PROFESSIONAL CONSULTANT SERVICES AGREEMENT

NEWGEN STRATEGIES AND SOLUTIONS, LLC

Electric Cost of Service Analysis and Rate Design – RFP No. 2531

This PROFESSIONAL CONSULTANT SERVICES AGREEMENT ("Agreement") is made and entered into this ______ day of _________________, 20____ ("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 – RFP No. 2531 ("Project").

2. **Term**. This Agreement shall be effective from the first date written above, and shall remain in effect until December 31, 2028, unless otherwise terminated pursuant to the provisions herein. The term of this Agreement may be extended by the mutual written consent of the parties for an additional term of two (2) years.

3. **Compensation/Payment**. Consultant shall perform the Services under this Agreement for the total sum not to exceed One Hundred Forty-Eight Thousand Eight Hundred Dollars ($148,800.00) 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

Riverside Public Utilities
City of Riverside
Attn: Nicholas Marrelli
3900 Main Street
Riverside, CA 92501

To Consultant

Newgen Strategies and Solutions, LLC
Attn: Scott Burnham
225 Union Boulevard, Suite 450
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.

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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.

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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. **Digital and Counterpart Signatures**. Each party to this Agreement intends and agrees to the use of digital signatures that meet the requirements of the California Uniform Electronic Transactions Act (Civil Code §§ 1633.1, et seq.), California Government Code § 16.5, and California Code of Regulations Title 2 Division 7 Chapter 10, to execute this Agreement. The parties further agree that the digital signatures of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures for purposes of validity, enforceability, and admissibility. For purposes of this section, a "digital signature" is defined in subdivision (d) of Section 16.5 of the Government Code and is a type of "electronic signature" as defined in subdivision (h) of Section 1633.2 of the Civil Code. This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument. Each certified or authenticated electronic copy of an encrypted digital signature shall be deemed a duplicate original, constituting one and the same instrument and shall be binding on the parties hereto.

34. **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.

34.1 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.

34.2 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.

34.3 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.

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

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

[SIGNATURES ON THE FOLLOWING PAGE.]

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

CITY OF RIVERSIDE, a California charter city and municipal corporation

By: ______________________________
City Manager

Attest:___________________________
Donesia Gause
City Clerk

Certified as to Availability of Funds:

By: Julie Nemes
Chief Financial Officer

Approved as to Form:

By: Ruthann Salera
Ruthann M. Salera
Sr. Deputy City Attorney

NEWGEN STRATEGIES AND SOLUTIONS, LLC, a Colorado limited liability company authorized to do business in California

By: Scott Burnham
Scott Burnham (Jul 30, 2026 16:44:16 MDT)
Print Name: Scott Burnham
Title: Vice President

and

By: Tony Georgis
Tony Georgis (Jul 30, 2026 16:50:27 MDT)
Print Name: Tony Georgis
Title: Secretary

CA #314933 RMS/jv 07/28/26

EXHIBIT "A"

SCOPE OF SERVICES

STATEMENT OF UNDERSTANDING AND APPROACH

Riverside Public Utilities (RPU) seeks to update its 2023 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 and analyze marginal costs, as appropriate. Additionally, RPU is seeking assistance with review and analysis of existing time of use (TOU) rates, electric vehicle (EV) rates, and applications of the Advanced Metering Infrastructure (AMI) data from selected rate class. Further, RPU is requesting analysis and insight into rate design and electric pricing trends occurring across the country, as well as in California, about how municipal and investor-owned utilities (IOUs) are approaching strategic rate design to recover costs, manage the utility's load, and offer targeted programs to end-use customers. This analysis of current rate trends will provide guiding information regarding RPU's rate strategy to potentially 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 the City of Riverside (City) 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 positioned to provide the service and deliverables RPU is requesting for this assignment. We understand RPU's current financial planning model, including the ten-year pro forma financial model; developed the existing 2023 COSA Model and associated Rate Design Model; and worked closely with RPU management and staff to develop comprehensive rate plans during the 2017 and 2023 studies. 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).

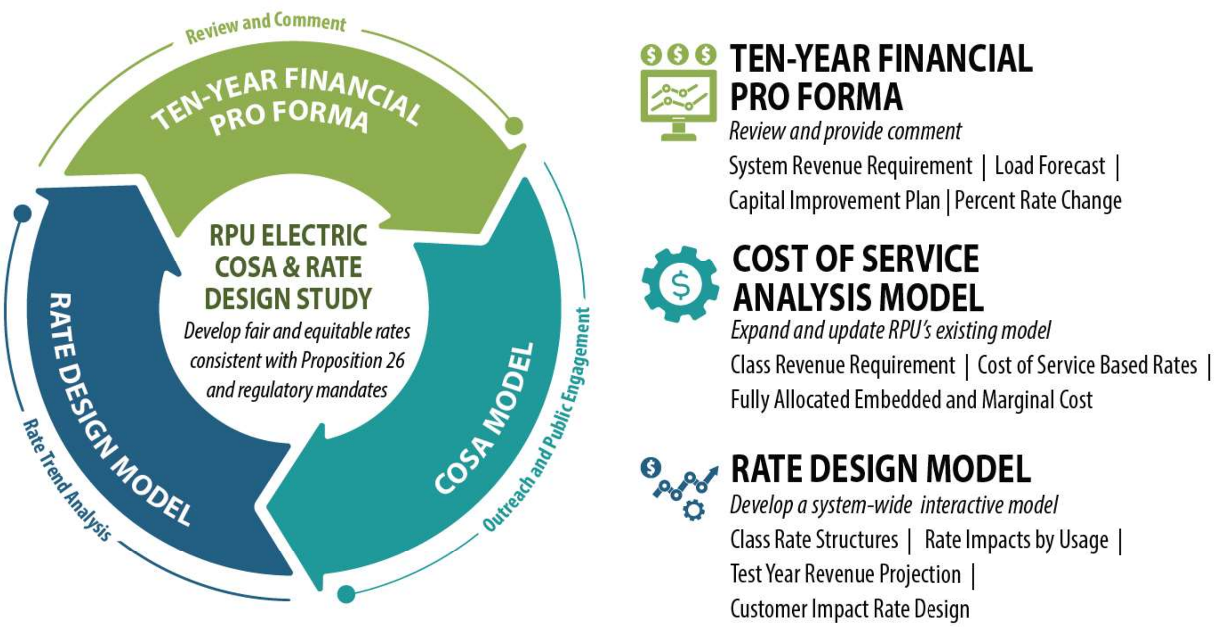
Our vision for the COSA and Rate Design Study (Study) is to develop a collaborative response with RPU management and staff to critically review its updated ten-year pro forma financial model, expand the 2023 COSA model to incorporate data and projections for future test years, and develop a rate design 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. This will be 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.
- Update and expand the previously developed 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.

- Update the previously developed Rate Design Model to incorporate RPU's most recent billing database for analysis of all customers in all classes, which will include dashboards and a scenario development tool.
- Provide analysis of AMI data, as appropriate, for purposes of analyzing system, class, and individual customer data.
- Develop a written report detailing findings and recommendations of the Study, as well as presentations to City 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 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 graphic below illustrates our vision for the 2026 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 work with RPU staff and review RPU's model outputs for incorporation into the COSA Model.** 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 (DCOH), debt service coverage ratios (DSCR), and others, as applicable. 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 2023 model.** This will include adding to the model capabilities to incorporate marginal costs and new proposed rate classes, as appropriate. We will update the dashboards for the COSA and include the ability to save several scenario analyses for evaluation into the COSA Model, as necessary. 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 within the COSA will be evaluated in response to known and measurable changes in the RPU operations, customer class usage characteristics, and other items, as appropriate and in coordination with the RPU Rates Team. The results from the COSA, 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.

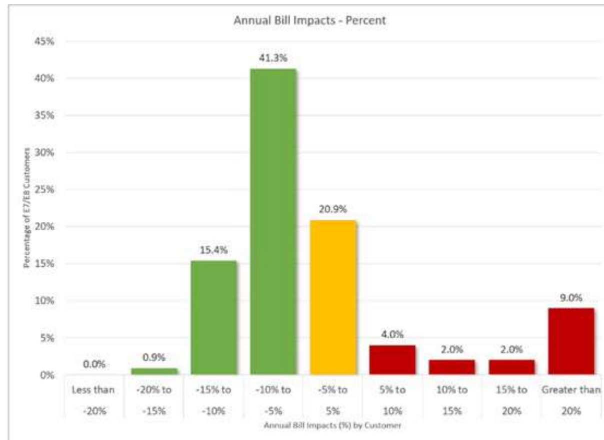
Rate Design Model

Rate Trend Analysis

RPU seeks to expand its understanding of current 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 update the rate trends analysis completed for the previous study to provide an overview of innovative pricing and program design methodologies within California and 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 EVs and customer-sited generation and storage systems. We recognize that rate implementation challenges exist. Many rate offerings require system infrastructure upgrades, including metering and billing systems and costly communications or meter data management systems such as the AMI currently being deployed by RPU across all customer classes. 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 rate analysis is to update the Customer Impact Rate Design Model developed for the previous study, which includes the ability to analyze rate impacts for all customers served by RPU as a result of the COSA process and rate recommendations developed for this Study. The Rate Design Model will include updated billing determinants 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 representative customers. By developing a histogram of the rate impacts for each customer within a rate class, the 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.

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, including those provided to RPU in the past. 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 Request for Proposals (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: Kickoff 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 2023 COSA, and subsequent rate analyses. After reviewing the data, we will schedule an onsite (or virtual) kickoff meeting with RPU that will be attended by up to two members of the NewGen Project Team. The purpose of the meeting will be to review the ratemaking process; establish communication protocols, including biweekly 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 kickoff meeting, either in person or via video conference call, we will discuss the development of a Strategic Rate Design document. This document will describe the purpose of the Study, the issues to be addressed, the specific rates to be developed and/or evaluated, and the project controls, including budget-related financial updates and the proposed schedule. This will also include a discussion regarding methodology for calculation of avoided costs to support RPU's Self Generation rates. The Strategic Rate Design document is intended to be a living document that is updated on a regular basis to include the discussions and decisions made during the ongoing status 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. NewGen 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

- Kickoff meeting (onsite or virtual), attended by up to two members of the NewGen 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 2023 to reflect the changes from the ten-year pro forma financial model, as well as to review and potentially update the existing cost allocation methodologies and expand the model to include marginal cost analysis, as appropriate and as 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 reviewing the existing model status with the management and staff at RPU. The objective of this effort is to determine the most effective manner to import data and projections from the RPU model to the COSA Model and to review the process for its development.

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) 2029–2038 projection based on actual financial and operations data from the audit for FY 2028.

Electric System Rate Study

Table of Contents

#	Tab Name	Content	Type
1	Functional Unbundling	Allocation of detailed costs to utility functions.	Analysis/Reporting
2	Production	Allocation of production related costs to demand and energy components	Analysis/Reporting
3	Transmission	Allocation of transmission related costs to demand and energy components	Analysis/Reporting
4	Distribution	Allocation of distribution related costs to demand and customer components	Analysis/Reporting
5	Customer	Allocation of customer related costs to various types of customer services.	Analysis/Reporting
6	COS	Allocation of functionalized test-year costs to customer classes.	Analysis/Reporting
7	Summary Rates	Rate schedule through FY28 by class and rate type	Analysis/Reporting
8	WP-1A Rev Req	Revenue requirement projection through FY28	Supporting Data
9	WP-1C Rev Req Scenario 2	Revenue requirement projection through FY28 -	Supporting Data
10	WP-2A Other Revenue	Detailed Statement of Other Revenue	Supporting Data
11	WP-2C Other Revenue	Detailed Statement of Other Revenue - Scenario 2	Supporting Data
12	WP-3A Operating Expenses	Detailed Statement of Operating Expenses	Supporting Data
13	WP-3E Oper Expenses	Detailed Statement of Operating Expenses - Scenario 2	Supporting Data
14	WP-4A Debt by Function	Functionalization of Debt Service	Supporting Data
15	WP-4C Debt by Function S2	Functionalization of Debt Service - Scenario 2	Supporting Data
16	WP-5A Plant in Service	Detailed Statement of Plant Balances	Supporting Data
17	WP-6A Labor	Detailed Statement of Labor Expenses	Supporting Data
18	WP-7A Purchased Power	Functionalization of Purchased Power Expenses	Supporting Data
19	WP-8A Transmission Costs	Breakdown of Transmission Expenses	Supporting Data
20	WP-9A CIP Allocator	Cost Allocation of of CIP Forecast	Supporting Data
21	WP-10 A&G Allocator	Functionalization of A&G Expenses	Supporting Data
22	WP-11 Minimum System	Calculation of Minimum System Cost	Supporting Data
23	WP-12A Reserve Balances	Forecast of reserve balance through FY32	Supporting Data
24	WP-13 TY Demand - FY19 LP	Forecast of TY Demand by class using FY19 Load	Supporting Data
25	WP-13 TY Demand - FY22 LP	Forecast of TY Demand by class using FY22 Load	Supporting Data
26	WP-14 Lighting Info	Street Lighting Class Data	Supporting Data
27	WP-15 Generation Costs -	Renewable energy delivery capital recovery through	Supporting Data
28	WP-16 HV Cost	High voltage demand adjustment cost calculations	Supporting Data

NewGen Strategies & Solutions

Model Developer Statement:

This model has been prepared by NewGen Strategies and Solutions, LLC (NewGen) solely for the use on behalf of our client for the specific purpose identified in our agreement with the client and its use is restricted for any other purpose. NewGen has relied upon information provided by the client or others that is used in the preparation of this model to be accurate and makes no representations or warranties as to the accuracy of this information. NewGen gives no assurances related to the use of this model except as explicitly set forth in the final results produced using this model as presented and set forth in the NewGen report that presents those final results. For model support, please contact support@newgenstrategies.net.

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.

Example Financial Model Dashboard for Cost of Service (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 2028. The projected Test Year will include budgeted expenses for FY 2029 and projections for FY 2030 through FY 2033 (assuming the new rate plan will be for this five year period). 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 kickoff 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, if RPU also wishes to develop a Test Year Revenue Requirement on the utility basis, NewGen will include this in the COSA. 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.

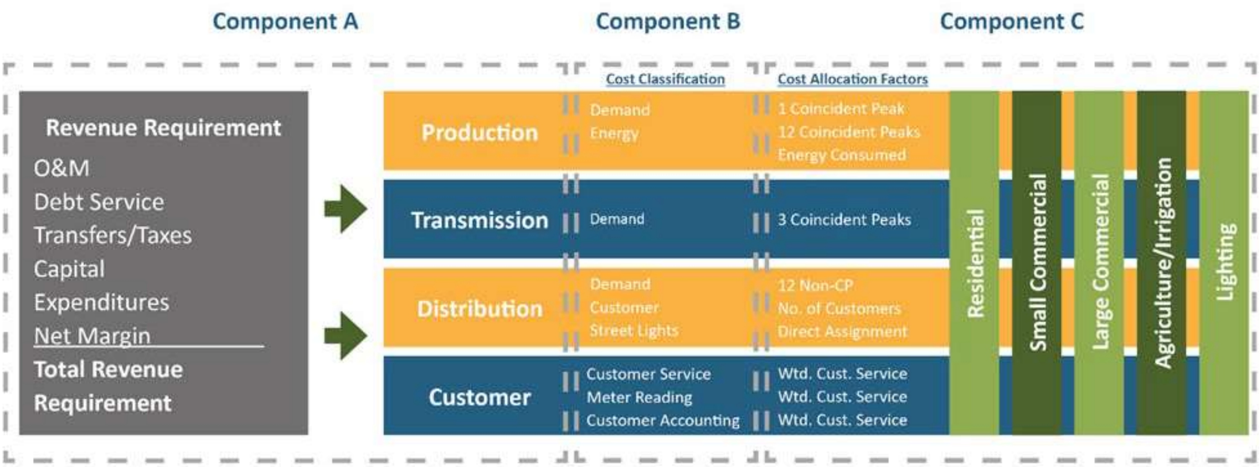
Task IV: Cost of Service

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

1. Unbundle or functionalize the Revenue equirement 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 Microsoft Excel (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.

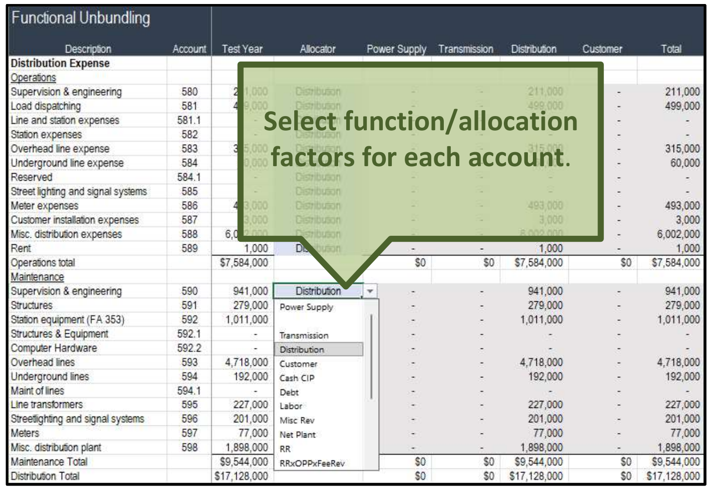


Cost of Service Analysis Model

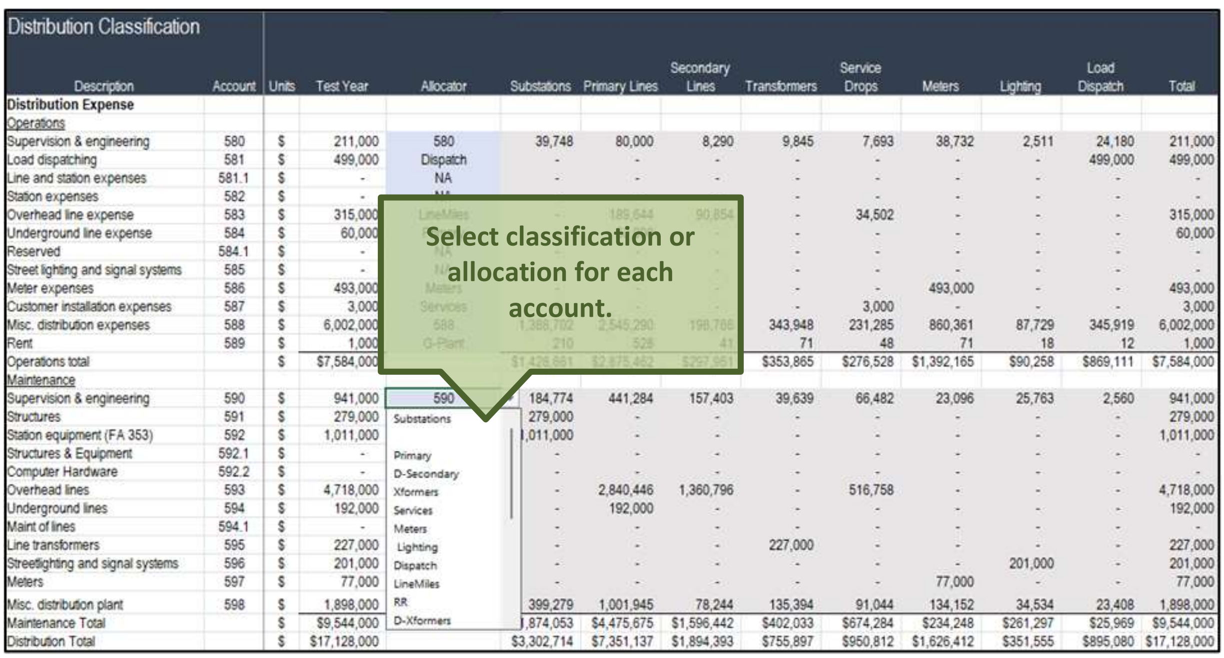
Component A – Functional Unbundling

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 analysis 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 Analysis Model graphic, as well as in the detailed graphics below.

Component B – Sub-functional Unbundling

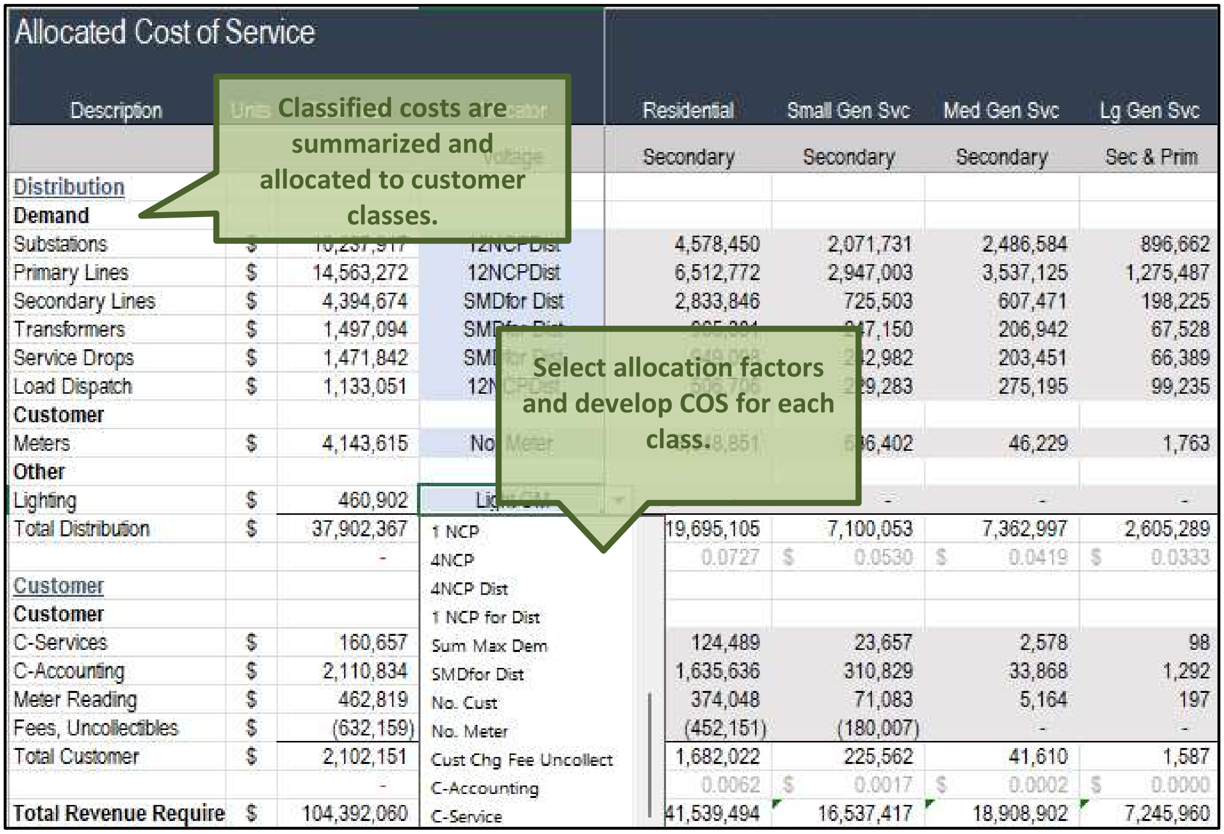


Sub-functionalizing the production, transmission, distribution, and customer functions provides additional detail and accuracy to RPU's costs. In this process, costs are classified as demand-related, energy-related, customer-related, revenue-related, or a direct assignment. Similar to functionalizing, 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 graphic above and below illustrate the COSA sub-functionalization and classification of costs.



Component C – Allocated Cost of Service

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.



Allocated Cost of Service

Description	Units		Allocator / Voltage	Residential Secondary	Small Gen Svc Secondary	Med Gen Svc Secondary	Lg Gen Svc Sec & Prim
Distribution							
Demand							
Substations	$	10,237,917	12NCPDist	4,578,450	2,071,731	2,486,584	896,662
Primary Lines	$	14,563,272	12NCPDist	6,512,772	2,947,003	3,537,125	1,275,487
Secondary Lines	$	4,394,674	SMDfor Dist	2,833,846	725,503	607,471	198,225
Transformers	$	1,497,094	[illegible]	[illegible]	[illegible]	206,942	67,528
Service Drops	$	1,471,842	[illegible]	[illegible]	[illegible]	203,451	66,389
Load Dispatch	$	1,133,051	[illegible]	[illegible]	[illegible]	275,195	99,235
Customer							
Meters	$	4,143,615	No. Meter	[illegible]	[illegible]	46,229	1,763
Other							
Lighting	$	460,902	[illegible]	-	-	-	-
Total Distribution	$	37,902,367		19,695,105	7,100,053	7,362,997	2,605,289
		-		0.0727	$ 0.0530	$ 0.0419	$ 0.0333
Customer							
Customer							
C-Services	$	160,657		124,489	23,657	2,578	98
C-Accounting	$	2,110,834		1,635,636	310,829	33,868	1,292
Meter Reading	$	462,819		374,048	71,083	5,164	197
Fees, Uncollectibles	$	(632,159)		(452,151)	(180,007)	-	-
Total Customer	$	2,102,151		1,682,022	225,562	41,610	1,587
		-		0.0062	$ 0.0017	$ 0.0002	$ 0.0000
Total Revenue Require	$	104,392,060		41,539,494	16,537,417	18,908,902	7,245,960

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 COSA. 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 COSA 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 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 historical AMI (meter) data by class, as available (see discussions of AMI data analysis in Phase IV: Enhancements to Study).

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 self-generation (RPU's Net Energy Metering [NEM] 2.0) rates, as appropriate.

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, self-generation 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. IOUs 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. If requested, 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 IOUs. 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 (Self-Generation)

NewGen will create a workpaper (or series of workpapers) to update RPU's Avoided Costs calculations, which serve as the basis for its self-generation rates. This will utilize the COSA developed, including the recognition of marginal costs, as appropriate, and including the rate associated with compensating self-generating customers for net surplus generation. 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 self-generation customers as result of the proposed rate changes. Additionally, it will determine the potential change in cost recovery and quantify the change in the projected rate subsidy compared to existing rates.

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 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 (California Independent System Operator [CAISO]) for the region, as well as RPU's cost of production. Marginal production costs can serve as the basis for ratemaking 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 ratemaking approach. NewGen will describe the relative advantages and disadvantages of a marginal cost approach for general ratemaking and will 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 COS 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 ongoing operations and maintenance [O&M]) will serve as the basis for those customers taking service at the higher voltage within the distribution system.

Cost of Service Analysis Training Workshop

NewGen will work with RPU management and staff to develop the updated COSA Model. As such, NewGen will provide ongoing training on model mechanics during its development. Additionally, NewGen will develop a half-day online 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 a 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 the COSA after completion of the Study. This workshop may be conducted online or in person.

Task V: Cost of Service Analysis 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 the 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 the Test Year Revenue Requirement compared to fixed and variable revenues.
- Virtual 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's 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 on 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., distributed energy resources [DER], such as rooftop photovoltaic [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.

The rate trend analysis will include an overview of municipal, cooperative, IOU 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 TOU pricing, power factor recovery charges, and green pricing programs. During the kickoff 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 IOUs. 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

- 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

Non-Traditional Forms of Cost Recovery

- Residential / Small commercial demand charges
- Network Access Charges
- Reliability Charges
- TOU Pricing for all customers
- Unbundled Rates
- Real Time Pricing
- Critical Peak Pricing

New Services

- 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
- Virtual Net Metering

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 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 elements shown in the graphic below.

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 standalone 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 suggestions, as appropriate, from management and staff, and we 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 City 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.

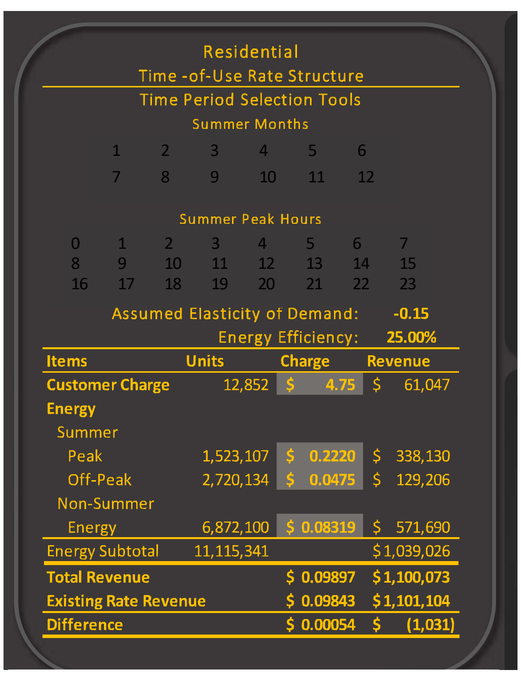
Phase III: Rate Design Recommendations

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, 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 (which will become the 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 COS 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 database. More information is 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 on the left.



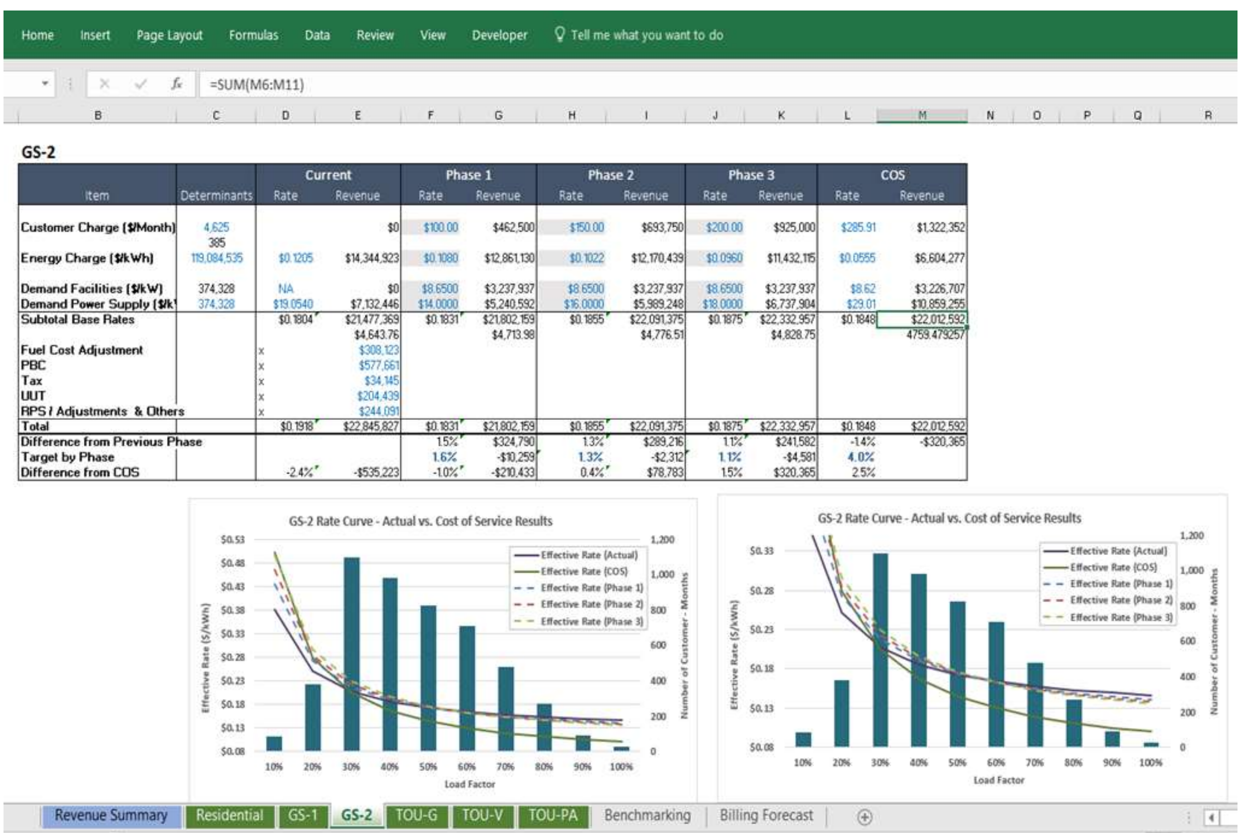
TOU Rate Structure Selections

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 DCOH, DSC, and other financial metrics.

NewGen will evaluate the underlying fixed and variable nature of the COS 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 virtual 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's 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, City 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.



		Current		Phase 1		Phase 2		Phase 3		COS	
Item	Determinants	Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue
Customer Charge ($/Month)	4,625		$0	$100.00	$462,500	$150.00	$693,750	$200.00	$925,000	$285.91	$1,322,352
	385										
Energy Charge ($/kWh)	119,084,535	$0.1205	$14,344,923	$0.1080	$12,861,130	$0.1022	$12,170,439	$0.0960	$11,432,115	$0.0555	$6,604,277
Demand Facilities ($/kW)	374,328	NA	$0	$8.6500	$3,237,937	$8.6500	$3,237,937	$8.6500	$3,237,937	$8.62	$3,226,707
Demand Power Supply ($/k	374,328	$19.0540	$7,132,446	$14.0000	$5,240,592	$16.0000	$5,989,248	$18.0000	$6,737,904	$29.01	$10,859,255
Subtotal Base Rates		$0.1804	$21,477,369	$0.1831	$21,802,159	$0.1855	$22,091,375	$0.1875	$22,332,957	$0.1848	$22,012,592
			$4,643.76		$4,713.98		$4,776.51		$4,828.75		4759.479257
Fuel Cost Adjustment		x	$308,123								
PBC		x	$577,661								
Tax		x	$34,145								
UUT		x	$204,439								
RPS / Adjustments & Others		x	$244,091								
Total		$0.1918	$22,845,827	$0.1831	$21,802,159	$0.1855	$22,091,375	$0.1875	$22,332,957	$0.1848	$22,012,592
Difference from Previous Phase				1.5%	$324,790	1.3%	$289,216	1.1%	$241,582	-1.4%	-$320,365
Target by Phase				1.6%	-$10,259	1.3%	-$2,312	1.1%	-$4,581	4.0%	
Difference from COS		-2.4%	-$535,223	-1.0%	-$210,433	0.4%	$78,783	1.5%	$320,365	2.5%	

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.
- Virtual 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 updated 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 Study 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 (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 City Council/Board of Public Utilities, will be included in the final recommended rate plan. Our proposed budget includes one onsite visit for this presentation. However, if additional onsite meetings are required, we will work with RPU to accommodate its requests.

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 (as appropriate).

Phase IV: Enhancements to the Study

NewGen proposes to develop enhancements to the Study in Phase IV. These enhancements include updating the Customer Impact Rate Design Model along with the recommended rates and rate structures, as well as detailed AMI data analysis.

Customer Impact Rate Design Model

We will update the robust and dynamic Customer Impact Rate Design Model developed for the 2023 study. This model captures the entire RPU billing database to develop rate impact analysis and provide a comprehensive and complete view of all rate impacts to all customers. This is an enhancement to the

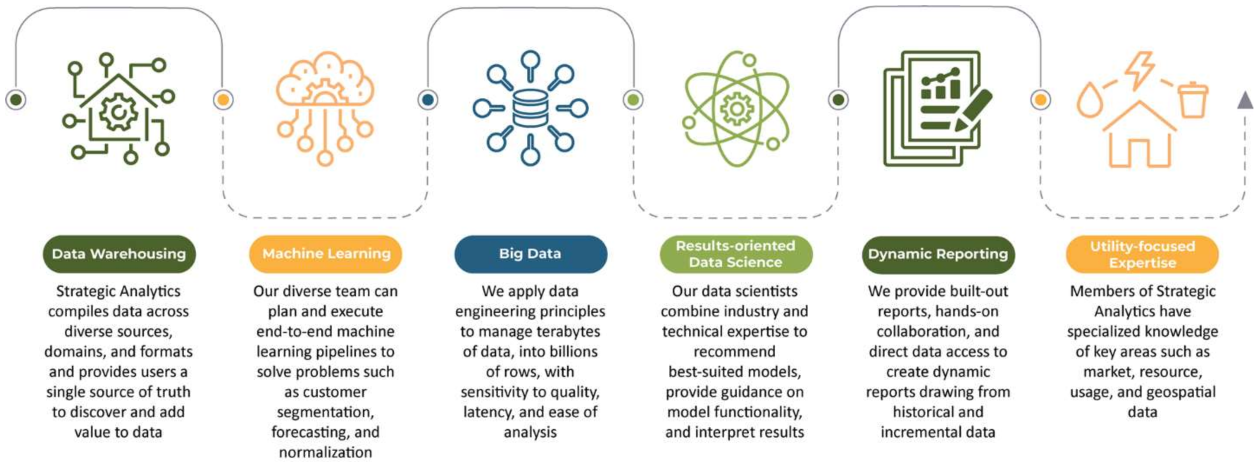
Phase III Rate Design efforts, which would be limited to representative customers within each rate class. The customer impact analysis will provide detailed information on rate impacts for all classes and individual customers, and will support the broader communication, understanding, and endorsement 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 below 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.

Strategic/Data Analytics for RPU Advanced Metering Infrastructure Data

NewGen provides a wide array of data analytics support services that complement our client teams and their partners. We provide advanced data solutions backed by utility and CCA-specific expertise.

Our Strategic Analytics team's data solutions combine a wealth of utility-specific data warehousing, advanced analytics, and reporting expertise to address a wide range of utility challenges and opportunities.



Cost of Service and Rate Design

For RPU, we propose using our extensive and diverse experience analyzing AMI data to provide insights into utility COS and rate design. This includes developing customer usage data to generate the summary-level statistics for each customer class (including energy (kWh) sales, sum of maximum demands (individual demands of each customer in a class), monthly non-coincident peak [NCP] for each class, and monthly coincident peak [CP] by class for the system). This will enable us to offer comprehensive and tailored solutions that align with RPU's requirements.

NewGen's expertise includes working for and with various utilities and regulatory bodies across the United States. We work closely with several California CCAs, developing rate strategies and designing Pacific Gas & Electric (PG&E)-indexed and cost-based rates. Our teams possess an acute comprehension of the competitive landscape that utilities navigate, particularly the intricate nature of the ever-evolving Cost Responsibility Surcharges that form an integral part of the financial obligations of CCA customers. NewGen has experience with advanced rate design areas such as net billing tariffs, RTP, and economic impact analysis. NewGen's industry-leading expertise, experience, and bespoke Excel and/or cloud-based rate tools ensure we can address various challenges and opportunities related to utility rate structures.

NewGen develops advanced Excel-based rate design models that take advantage of AMI data and account for demand elasticity to design TOU and other rates. These models also provide customer impacts, allowing our clients to see how rate changes impact various customer groups. These impacts can be layered with Census income data to understand how specific neighborhoods are affected in relation to household income levels, and distinct groups of customers can be analyzed. Additionally, NewGen can assist with understanding changing NEM requirements and strategies and can help model impacts to customers that are rolling from NEM to Net Billing Tariffs (NBTs). An example of a NewGen-developed TOU rate model is shown below; however, these tools are highly customized, and we expect that the solution for each client will vary based on your system's unique requirements.

Example NewGen Rate Model Visual Dashboard and Scenario Capabilities

Data Security

NewGen is keenly aware of the necessity of protecting our customers' data and does so through multiple layers of security. On an individual basis, employees are required to utilize multi-factor authentication to access NewGen's systems. In addition, all NewGen users must implement a password that complies with NIST 800-63 guidelines. Employees can also mark any emails or files created within the Microsoft Office Suite with identified sensitivity labels. Our current communication/file sensitivity categories are Public, Unclassified, Confidential, and Secret; "Secret" includes customer-specific sub-categorization, as necessary. Employees also receive monthly training through Sophos to stay updated about current security threats. NewGen also utilizes the CISv8 framework to track and mature its cyber security stance.

As a general policy, NewGen's systems are geo-locked, only to be accessible from within the United States. Employees who wish to access any portion of the system when traveling outside the country, including items such as email, must request time- and country-specific exceptions to this policy. In addition, NewGen's contracted information technology (IT) services provider consistently monitors potential security threats on individual systems and contacts users immediately when any suspicious activity is flagged. Our on-prem and cloud infrastructure is monitored by an SIEM/SOC solution 24x7. Company data is backed up daily and tested quarterly. A full disaster recovery (DR) test is performed at least once annually. Dark web monitoring is enabled to alert NewGen of any accounts that may be a part of a third-party data breach.

At the firm level, NewGen utilizes firewalls with IPS/IDS, gateway AV, and application/web protections to filter all incoming data and information from the internet into the company network. Internal and external vulnerability tests are performed monthly; critical vulnerabilities are prioritized and remediated promptly. Domain name system (DNS) filtering is implemented at the perimeter of each NewGen office. Firm data is encrypted via Azure disk encryption using Windows BitLocker, approved by FIPS 140-2. Firm data is stored on Microsoft Azure data centers in the continental United States and is therefore additionally secured by the Microsoft security protocols. Individual endpoints are protected by a strong signature-based and heuristic-based antivirus/anti-ransomware solution. A second security operations center (SOC) also monitors this solution via its managed detection and response (MDR) program.

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 2026 calendar year and are subject to change with NewGen internal rate changing processes, as appropriate.

NewGen Strategies and Solutions
2026 Billing Rates

Position	Hourly Billing Rate
Partner	$305 – $455
Principal	$295 – $455
Senior Manager	$250 – $295
Manager	$220 – $250
Senior Consultant	$200 – $220
Consultant	$185 – $200
Administrative Services	$145

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

Quality Assurance Efforts

The NewGen Project Team recognizes that the quality of our analysis and work product is of paramount importance. To serve as a trusted advisor to our clients, it is critical that our work be of the highest caliber. Mistakes challenge our credibility with colleagues and clients and can lead to serious negative consequences including, but not limited to, potential litigation. With this in mind, each engagement must be conducted under strict quality assurance/quality control (QA/QC) procedures. Our internal QA/QC program involves three key levels of review for every project, as summarized below.

Level 1 – Personal

At the first level of our QA/QC program, every consultant is personally responsible for their work product. Any product developed internally should be considered "client-ready" prior to being submitted to higher levels of management for review. To assist consultants in ensuring that their work product meets these standards, NewGen has developed and utilizes a "C.H.E.C.K. U.P." process, which is an acronym for Calculations, Holistic, English, Composition, Knowledge, Underlying Assumptions and Notes, and Print Ready. Utilizing this as an acronym, we require our consultants to apply each of these standards to every analysis conducted or work product prepared.

Level 2 – Peer

The second level of our QA/QC process involves a peer review of all analysis and work product. As part of this process, NewGen has designated experts in each subject matter area to serve as "qualified reviewers." Each analysis or work product is reviewed and approved by a qualified reviewer prior to further transmission to a client. The peer review for this Study will be the responsibility of Tony Georgis, the Managing Director of NewGen's Energy Practice.

Level 3 – Product

The final level of review in our QA/QC process seeks to ensure that the product we develop and publish is reflective of the high standards of our firm. Each deliverable is reviewed by our administrative staff to ensure it meets the quality standards of a NewGen product, regardless of the individual or office that produced the product. Additionally, integrated and embedded in the product is a QA/QC process of more automated checking of calculations and formulas that ensure the model is operating properly and concisely, as well as notifies users if the model was updated or if any errors are present.

Implementation

NewGen conducts annual training for employees on the QA/QC process. This includes in-person, multi-day workshops on project management and the proper application of the QA/QC procedures. Furthermore, each employee's annual performance review has an entire section devoted to work quality and assesses the employee's application of the above outlined process.

COMPANY INFORMATION

NewGen is a management and economic consulting firm specializing in serving the utility industry and market. Established as a Limited Liability Corporation (LLC) in August 2012, NewGen primarily serves public sector utilities and provides nationally recognized expertise in load forecasting, utility COS and rate design studies, financial feasibility studies, municipalization efforts, depreciation and appraisal studies, litigation support for state and federal regulatory proceedings, utility financial planning, and stakeholder engagement for electric, water, wastewater, solid waste, and natural gas utilities.

NewGen was created by consultants who are dedicated to our clients' missions and recognized as experts in our respective fields of service. ***"Thoughtful Decision Making for Uncertain Times"*** succinctly describes our capability to provide our clients solutions and recommendations tempered with our keen insight into the growing role of stakeholders, resource availability (including renewables), environmental concerns, cost of providing utility services, and economic conditions. This ensures an integrated approach to delivering our products and services.

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Addendum to Proposal (RRP No. 2531)
Request for Additional Services
Electric Cost of Service Analysis and Rate Design Study
Best and Final Offer (BAFO)

Phase IV: Enhancements to the Study

NewGen Strategies and Solutions, LLC (NewGen) proposes to amend "Phase IV: Enhancements to the Study" included in the Electric Cost of Service Analysis (COSA) and Rate Design Study (Study) proposal submitted to the City of Riverside (City) and Riverside Public Utilities (RPU) on February 11, 2026, to address additional analyses, review, and scope items requested by the City. These enhancements are summarized below and are in addition to the scope items included in the original proposal.

Advanced Metering Infrastructure Data Assistance

NewGen will provide assistance to the RPU Project Team in analyzing its Advanced Metering Infrastructure (AMI) data to support rate design, rate structure, and rate analysis activities associated with this Study. This data may be provided in various formats, which require validation and/or vetting to ensure they statistically represent customer classes. Analysis of this data may include the following applications:

- AMI data usage for rate design
- Updating Time-of-Use (TOU) time periods for all rate classes
- New TOU rates for Small and Medium Commercial as alternatives to "Commercial Flat" and "Demand-related" classes
- Demand charges for all classes

Solar Rate Analysis, Alternatives, and Rate Impacts

NewGen will review the most recent iteration of RPU's solar rates (Self-Generation) to evaluate opportunities for revisions to potential new solar rates and rate structures, as appropriate. This will be accomplished by working with the RPU Project Team to evaluate Self-Generation usage data, potential issues related to fixed-cost recovery, the status of Net Energy Metering (NEM) within the state of California, and other concerns, as identified. If new solar rates are proposed, NewGen will evaluate the potential impacts to new (or existing, as appropriate) Self-Generation customers within the RPU service territory.

Develop New Electric Vehicle Rates

NewGen will work with the RPU Project Team to review, develop, and analyze potential new Electric Vehicle (EV) rates for the following customers/customer classes:

- Residential and Commercial
- Commercial Fleet
- Public Charging
- RPU/City Fleet Charging

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This analysis will include a review of the fixed and variable costs to serve customers within each rate class, as well as potential public policy considerations regarding public charging systems and investments.

Electrification/Other Rate Applications

NewGen will work with the RPU Project Team to identify and evaluate the need for unique rate offerings related to electrification. Specific analysis for various rates may include those for the following applications:

- Heat pumps
- Solar plus storage
- Data center rates
- New rates for new customers
- Renewable energy charge review

Unique electrification rates will require an in-depth analysis of usage characteristics across each rate class, as well as estimated costs to serve, which will be derived from the COSA developed for this Study. Additionally, NewGen will work with RPU staff to determine and evaluate various policy considerations related to incentivizing electrification, as well as ensuring that existing customers are not adversely impacted by proposed electrification-related or other rates.

Workshop for City Council/Board of Public Utilities Members

NewGen will develop materials and facilitate two workshops for City Council and/or the City's Board of Public Utilities (Board) members, as requested by the RPU Project Team. These workshops will be conducted on-site and are estimated to be approximately four hours in duration. The purpose of these workshops is to provide background information to City Council/Board members. Up to two members of the NewGen Project Team will conduct the workshops, which are expected to occur on two separate dates.

Proposed Project Budget

NewGen has revised its original project budget for Phase IV: Enhancements to the Study to reflect the activities described herein. The total estimated project budget is $148,800.

EXHIBIT “B”

COMPENSATION

Labor Hours and Cost
2026 Cost of Service Analysis and Rate Design Study

Task Description	Burnham Partner $325	Buckley Manager $220	Konz Analyst $185	Trent AMI Data $290	Admin $140	Proposed Budget
Phase I: Cost of Service Analysis and Project Management	72	76	84	0	2	$55,900
Phase II: Electric Utility Rate Trends Study	4	8	32	0	4	$9,500
Phase III: Rate Design Recommendation	32	32	60	0	40	$34,100
Total Labor Hours	108	116	176	0	46	446
Total Labor Cost	$35,100	$25,500	$32,600	$0	$6,400	
Phase IV: Enhancements to the Study						
Total Labor Hours	26	52	52	48	6	184
Total Labor Cost	$8,500	$11,400	$9,600	$13,900	$800	$44,300
Estimated Expenses (Reasonable Travel-Related)						$5,000
Total Budget: Phases I through IV (with expenses)	$43,600	$36,900	$42,200	$13,900	$7,200	**$148,800**

Project Timeline

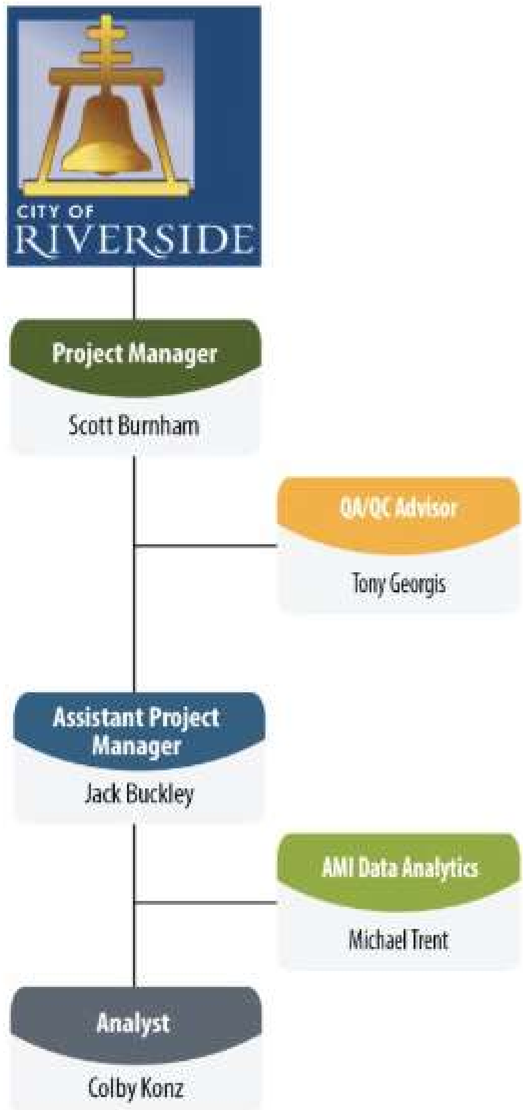
NewGen proposes the following revision to the original project timeline included in its proposal to reflect the current status of the project negotiations, as well as the additional services provided in Phase IV: Enhancements to the Study.

Cost of Service Analysis and Rate Design Study
Project Schedule

Project Element	Date
Notice to Proceed	July 2026
Draft Electric Rate Trends Study	October 2026
Draft Cost of Service Analysis	January 2027
Draft Rate Design Recommendations	March 2027
City Council/Board Workshops	April 2027
Revised Rate Design Recommendations	June 2027
Final Cost of Service Analysis/Rate Design	July 2027
Other Related Services	Through December 2029

EXHIBIT "C"

KEY PERSONNEL



Brief summaries of the Project Team's experience and qualifications follow. In addition, full resumes for each of the five proposed team members are included as Appendix A.

Scott Burnham, Partner | Project Role: Project Manager | Phone Number: (720) 259-1762

Scott Burnham, Partner at NewGen, offers over 25 years of experience in the areas of project management, COS and rate design, asset valuation, and financial feasibility analysis. Scott leads efforts to create financial models that develop Revenue Requirements, cost allocation, financing for strategic capital and operating objectives, and rate/rate structure alternatives, ensuring our clients have reliable and defensible results. Additionally, Scott routinely presents study findings and recommendations to utility management, boards, city councils, and other governing bodies. He has developed and reviewed pro forma financial models to determine projected revenue and costs associated with various projects and financing approaches for a variety of power generation facilities. Scott is well-versed in cost allocation theories and methodologies, rate design concepts, and approaches, and in providing summary analyses and recommendations to industry clients. Scott co-leads the semi-annual COS and Rate Design class through EUCI, an industry conference organization, which is routinely attended by all types of utility stakeholders.

Tony Georgis, Managing Director | Project Role: QA/QC Advisor | Phone Number: (720) 633-9496

Tony Georgis, Managing Director of NewGen's Energy Practice, brings more than 20 years of experience in engineering and economic analyses for the energy, water, and waste resources industries. Tony's work includes various assignments for private industry, local governments, and utilities including sustainability strategy, strategic planning studies, stakeholder engagement, financial and economic analyses, COS and rate studies, energy efficiency, and market research. Tony has managed multiple utility COS and rate design studies, including the development of Revenue Requirements, unbundling costs, and classifying costs and allocation factors.

Jack Buckley, Manager | Project Role: Assistant Project Manager | Phone Number: (303) 557-7700

Jack Buckley, newly promoted Manager at NewGen, joined the firm in December 2021. Jack works on COS and rate design projects, with an emphasis on data driven analytics. He was responsible for the COSA and rate design modeling for the City of Riverside and the development of the draft and final reports. He was also instrumental in developing the Revenue Requirement and associated rates for City of Banning, Port of Oakland, and others. Jack conducted the rate research, developed an analytical method to apply evaluation criterion to the data, and proposed recommendations to the client, which were incorporated into the final reports. Jack has provided additional insight serving Tri-State Generation and Transmission Association, Inc. in Colorado, Turlock Irrigation District in California, and Denton Municipal Electric in Texas.

Michael Trent, Senior Manager of Data Science | Project Role: AMI Data Analytics | Phone Number: (720) 703-9078

Michael Trent, Senior Manager of Data Science at NewGen, joined the firm as a Senior Manager of Data Science in April 2023. Michael is experienced in analyzing a variety of data types, including signal processing, time series data, text/NLP, geospatial data, and business data. He has a strong background in machine learning and is very experienced in Python data science platforms. Additionally, he is highly experienced in data visualization and familiar with U.S. and Canadian energy markets, focusing on the Energy Reliability Council of Texas (ERCOT) and the CAISO.

Colby Konz, Consultant | Project Role: Analyst | Phone Number: (720) 924-7054

Colby Konz, consultant at NewGen, joined the firm in August 2025, applying project support for financial operations by forecasting revenue, tracking project costs, and ensuring fiscal accuracy across all client projects. Prior to joining NewGen, Colby managed financial operations for large-scale engineering projects and provided retirement plan support, developing a strong foundation in compliance and client service. He is recognized for integrity, precision, and a collaborative approach that reflects NewGen's commitment to reliable, data-driven financial solutions.