action items and project decisions resulting from this meeting will be provided by Leidos in the subsequent Project Execution Plan.

We propose to conduct a half-day workshop for RPU management and staff to review the cost of service and rates process immediately after the initial project meeting. We have found this approach beneficial to the success of these studies, as it explains the rationale behind why we are asking for certain data and how the data will be used during our analysis. It is also critical, given the relatively tight project schedule that all members of the RPU and Leidos team are on the “same page” from the beginning of the Study. Our workshop will be based on the Cost of Service / Rate Design classes we teach for EUCI (an industry conference organization) and will be designed to facilitate a common understanding of the Study process.

Task 2: Cost of Service Analysis

Develop COSA Model

Utilizing Leidos' current Microsoft Excel based COSA model (COSA Model or Model) template, we will custom design a comprehensive, flexible, user-friendly model to meet the needs of this Study. The COSA Model will be tailored to include a format matching RPU's current accounting reporting system and its unique customer classes (including the specific contract customers referenced in the RFP). The model template is setup in a format that is consistent with the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts; however, we will work with RPU to determine a suitable alternative if FERC data is not available.

The Model will address the functionalization, classification and allocation of the Test Year revenue requirements. The Model is designed to be an intuitive and easily adjustable tool that allows RPU staff to make

PHASE I CHALLENGE

Aligning utility departments with the goals of a rate study

SOLUTION

Conduct half-day workshop for utility directors to explain theory and practice of rate making

real-time changes in allocation choices to see how those decisions impact overall COSA results as well as specific customer class costs of service. The Model also incorporates the ability to make quick adjustments to operating costs, customer growth rates, capital programs, revenue forecasts, debt service and reserves policy goals in developing the revenue requirement. Critical metrics regarding RPU's financial condition, including bond-reserve requirements, day's cash on hand (or working capital), debt service coverage ratios, and others, will be included in the Model to ensure the projected revenue requirement is meeting RPU's financial objectives. Where feasible, RPU's 10-year proforma will be integrated into the COSA model.

Develop Key Assumptions

Leidos will develop a solid understanding of RPU's existing customer class load profiles to serve as a basis for unique rate classes and their allocated costs. Our approach includes analyzing existing customer class usage characteristics and reviewing available historical load research data to support proposed customer or rate class additions or deletions as appropriate.

A key driver to be developed is each customer class' contribution to the system peak demand (coincident peak or "CP") as well as each class non-coincident demand (or "NCP"). These values drive the majority of the fixed cost allocation in a typical utility. There are a variety of methods and sources to obtain this data, including load research, load sampling plans and/or load data from other utilities. An alternative is to review published data from the Energy Information Agency (EIA) specific for the region. Analysis of this data may be supported by selected SCADA data from RPU's distribution feeders. We will work with RPU to determine an appropriate way forward to developing the demand contribution assumptions for this Study. In doing so, we will also review RPU's most recent electric COSA, class cost allocations and methodologies for appropriateness.

Revenue Requirement Development

Leidos will work with RPU to develop a total revenue requirement for the provision of retail electric service, defined as the total system costs recoverable through rates for FY2015–FY2024. As indicated, we will utilize FY2014 audited financial data as the base year assumptions, and the FY2015–FY2024 adopted budget and projections from RPU's 10-year financial pro forma as the basis for developing the Test Year revenue requirements.

The development of the Test Year revenue requirement will include projections of future expenses (known and measurable changes to base year assumptions), as developed in collaboration with RPU, which may include the inclusion of the impacts of applicable new policy goals or objectives (such as investments in technology and/or organizational development or expansion of distributed solar generation). The Test Year will quantify impacts to the bottom line of RPU and the resulting overall system impact on ratepayers (average system change).

Leidos will use the cash basis as the primary approach to determining the revenue requirement in accordance the standard approach utilized by municipal utilities. We will also develop a

sensitivity case based on the “utility basis” accounting method, which is the standard approach utilized by investor-owned and cooperative utilities. Leidos will work with RPU to develop appropriate assumptions and data for the utility basis and explain the relative advantages and disadvantages for each approach.

Functionalization of Test Year Revenue Requirements

Primary functional categories for this effort will include production, transmission, distribution, customer service, and other direct and indirect costs as applicable. A series of allocation factors specific to RPU will be developed that align costs causation to the appropriate function for electric utility costs that support all the functional elements of the utility. Capital expenses and debt service will be functionalized by determining the appropriate contribution to each function.

Classification of Test Year Revenue Requirements

The costs associated with the functional elements will be classified by their underlying cost causation. In addition to determining the nature of each cost (e.g., fixed or variable), this process will identify the associated cost classifications including demand-related (capacity), energy-related (commodity), customer-related, and revenue-related. For the distribution and customer service functions, certain costs are directly influenced by the number of customers (customer-related), and some are related to demand. We will utilize either a minimum system study or a zero-intercept method, or appropriate assumptions thereof, to determine this classification.

Allocation of Costs to Customer Classes

Customer-related allocation factors will be developed utilizing industry accepted methodology including customer weighting and direct assignment. Leidos will work with RPU to identify any new customer classes or contract customers to be included as a separate classification in the COSA. Some classified costs that are directly assigned (such as street lighting) will be fully allocated to that customer class. Each of these cost classifications will be used to assess the embedded unit costs (\$/kW, \$/kWh, \$/customer) of serving each customer class. The overall goal will be to fairly and equitably allocate costs to the various classes of services using industry accepted practices and methodologies.

Embedded / Marginal Cost Analysis

The cost allocation method will be based on an embedded or average cost basis, which is the standard approach for most utilities. However, the analysis will also be designed to support a marginal cost application, such as to support incremental rates and potential rate structure changes.

PHASE I CHALLENGE

Inconsistent or
missing data

SOLUTION

Develop assumptions
based on industry data,
extrapolation from other
sources of RPU data,
and/or previous
experience

Leidos will work with RPU to determine specific applications for marginal cost analysis in the cost of service analysis.

Our approach will be consistent with industry accepted practices (such as those identified in the National Association of Regulatory Utility Commissioners' [NARUC] *Electric Utility Cost Allocation Manual* and similarly published American Public Power Association [APPA] guidance). Additionally, we will identify and incorporate existing and potential California rules and regulations, such as Proposition 26, as they apply to RPU and the COSA/Rate Design process.

Task 3: Develop Report and Present Findings

Develop Draft Written Report

Leidos will prepare a written report summarizing the analysis performed and the results of the COSA portion of the Study. The report will include a detailed review of the revenue requirement; cost functionalization, classification and allocation process. The report will detail the supporting rationale for the methodology employed, including a discussion regarding the allocation of fixed versus variable costs and the impacts those choices have on the cost of service by customer class. Leidos will also deliver a final Excel-based COSA Model to RPU management and staff for their future use and consideration.

Presentation of Draft / Final Report

Upon completion of the draft COSA report, Leidos will conduct a meeting with RPU staff and City Attorney's Office (CAO) to present findings and recommendations. RPU management, staff, and CAO will provide feedback and comments, which will be incorporated into the final COSA report and all requested changes will be made, as determined appropriate by Leidos. Leidos will be available to present the final COSA results to the Public Utility Board if requested.

Training for RPU Staff on COSA Model

Leidos recognizes that some users can find the advanced techniques used in some Microsoft Excel-based modeling challenging. Our COSA Model has been designed to be used by clients and their staff with an intermediate-only level of Microsoft Excel knowledge. As the modeling capabilities of personal computers has drastically increased, and we have found that building complex and difficult-to-modify models (with non-transparent macros and SQL programming) ultimately creates more difficulties for both the client and the consultant. This is why we have deliberately chosen to keep our model structure reliability simple, yet powerful enough to handle a variety of complex

PHASE I CHALLENGE

Integrating marginal
costs into COSA

SOLUTION

Leidos distribution,
production, and customer
service experts provide
insight into incremental
cost analysis

assignments.

Throughout the COSA development, the RPU project manager (or team) will have ample opportunities to review subsequent draft version of the Model during the regularly scheduled conference calls (supported by web-based presentations). This will ensure that through each step of the Model development, the RPU team is aware of changes made and how to modify or edit to reflect updates or changes to assumptions, sales or usage data, and other variables which directly affect the results of the COSA.

At the completion of Phase I, and in conjunction with the presentation of Phase I results, Leidos will conduct a half-day training session focusing on the COSA Model and its functions to provide the understanding such that RPU management and staff can update it in the future.

Phase I Deliverables:

- › Draft COSA Model and supporting worksheets and meeting with RPU staff and CAO
- › Draft written COSA report
- › Final written COSA report based on RPU staff and CAO comments
- › Presentation to RPU and/or Public Utility Board
- › Training on use and modification of COSA Model

Phase II: Electric Utility Rate Trends Study

The Rate Trends Study will include an evaluation and analysis of emerging rate structures; technologies and trends that might impact or influence future rate structures, including how electricity is priced as a whole; and how those influences affect, or apply to, RPU.

Task 1: Research

Leidos will research current rate offerings of investor-owned utilities and other municipal electric utilities to identify and categorize different types of rate structures for each major rate classification including residential, commercial, and large commercial/industrial. A key underpinning of the research will be to understand how the general approach to pricing electricity is accomplished at other utilities. Specifically the review of rate trends will cover the following:

- › Embedded cost pricing
- › Marginal cost pricing
- › Market-based pricing
- › Alternative pricing methods
- › Customer-sited distributed generation

- › Electric vehicle (EV) pricing
- › Relationship between generation, transmission, and distribution cost impacts
- › Fixed vs. variable revenues and expenses
- › Conservation
- › Energy efficiency
- › Energy storage
- › Utility- and customer-owned technology
- › Low-income rate programs.

Task 2: Compilation of Information

Leidos will assemble the data gathered in Task 1 to generate a summary of the rate structures and rates for use in the evaluation of alternative rate designs and their applicability to RPU. This overview will include a report that summarizes each rate design structure and a narrative description describing the attributes of the rate design, goals of the pricing methodology, and how it could impact RPU if it were implemented. The report will include a matrix summary of the qualitative results categorized by rate class identifying the relative advantages / disadvantages for how each rate structure would impact RPU in the short term (defined as within the next year), mid-term (two to five years out), and long term (beyond five years), considering the following:

- › RPU's current rate structure
- › Cost adjustments (regulatory or power costs)
- › Increased or decreased fixed charges
- › Residential and small commercial demand charges
- › Best practices in large and small commercial rates that promote business growth
- › EV rate utilizing time-of-use (TOU) pricing and/or a second EV meter
- › EV public charging stations
- › Standby charge
- › Net metering rates
- › High voltage (HV) discounts
- › TOU pricing for all commercial and residential customers
- › Power factor cost recovery charge
- › Unbundling of charges to reflect costs and cost components

PHASE II CHALLENGE

Identifying short-, mid-, and long-term implications on RPU

SOLUTION

Quantify impacts from customer choices based on trend analysis to determine impacts on customers and RPU

- › Voluntary green pricing programs
- › Decoupling
- › Feed-in tariff
- › Community solar and energy storage
- › Real-time pricing
- › Critical peak pricing
- › Street lighting system cost allocation and rates, including LEDs
- › Seasonal rates
- › Tiered rates

In developing the matrix Leidos and RPU will determine which rate structures will be included in the matrix and for which further analysis will be performed. Leidos will look to jointly define and identify implementation challenges specific to the policies and goals of RPU.

Task 3: Draft Written Report

Leidos will prepare a written report summarizing the analysis performed and the results of the research conducted for Phase 2. The report will include a summary of the different rate alternatives identified and a description of the impacts these rates would have on RPU. The report will detail the supporting rationale for the “short-listed” alternatives that will be analyzed during Phase III.

A critical element to any proposed rate or rate structure changes is customer acceptance and anticipation of any changes in customer behavior as a result of those changes. Additionally, RPU must consider the technological requirements to implement rate structure changes, including those requirements that the customer may need to acquire. Implementation hurdles must be considered before rate changes are adopted. Leidos will conduct a qualitative and quantitative cost/benefit assessment of the proposed rate and/or rate structure changes.

After presenting the findings to RPU staff and the CAO, a final report and the rates matrix will be delivered to RPU. The written report will address the impacts of the identified rate alternatives such as:

- › Customer acceptance of new rate structures
- › The change in customer usage pattern expected from implementation of the rate structure
- › Description of the technology that enables these pricing models to be implemented
- › Cost to the customer of implementing required technology
- › Cost to the utility of implementing the required technology
- › Barriers to offering the proposed rates

- › Qualitative and/or quantitative risks to the utility of rate implementation
- › Qualitative and/or quantitative costs and benefits of the various pricing models from the perspective of the utility.

Phase II Deliverables:

- › Draft written report evaluating emerging rate structures, technologies, and trends; and applicability to RPU in the short, mid, and long-term
- › Rates structure evaluation matrix
- › Meeting with RPU staff and CAO to discuss the results
- › Final Report to incorporate feedback
- › Presentation to RPU and/or Public Utility Board

Phase III: Rate Design Recommendation

The COSA results and the findings from the Phase II research will be utilized as the basis for the proposed rate design options that will be further evaluated during Phase III. The objective of the resulting rate design plan will be to allow for RPU to move each customer class toward its respective cost of service (as appropriate) and include new or alternative rate structures to meet the technological and customer demands of a modern utility while complying with the directives of Proposition 26.

Task 1: Revenue Adequacy Test

Considering the level of existing rates, social and economic factors of the community, and the expenses incurred by RPU in providing services to its customers, a revenue adequacy test will be performed to determine the level of rate revenue from recommended rates compared to the revenue requirement of RPU. Included in this analysis will be the identification of revenues to be generated from fixed and variable charges as compared to the fixed and variable costs of the utility at each customer class. The recommended rates will be developed in compliance with Proposition 26 and will not exceed the cost of such service, subject to RPU CAO legal opinion.

Task 2: 10-year Financial Pro Forma Model

Utilizing input from RPU, Leidos will develop or integrate RPU's 10-year pro forma financial model to identify revenue requirements and projections of revenue by customer class. This model will be in financial statement format and directly correlate to the COSA Model, and will consider RPU financial goals including reserve requirements, day of cash on hand, debt service coverage requirements, and other metrics critical to the success of RPU.

Task 3: Bill Impact Analysis

Leidos will prepare a bill impact analysis that will include rate comparisons using a minimum of three usage patterns for each customer class or rate where changes are recommended showing the difference in bills under the present and proposed rate designs, by fiscal year for the proposed period of adjustment. The comparison will show the effects of both making revenue-neutral changes to the existing rate structure and the effect of any recommended rate increase strategies if applicable. In the event alternative rate designs are recommended, rate comparisons will be developed to illustrate the effect on each customer class affected. All rate recommendations will be made in consideration of meeting projected operations and maintenance, administrative, debt service, capital outlay and reserves expenses, as well as existing and planned bond covenants or other financial goals of the utility.

Task 4: Fiscal Impact Analysis

An analysis of the fiscal impacts of any proposed rate change will be conducted to identify and quantify the potential impact on RPU. Specifically, this analysis will include:

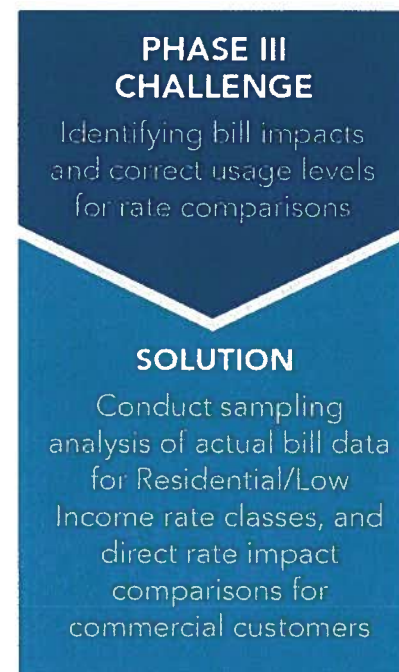
- › Renewable energy portfolio requirements, current status of compliance and future purchases as may be necessary
- › Capital projects funding requirements
- › Compliance with reserve balances, days cash on hand, and debt coverage requirements
- › Greenhouse gas regulations
- › Distributed generation
- › EV program
- › Other variables identified in RPU's Integrated Resource Plan

Task 5: Written Report

At the conclusion of Phase III, Leidos will prepare a draft written report documenting the results of the rate structure analysis. The results of Phase III will be presented to RPU staff and CAO. Staff and CAO will be allowed time to offer feedback and revisions. RPU management, staff, and CAO will provide feedback and comments, which will be incorporated into a final written report. Leidos will be available to present the final results to RPU staff and/or the Public Utility Board at the conclusion of Phase III.

Public Meetings

At the conclusion of Phase III Leidos will participate in a series of public meetings to inform and educate customers on the results of the study and the proposed recommendations. During these meetings Leidos will facilitate public involvement, answer questions, and make presentations.



Phase III Deliverables:

- › Draft written report detailing findings and recommendations
- › Excel-based model including detailed spreadsheets
- › Meeting with RPU staff and CAO to discuss the results and allow an opportunity for feedback
- › Final Report detailing findings and recommendations incorporating all comments and revisions from RPU staff and CAO, as determined appropriate by Leidos.
- › Presentations to the Public Utility Board and/or City Council as needed
- › Public meetings (5 TBD)

Summary of Proposed On-Site Meetings

Phase I

- › Phase I -off meeting, COSA half-day workshop (2 consultants)
- › Presentation of final report, COSA Model training (2 consultants)

Phase II

- › Phase II kick-off meeting (2 consultants)
- › Presentation of final report (2 consultants)

Phase III

- › Phase III kick-off meeting (2 consultants)
- › Presentation of rate design study (1 consultant)

Public Meetings

- › Community discussions and presentations - 5 meetings TBD (1 or 2 consultants)

Additional Meetings

- › Additional meetings available at RPU's request
- › Web-based and teleconference meetings can be scheduled at any time during the course of the project

Additional Services

Additional services can be provided subject to a mutually agreeable adjustment to the Scope of Services, schedule, and fee. Examples of these services include making additional presentations, performing additional analyses, and attending additional meetings. These services will be provided at Leidos' standard billing rates

EXHIBIT "B"
COMPENSATION

Price Proposal

Table 5-1 sets forth Leidos' total estimated fee of \$125,000, by phase. The table includes the personnel assigned to each task, hourly rates, and the number of hours budgeted per task. Also shown are the estimated travel expenses. No other non-travel related, reimbursable expenses are anticipated as part of this project. This scope of services and total estimated fee will be performed on a Time and Materials (T&M) basis.

Table 5-1. Leidos Estimated T&M Fee Breakdown

Task Description Hourly Rate	Labor Hours							Total Hours	Cost
	Burnham	Cochran	Reger	Gautreaux	Vedder	Shepard	Admin Support		
	\$250	\$150	\$135	\$135	\$225	\$200	\$90		
Phase I	28	60	71	55	0	8	24		\$37,000
Phase II	20	0	50	50	45	0	24		\$30,000
Phase III	34	54	34	50	8	8	24		\$33,000
5 Public Meetings	16	24	0	0	0	0	0		\$8,000
Total Labor Hours	98¹	138²	155³	155	53⁴	16	72	687	
Total Labor Cost	\$24,500 ⁵	\$20,600 ⁵	\$20,600 ⁵	\$20,600 ⁵	\$12,000 ⁵	\$3,200 ⁵	\$6,500 ⁵		\$108,000
Travel Expenses									\$17,000
Total Estimated T&M Fee ⁴									\$125,000

NOTES:

1 Hours include seven onsite meetings and/or presentations

2 Hours include seven onsite meetings and/or presentations

3 Hours include one onsite meeting and/or presentation

4 Hours include two onsite meetings and/or presentations

5 Rounded

* Total of 11 meetings included in budget. Additional meetings can be arranged as additional services. Depending on time and schedule meetings/presentations may be attended by one or more members of project team

Fee Schedule/Staff Hourly Rates

A schedule of Leidos hourly rates for all personnel classifications that may be utilized in this study is provided in Table 5-2.

Table 5-2. Leidos Labor Rate Schedule

Classification	Hourly Rate
Managing Consultant	\$250
Senior Project Manager	\$225
Senior Consultant	\$200
Lead Analyst	\$150
Project Analyst	\$135
Administrative Support	\$90

The fee for services under this Agreement will be based on the actual hours of services furnished multiplied by Leidos 's billing rates identified in Table 5-2 above plus all reasonable expenses directly related to the services furnished under this Agreement. City shall pay Leidos for services furnished under this Agreement upon submission of monthly invoices within NET 30 day, in accordance with its normal accounting procedures upon receipt and approval of an itemized invoice setting forth the services preformed (as identified in Section 3 of the Professional Consultant Services Agreement to which this Exhibit is attached). City and Consultant acknowledge that the Scope of Services for this Agreement cannot be accurately defined and on this basis, the total amount to be paid by Client for services and expenses hereunder is estimated to be \$125,000.00. Consultant will not exceed total of \$125,000.00 without specific written approval (including e-mail) from the City.

EXHIBIT "C"

KEY PERSONNEL

Scott Burnham, Manager Director
Craig Shepard, Quality Assurance/Quality Control
Lisa M. Vedder, Lead Phase II
Scott Cochran, Lead Analyst
Andrew Reger, Project Analyst
Kyle Gautreaux, Project Analyst