

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
Telecommunications BranchRESOLUTION NO. T-14515
August 7, 1991R E S O L U T I O NRESOLUTION AUTHORIZING THE DISBURSEMENTS COMMITTEE (DC)
OF THE TELECOMMUNICATIONS EDUCATION TRUST TO SELECT
A NEW ADMINISTRATORBACKGROUND

1. Pursuant to D.87-12-067, the Telecommunications Education Trust (Trust) has been established to promote consumer education and understanding of the telecommunications system.
2. The Disbursements Committee (DC) has five members; and was also established by D.87-12-067.
3. The DC has contracted for the services of an administrator to help administer the Trust.
4. The California Community Foundation (CCF) has served as the Trust administrator since October 1, 1988.
5. The contract with CCF expires on September 30, 1991. CCF has indicated it is not interested in renewing the contract.
6. The DC has mailed out an invitation to submit bids to become the Trust's administrator to over 2000 groups and individuals.
7. The DC has received 12 applications from groups and individuals who are interested in serving as the Trust administrator.
8. The DC has carefully reviewed these applications, conducted interviews with the finalists, and recommends that Richard Heath and Associates be hired as the Trust's administrator.
9. The DC recommends that the agreement become effective August 12, 1991. This will allow for an overlap period to enhance a smooth transition.
10. Richard Heath and Associates, a minority-owned business, is recommended because of their statewide presence, ability and experience administering similar competitive application processes, and their presentations during the selection process.
(See attachment A).
11. The agreement to serve as the administrator has been reviewed by the Trust's legal Counsel, Silk, Adler and Colvin.
(See attachment B).

August 7, 1991

FINDINGS

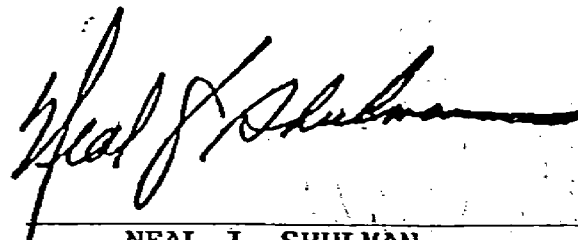
1. The DC has conducted a thorough unbiased review of the 12 applications.
2. We find it is reasonable to authorize the DC to enter into the agreement with Richard Heath and Associates for the sum not to exceed \$282,560. This agreement runs from August 12, 1991 to September 30, 1992.

THEREFORE IT IS ORDERED THAT:

1. The DC of the Trust is authorized to enter into the agreement with Richard Heath and Associates to administer the Trust for a sum not to exceed \$282,560.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 7, 1991. The following Commissioners approved it:

PATRICIA M. ECKERT
President
G. MITCHELL WILK
JOHN B. OHANIAN
NORMAN D. SHUMWAY
Commissioners



NEAL J. SHULMAN
Executive Director

Commissioner Daniel Wm. Fessler, being necessarily absent, did not participate.

ATTACHMENT A - Heath and Associates Proposal and Amendments.
ATTACHMENT B - Agreement with Richard Heath and Associates.

ATTACHMENT "A"

Request for Proposals
Telecommunications Education Trust
Administrator Application

Organization/Individual Name: Richard Heath and Associates, Inc.

Address: 2055 San Joaquin
Fresno, California 93721

Phone: (209) 237-2955

Person to Contact: Richard Heath

Is this application a consortium?

No

Please provide a brief overview of the proposal:

Perform administrative activities for the Telecommunications Education Trust including grant review, grant monitoring and administration.

Signature: _____

R. Heath

7/28/91

Date

RECEIVED
PUBLIC ADVISOR

JUL 17 1991

APPLICATION TO SERVE AS ADMINISTRATOR OF THE TELECOMMUNICATIONS EDUCATION TRUST

I INTRODUCTION AND CAPABILITY

Richard Heath and Associates, Inc. (RHA) is a project management, research and development firm providing service to both industry and government. Established in 1973, RHA has extensive program development and project management experience with California's regulated utilities, the CPUC and state government. We offer the following capability to the Trust and its Disbursement Committee (DC).

Ability to Successfully Manage Large Scale Projects:

Much of RHA's work has involved management of efforts similar in scope to the Telecommunications Education Trust (TET). Since 1978, RHA has contracted with the four major California utilities with responsibility for the administration of sizable projects throughout the state.

RHA currently is the prime contractor responsible for management of PG&E's Energy Partners program which involves the selection and monitoring of 31 subcontractors providing weatherization and energy education services to 68,000 households during 1991. Our responsibilities include conducting the RFP process to select subcontractors, developing performance based contracts, monitoring progress, providing technical assistance, and responsibility for disbursement of \$22,000,000 of funds to subcontractors performing the work.

RHA developed and managed PG&E's free low-income weatherization program (Project Help) which weatherized 165,000 homes from 1983 through 1987. We were responsible for all policy, procedures, subcontractor production, administrative and fiscal operations. RHA monitored the efforts 45 subcontractors throughout PG&E's service territory.

RHA is the prime contractor currently responsible for SDG&E's Energy Team Program. Our staff provides in-home energy education services, selects and monitors the work of seven subcontractors performing weatherization services. RHA also administers SDG&E's Energy Savings Program (ESP) which has provided energy education workshops to more than 60,000 customers since 1988. RHA will conduct these educational workshops for an additional 26,000 customers in 1991.

Under contract with Southern California Gas Company, RHA designed and developed this utility's Community Involvement Energy Program providing no cost weatherization services to the disadvantaged community throughout Southern California. RHA organized the project utilizing 17 community based organizations which provide energy conservation services to more than 30,000 households annually.

Statewide Capability:

We have staff and offices located throughout the state. Our home office is centrally located in Fresno and regional offices are located in San Diego, Berkeley and Chico. This statewide presence will provide the TET with experienced professional staff in proximity to grantees located throughout the state.

Understanding of the Workings of the CPUC and the TET:

Our work with California's major utilities has involved extensive contact with numerous CPUC personnel since 1978. We have performed work on a number of projects involving representatives of both utilities and the CPUC. On a number of occasions, we have presented testimony to the CPUC on energy conservation policy.

RHA is also no stranger to the TET. We have worked with CAL/NEVA, one of the largest TET grantees, providing program development, management assistance and sub-grantee staff training. We have performed monitoring and provided technical assistance to CAL/NEVA's sub-grantees. Under this contract, RHA is currently responsible for conducting a series of statewide informational workshops on effective telecommunications advocacy in California. We also produced an award winning video "Calling Costs Dollars" for use by CAL/NEVA's agencies.

Experience with the RFP Process:

RHA has considerable experience designing clear RFPs, conducting informational conferences for applicants and rating and ranking submissions in a fair and thorough manner. For example, we have managed the PG&E subcontracting process involving the review of as many as 160 applicants annually.

Extensive Experience Working with Minority Organizations:

RHA is a minority-owned business and our current management staff of 26 include 18 minority and women professionals. RHA has a long history of working with and developing minority organizations. Presently involved in the various utility projects now managed by RHA are 21 minority and community based organizations. Additionally, RHA is currently under contract with the Small Business Administration to provide management and technical assistance to minority owned small business enterprises throughout Central California.

Ability to Provide Monitoring and Technical Assistance:

RHA employs thirteen professionals who now monitor utility funded contractors. From this pool, we have selected six who are most experienced in performing on-site monitoring and technical assistance functions including assessment of performance progress, compliance with contract requirements, problem solving and fiscal accountability.

ORGANIZATION AND RESPONSIBILITIES OF THE MANAGEMENT STAFF

Richard Heath will head the project and will report and be accountable directly to the Disbursements Committee (DC). He will have primary responsibility for the following tasks.

- Oversight of the grant review and contracting process.
- Preparation of analysis and grant recommendations for the DC.
- Preparation for and staffing of the DC meetings.
- Preparation and conduct of annual statewide meeting.
- Promotion of Trust activities to the media.
- Policy analysis and recommendations for the DC.
- Coordination of legal, accounting and investment subcontractors.
- Authorization of grantee payments.
- Report monitoring results to DC bi-monthly.
- Supervise the Regional Managers.

Day-to-day management responsibilities for grantee operations in Southern California will be performed by Lynn Victor from RHA's San Diego office. Northern grantee operations will be managed by Rick Breeze-Martin from RHA's Fresno and Berkeley offices. In their respective regions, each will have responsibility for the following tasks.

- Provide assistance and information to prospective applicants during the submission period.
- Participate in the review of applications.
- Collect and review monthly and quarterly reports from grantees.
- Prepare and conduct monitors' orientation.
- Coordinate the on-site monitoring process, supervise monitors, review monitor's findings.
- Determine need for technical assistance to grantees, provide assistance or assign appropriate personnel.
- Perform on-site monitoring as necessary.
- Assist in the preparation of reports and policy analysis for the DC.

Richard Keyes will assist RHA's management team in two areas. Because of his experience in reviewing grant applications, Mr. Keyes will be a member of the RHA grant review team. Additionally, due to his extensive contacts with minority associations and organizations throughout the state, he will have lead responsibility for securing minority grantee participation.

On-site monitoring will be performed in the south by Tony Pésquelra and Doréen Melster from our San Diego office. Northern monitoring will be performed by Ron Montréal out of our Fresno office, Michèle Holland and George Sanchez from our Berkeley office and Bob Swinter from the Chico office.

RHA will assign a full time Administrative Secretary to this project who will perform all necessary clerical functions for RHA staff and the DC.

SUMMARY ASSESSMENT OF ADMINISTRATIVE WORK INVOLVED

A five page narrative proposal is an excellent vehicle for screening applicants to identify those most capable. The five page limitation, however, does not allow for a detailed description of all that must occur daily to successfully administer TET operations. We will be happy to provide a more detailed work plan at the request of the DC, or to address questions from the DC.

The following will summarize our approach to the key tasks. Additional task analysis is included in Addendum I which presents estimated time and costs.

A. Grant Review and Contracting: RHA will convene a team of its four most experienced management staff (Mr. Heath, Mr. Keyes, Ms. Victor, Mr. Breeze-Martin) to review and rank all applications according to criteria such as:

- Fit with DC priorities
- Consistency with guidelines
- Clarity of approach
- Capability of the organization
- Probability of success
- Minority representation
- Geographic spread
- Projected results compared to proposed costs.

As necessary, we will conduct interviews with applicants to clarify issues. Analysis and recommendations will be presented to the DC for its consideration. Resulting from DC deliberations, RHA will negotiate DC requests with finalists, finalize recommendations and obtain final DC approval of grantees.

We recognize the DC's desire that access to the TET's grant application process is statewide and available to diverse organizations. Accordingly, we will make special efforts to contact associations with ties to minority organizations and conduct "how to apply" conferences around the state. Additionally, we will be available as necessary to answer questions and provide assistance to all prospective applicants.

B. Project Monitoring and Technical Assistance: The legacy of the TET will depend upon the success of its grantees. Therefore, a thorough monitoring process to assure grantees are on track toward contracted goals coupled with the provision of technical assistance to increase the capability of grantees is paramount. In addition to the routine collection and review of grantee's monthly or quarterly reports, RHA will establish a systematic schedule to monitor all grantees on-site twice annually to assess grantee progress. We have allocated 16 hours for each monitoring visit projecting that monitors will spend at least one full day on site, the other day allocated to preparation, travel and the written monitoring report.

RHA monitors will initially spend two days in training on the particulars of TET, an orientation to the telecommunications universe and a walk-through of the monitoring format.

RHA management staff will become directly involved in the monitoring effort under two circumstances.

1. A grantee has demonstrated particular success or innovation which is applicable to other grantee organizations. In this circumstance, management staff will visit the grantee to document the success and provide findings to other grantees who might find the approach or concept useful.
2. Management staff will also become involved should the field monitoring indicate contract violations or lack of acceptable progress toward goals. Management staff would go on site to assess problems and provide assistance as required.

Further, management staff will develop corrective action recommendations for the consideration of the DC should grantee performance remain unacceptable after assistance is provided.

The monthly and quarterly grantee written reports will be combined with the findings of field monitoring and results will be presented to the DC at each of the bi-monthly meetings.

- C. **Administrative Functions:** RHA's administrative operations will key off the DC's decisions that unfold from its work sessions and regular public meetings. We recognize that the DC is the policy and decision making body. RHA's role is to provide information and analysis to inform the DC's decisions and to effectively implement the decisions once made.

RHA will prepare and staff six or more meetings of the DC annually. We will arrange for facilities, develop the agenda and prepare written analysis on each agenda item. The information will be mailed to DC members so that each will have at least three days to review agenda issues prior to the meeting. Mr. Heath along with other appropriate management staff will be present to staff each DC meeting. We will be responsible for minutes and for follow-up as directed by the DC.

Acting as staff to the DC, RHA will also perform the following functions.

- Handle the day-to-day business of the Trust (correspondence, respond to inquiries, maintain records).
- Coordinate the grant payment process with the DC's accounting subcontractor.
- Promote the activities of the Trust to the media, arranging press conferences, news releases and performing other promotional activities.
- Liaison with the DC's legal and investment subcontractors.
- Preparation of the annual report.

ADDENDUM I

TIME ANALYSIS AND COST ESTIMATE

**ESTIMATED
ANNUAL HOURS**

I. GRANT REVIEW AND CONTRACTING

- A. Assist DC to Establish Procedures and Guidelines 92**
1. Review Existing Procedures.
 2. Review Strengths and Weaknesses of Existing RFP.
 3. Assist DC to Establish Priorities for Project Funding.
 4. Develop Proposal Ranking Criteria.
 5. Draft RFP.
 6. Develop Solicitation List.
 7. Present Recommendations to DC.
 8. Revise RFP and Procedures per DC Requirements.
 9. Disseminate RFP.
- B. Assure That Broad Range of Organizations Have Opportunity to Submit. 48**
1. Contact Associations with Ties to Minority Organizations, Inform of Opportunity and Requirements, Provide Information and Assistance.
- C. Conduct Four "How to Apply" Conferences Around State. 148**
1. Prepare Conference Presentations.
 2. Arrange Facilities.
 3. Send Notices and Agenda.
 4. Conduct Conferences.
 5. Mail Questions and Answers From all Conferences to All Applicants.
- D. Provide Assistance and Information to Prospective Applicants During Submission Period. 75**
1. Answer Questions Via Phone, FAX and Letter.
 2. Provide Assistance on Request.

**ESTIMATED
ANNUAL HOURS**

E. Review Approximately 150 Applications.

315

1. Pre-screen for Minimum Submission Requirements.
2. Screen to Reject Non-Responsive Submissions or Those Inconsistent with Guidelines.
3. Four RHA Staff Review Remaining Applicants According to Fit with DC Priorities, Consistency with the Guidelines, Policies and Mission of the Trust, Clarity, Organization Capability, Success Probability, Minority Representation, Geographic Spread and Other Factors.
4. Rank Top Applicants.
5. Calculate Applicant Costs to Budget Availability.
6. Calculate Cost/Benefits of Highest Ranked, i.e. Projected Results Compared to Proposed Costs, Incorporate into Final Rankings.
7. Conduct Interviews as Necessary with Applicants to Clarify Issues.
8. Prepare and Present Analysis and Recommendations to the DC.
9. Negotiate DC Requests with Finalists.
10. Finalize Recommendations, Obtain Final DC Approval, Forward Contracts.

TOTAL GRANT REVIEW AND CONTRACTING HOURS

678

II. PROJECT MONITORING

A. Collect, Review Monthly and Quarterly Reports.

90

1. Compare Progress with Milestones and Contracted Goals.
2. Contact Organizations to Verify Information or Clarify Reports as Necessary.
3. Verify Costs to Budget and Contract.
4. Authorize or Deny Payments Based on Completion of Objectives.
5. Trigger Immediate Monitoring on-Site if Report and Subsequent Phone Contact Indicates Problems.

**ESTIMATED
ANNUAL HOURS**

B. Conduct On-Site Monitoring (2 Visits Each Year to All Grantees).	1,839
1. Develop Monitoring and Report Format.	
2. Conduct Orientation for RHA Field Monitors.	
3. Schedule and Confirm Site Visits.	
4. Monitor Each Project Twice During Year.	
5. Collect and Review Monitoring Reports.	
6. Conduct On-site Review by RHA Management Staff if so Indicated by Monitor's Findings, Provide Assistance.	
7. Recommend Corrective Action for Grantees Unable to Meet Performance Requirements.	
C. Provide On-Going Technical Assistance to Grantees As Needed.	150
D. Report Monitoring Results to DC Bi-Monthly.	.96
1. Combine Grantee Monthly and Quarterly Reports with Monitor's Findings.	
2. Present Findings to DC on Each Project.	
- Project Successes; innovations of particular merit	
- Projects Behind Schedule and Technical Assistance Provided	
- Recommendations	
TOTAL PROJECT MONITORING HOURS	2,175

**ESTIMATED
ANNUAL HOURS**

III.

ADMINISTRATION

A.	Preparation and Staffing of the DC = 6 Meetings (Facilities, Logistics, Agenda, Issues Analysis Package) (Normally 2 or 3 RHA Staff Present)	206
B.	Prepare and Conduct Annual State-Wide Meeting: (Facilities, Logistics, Agenda, Mailings) (3 RHA Staff to Conduct)	80
C.	Promotional Activity	96
D.	Coordinate Legal, Accounting and Investment Subcontractors.	48
E.	Prepare Annual Report.	50
F.	General Administrative Tasks (Estimate 3 Days Each Month)	<u>288</u>

TOTAL ADMINISTRATION HOURS 768

SUMMARY OF PROJECTED TIME AND COSTS

PERSONNEL

GRANT REVIEW AND CONTRACTING

678 Hrs. @ \$37 Per Hr. \$25,086

MONITORING AND TECHNICAL ASSISTANCE

Management Staff: 479 Hrs. @ \$37 17,723
 Field Monitors: 1,696 Hrs. @ \$23 39,008

ADMINISTRATION

768 Hrs. @ \$37 28,416
 Clerical: 2,080 Hrs. @ \$12 24,960

EMPLOYEE BENEFITS (21%)

28,391 \$163,584

TRAVEL:

MANAGEMENT STAFF:

93 Travel Days @ \$138 - Average
 daily cost (air fare, mileage,
 rooms and meals) \$12,834

MONITORING STAFF:

150 Days @ \$58 - Average
 daily cost 8,700 \$21,534

OPERATING:

PRINTING \$ 7,500(1)
 TELEPHONE 4,500(1)
 MEETING COSTS 7,000(1)

GENERAL OVERHEADS: Space, Equipment
 insurance, in-house printing, supplies
 postage, etc.) 23.5% of Total Personnel \$38,442 \$57,442

TOTAL PROJECTED COSTS **\$242,560**

(1) RHA's Estimates based on CCF's 1990-1991 Budget Submission.

TERMS OF PAYMENT

Personnel (\$163,584), General Overheads (\$38,442) and Telephone (\$4,500) payable as a fixed fee of \$206,526 in twelve monthly installments of \$17,210.50.

Travel, Off-Site Printing and Meeting costs payable at actual expense monthly, not to exceed the estimates provided.

COST FOR YEARS TWO AND THREE

RHA proposes to perform work in subsequent years at a 4.5% increase in costs each year. We recognize, however, the administrative funding limits placed on the Trust by the CPUC, and will work with the DC to assure that these requirements are met.

ADDENDUM II

PERSONNEL AND CORPORATE QUALIFICATIONS

The qualifications of the RHA management and monitoring team assigned to this project are described below. A Statement of Corporate Experience follows.

MANAGEMENT STAFF

Richard Heath: B.A. in Public Administration; Mr. Heath founded Richard Heath and Associates in 1973. He was formerly Executive Director of Fresno County Economic Opportunities Commission (1967 - 1970) and Team Leader for the Leadership Institute in Washington D.C. (1970 - 1972) with responsibility of design and implementation of executive level management training for human services organizations throughout the 50 states. Mr. Heath has had lead responsibility for virtually all the projects listed in the attached corporate experience statement. Mr. Heath has worked closely with the CPUC and its staff in the development of numerous residential energy conservation policies and programs. He has conducted more than 400 management training programs involving universities, businesses, state and local governments, and community based organizations. He has extensive experience effectively working with policy-making boards similar to the DC.

Lynn Victor: Ms. Victor joined RHA in 1983 and is presently Vice President for Southern California operations. Previously, she was the Executive Director of the San Joaquin Community Action Agency. From 1984 to 1987 Ms. Victor was responsible for the management of PG&E's Project Help with responsibility for the oversight of 45 contractors and the annual administration of \$20,000,000 of utility funds. Since 1988, Ms. Victor has managed RHA's Southern California operations, responsible for RHA's contract with SDG&E to implement the Energy Savings Program and the Energy Team Program. These projects combine to provide energy education and conservation services to more than 33,000 SDG&E customers each year. Ms. Victor was also RHA's lead staff person providing support to CAL/NEVA's Telephone Information Program (TIP) conducted under a TET grant. Ms. Victor developed and delivered the curriculum for CAL/NEVA's TIP Community Education Program. She also produced two training videos entitled "Calling Costs Dollars" and "Calling Still Costs Dollars" in English and Spanish versions; the Southern California T.V. Producers Association gave their 1990 Best Training Video Award to "Calling Costs Dollars". Additionally, Ms. Victor designed and implemented CAL/NEVA's TIP sub-grantee monitoring system, provided technical assistance to TIP sub-grantees and supervised the development and implementation of CAL/NEVA's Community Leaders Workshop on Telecommunications issues including the booklet "How to Impact the California Public Utilities Commission: A Guide to Effective Telecommunications Advocacy in California".

Rick Breeze-Martin: A.B. in Anthropology and one year's classroom work towards M.S. in Cybernetic Systems Science; Mr. Breeze-Martin has considerable experience in communications systems and organizational development. His past experience includes nine years in U.S. Navy Telecommunications and his academic focus was on the relationship between technological and socio-cultural change. He has worked in the minority and low-income communities both in self-help housing and community action. His last ten years was as the Executive Director of a rural California CAA which included a two term presidency of the state CAA association. He joined RHA in April of this year and is involved with contract monitoring, supervision, and provision of technical assistance to subcontractors on PG&E's community education and weatherization program.

Richard Keyes: M.S.W. in Community Organization and B.A. in International Studies; Mr. Keyes has considerable experience in community program development, planning and evaluation. He has past experience as a learning and training systems consultant to the University of California at Santa Cruz. He was integrally involved in the design and management of a bi-lingual training of trainers program for the U.S. Department of Education. He has also developed French training materials and trained French-speaking public health care personnel from Africa and the Middle East for U.S. AID. Mr. Keyes has been with RHA since 1981 and involved in the development and management of a number of innovative utility energy conservation and consumer education projects. He is presently RHA's Vice President for Northern California Operations with primary responsibility for the management of PG&E's Energy Partners project with an annual budget of \$22,000,000 with energy education and conservation work performed through 31 subcontractors.

MONITORING STAFF

George Sanchez: B.A. in Public Administration; Mr. Sanchez is experienced in managing various utility-sponsored programs. He was in charge of the quality assurance component of SoCal Gas Company's community weatherization program with responsibility for the monitoring of the work of sixteen subcontractors. Mr. Sanchez' experience includes developing and implementing efforts intended to assist the Hispanic community to access utility programs. He has developed similar programs for the Vietnamese and Lao communities. Since joining RHA in 1989, he has developed a multi-cultural program for PG&E designed to penetrate the various ethnic communities and increase their participation in this utility's various community programs and services. Presently, Mr. Sanchez supervises RHA's Berkeley office operations.

Bob Swinter: B.A. in Social Sciences/Interdisciplinary Studies; Mr. Swinter has past private business experience in marketing and public relations and has worked in a public social services department in a management capacity. Mr. Swinter presently is RHA's Northern Regional Manager with primary responsibility for performing monitoring and technical assistance functions involving Energy Partners contractors from Sacramento to Eureka.

Tony Pesqueira: B.A. in Business Management; Mr. Pesqueira joined RHA in 1988 and has performed in various management, monitoring and technical assistance areas. He presently monitors and assists RHA's eleven San Diego subcontractors which provide energy education and conservation services to SDG&E customers. Mr. Pesqueira was also involved with RHA's contract with CAL/NEVA to develop the Telephone Information Program (TIP). He assisted in providing start-up training to CAL/NEVA's sub-grantees and performed initial grant monitoring for CAL/NEVA's Southern California TIP grantees. He also conducted follow-up training of the Telecommunications Education staff for these grantees.

Doreen Melster: B.A. in Socio-Economic Policy; Ms. Melster presently works in RHA's San Diego office as Coordinator for SDG&E's Energy Savings Program (ESP). She also monitors the performance of six subcontracting agencies. Ms. Melster assisted in the TET CAL/NEVA TIP Program start-up training and provided sub-grantee monitoring and follow-up consumer educator training for CAL/NEVA's Southern California sub-grantees.

Michele Holland: B.A. in Social Welfare and M.S. in Education Counseling; Ms. Holland has worked for the Bay Area Urban League as a field representative and as a college placement counselor. She currently works out of RHA's Berkeley office as Assistant Regional Manager with responsibility for the supervision of RHA's Bay Area contract monitoring staff. Ms. Holland is responsible for reviewing contractor performance, monitoring on-site consumer education activities and identifying technical assistance needs.

Ron Montreal: Mr. Montreal has recently completed sixteen years of U.S. Naval service where he gained extensive experience in the management and administrative aspects of Naval communication. He presently serves as RHA's monitor for Central California subcontractors and has considerable skills in analyzing contract compliance issues, auditing for financial accountability, operational and administrative analysis and techniques for measuring subcontractor performance.

May, 1991

ADDENDUM II-A

RICHARD HEATH AND ASSOCIATES, INC.
2055 San Joaquin
Fresno, California 93721

CORPORATE EXPERIENCE AND CAPABILITY

Richard Heath and Associates (RHA), a minority owned corporation*, is a project management, research and consulting firm providing service to both industry and government. Established in 1973, RHA has extensive program development and project management experience with the four major California utilities, the Bonneville Power Administration, and the Tennessee Valley Authority, the State of California and the U.S. Department of Energy.

The following describes our company's experience in program development, project design and project management.

CURRENT CONTRACTS

Pacific Gas and Electric Company
Energy Partners Program
Contact: Jeff Crowe/Rodney Nelson

PG&E's Prime Contractor responsible for the development and operation of the Energy Partners Program which incorporates in-home energy education and weatherization serving low-income target areas throughout PG&E's territory. RHA manages this effort through 31 subcontractors and will provide conservation and education services to more than 68,000 homes during 1991.

San Diego Gas and Electric Company
Energy Team Program
Contact: Yvette Vazquez

Under contract with SDG&E, RHA is responsible for the delivery of weatherization and education services to 5,000 homes during 1991. RHA is responsible for project marketing, in-home energy education and the work of subcontractors performing weatherization services.

*Certified Minority Owned by the United States Government under the Small Business Administration 8(a) Program and by the Cordoba Corporation which is responsible for certifying minority ownership of California's utility subcontractors.

San Diego Gas and Electric Company
Energy Savings Program (ESP)
Contact: Yvette Vazquez

Since 1987, SDG&E has contracted with RHA to provide energy education services to SDG&E customers. RHA designed a workshop format and a video presentation providing customers with information on energy conservation behaviors and practices. More than 60,000 customers participated during the first three years of the project. RHA will serve 26,000 additional customers in 1991.

Southern California Gas Company
Community Involvement Energy Program
Contact: Joe Ferrari/Sharon Lee

Since 1982, RHA has been under contract with Southern California Gas to provide assistance to the Community Involvement Energy Program which provides no cost weatherization to the disadvantaged community throughout Southern California. RHA is the management firm responsible for the design and development of the project and provides on-going administrative and inspection services.

United States Small Business Administration
Management and Technical Assistance to Small Business
Contact: Pat King

RHA is in its third year under contract to the U.S. Small Business Administration to provide management and technical assistance to small business enterprises throughout Central California. The services are designed to increase the competencies of small enterprises in areas such as construction management, development of improved business plans and acquisition of government contracts.

California-Nevada Community Action Association
Telephone Information Program (TIP)
Contact: Kathy Berg

RHA is completing its contract with CAL/NEVA to provide monitoring and technical assistance to CAL/NEVA's sub-grantees currently providing consumer telephone education workshops under CAL/NEVA's TET grant. RHA assisted CAL/NEVA in program design, development and subcontracting. We are currently responsible for conducting workshops for community leaders in various parts of the state on effective telecommunications advocacy.

Joint Federal, State and Utility Technical Review Project

RHA presently manages a contract jointly funded by the United States Department of Energy, State of California, PG&E, SDG&E and SoCal Gas to review all current conservation standards taking into account newly developed technologies. This research and development effort re-examines current energy conservation technologies and will result in the revision of state and national standards. RHA is conducting the project utilizing seven community based organizations throughout California.

COMPLETED CONTRACTS

California State Department of Economic Opportunity (1988-1990)
Development of Weatherization Standards
Contact: Theresa Speake-Avillar

RHA researched technical data and worked closely with the Department of Economic Opportunity staff and its 65 contractors to clarify performance standards for energy conservation work on low-income households. RHA developed comprehensive performance standards, manuals and trained subcontractors.

Pacific Gas and Electric Company (1989)
Target Customer Assistance Program Pilot Program
Contact: Archie Murray/Jeff Crowe

RHA was responsible for the development of a customer assistance program incorporating all PG&E existing programs into one coordinated effort with an energy education component as its cornerstone. RHA developed a pilot program to test this innovation during 1989 and is now responsible for the full implementation of the new program throughout PG&E's service territory.

United States Department of Energy
Development of Installation Standards (1988)

Contracted with the United States Department of Energy to develop installation standards for the Department of Energy's weatherization programs. The project included research and analysis of existing codes throughout the country, development of a national set of standards, field testing and final production and publication of the Installation Standards document.

Pacific Gas and Electric Company
Energy Partners Low-Cost Program (1987-1989)
Contact: Jenny Urcuyo

Under contract with PG&E, responsible for the delivery of a low cost weatherization service involving thirteen cities in five PG&E Regions. RHA provided the service during 1987, 1988 and 1989 to over 43,000 households, exceeding original contract goals by almost 10,000 units.

California State Department of Economic Opportunity
Weatherization Inspections Program (1987-1988)
Contact: Dennis Miller

Under contract with State DEO to design and conduct monitoring and inspection to assure that the 75 State grantees installing weatherization measures perform the work according to standards. RHA completed inspections of more than 3,000 homes throughout the State of California.

**Pacific Gas and Electric Company/California-Nevada Community
Action Association (CAL/NEVA)**

Project Help

(1983-1987)

Contact: John Newman/Archie Murray

Under contract with PG&E, RHA developed PG&E's free low-income weatherization program. As the project management firm, RHA was responsible for the administration of PROJECT HELP from 1983 to 1987. Responsible for all policy and procedures, production, training, administrative operations, fiscal operations and liaison with PG&E General Office, Regional and Division personnel. This project weatherized 165,000 homes from 1983 through March 1987.

Southern California Edison

Energy Education Project

(1986-1987)

Contact: Dina Lane

Contracted to develop workshops to increase individuals' awareness of conservation practices. Developed all aspects of the curriculum and all necessary materials for workshops. Hired, trained and managed workshop instructors and scheduled all workshops. RHA provided energy education services to more than 15,000 Edison customers during 1987.

Bonneville Power Administration, Portland, Oregon

Installer Performance Guide and Training Curriculum

(1985-1986)

Contact: Roy Reinhart

Selected by Bonneville Power Administration to develop the Installer Performance Guide and training curriculum for BPA's Residential Weatherization Program. This guide is used by utilities and state agencies, BPA and private contractors for training, and a reference guide to BPA's weatherization specifications. Training sessions for both installers and estimators were conducted by RHA throughout Oregon and Washington.

Southern California Edison

Re-Lamping and Energy Survey Project

(1985-1986)

Contact: Dina Lane

Under contract with Southern California Edison, designed and assisted in the implementation of the Re-Lamping Energy Survey Project. Developed policy and procedures for community group contractors, provided community contractor monitoring, technical assistance and marketing strategies.

California State Department of Economic Opportunity
Energy Conservation Study: An Examination of Market
Saturation and Measures Effectiveness
Contact: Theresa Speake-Avillar

(1985-1986)

Selected by the California State Department of Economic Opportunity to conduct a research study designed to identify the need for low-income weatherization and the number of housing units remaining unweatherized in each county in California; determine the relative effectiveness of weatherization measures and practices through comparison studies, and recommend a data base formula for the allocation of low-income energy assistance resources for the State of California. The study also evaluated existing energy conservation education programs and strategies to teach low-income people how to conserve energy.

Southern California Gas Company
Inspection Training
Contact: Jim King

(1982-1987)

Under contract with Southern California Gas Company, RHA had responsibility for training all installation inspectors utilized by Southern California Gas Company.

California State Department of Economic Opportunity
Energy Education and Outreach Program
Contact: Bill Bennett

(1985)

Responsible for program design, policies and procedures, training and technical assistance in an innovative state-wide program delivering outreach and energy education to low-income persons eligible for DEO energy programs. Forty-eight workshops in four regions were conducted.

Joint California Utilities and the California Public
Utilities Commission
Mobile Home Weatherization Standards
Inter-Utility Task Force

(1985)

Developed state-wide standards for the weatherization of mobile homes as a supplement to the "Utility Standards Reference Manual". This document is used by all California utilities as a reference manual for the installation and inspection of the basic residential conservation measures in mobile homes.

Southern California Gas Company
Los Angeles Advanced Weatherization Training Center
Contact: Tom Tobin

(1983)

Designed and developed the Advanced Weatherization Training Program under contract with SoCal Gas. This curriculum focuses on construction skills, door repair, window repair, vent installation and roof repair with emphasis on actual experience in a specially designed skills laboratory. RHA developed the manuals, the laboratory, displays and curriculum, and provided technical support for construction crews.

Southern California Gas Company

Advanced Weatherization Manual

(1983)

Contact: Gene Baca

Authored the Advanced Weatherization Manual used in the SoCal Gas Company's Advanced Weatherization Training Program listed above. This manual includes segments on construction nomenclature, window repair, door repair, roof repair, wall repair vent installation, tool use and safety.

Southern California Gas Company

Utility Standards Reference Manual

(1982)

Contact: Roger Embry

Working with the Public Utilities Commission and all California utilities, provided all research and developed the Weatherization Installation and Inspection Standards Manual approved by the Public Utilities Commission and used by all California utilities as the basic weatherization installation code requirements in California.

San Diego Gas and Electric Company

Direct Weatherization Assistance Program

(1981-1982)

Contact: Don Wood/Larry Baebler

In 1981, RHA contracted with SDG&E to develop a Direct Weatherization Assistance Program for low-income homeowners. This was the first program of its kind and has served as the model for Pacific Gas and Electric's Project Help, Southern California Gas Company's Community Involvement Energy Program, as well as other utility programs across the nation. Responsible for program procedures, management, training and supervision of community based organizations during the first year of program operation.

In 1982, RHA assisted SDG&E in the development and implementation of a plan for the expansion of the DWA Program, including contractor bid packages, criteria for selection, bid instruments, and bid evaluation. RHA also developed the weatherization installation standards and training curriculum for the SDG&E inspectors.

Pacific Gas and Electric Company and California/Nevada

Community Action Association (CAL/NEVA)

Low-Income Z.I.P. Outreach Demonstration Project

(1981)

Contact: Frank Regan

In a joint contract with PG&E and CAL/NEVA, RHA had major responsibility for the following tasks:

- Formulate policy
- Develop general plan for project design
- Develop and implement systems, procedures and forms for each project component
- Prepare and conduct training programs and provide on-going technical assistance to project staff and participating agencies.

This six month program tested the willingness and financial ability of low-income customers to participate in utility loan programs. Results of the program led to the establishment of PG&E's no cost weatherization project.

Tennessee Valley Authority, Chattanooga, Tennessee
Energy Conservation/Solar Training Institute

(1981)

Contact: Thomas L Hebert, Institute Project Director

Under contract with the Tennessee Valley Authority, provided technical assistance and research to assist this utility with development of a conservation training program, and the structural design for a permanent facility for training of utility staff and community groups. Provided training, curriculum design, development of displays and laboratories, follow-up evaluation and recommendations regarding training delivery.

Southern California Gas Company
Los Angeles Training Center

(1980-1981)

Contact: Tom Tobin

Under contract with Southern California Gas Company, RHA developed the Los Angeles Weatherization Training Center for crew level personnel based on the model developed for the PG&E Stockton Training Center. The scope of work included developmental planning, center design and outfitting, logistical arrangements, training preparation, training delivery and follow-up assistance.

Pacific Gas and Electric Company
Solar and RCS Training Program at PG&E's Stockton
Training Center

(1980)

Contact: John S. Cooper/Frank Regan

RHA had primary responsibility for the development of a Solar and RCS Training Program at the expanded Stockton Training Center. Designed curriculum which included lesson plans, laboratory and classroom exercises and visual training aids for all segments of the training. Researched and wrote all training manuals for the Solar and Advanced Weatherization components.

Pacific Gas and Electric Company
Basic Weatherization Manual

(1979)

Contact: Frank Regan

Under contract with PG&E, Dr. James O'Bannon of Richard Heath and Associates authored the Basic Weatherization Manual which is now used nationwide. The manual includes description of materials, standards and proper installation techniques for the "Big Six" weatherization measures.

Pacific Gas and Electric Company
Stockton Training Center
Contact: Frank Regan/Lee Callaway

(1978)

Under contract with PG&E, developed the Stockton Weatherization Training Center and the training curriculum. The curriculum was designed to train crew members and supervisors of weatherization programs in methods of weatherizing the homes of low-income and elderly people. RHA assisted PG&E at all levels, with the final result being the successful development of the Center which opened on the planned date in November, 1978. This was the first facility of its kind in the country and a national model.

RICHARD
HEATH AND
ASSOCIATES, INC.

2055 SAN JOAQUIN, FRESNO, CA 93721 209 237-2955 FAX 209 237-0181

DATE: June 28, 1991
TO: Telecommunications Education Trust
Disbursements Committee

Anthony D. Samson
Michael Amato
Robert Feraru
Denise Alvarado
Catherine Camp

FROM: Richard Heath
Richard Heath and Associates, Inc.

RE: ADDITIONAL INFORMATION REQUESTED BY DENISE
ALVARADO

We were excited to learn that we remain in consideration to administer the Telecommunications Education Trust. This will confirm that I along with Lynn Victor and Rick Breeze-Martin will meet with the DC on July 12th to discuss the project further and answer your questions.

Ms. Alvarado asked that I send you this package to respond to the following issues she communicated on your behalf.

1. TRANSITION PLAN

Our efforts during the transition period will focus on achievement of the following primary goals.

- Become Thoroughly Familiar With Existing TET Grantees.
- Coordinate Transfer of Administration With the CCF.
- Establish Administrative Systems.
- Develop the First Year Work Plan.
- Prepare for Next Grant Cycle.

RHA proposes the following activities to achieve the goals specified above.

Become Thoroughly Familiar With Existing Grantees

- Read Grantee proposals.
- Review existing contracts.
- Determine status of each Grantee's performance.
- Review written monthly and quarterly Grantee reports.
- Review on-site monitoring reports.
- Visit selected Grantees.

Coordinate Transfer of Administration With the CCF

- Inventory and arrange transfer of all correspondence, DC minutes, policies and grant files.
- With CCF, identify what has been done by September 30 and what will be on-going as regards routine administrative operations.
- With CCF, identify problematic issues, determine who completes tasks to resolve problems.
- Conduct informal conversations with CCF staff to gain their perspective.
- Attend any DC scheduled meetings during transition period.

Establish Administrative Systems

- Coordinate with accounting subcontractor and establish payment procedures.
- Coordinate with legal and investment subcontractors, review procedures, contacts, roles and responsibilities.
- Establish meeting schedule with the DC.
- Finalize Grantee monitoring and technical assistance plan.
- Develop internal management information systems, forms and internal reporting procedures.

Develop the First Year Work Plan

- With the DC, develop plan to establish three-year Trust goals.
- Schedule DC retreat to review program status, long range goals and first year priorities with the purpose of producing DC policy direction to RHA.
- Develop schedule of first year issues to be resolved in relation to the long range plan.
- Prepare first year plan for DC approval.

Prepare for Next Grant Cycle

- Review existing process.
- Develop plan to broaden minority and geographic Grantee participation.
- Obtain previous solicitation lists from CCF.
- Develop schedule of tasks and time frames to conduct the next grant cycle.

2. BUDGET REVISIONS

We attempted a thorough analysis of the work involved and we are confident that the DC's expectations can be met within the context of the costs we proposed.

3. POINT OF CONTACT

The DC's concerns about RHA's regionalized management approach and points of contact can be discussed at our July 12th meeting when you will have a chance to meet Lynn and Rick and allow us to further describe our management team approach.

4. CONTRACT ASSURANCES REQUESTED BY RHA

Other than the terms of payment specified in our proposal, RHA requests no additional specific assurances.

5. WORK SAMPLES

I am forwarding the enclosed materials which are representative of the work of our firm.

- A Report to the State of California and a Policy and Procedures Manual. While the subject matter is not relevant to the work of the TET, these materials provide you with a sample of the style and substance of RHA.
- The booklet 'How to Influence the California Public Utilities Commission: A Guide to Effective Telecommunications Advocacy in California' was recently prepared by RHA's Lynn Victor under contract with CAL/NEVA. This is the handout we use while conducting workshops throughout the state for community leaders for CAL/NEVA, at TET Grantee.

TET DO
June 28, 1991
Page Four

6. LIST OF ADDITIONAL INFORMATION NEEDED BY RHA

During the development of our proposal, we, on several occasions, contacted Mr. Feraru and Mr. Eckley. During that process we asked many questions of them to clarify the scope of the work and the DC's expectations. We feel confident that we have received the information needed to understand what is involved in the successful administration of the Trust's activities.

RH/lk

Enclosure

cc: Lynn Victor
Rick Breeze-Martin

ATTACHMENT D

STAFF TIME ANALYSIS

RHA's proposal, Addendum I, Page 5, allocates 1,925 total management staff hours per year. The following describes the level of effort of individual staff in relation to each of the tasks described on Pages 1 through 4 of Addendum 1.

	<u>HEATH</u>	<u>BREEZE-MARTIN</u>	<u>VICTOR</u>	<u>KEYES</u>
<u>GRANT REVIEW</u>				
I.A Procedures/RFP	44	24	24	
I.B Minority Solicitation	16	8	8	14
I.C RFP Conferences	74	74		
I.D RFP Assistance	50	25		
I.E RFP Review	115	80	80	40
<u>PROJECT MONITORING</u>				
II.A Review Reports	28	32	32	
* II.B On-Site Monitoring	32	71	40	
II.C Provide TA	48	52	50	
II.D Report to DC	64	32		
<u>ADMINISTRATION</u>				
III.A Staff DC Meetings	110	48	48	
III.B Statewide Meetings	48	16	16	
III.C Promotion	96			
III.D Coordinate Subcontractors	48			
III.E Annual Report	18	16	16	
III.F General Administration	96	96	96	
TOTAL HOURS	887	574	410	54

* Does not include additional 1,696 hours of Field Monitoring Staff. We expect that management staff will conduct more on-site monitoring than the 143 hours allocated.

RICHARD
HEATH AND
ASSOCIATES, INC.

ATTACHMENT "B"

2066 SAN JOAQUIN, FRESNO, CA 93721 208 237-2935 FAX 208 237-0181

July 17, 1991

Mr. Tom Silk
Attorney at Law
Silk, Adler and Colvin
235 Montgomery Street, Suite 1120
San Francisco, California 94104

Dear Mr. Silk:

Rob Feraru and Tony Samson of the Telecommunication Education Trust's Disbursements Committee requested that I fax you the attached contract for our firm's administrative services for your review.

I would suggest you call either Mr. Feraru at (415) 557-0890 or Mr. Samson at (619) 531-3591 with any suggestions or concerns you might have.

I thank you in advance for your consideration of this matter.

Sincerely,



Richard Heath
Richard Heath and Associates, Inc.

RH/lk

Attachment

cc: Robert Feraru, DC Committee Member
Anthony Samson, DC Committee Member

INDEPENDENT CONTRACTOR AGREEMENT

THIS AGREEMENT dated this 7th day of August, 1991, is by and between the California Public Utilities Commission (Commission), housed at the Public Utilities Commission, 505 Van Ness, and Richard Heath and Associates, Inc. (Contractor), to further the purposes of the Telecommunications Education Trust (Trust) created by the Commission in Decision (D.) 87-12-067, as modified by subsequent decisions.

WITNESSETH THAT:

Contractor understands that the Trust was created by the Commission in D.87-12-067 and subsequent decisions specifically for the purposes expressed therein. Contractor represents that it has read and understands the relevant portions of D.87-12-067 (including pp.85-90 and Ordering Paragraph No. 6, pp. 326-329). In performing its duties under this contract, Contractor agrees to communicate with the Commission through the Disbursements Committee established by D.87-12-067 in Ordering Paragraph No. 6. However, Contractor understands that the members of the Disbursements Committee are not trustees but are an advisory committee created by the Commission for the purpose of recommending disbursements of the Trust's funds to further the Commission's aims in establishing it. Contractor further understands that it cannot expand its activities beyond those specified in the Commission's decisions and the Trust agreement without express approval and modification of D.87-12-067 and the Trust agreement by the Commission.

This Disbursements Committee established by the Commission has need for an organization to undertake a number of administrative tasks charged to it under Ordering Paragraph No. 6 of D.87-12-067.

Contractor is a California corporation with offices in Fresno, Berkeley, Chico and San Diego, California. Contractor is in the business of providing management, administration and consulting services to businesses, nonprofit organizations, and governmental entities.. Contractor employs its own staff for the purpose of providing these services to its clients.

Contractor represents that Contractor is able and willing to undertake the work.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, the Commission and the Contractor agree as follows:

1. Service to Be Performed: Include management and administration of the activities of the Disbursements Committee described in the Ordering Paragraph No. 6 of D.87-12-067 and in any subsequent modification by the Commission of the Decision and/or the Trust agreement. (See Attachments A and B).

More specifically, Contractor will perform the management and administrative activities described in Contractor's "Application to Serve as Administrator of the Telecommunications Education Trust" and Addendum. (See Attachment C).

2. Term: For the period August 12, 1991 through September 30, 1992, renewable annually at the option of the Commission.

3. Job Price:

- A. For the seven-week interim period of August 12, 1991 through September 30, 1991, Contractor shall be paid at the following hourly rates consistent with the prices quoted on page 5 of Contractor's Proposal (See Attachment C).

Management Staff: \$55.29 per hour (\$37 hourly rate, plus 21% benefits and 23.5% overheads).

Clerical Services: \$17.93 per hour (\$12 hourly rate plus same benefits and overheads).

Contractor shall summarize staff hours and travel expenses for this seven-week period and submit an invoice by October 10, 1991. Total costs for this interim period will not exceed \$40,000.

- B. For the period October 1, 1991 through September 30, 1992, Contractor shall be paid a fixed fee of \$206,526.00 in 12 monthly installments of \$17,210.50. This fee includes all personnel, general overheads and telephone expense.

Travel shall be billed monthly at actual cost at state approved rates.

Off-site printing will be billed at actual expense monthly.

Meeting costs will be billed at actual expense monthly.

The amount billed to the Commission for travel, off-site printing and meetings will not exceed \$36,034.

4. Independent Contractor: It is agreed and understood that Contractor shall perform services under this agreement as an independent contractor and not as an employee of the Trust.
- A. The Trust does not grant Contractor any authority or right, expressed or implied, to assume or create any obligation or responsibility on behalf of the Trust or to bind the Trust in any manner. Contractor will not represent the contrary, either expressly or implicitly, to anyone.
- B. Contractor shall be solely liable for any personal injury, either to staff or to others, or for any property damage which may result from the performance of services hereunder. Contractor shall be solely liable for costs of its own legal representation in any litigation or mediation arising under this paragraph.
- C. Contractor will assume complete responsibility for the filing of all appropriate Federal or State tax returns indicating that all income Contractor receives as a result of this agreement is income earned as an independent contractor and not as an agent or employee of the Trust or the Commission.

Since Contractor is a corporation, it will not be required to pay federal self-employment taxes upon amounts received by it under this contract. However, Contractor recognizes and understands that it will be required to file a corporate tax return and to pay tax upon its corporate taxable income in accordance with all of the provisions of applicable state and federal law. In addition, Contractor recognizes and understands that it is required to withhold taxes from wages paid to its employees in accordance with the provisions of state and federal law. Contractor hereby promises and agrees to indemnify the Commission for any damages or expenses incurred by the Commission as a result of Contractor's failure to make such required payments. Contractor further recognizes and understands that it is required to provide adequate workers' compensation insurance for its employees or to adequately self-insure against such risks in accordance with California law and that it will comply with such law. Contractor further recognizes

and understands that it is required by California law to make contributions to the State of California pursuant to the California Unemployment Insurance Code and will comply with said laws.

Contractor agrees to provide the Commission, on a monthly basis, with proof that it has withheld all required amounts from the compensation paid to its employees and paid said amounts along with other required additional amounts, to the state and federal authorities. Contractor will further provide the Commission on a monthly basis with proof that it has in force an adequate workers' compensation policy or is properly self-insured.

- D. Because Contractor is not an agent or employee of the Trust, the Trust will not withhold monies from Contractor's job price payments for Federal or State income tax purposes or for any other reason other than non-performance, nor will the Trust make any payment or contribution in Contractor's name or on Contractor's behalf for purposes of Social Security, Unemployment Compensation, Worker's Compensation, or for any other similar purpose.
- E. Contractor understands that the Trust has no employees and provides no benefits, plans, programs, or fringe benefits of any kind.
- F. Contractor shall determine the manner and methods to be used in carrying out its duties under this contract. Contractor shall make this determination in its sole judgement and discretion, but subject to the aims, policies and procedures set forth in the relevant portions of D.87-12-067. The Commission and the Trust retain no other right to direct or control the manner or method of Contractor's performance except as specified herein, but Contractor is obliged to produce the results, information, and materials called for by this contract in the time contemplated by this contract and in a form suited to the needs of the Disbursements Committee in fulfilling its duties under Ordering Paragraph No. 6 of D.87-12-067.
- G. The Commission shall retain all property rights, title and interest in any research, written products, computer analysis or other information or documentation, produced or developed by the Contractor. Contractor agrees to provide documented justification to the Commission, on request, for any and all costs of materials, services, and equipment

under this paragraph. Contractor further agrees to indemnify the Commission, the Trustee and the Disbursements Committee, and hold them harmless from any liability in any action for waste, to the extent that such action or liability is founded upon the costs of materials, services and equipment under this paragraph.

- H. In the course of performing the contracted services, the Contractor may have access to confidential information of the Trust. Therefore, the Contractor agrees not to use or disclose to third parties any information which the Disbursements Committee designates as confidential.
- I. At any time, either the Commission or the Contractor may, with ninety (90) days' notice to the other party, cancel this agreement.
- J. Contractor will use its own equipment to perform the contracted services; provided, however, that major equipment purchased under this contract (including, but not limited to computers and office furniture) shall be and remain the property of the Commission and shall be returned to the Commission at its direction at the end of the contract period. Expendable or consumable items valued at less than \$500 and purchased under this contract shall not be considered major equipment within the meaning of this paragraph.

5. Assurances:

- A. Allocation of staff time: Attachment D specifies contractor projections of individual time allocated to this project by task.
- B. Changes in Contractor's Personnel: Contractor is the employer of its own staff and has complete discretion over the assignment of its staff to particular projects. Contractor and Commission agree, however, that before Contractor makes any changes in the management staff assigned to the performance of this contract, Contractor shall first consult with the Distribution Committee.
- C. Meetings of the Disbursements Committee: Contractor understands that the Disbursements Committee may meet more than six (6) times during the year and will staff additional meetings as needed.

- D. Development of Policy and Guidelines: Contractor will provide assistance to the Disbursements Committee in the formation of policy and guidelines. Contractor will staff one or more retreats or meetings of the Disbursements Committee to assist in this function.
- E. Clarification: Attachment I, Page 4, Section III.D of Contractor's proposal is clarified to read "Contractor will coordinate and monitor the trustee, legal, accounting and investment subcontractors".
- 6. Incorporated herein by reference is the Disbursements Committee Request for Proposal dated April, 1991.
- 7. Construction of Agreement: This agreement (including its attachments), which is to be performed and construed under California law, supersedes any and all prior agreements and contains the entire agreement of the parties.

California Public Utilities Commission

By _____

Its _____

Accepted By:

Richard Heath and Associates, Inc.

- Attachment A: Relevant pages of D.87-12-067
- Attachment B: Trust Agreement
- Attachment C: Proposal by Contractor/and Amendment
- Attachment D: Staff Time Analysis