

PROFESSIONAL CONSULTANT SERVICES AGREEMENT

NEWGEN STRATEGIES AND SOLUTIONS, LLC

Electric Cost of Service Analysis and Rate Design

THIS PROFESSIONAL CONSULTANT SERVICES AGREEMENT ("Agreement") is made and entered into this _____ day of _____, 2021 ("Effective Date"), by and between the CITY OF RIVERSIDE, a California charter city and municipal corporation ("City"), and NEWGEN STRATEGIES AND SOLUTIONS, LLC, a Colorado 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 until December 31, 2023, unless otherwise terminated pursuant to the provisions herein. Upon mutual written consent, this Agreement may be extended for one additional two year period.

3. **Compensation/Payment.** Consultant shall perform the Services under this Agreement for the total sum of One Hundred Twenty-Seven Thousand Six Hundred Four Dollars (\$127,604.00), 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: Todd M. Corbin, Utilities General Manager
3750 University Avenue, Suite 500
Riverside, CA 92501

To Consultant

NewGen Strategies and Solutions, LLC
Attn: Scott Burnham, Director
225 Union Boulevard, Suite 305
Lakewood, CO 80228

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. Consultant will reimburse City for reasonable defense costs for claims arising out of Consultant’s professional negligence based on the percentage of Consultant’s liability. 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 26 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.** 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 the Superior Court, 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 each party will bear their own attorney's fees and costs.

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, military and veteran status, 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:

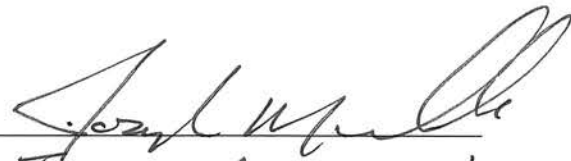
Exhibit "A" - Scope of Services
Exhibit "B" - Compensation
Exhibit "C" - Key Personnel

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

NEWGEN STRATEGIES AND SOLUTIONS,
LLC, a Colorado limited liability company

By: _____
City Manager

By: 

Joseph Mancinelli
[Printed Name]
Director


[Title]

Attest: _____
City Clerk

Certified as to Availability of Funds:

By: 

Chief Financial Officer

By: 

Scott Burnham
[Printed Name]
Director

[Title]

Approved as to Form:

By: 

Assistant City Attorney

EXHIBIT "A"

SCOPE OF SERVICES

STATEMENT OF UNDERSTANDING AND APPROACH

Riverside Public Utilities (RPU) seeks to update its 2017 Cost of Service Analysis (COSA); evaluate the impact to rate changes based upon energy sales forecasts, customer growth, and projected revenues and expenses, including capital improvement programs; analyze marginal costs, as appropriate; and assist in the development of proposed Net Energy Metering 2.0 (NEM 2.0) rates and rate structures. Further, RPU wants to understand the rate design and electric pricing trends occurring across the country, including how municipal and investor-owned utilities are approaching strategic rate design to recover costs, manage the utility's load, and offer targeted programs to end-use customers. This analysis of rate trends will provide guiding information to be applied to RPU's costs and customer base to develop specific rate recommendations that meet the utility's revenue needs, are compliant with Proposition 26, and are politically feasible. During this process, RPU wants to establish an opportunity to inform and educate Riverside stakeholders about the benefits of the recommended rate designs and to strengthen ties to the community-owned utility.

NewGen Strategies and Solutions, LLC (NewGen) is well-equipped to provide the service and deliverables RPU is requesting for this assignment. We have reviewed RPU's current financial planning model (the ten-year pro forma financial model) and developed the existing COSA model, and worked diligently with management and staff to develop a comprehensive rate plan during the previous study. We are well-versed in developing electric rate recommendations for California municipalities and the various strategies regarding compliance with Proposition 26, as well as other mandates for power supply. We are active in the California regulatory arena, as we are currently representing several of the Community Choice Aggregators (CCAs) as they challenge the big three investor-owned utilities in the state. Additionally, we have recently completed a rate trend review for the State of Vermont as part of a larger analysis of innovative rate designs (see link to report in Prior Project Experience section).

Our vision for the Cost of Service Analysis and Rate Design Study (Study) is to develop a collaborative response with RPU management and staff to critically review its updated ten-year pro forma financial model, expand the current COSA model to incorporate future test years, and develop a rate design model that quantifies the impacts of rate changes on each one of RPU's customers. This vision includes a series of deliverables, including the following:

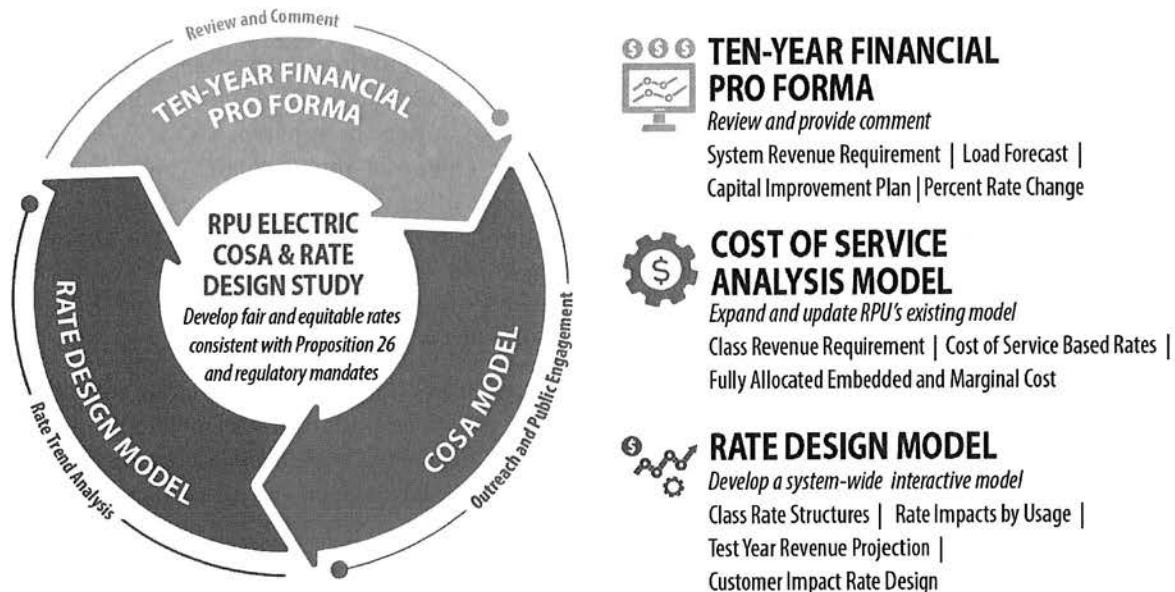
- Create Strategic Rate Design document – a living document developed at the initial project meeting to establish the goals, objectives, and issues to be resolved during the Study.
- Review RPU's ten-year pro forma financial model to incorporate data as appropriate into the COSA model to form the basis for the Test Year Revenue Requirement.
- Update comprehensive, flexible, user-friendly COSA model. Include the development of dashboards and scenario management to facilitate communication of model results.
- Report on the Revenue Requirement analysis and associated allocated costs by customer class for review and comment.
- Conduct rate trend analysis for electricity pricing, implementation challenges/strategies, and potential barriers/issues for customer adoption of rate designs.
- Create rate design recommendations based on feedback from rate trends analysis discussions as they apply to RPU's existing and future rate classes.

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RFP #: 2074

- Develop a user-friendly Rate Design Model to incorporate RPU's billing database for analysis of all customers in all classes, which will include dashboards and a scenario development tool.
- Develop a written report detailing findings and recommendations of the Study, as well as presentations to Council and/or Board of Public Utilities, and Community Stakeholder groups, as identified and requested.

Study Vision

NewGen's vision is to integrate three primary planning models for RPU to optimize its rate setting processes, including RPU's ten-year pro forma financial model, the updated Cost of Service Analysis (COSA) model, and the enhanced Rate Design model. NewGen will be responsible for development of the COSA and the Rate Design models, and will rely on RPU for an updated ten-year pro forma financial model. The following graphic illustrates our vision for the Study:



Ten-Year Pro Forma Financial Model

RPU's ten-year pro forma financial model is designed to incorporate historic and projected financial and sales data to produce reliable and timely information on the health of the utility. **Our vision for this Study is to review RPU's model outputs for incorporation into the COSA Model and to facilitate updates by RPU staff for future use.** We propose to work with RPU to review its model assumptions for energy sales forecasts, customer growth, operating and non-operating revenues and expenses, capital improvement program plans (and funding), and debt service payments, as well as the resulting financial metrics for the utility. These metrics include maintaining adequate and appropriate reserve levels and guidelines provided by RPU's Fiscal Policy and Cash Reserve Policy. These metrics may include days cash on hand, debt service coverage ratios, and others. NewGen will work with RPU to evaluate those metrics as they apply to the projected cash needs of the utility going forward. The results from the ten-year pro forma financial model will be incorporated into the COSA model and will include the annual projected revenue

requirement, load forecast, and revenue forecast over the projected five-year rate period, as well as the ten-year forecast period.

Cost of Service Analysis Model

RPU's current COSA model develops a Test Year Revenue Requirement that is functionally unbundled, classified, and allocated to customer classes to determine cost-based rates. **NewGen's vision for the RPU COSA model is to provide a thorough and collaborative review and update to the functionality of the model.** This will include adding to the model capabilities to incorporate marginal costs and new proposed rate classes, as appropriate, as well as creating a corresponding "utility method" approach to developing RPU's revenue requirement to be compared with the existing "cash" approach, as requested. We will also design a series of dashboards for the COSA and include the ability to save several scenario analyses for evaluation into the COSA model. Further, our vision includes a seamless interface between the COSA and the ten-year pro forma financial model to transfer appropriate data and minimize opportunities for transcription errors. The COSA review process will include analysis of the current cost allocation methodology to provide a defensible basis for the cost factors to be utilized for this Study. The existing cost allocation methods will be evaluated in light of changes in the utility operations, usage characteristics, and other items, as appropriate and in coordination with the RPU Rates Team. The results from the COS which will be incorporated into the Rate Design model will include the class revenue requirements, the percentage rate change (by class), and the unbundled and functionalized COS-based rates for each rate class.

Rate Design Model

Rate Trend Analysis

RPU seeks to understand trends in the evolving national approach to electric rates, pricing, and program design and implementation. **NewGen's vision for the rate trend analysis is to provide an overview of innovative pricing and program design methodologies across the country.** Our vision includes descriptions of various pricing programs for both traditional electric service as well as those serving emerging technologies, such as electric vehicles (EVs) and customer-sited generation and storage systems. We recognize that rate implementation challenges exist. Many rate offerings require system infrastructure upgrades, such as metering and billing systems, as well as expensive communications or meter data management systems. Further, utilities are often limited in their rate offerings because of political pressure and resistance to change. Each implementation challenge is unique for each utility, and solutions must be tailored for the demographic for which the rate is designed. The rate trend analysis will provide a matrix summary of implementation challenges by rate class and relative advantages and disadvantages of each.

Customer Impact Rate Design Model

Our vision for RPU's Customer Impact Rate Design model is to create a Microsoft Excel- (Excel) based interactive model for all customers served by RPU to evaluate the impacts from rate and rate structure changes as a result of the COSA process and rate recommendations developed for this Study. Our rate design model will be based on the rate design model that NewGen developed for RPU in a previous project, but will be derived from RPU's full customer billing system, excluding customer specific names and addresses. The advantage of our Customer Impact Rate Design Model is that it provides the entire range of impacts to customers as a result of changes in rates and rate structures, rather than focusing on

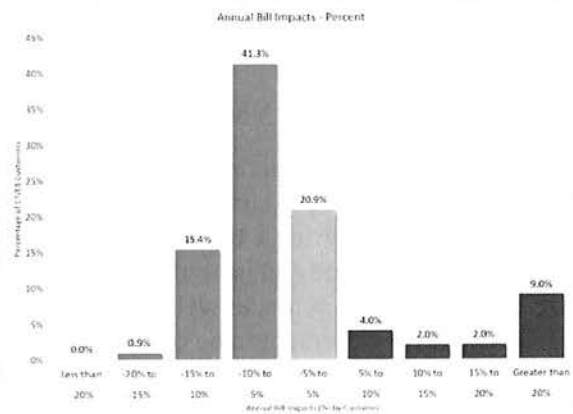
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representative customers. By developing a histogram of the rate impacts for each customer within a rate class, the City of Riverside (City) can determine a course of action with a complete understanding of those impacts, either as a percentage of current bills or a monthly dollar change. Additionally, by identifying those accounts with significant changes, RPU can proactively reach out to specific customers to determine if a utility-led program may be appropriate for their premise.

The results of the Customer Impact Rate Design model will include an evaluation of the recommendations and their alternatives for various rate designs. The revenue generated by each rate design will be compared to the projected revenue needs of the utility to ensure revenue adequacy for the Test Year period. The resulting system revenues and rate changes will be combined into an exported spreadsheet for purposes of integrating with the ten-year pro forma financial model. NewGen will provide instruction to RPU management and staff on the use of the Customer Impact Rate Design model to allow for its use after completion of the Study.



Outreach and Public Engagement

A cornerstone of the purpose of public power is that the utility is connected to its customers and communities. All phases of the scope of work will be designed to showcase the advantages of RPU as a reliable and trusted community member. **Our vision for Outreach and Public Engagement is to establish an open and transparent dialogue for RPU's rate setting process.** NewGen will work with RPU to define its stakeholder groups, which may include the public, City staff, the Board of Public Utilities, and City Council, as well as other groups and interested parties. This engagement is designed to facilitate consensus on the strategic direction for the Study's rate design recommendations. NewGen believes that starting the Outreach and Public Engagement process early in the development of the Study will benefit RPU by communicating how rates are determined and the myriad challenges RPU faces to its community.

Scope of Work

NewGen proposes the following scope of work, which closely follows the approaches and methodologies utilized for all of our COSA and rate design studies. Therefore, the City can be assured that the proposed work plan has been tested and proven in numerous studies across the state and nation. It is understood that if selected, the Project Team will refine, customize, and finalize the work plan with RPU upon award of the project. Further, we will adhere to and incorporate best practices, as well as the governance and guidance of any California regulations pertaining to such studies and final recommendations, including Proposition 26.

This scope of work follows RPU's RFP by developing a series of project phases:

- Phase I is the Cost of Service Analysis
- Phase II is Electric Utility Rate Trends Study
- Phase III is the Rate Design Recommendation

- Phase IV is Enhancements to the Study Process
- Phase V is Other Related Services

Phase I – Cost of Service Analysis

Task I – Kick-Off Meeting and Strategic Rate Design Document

Upon authorization to proceed, we will begin by reviewing and evaluating detailed information requested in support of this Study. This evaluation will be based on our in-depth knowledge of the RPU system, including the data source utilized in the development of the ten-year pro forma financial model, the 2017 COSA, and subsequent rate analyses. After reviewing the data, we will schedule an on-site (or virtual) kick-off meeting with RPU that will be attended by up to two members of the Project Team. The purpose of the meeting will be to review the rate making process; establish communication protocols including bi-weekly status calls; and discuss RPU's financial and rate strategies, objectives, and goals. Additionally, we will discuss the Study timeframe and verify milestones for completion of the deliverables identified herein.

During the kick-off meeting, either in person or via video conference call, we will discuss the development of a Strategic Rate Design document. This document will state the purpose of the Study, issues to address, and specific rates to be developed and/or evaluated, and develop project controls (including financial updates on budget) and the proposed schedule. This is intended to be a "living document" that is updated on a weekly or bi-weekly basis to include the discussions and decisions made during the ongoing status conference calls between the NewGen and RPU project teams.

This document will also serve as a status report to identify outstanding issues to be addressed by either the NewGen or RPU project team and the strategy and schedule for their resolution. We will keep and distribute meeting minutes which will summarize our discussions and include "action items" for NewGen and RPU team members to maintain project momentum and ensure timely responses. Ultimately, the Strategic Rate Design document will also serve to inform the basis for the rate recommendations proposed by this Study.

Deliverables

- Kick-off meeting (on site or virtual), attended by up to two members of the Project Team to review data received, discuss project milestones, and clarify Study objectives.
- Initial draft of Strategic Rate Design document.
- Updates to preliminary Data Request, as needed.

Task II – Update RPU's Cost of Service Analysis Model

The purpose of Task II is to update RPU's COSA model developed in 2017 to reflect the changes from the ten-year pro forma financial model, as well as to review the existing cost allocation methodologies and expand the model to include marginal cost analysis as appropriate and requested. The first step for this task is to work with RPU to review its existing ten-year pro forma financial model. The process includes

NewGen will utilize RPU's existing COSA model as the starting point to update the Study. NewGen is familiar with RPU's existing model structure and function, as members of the proposed Project Team were responsible for its development. During this process, we will populate the COSA model with RPU's updated Fiscal Year (FY) 2021–2030 projection based on actual financial and operations data from the audit for FY 2020.

The COSA model will be updated to reflect revised revenue requirements for the Test Year (to be defined as the five-year period for which rates will be designed), changes in customer usage characteristics and underlying cost allocations, proposed rate class changes, and other elements as described herein. The COSA model will be integrated with the ten-year pro forma financial model by means of the projected system revenue requirement, future billing determinants by customer class (load), and projected average rates and revenues by class. NewGen will coordinate integration of the models and provide RPU with a detailed description of how these two models are designed to operate individually as well as collectively. These models are designed to provide insight into RPU's financial situation and provide potential solutions to address financial concerns. The process for the COS analysis will include the following sub-tasks.

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Electric System Rate Study

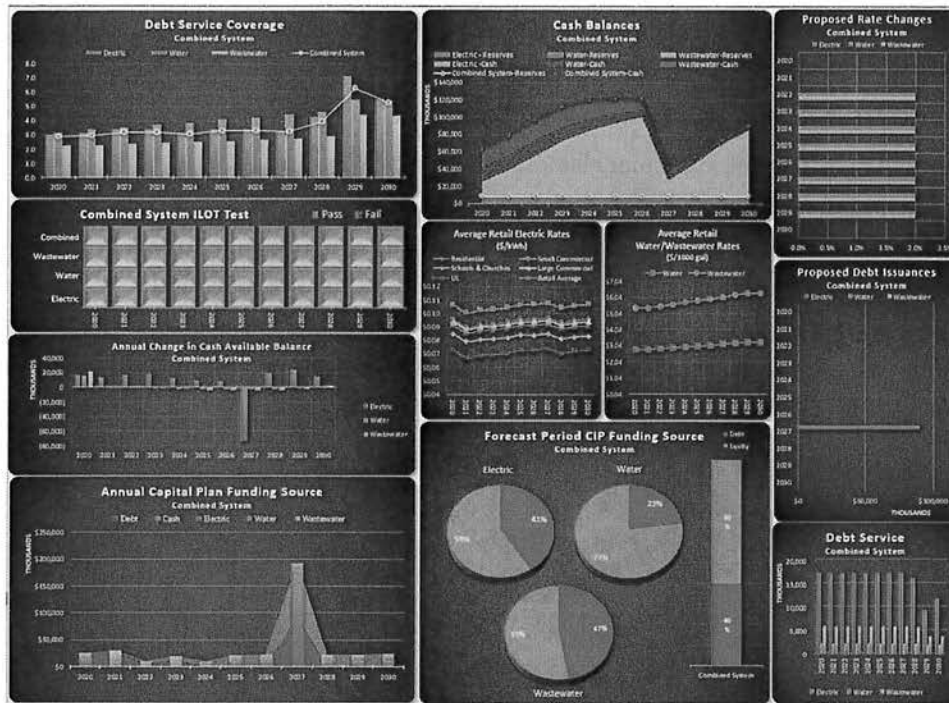
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Table of Contents		
Tab Name	Content	Type
1 Rate Design	Inputs for Designing Rates	Inputs
2 Revenue Requirement by Test Year	Allocation of detailed costs to utility functions.	Analysts/Reporting
3 Functional Unbundling	Allocation of detailed costs to utility functions.	Analysts/Reporting
4 Production Function	Allocation of production related costs to demand and energy components.	Analysts/Reporting
5 Transmission Function	Allocation of transmission related costs to demand and energy components	Analysts/Reporting
6 Distribution Function	Allocation of distribution related costs to demand and customer components	Analysts/Reporting
7 Customer Function	Allocation of customer related costs to various types of customer services.	Analysts/Reporting
Cost of Service - TY	Allocation of functionalized test-year costs to customer classes.	Analysts/Reporting
Cost of Service - FY'16	Allocation of functionalized Fiscal Year 2016 costs to customer classes	Analysts/Reporting

Model Developer Statement:
This model was developed using the NewGen Developer and Publisher, LLC (Developer) for the use and distribution by the utility company for the use of the model to determine the rates for the utility company. The model was developed for the use of the utility company for the use of the model to determine the rates for the utility company. The model was developed for the use of the utility company for the use of the model to determine the rates for the utility company.

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Example Financial Model Dashboard for COS (this is a combined utility)

Task III – Test Year Revenue Requirement

NewGen will develop RPU's Test Year Revenue Requirement based on historical information and including any known and measurable adjustments. The basis for the Test Year will be determined in consultation with RPU and will include actual expenses for the 12 months ending FY 2020. The projected Test Year will include budgeted expenses for FY 2021 and projections for FY 2022 through FY 2024. The projected Test Year period will depend on the date of anticipated rate implementation and the period of time for which they will be designed. Such decisions will be determined in discussions with RPU during the kick-off meeting and included in the Strategic Rate Design document.

The Test Year will rely on the data gathered from the data requests, discussions with RPU staff and management, and the ten-year pro forma financial model. NewGen will review the Test Year Revenue Requirement with RPU to assess and quantify potential known and measurable adjustments that should be made to any accounts or utility operations. The Test-Year Revenue Requirement will be the basis for the COSA and represents all costs that will be recovered through RPU's retail rates for the Study period.

RPU's existing COSA is developed on a cash basis and this analysis will be updated as part of the process described herein. However, RPU also wishes to develop a Test Year Revenue Requirement on the utility basis. This approach will be developed on a separate work paper within the COSA and will be used as a point of contrast and comparison to RPU's cash basis Revenue Requirement. More detail on the utility approach to developing a revenue requirement is described in a subsection below.

Task IV – Cost of Service

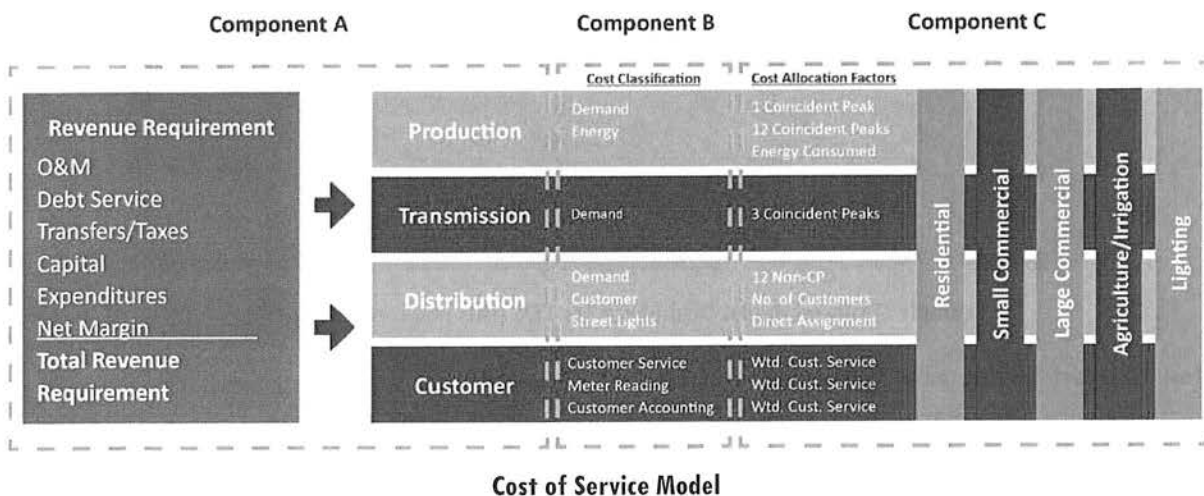
After completing the Test Year Revenue Requirement there are three key steps to completing the COSA:

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1. Unbundle or functionalize the revenue requirement into utility functions (i.e., purchased power or production, transmission, distribution, and customer);
2. Classify costs (e.g., energy, demand, customer); and
3. Allocate the costs to the customer classes.

Included in the three steps of the COSA is the creation of allocation factors to spread “shared” costs between different functions or classifications, and eventually across each customer class. NewGen will review and update the demand allocation factors developed for the previous study.

The model will use Excel tools such as reference tables, pull down menus, and lists for inputs and adjusting selections such as allocation methodologies or specific allocators. The COSA model and three interconnected components are described in further detail below.



Component A – Functional Unbundling

Functional unbundling will provide detailed descriptions of RPU’s Test Year Revenue Requirement by core utility function. For each item, if adjusted for known and measurable changes, the amount of the adjustment is identified with an associated workpaper. Once the detailed Test Year Revenue Requirement has been established, this amount is assigned to the production, transmission, distribution, and customer functions. Assignments are made either through direct assignments or other allocation methodology. The results of the analyses for each function of the Test Year Revenue Requirement are expressed on a functional basis. An illustration of the Revenue Requirement and functional unbundling is included in the Cost of Service Model graphic.

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Component B – Sub-functional Unbundling

Sub-functionalizing the production, transmission, distribution, and customer functions provides additional detail and accuracy to RPU's costs. In this process, costs are classified as demand-related, energy-related, customer-related, revenue-related, or a direct assignment. Similar to functionalizing, sub-functionalization is accomplished either through direct assignments or other allocation methodology. Specific allocation factors are included at the bottom of each sub-function worksheet; NewGen will review and update these allocation factors in the existing COSA model, as appropriate. These analyses result in the Test Year Revenue Requirement expressed on a sub-functional basis for each cost classification (e.g., Production Demand or Production Energy Costs). The included graphic illustrates the COS sub-functionalization and classification of costs.

Account	Cost	Function
9101 MISC TELEPHONE	24,200	Production
9102 MISC POSTAGE	180	Production
9103 MISC CREDIT CARD CHARGES	0	NA
9104 MISC EXP ALLOWANCE CAR & OTHER	2,500	Production
9105 MISC EXP ALLOWANCE TRAVEL	250	Production
9106 MISC EXP ALLOWANCE MEALS	4,000	Production
9107 MISC EXP ALLOWANCE OTHER	0	NA
9108 MISC EXP ALLOWANCE OTHER	0	NA
9109 MISC EXP ALLOWANCE OTHER	500	Production
9110 MISC EXP ALLOWANCE OTHER	0	NA
9111 MISC EXP ALLOWANCE OTHER	2,782,782	NA
Subtotal 9111 - Production Operations	2,782,782	

COS Demo - Distribution Function					
Description	Test Year	Allocation Factor	Demand		
			Substation	P&C Overhead	P&C Under
<u>Revenue Requirement Calculation</u>					
<i>Operation and Maintenance Expenses</i>					
Administration					
7111 8002 PAY-PERM FULL TIME SALARY	490,008	Dist Cost Cntr Labor	93,213	101,761	
7111 8003 PAY-OTHER SAL INC MOVEUP	11,857	Dist Cost Cntr Labor	2,256	2,462	
7111 8004 PAY-OTHER SAL INC MOVEUP	149	Dist CustServ Labor	28	31	
7111 8005 PAY-OTHER SAL INC MOVEUP	1,875	Dist Admin Labor	357	389	
7111 8006 PAY-OTHER SAL INC MOVEUP	0	Dist CIP 2YR	0	0	
7111 8007 PAY-OTHER SAL INC MOVEUP	0	Dist CIP 2YR	0	0	
7111 8008 PAY-COMMISSIONS	0	NA	0	0	
7111 8009 PAY-EDUCATION INCENTIVE	0	NA	0	0	
7111 8031 BEN-RETIREMENT TMRS	80,137	Dist Cost Cntr Labor	15,244	16,642	
7111 8033 BEN-SOCIAL SECURITY	27,363	Dist Cost Cntr Labor	5,205	5,683	

Component C – Allocated Cost of Service

Next, the Test Year sub-functionalized and classified Revenue Requirement is allocated to each of the proposed rate classes using various customer class allocation methodologies. Where appropriate, costs may be directly assigned to a particular rate class. Allocations will be based on customer usage characteristics, such as contribution to peak demand, or weighted customer cost factors. All allocations will be defined and the rationale for their use will be explained in the COSA report. An illustration of the COSA model allocations to customer classes is included below.

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Line No.	Description	Test Year	Allocation Factor	Residential E01	Residential Electric Heat E03	Small General Service E10	Large School Service E15
2	Revenue Requirement Calculation						
3	Operation and Maintenance Expenses						
4							
5	Production						
6	Demand						
7	Utility	7,981,450	AED/ACP	14,412	1,206,729	131,007	126,371
8	Purchased Power	46,486,546	AED/ACP	14,628,887	8,016,764	864,451	916,279
9		54,467,996	kWh @ Meter	17,673,299	9,223,493	995,459	1,042,650
10	Energy						
11	Fuel	704,900	NEFL @ Secondary	183,621	95,108	14,366	14,531
12	VOM	801,763	NEFL @ Primary	208,853	108,177	16,340	16,528
13	Purchased Power		NEFL @ Trans	20,397,294	10,564,896	1,595,802	1,614,193
14				20,789,768	10,768,181	1,626,507	1,645,252
15							
16	Total Production			38,463,067	19,991,674	2,621,966	2,687,902
17							
21	Transmission						

Select allocation factors and develop COS for each class

Classified costs are summarized and allocated to customer classes

Select allocation factors and develop COS for each class

Classified costs are summarized and allocated to customer classes

The final COSA results are summarized on an aggregate basis for each customer class and compared to projected Test Year revenues to identify rate adjustments needed to meet the cost of service. Additionally, we will summarize more detailed analyses of an unbundled COSA such as the wires demand, wires customer, and power supply costs per customer class and by unit. All costs will be classified as fixed or variable according to the underlying nature of the costs incurred by RPU.

RPU's existing COSA utilizes an embedded or average cost of service approach to developing rates. The process described herein will update such existing analyses for new data, but additional work papers will also be developed to analyze certain marginal costs to inform specific rate offerings. A more detailed discussion of marginal cost evaluation is provided in a subsection below.

Workpapers

Workpapers for supporting adjustments and allocations are included as additional Excel worksheets in the model for reference, and NewGen will review and update existing COSA model workpapers, as necessary. These workpapers generally include supporting calculations such as customer class contributions to system load and peak demands, minimum system calculations for customer and demand classifications of the distribution costs, asset-related data such as transformer inventory or miles of lines, and/or purchased power cost detail. We will develop new workpapers as appropriate to meet the needs of the Study.

NewGen will rely on available RPU customer usage data to generate the summary-level statistics for each customer class (i.e., total kilowatt-hour (kWh) sales, sum of maximum demands, monthly non-coincident peak (NCP), and monthly coincident peak (CP)). This analysis will include a review of historical sales and an update to the feeder load analysis completed for the previous Study. To the extent that similar customer usage data can be obtained from Southern California Edison (SCE), NewGen will discuss its use in this Study with RPU.

The unbundled COSA and related workpapers will provide the data required to evaluate and compare the fixed and variable costs (i.e., customer-, demand-, and energy-related costs) with the fixed and variable revenues by customer class. This comparison will provide valuable information and data to support and facilitate the development or adjustment of RPU's rate structures, including potential revisions to its NEM 2.0 rates, as appropriate.

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NewGen will provide a draft COSA and model to RPU for review, initial feedback, and approval prior to completing the final COSA. We will also facilitate a web-based meeting with RPU staff to review the draft results of the COSA model including individual customer class costs and related allocations. Feedback from the meeting and appropriate RPU requested modifications will be integrated into the final COSA results. Development of specific workpapers for this Study include an analysis and development of a “utility cost” approach, NEM 2.0 rate development, marginal cost analysis, new customer classes, and high voltage customer rates, as discussed below.

Utility Cost Basis

The current COSA was developed on a cash basis, which is the traditional method by which municipal electric utilities design rates. Investor-owned utilities utilize the utility cost basis given their cost structure and for-profit, regulated business model. RPU may want to review some elements of its COSA utilizing a utility basis as a comparison to the cash basis. NewGen will expand the COSA model to include additional workpapers as appropriate to develop the revenue requirement under the utility cost basis and will compare revenue requirements calculated under the competing methodologies.

NewGen has experience developing rates on a utility basis for municipal utilities and reviewing rate case applications developed on a utility cost basis for investor-owned utilities. We will apply our knowledge of this process in development of RPU’s revenue requirement, which includes depreciation and return on rate base, excludes capital expenditures, and excludes total debt service while including interest expense. NewGen will utilize information provided by RPU with regard to the rate base (gross and net plant) and annual depreciation as recorded by the City. Furthermore, we will work with RPU to develop an appropriate Return on Equity (ROE) to be utilized for the basis of return given the risks for municipal utilities, as well as a comparison to comparable private utility companies. This will be combined with RPU’s cost of debt to provide a Return on Investment (ROI) applicable to a utility basis approach for the municipal utility. The results between the cash basis and the utility basis will be compared and discussed with RPU management and staff for potential updates to the COSA for this Study.

Net Energy Metering 2.0

Changes to NEM rate structures (NEM 2.0) are allowed by the State of California for utilities that have achieved greater than 5% of their load served under existing NEM rates. NewGen will create a workpaper (or series of workpapers) to develop NEM reform (NEM 2.0) rate offerings utilizing the COSA analysis developed, including the recognition of marginal costs as appropriate, and including the rate associated with compensating self-generating customers for net surplus generation and any other data informing a potential NEM 2.0 rate structure. These rate offerings will be consistent with the methodology and structures previously developed by RPU to ensure the City is maintaining fair and equitable rates for all customers.

This workpaper will evaluate the potential impacts to future NEM 2.0 customers as result of the rate changes. Additionally, it will determine the potential change in cost recovery and quantify the change in the projected rate subsidy compared to existing NEM rates. NewGen will work with RPU to determine a projection for NEM customers in the service territory, which may be impacted as a result of the NEM 2.0 rate changes.

Marginal Cost Analysis

The updated COSA analysis will utilize an embedded or average cost basis. However, it is possible that certain new rates and rate offerings could incorporate a marginal cost element, which can either be a

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marginal cost incurred for an incremental unit obtained, or a marginal cost avoided, depending on the nature of the application. NewGen will develop a workpaper (or series of workpapers) as an expansion of the COSA model to address specific marginal costs for the utility. This will include the development of an estimated marginal cost of production, which may be time-differentiated and based on wholesale market electricity pricing (CAISO) for the region, as well as RPU's cost of production. Marginal production costs can serve as the basis for NEM 2.0 rate making and can be applied to targeted and specific future load growth (such as EV rates, electrified space conditioning and/or water heating loads, and/or customer-sited energy storage, as appropriate). These applications may serve to form the basis for tiered rate design and seasonal rates, depending on how fixed costs are allocated to meet load for each hour.

Additionally, NewGen will work with RPU to evaluate applications for marginal costs for transmission and distribution functions of the utility. Alternatively, depending on discussions with RPU to inform the Strategic Rate Design document, the marginal costs may be incorporated into the general rate-making approach. NewGen will describe the relative advantages and disadvantages of a marginal cost approach for general rate making and work with RPU to determine an appropriate approach for use of marginal costs in this Study.

New Rate Classes

The revised COSA model will incorporate a newly developed workpaper, or series of workpapers, to address potential new rate classes or deletions of customer groups within rate classes, as appropriate (and other changes to customer groupings, as requested). This includes the development of specific cost of service allocations based on estimates or actual load data for the new classes. This analysis will include updated cost information as well as a review of the challenges to developing new rate classes. Additionally, the analysis will include the costs and ability to implement new rates and rate structures with RPU's billing system, as well as the impact these new rates will have on the existing customers.

High Voltage Customers

Customers who receive service at high voltage (either through the primary distribution system or directly from the transmission system) should not incur costs associated with the secondary distribution system. This cost differential arises between customers in the same class (typically larger industrial customers) because of how they utilize various portions of the distribution system. NewGen will work with RPU to develop a defensible cost basis to develop a discounted rate for those customers that take service at higher voltage than other customers within their class. The COSA model structure that assigns costs to the various functions provides a sound economic basis for those customers that take service at the transmission level. A detailed analysis of the costs associated with the primary and secondary system (both capital and on-going operations and maintenance) will serve as the basis for those customers taking service at the higher voltage within the distribution system.

COSA Training Workshop

NewGen will work with RPU management and staff to develop the updated COSA model. As such, NewGen will provide ongoing training on the model mechanics during its development. Additionally, NewGen will develop a half-day workshop specifically to review and provide insight into the COSA model for RPU staff. This workshop will include the development of a series of presentation materials, as well as hands-on review of the various scenario development and analysis within the COSA. This will also include a review of the output from the ten-year pro forma financial model and how that information is integrated into the COSA. The intent of this training is to provide sufficient insight and guidance to allow RPU staff to update

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the COSA after completion of the Study. This workshop may be conducted online or in person, depending on applicable pandemic restrictions in place at that time.

Task V – COSA Report

NewGen will provide the Excel COSA model to RPU for its use upon finalization of the study and will include a written report providing a description of the COSA methodology and the rationale for the cost allocation applications as appropriate. The written report will summarize RPU's revenue requirements by customer class, the fixed and variable nature of the costs and the exiting cost recovery, and the projection of existing rates ability to recover costs over the Test Year period. NewGen will provide a draft report and will solicit comments from RPU management and staff to be incorporated as appropriate into a final COSA report.

Deliverables

- Historical and Projected Test Year Revenue Requirement.
- Summary of current fixed and variable costs in Test Year Revenue Requirement compared to fixed and variable revenues.
- Web-based meeting to discuss draft COS results with RPU staff.
- Updated COSA model with workpapers for specific analyses regarding NEM 2.0, Marginal Cost Analysis, New Rate Classes, and High Voltage Customer rates.
- COSA Training workshop (online or in person).
- Written report summarizing RPU revenue requirement by class, classification process and rationale, and cost allocation.

Phase II – Electric Utility Rate Trends Study

NewGen will develop an evaluation and analysis of emerging or expected future rate structures and trends that may be considered by RPU for this Study. This analysis will include the evaluation of emerging rate structures, technologies, and trends that impact the way electricity is priced for the industry and how those trends may apply to RPU. We will identify the advantages and disadvantages of various alternative rate structures, including the potential risks associated with each specifically for RPU's operations and finances.

NewGen will include descriptions of various pricing programs for both traditional electric service and those serving emerging technologies, such as EVs and customer sited distribution systems (i.e., DER such as rooftop photovoltaic, or PV). This review will include both embedded and marginal cost pricing for rates and rate pricing, including market-based pricing seen in Real Time Pricing (RTP) and Critical Peak Pricing (CPP) programs. Our review will include an assessment of various solutions for pricing electricity to and from DERs to mitigate cross-subsidies, as well as pricing for emerging technologies (i.e., EV rate and rate riders, net metering and NEM 2.0 rate structures, and Value of Solar Rates).

Unbundled rate strategies, which may combine power supply and delivery services, are also a more prevalent trend and will be reviewed for this Study. Additionally, NewGen will review low-income rate programs and how these programs are funded by other jurisdictions in California, as well as across the country.

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The rate trend analysis will include an overview of municipal, cooperative, and investor-owned utility rate structures and rate programs that are used to recover costs for operations and historic, current, and future capital investments. This includes reviewing trends in customer charges, the potential for residential demand changes, multi-family service options, best practices in commercial rate designs, and how classes are defined and categorized (small, medium, large, energy only, and energy and demand charges). Other trends under review will include development of high-voltage discounts, static and dynamic time of use (TOU) pricing, power factor recovery charges, and green pricing programs. During the kick-off meeting, we will discuss the rate trends to be included in this review and summarized in the Strategic Rate Design document.

This study will focus on specific utilities identified in coordination with RPU management and staff, including up to eight municipal entities and two investor-owned utilities. These utilities may vary by rate structure and the list of utilities may be expanded to adequately capture the trends occurring across the country. For this study, we have identified three primary groups of rates and rate types that will be explored. These include those focused on non-traditional forms of cost recovery, new services, and optional rates. These groups are somewhat arbitrary as all rates are designed to recover costs and support utility operations. This assessment of various alternative rates will include a comparison of these rates and rate structures to RPU's existing current rates.

Traditional Forms of Cost Recovery	Non-Traditional Forms of Cost Recovery	New Services
<ul style="list-style-type: none"> ▪ Cost adjustments / "pass-through" rate riders ▪ Increased / decreased fixed component charges ▪ Economic Development rates ▪ Standby Charges ▪ High Voltage Discounts ▪ Power Factor Recovery Charges ▪ Street lighting system cost allocation / LED light rates ▪ Seasonal rates ▪ Tiered Rates 	<ul style="list-style-type: none"> ▪ Residential / Small commercial demand charges ▪ Network Access Charges ▪ Reliability Charges ▪ TOU Pricing for all customers ▪ Unbundled Rates ▪ Real Time Pricing ▪ Critical Peak Pricing 	<ul style="list-style-type: none"> ▪ EV Rates using TOU / second meter ▪ EV Public Charging Rates ▪ Net Metering / Net Metering 2.0 (including Value of Solar Rates) ▪ Voluntary Renewable Energy Pricing ▪ Feed-In Tariffs ▪ Community Solar ▪ Energy Storage

Groups of Rates and Rate Types

NewGen recognizes that many innovative rates face implementation challenges both in terms of acceptance by customers and technology requirements of the utility. As part of this analysis, NewGen will identify those challenges and potential solutions, such as device-centric rates (e.g., EV-Only rates) and trends regarding "opt-in" and "opt-out" rate program options for implementation. Further, customer elasticity of demand is an important consideration for rate design as some applications have a greater response to pricing differentials than others.

Technology implementation challenges also include the investments for both the utility and the customer to be able to fully optimize the rate structure, such as dynamic TOU pricing and the communication systems required to send the price signal. Our review will evaluate the costs of the requisite technologies and other potential barriers to offering the proposed rates. This will include a qualitative and quantitative

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assessment of the utility and customer costs at a planning level estimate to determine the extent to which rate structures and rate programs identified in this analysis would be applicable to RPU. NewGen will utilize the information obtained from the Rate Trends survey to develop a matrix of the results, which will evaluate the applicable nature of each rate to RPU and its list of criteria. This criteria listing will be developed in coordination with the RPU project team and may include the following elements:

Criteria	Rate 1	Rate 2	Rate 3
Customer Acceptance			
Change in Customer Usage from Rate			
Technology Required for New Rate			
Costs to Customer for Technology Required			
Costs to Utility for Technology Required			
Barriers to New Rates			
Qualitative / Quantitative Risks for New Rates – Utility Perspective			
Qualitative / Quantitative Costs and Benefits – Utility Perspective			
Qualitative / Quantitative Costs and Benefits – Customer Perspective			

NewGen will work with RPU to develop a quantitative scoring system to apply each criterion to each new rate and or rate group. This may include a scaling factor (e.g., 1-10, with 1 being the lowest cost or lowest barrier and 10 being the highest cost or barrier). We will develop a stand-alone report that will include the results of the evaluation of the emerging alternative rate structures and how they would or potentially could apply to RPU. This report will include the evaluation matrix discussed and the development of the criterion. Further, this report will evaluate each rate or rate offering as to how it may be recommended for RPU over a short-, mid-, or long-term action. We will review the draft report with RPU and solicit comments and suggestion as appropriate from management and staff and will discuss next steps. NewGen will be available to present the findings of the rate trends analysis to the Board of Public Utilities if requested.

Deliverables

- Presentation of rate trend analysis findings and conclusions to RPU management and staff, as well as Council/Board of Public Utilities, if requested.
- Development of draft rate trend analysis report for comment and inclusion in final Study deliverable.
- Updated Strategic Rate Design document, as appropriate.

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Phase III – Rate Design Recommendation

Task I – Rate Design Model

Rates will be designed to follow the Strategic Rate Design document, support the City Council rate philosophy, and closely follow the COSA results with the categorization of customer-, demand-, and energy-related costs for each customer class. New innovative rate structures or policies (e.g., EV, NEM 2.0, new customer classes, etc.) identified in Phase II will be integrated into the rate design model, as appropriate. This will include the rationale and assumptions for any recommendations for existing or new rates and/or rate structures for RPU. This will also include the development of an implementation path from current rates and allocations to the development and implementation of new rate alternatives for the proposed rates. The intent of the proposed rates is to provide for the annual revenue requirements over a five-year period (Rate Study Period).

The recommended rates will be used to forecast and calculate the annual rate revenue generated for each customer class, and comparing it to the class and total system cost of service will prove the revenue adequacy of the new rates. We recommend the development of a Customer Impact Rate Design model (see Phase IV – Enhancements to the Study) that will augment the Rate Design Model to include impacts to all customers utilizing RPU's billing data base, and more information described below. All proposed rates will be evaluated for potential "rate shocks" to individual customers, either as representative users from their class or across all customers. If the representative approach is preferred, NewGen will evaluate the proposed rates and rate differences for RPU customers as well as those served by neighboring and similar electric utilities in the region. This analysis will be used to develop a statistical analysis of bill impacts by each customer rate class for the entire range of usage patterns for the class.

The Rate Design model will be a user-friendly, Excel-based model that will be designed to allow RPU management and staff the ability to adjust rates as necessary after completion of the Study. This model

will include calculations of the revenues expected from current rates as a comparison to the current revenues recorded in the audited FY records and will make adjustments as necessary to tie those values, in coordination with the RPU team. Proposed rates will recognize the social and economic factors of the community as well as the underlying expenses incurred to provide electric service to the different customer classes. All rates will be designed to be compliant with Proposition 26 regulations as well as the general policies and objectives of RPU. Rates will be designed to recover projected annual revenue requirements (with proposed rates and projected usage characteristics) and the model will have the ability to recalculate the latest year of historical revenues by customer class using current rates and historical customer usage. This information will be summarized in the model for each customer class and for the system total. An example of TOU rate structure options available in our rate design model is provide in the graphic to the right.

Residential Time-of-Use Rate Structure Time Period Selection Tools Summer Months			
Summer Peak Hours			
Assumed Elasticity of Demand:		-0.15	
Energy Efficiency:		25.00%	
Items	Units	Charge	Revenue
Customer Charge	12,852	\$ 4.75	\$ 61,047
Energy			
Summer			
Peak	1,523,107	\$ 0.2220	\$ 338,130
Off-Peak	2,720,134	\$ 0.0475	\$ 129,206
Non-Summer			
Energy	6,872,100	\$ 0.08319	\$ 571,690
Energy Subtotal	11,115,341		\$ 1,039,026
Total Revenue		\$ 0.09897	\$ 1,100,073
Existing Rate Revenue		\$ 0.09843	\$ 1,101,104
Difference		\$ 0.00054	\$ (1,031)

TOU Rate Structure Selections

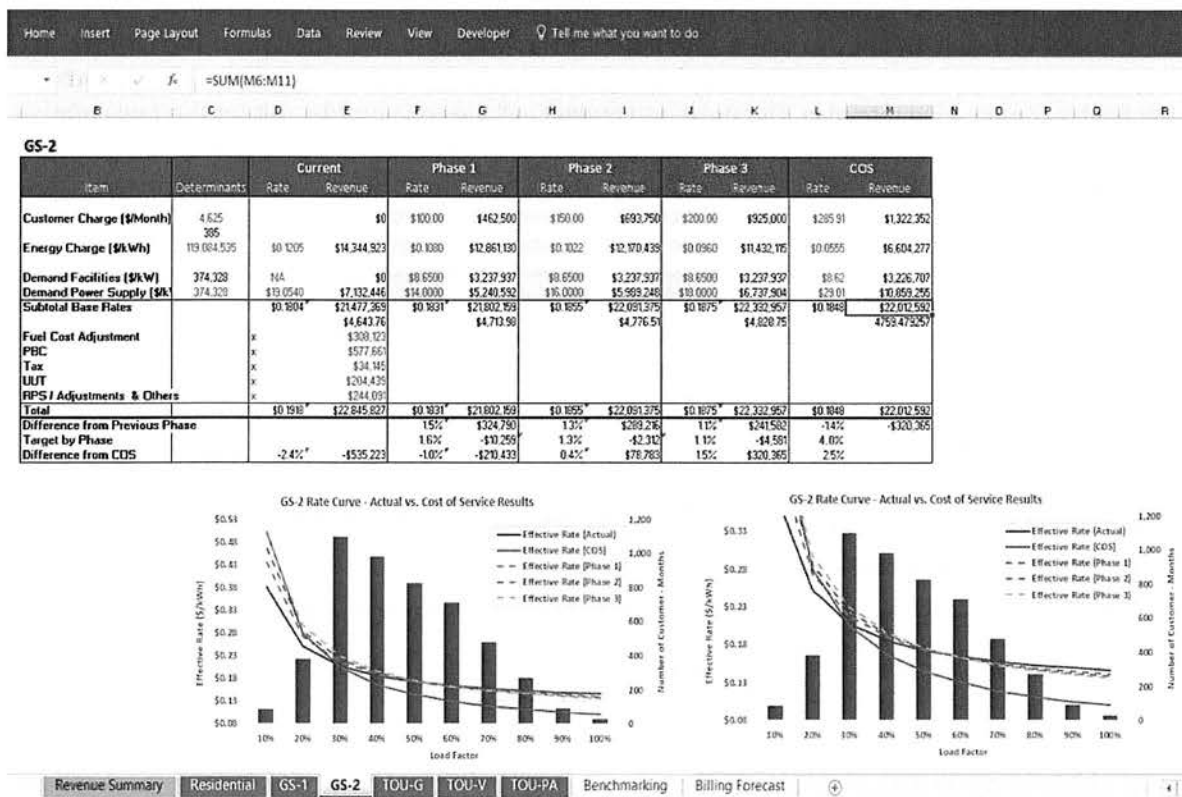
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The rate design model will develop a ten-year projection of revenues to compare to the revenue requirements from the ten-year pro forma financial model. This analysis will include considerations of RPU's overall reserve requirements and associated policies, as well as days cash on hand, debt service coverage, and other financial metrics.

NewGen will evaluate the underlying fixed and variable nature of the cost of service compared to the fixed and variable nature of the cost recovery (rates). RPU, like many utilities across the country, has high fixed costs (investments, labor, etc.) and relatively low variable costs (energy); however, most rates are designed to recover costs on a variable basis. We will work with RPU to examine this relationship to better align its cost recovery with its costs.

We will conduct a web-based meeting with RPU staff and management to review the draft rate model and the proposed rates. Based on feedback from this rate review, we will revise the proposed draft rates as appropriate or provide an alternative rate design scenario such as a phase-in of rate changes or adjustments in customer/demand/energy rate components.

NewGen modeling capabilities include the development of visual dashboards typically incorporated into our Rate Design models. These dashboards are designed to manage, manipulate, and evaluate large amounts of data for each customer within customer classes. The dashboard instantly and easily conveys the key financial metrics, load profile changes, customer impacts, and rate structures to management and stakeholders. These dashboards also provide the capability to instantly evaluate scenarios and review the results and impacts of the scenarios for management, Council, and/or other stakeholders. The graphic below provides an illustration of the proposed rate changes that could be included in a rate model dashboard.



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Deliverables

- Review of existing RPU rates and any recommended structural modifications based on rate survey results.
- Revenue adequacy including phase-in of rates, if desired.
- Recommendations for new rate structures and service offerings.
- Web-based meeting to review recommended rates and revenue adequacy with RPU staff.
- Customer and system economic impact analysis
- Rate design model and training provided to RPU management and staff.

Task II – Results Presentation

Upon completion of the Study, NewGen will deliver the updated COSA and the Customer Impact Rate Design model(s) for RPU's future use, including all workpapers, spreadsheets, reports, and computations used in the analyses. We will provide final copies of the presentations developed for the management and City Council/Board of Public Utilities and the customer outreach efforts. Additionally, NewGen will provide a draft and final copy of a comprehensive written report, which includes a description of the analysis completed for the COSA/Rate Study update for the five-year period. We will collaborate with RPU to review comments provided by RPU legal counsel on the draft report to incorporate into the finalized work product. A Microsoft Word version of the report will be provided to facilitate edits and comments from the RPU project team.

NewGen will develop and provide presentations of the preliminary Study results to RPU's City Council and/or Board of Public Utilities to solicit feedback on the proposed rate structures and charges. It is anticipated that feedback from RPU staff and management, as well as the Council/Board, will be included in the final recommended rate plan. Our proposed budget includes one on-site visit for this presentation. However, if additional on-site meetings are required, we will work with RPU to accommodate its requests.

RPU will coordinate development of the Outreach and Public Engagement process, select the attendees, and host the meetings in coordination with NewGen. The intent of these events is to solicit input and provide transparency for representative customer groups regarding the rate-making process. NewGen will develop materials and will facilitate up to five of these events, in coordination and combination with RPU management and staff. The updated Strategic Rate Design document will include details of these events throughout the Study, as appropriate. NewGen will lead or support the presentation(s) of results directly to RPU customers or customer groups, as requested by RPU.

Deliverables

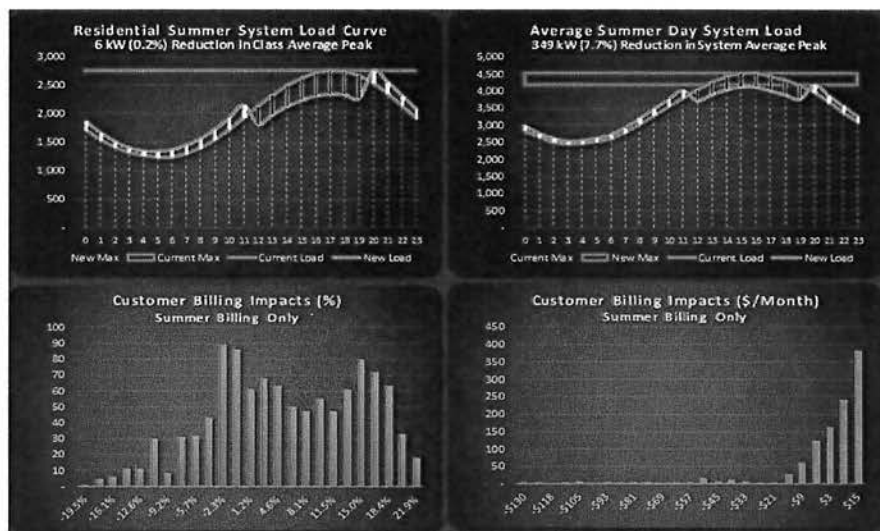
- Delivery of final work products including workpapers, spreadsheets, and models.
- Delivery of Draft/Final Report for Rate Study Update.
- In-person presentation of preliminary/final Study results to City Council/Committee.
- Preparation and support for development of five presentation materials for customer (or customer groups) outreach efforts and presentation(s) by NewGen.

Phase IV – Enhancements to the Study

NewGen proposes to develop enhancements to the Study in Phase IV. These enhancements include developing a Customer Impact Rate Design model along with the recommended rates and rate structures. We will design a robust and dynamic Customer Impact Rate Design model for the entire RPU billing database rate impact analysis and provide a comprehensive and complete view of all rate impacts to all customers. This is an enhancement to the Phase III Rate Design efforts which would be limited to representative customers within each rate class. The customer impact analysis will provide detailed information on rate impacts for all classes and individual customers, and will support the broader communication,

understanding, and endorsement of Study results and potential rate changes. This billing database and impact analysis includes customer class rate curves based on load factor for each class, and will show individual customer class bill impacts (i.e., histograms). Such impacts may be filtered to screen for specific customer

groups (e.g., low-income customer impacts, if data is available), for entire classes, or for the full RPU system. The example graphic provides a summary of the output regarding customer load impact analysis available.



The Customer Impact Rate Design model will have the ability to design rates within current and future rate classes. NewGen will develop an export file to transfer revenue and customer class data to the ten-year pro forma financial model, as appropriate. We will incorporate a “rate calculator tool” into the rate design model that is designed to show the effects of rate design options on customers by similar groupings or sub-groupings, such as schools, government, etc. (as defined by RPU). The rate calculator tool will evaluate the rate impacts to these customers, as well as the effect of those rate impacts on other classes to generate the same level of revenue requirement. Similar to the proposal for Phase III Rate Design recommendations, this enhanced approach will serve as the basis for a statistical analysis of bill impacts by each customer for the entire range of usage patterns for the class.

Phase V – Other Related Services

NewGen is available to RPU to provide other related services upon request. The following hourly pricing by position would be applied to these services and would be an additional cost to the estimated budget for requested services herein. These rates are applicable to the 2021 calendar year and are subject to change with NewGen internal rate changing processes, as appropriate.

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NewGen Strategies and Solutions
2021 Billing Rates

Position	Hourly Billing Rate
President / Managing Director / Director	\$230 - \$360
Executive Consultant	\$220 - \$320
Senior Consultant	\$190 - \$220
Consultant	\$135 - \$150
Administrative Services	\$110

Note: Billing rates are subject to change based on annual reviews and salary increases.

Phase V - Other Related Services

City of Riverside Public Utilities Self-Generation Program Review

Scope of Services

Background

The Riverside Public Utilities (RPU) proposed Self-Generation Program (other utilities refer to the program as Net Energy Metering) establishes a new program for customers installing qualifying renewable electric generation facilities including solar, wind and other renewable resources. The Self-Generation Program provides many benefits including simplifying the application process by eliminating the interconnection service agreement, increasing the maximum system size, and relaxing the sizing limitations, while continuing the sustainable growth of self-generation including solar, wind and other renewable energy within our community. The Self-Generation Program includes characteristics that are similar to rates offered or being proposed by other large utilities in California that compensates new solar customers according to the time they generate and provide excess power to RPU's electric system at RPU's avoided cost of energy, thus ensuring there is greater equity across the community.

Self-Generation Program Review

- 1) Review the proposed rate structure and billing method applicable under the Self-Generation Program for all rate schedules and provide an opinion as to the overall proposal, the assumptions within, and application of the billing methods
- 2) Evaluate two alternative rate structures which could be applicable under the Self-Generation Program for all rate schedules and provide an opinion as to the practicality and assumptions associated with these alternatives.
- 3) Review the avoided cost of energy calculation for accuracy and thoroughness. Provide guidance and pros and cons regarding components that may be included or excluded from the calculation. Provide guidance on how the avoided cost of energy calculation can be periodically updated.
- 4) Verify the bill impacts of the proposed Self-Generation Program billing method versus the current net energy metering program and customers without solar for 3 examples within each of the residential, commercial flat, commercial demand, and industrial classes. For each example include 2 installed solar capacity scenarios.
- 5) Survey 10 utilities in California including the 3 large California investor-owned utilities and 7 similar publicly owned utilities regarding current and future net energy metering programs. Additionally, survey 5 public utilities in states other than California that have successfully implemented new and progressive net energy metering programs. Compare the results of the survey with the RPU proposal.
- 6) Review and comment on the overall Self-Generation Program components. Include comparisons to the results of the survey.
- 7) Assist RPU staff with developing customer outreach and education including but not limited to materials explaining the program, presentations, and website development.
- 8) Attend 2 in person community meetings to educate customers and gather community input. Also assist RPU with developing presentations for the meetings.

Phase V - Other Related Services

- 9) Attend 2 virtual City of Riverside meetings including City Council, Board of Public Utilities, or Board of Public Utilities Committee meetings. Also assist RPU staff with developing and participating presentations for the meetings.

DELIVERABLES:

Program Review: Provide the software or excel spreadsheets used in the analysis and a written report of the Consultant's Self-Generation Program Review. The software or excel spreadsheets will be in an editable format that can be updated by RPU staff in the future. The Consultant shall prepare a report outlining the findings of their review. The Consultant shall conduct a meeting with RPU staff to review and discuss the report, to allow an opportunity for feedback and revisions. The Consultant shall be available to present final report to the Board of Public Utilities and the City Council.

Survey: Provide a written report and excel worksheet evaluating the net energy metering and self-generation programs included in the survey and compare the results to RPU's current net energy metering and proposed self-generation program. The excel worksheet shall include columns containing the program criteria surveyed be in an editable format that can be updated by RPU staff in the future. The Consultant shall conduct a meeting with RPU staff to review and discuss the survey, to allow an opportunity for feedback and revisions, and to discuss next steps. The Consultant shall be available to present findings to the City Council and Board of Public Utilities if requested.

Customer Outreach and Meetings: After review by staff, the Consultant shall attend meetings, make presentations, and answer questions for the City Council and Board of Public Utilities regarding the results of the Self-Generation Program Review, as needed. It is expected that a series of public meetings will be scheduled and hosted by the consultant to inform and educate customers and other stakeholders of the benefits of the recommended Self-Generation Program. The Consultant shall attend, make presentations, and answer questions at 2 public meetings and 2 City of Riverside meetings to obtain input and final approval for recommended self-generation program.

Elements of the Work

1. Project Management:

The project scope of work will include project management. Project management is required to complete the project review and analysis within scope, budget and schedule which includes weekly status reports, project control, document control, cost control, change order control, and project kick-off meeting. The consultant project manager and appropriate RPU staff shall take part of weekly meetings to review progress and address project issues. The consultant project manager will keep meeting minutes including action items for consultant firm and its staff and RPU staff and include meeting minutes in weekly status reports.

2. Outreach and Public Engagement:

The Consultant will provide outreach, public engagement, and education for the public, City staff, the Board of Public Utilities, and City Council.

3. Confidentiality of Project Information:

Phase V - Other Related Services

The selected consulting firm and its staff working for RPU on this Project will be required to keep confidential all information they learn about RPU's electric facilities and electronic systems. Disclosure of any information gathered as a part of the Project has potential to pose a significant risk to public health and safety. During the Project, the Consultant should make provisions to secure all Project records and destroy all drafts. After the Project, the Consultant will be expected to return to RPU or destroy all documents obtained from RPU or generated during this Project.

4. Training:

The Consultant shall train RPU staff to update, maintain, and analyze any models or documents developed during the project.

5. Program Approval:

The Consultant shall assist RPU with the approval process for the self-generation program including preparing testimony and provide expert witness services.

Project Deliverables

1. Project Schedule:

The following is the target project schedule after awarded, subject to change at RPU's sole discretion as defined herein:

➤	Begin Self-Generation Program Review	September 2021
➤	Draft Self-Generation Program Review	October 2021
➤	Revised Draft Self-Generation Program Review	November 2021
➤	Community and City of Riverside Meetings	October 2021 through February 2022
➤	Final Self-Generation Program Approval	January through February 2022

2. RPU Furnished Services

RPU will be available to answer the Consultant's questions regarding the project. RPU will provide copies (electronic or printed – at RPU option) of previous relevant reports, personnel lists and other pertinent information necessary to complete the project.

3. Reports

The Consultant shall submit electronic copies of the Draft Self-Generation Program Review for review and comment by RPU. The Consultant shall at a minimum present the Revised Draft Self-Generation Program Review to the City Council, Board of Public Utilities, and one committee meeting and solicit input and comments.

Subsequently, the Consultant shall prepare the Final Self-Generation Program Review report and provide electronic copies to RPU.

EXHIBIT "B"
COMPENSATION



225 Union Boulevard
Suite 305
Lakewood, CO 80228
Phone: (720) 633-9514

August 6, 2021
via email

Mr. Jairo Cortez
Sr. Procurement & Contract Specialist
City of Riverside
Public Utilities Department
3900 Main Street
Riverside, CA 92522

**Subject: Electric COS and Rate Design – RFP 2074
Updated Cost Proposal**

Dear Mr. Cortez:

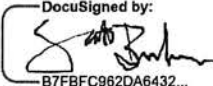
As requested, please find below NewGen Strategies and Solutions, LLC's updated Cost Proposal for the City of Riverside's (City) Electric Cost of Service Analysis and Rate Design Study (Study). This updated proposal incorporates a 5% discount to our current (2021) hourly charge rates in recognition of the financial impacts of coronavirus disease (COVID-19) on the City, as indicated in our June 17 letter to you. The estimated cost proposal for the Cost of Service and Rate Design portion of the Study is the same as was provided in our previous correspondence. However, we have developed an updated cost proposal to provide the proposed Phase V services related to the City's Self-Generation Program Review, based on the revised Self-Generation Program Review Scope provided on August 5, and attached to this letter. The combined estimated budget for all services referenced herein is \$127,604.

If you have questions concerning this proposal or would like additional information, please contact me directly at (720) 259-1762 or sburnham@newgenstrategies.net.

We appreciate the opportunity to support you and the City on this exciting project.

Sincerely,

NewGen Strategies and Solutions, LLC

DocuSigned by:

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Scott Burnham
Director

Mr. Jairo Cortez
August 6, 2021
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Labor Hours and Cost – COS and Rate Design													
Task Description	Burnham – Director / PM		Bernt – Director / Senior Consultant		Accardo – Senior Analyst		Helper – Analyst		Admin \$110	Total	Original Budget	Savings to RPU (5%)	Discounted Revised Budget
	\$260		\$230		\$190		\$135						
Phase I: Cost of Service Analysis and Project Management	96		6		16		96		4	218	\$42,780	\$2,150	\$40,630
Phase II: Electric Utility Rate Trends Study	24		0		0		48		4	76	\$13,160	\$668	\$12,492
Phase III: Rate Design Recommendation	44		0		0		56		16	116	\$20,760	\$1,044	\$19,716
Total Labor Hours	164		6		16		200		24	410			
Total Labor Cost	\$42,640		\$1,380		\$3,040		\$27,000		\$2,640		\$76,700	\$3,862	\$72,838
Phase IV: Enhancements or Recommendations by Company for Consideration	4		0		8		24		0	36	\$5,800	\$292	\$5,508
Total Labor Hours	4		0		8		24		0	36			
Total Labor Cost	\$1,040		\$ -		\$1,520		\$3,240		\$ -		\$5,800	\$292	\$5,508
Estimated Expenses (Reasonable Travel if Applicable)													
Total of Phases III and IV (with Expenses)	\$43,680		\$1,380		\$4,560		\$30,240		\$2,640	\$1,400	\$83,900	\$4,154	\$79,746
Phase V: Other Related Services													
Hourly Rate	\$260		\$230		\$190		\$135		\$110				
Discounted Hourly Rate	\$247		\$219		\$181		\$128		\$105				
Total Price for Phase I – IV													\$79,746

Note: Billing rates are subject to change based on annual reviews and salary increases. These values have been discounted as provided in our June 17 correspondence.

Mr. Jairo Cortez
August 6, 2021
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Labor Hours and Cost – Phase V: Self Generation Program Review							
Task Description	Burnham – Director / PM		Bernt – Director / Senior Consultant		Accardo – Senior Analyst		Total Hours / Expense
	\$247		\$219		\$181		Budget
Phase I: Program Review and Survey (Tasks 1-6)	40		6		46		\$32,136
Phase II: Stakeholder Engagement / Results Presentation (Task 7-9)	42		0		4		\$14,222
Total Labor Hours	82		6		50		266
Total Labor Cost	\$20,254		\$1,314		\$9,050		\$46,358
Estimated Expenses (2 Site Visits @ \$700)							\$1,400
Total of Phases I and II (with Estimated Expenses)	\$43,680		\$1,380		\$4,560		\$47,858

Note: Billing rates are subject to change based on annual reviews and salary increases. These values have been discounted as provided in our June 17 correspondence.

EXHIBIT "C"

KEY PERSONNEL

Scott Burnham, Project Manager
Tony Georgis, QA/QC Advisor
Max Bernt, Ten-Year Financial Pro Forma Review
Natalie Accardo, Senior Analyst
Meghan Helper, Analyst