

Disbursement Policy

Overview and Purpose

The purpose of this policy is to provide procedures for the disbursement process through cash, check, wire, ACH or any other form of payment.

1. Responsible Parties

The Chief Financial Officer (CFO), in conjunction with Chief Executive Officer (CEO) and Chief Operating Officer (COO), is responsible for ensuring uniform policies and procedures are followed for the disbursement policy.

2. Scope

The Chief Financial Officer is responsible for ensuring uniform policies and procedures are followed for the disbursement policy.

2.1 This policy applies to all employees of Peninsula Clean Energy.

2.2 This policy is for staff only and does not cover the Board of Directors' powers and responsibilities, which are detailed in PCE's Joint Powers Agreement.

3. Signature Authority

3.1 This policy applies to all employees of Peninsula Clean Energy.

3.2 This policy is for staff only and does not cover the Board of Directors' powers and responsibilities, which are detailed in PCE's Joint Powers Agreement.

4. Invoice Approval

Invoices will only be processed if the underlying service or contract has conformed to the contractual commitment authority described in Policy #14 Delegation of Non-Energy Contracts Commitment and Financial Authority Policy.

For those invoices that have conformed to Policy #14, PCE uses Bill.com to administer compliance with the following invoice approval processes:

4.1 Invoice Approval Levels (invoices NOT related to Power Resources activity)

4.1.1 Up to \$10,000 – Level 1: Responsible area Manager or Director approval

4.1.2 \$10,000 to \$100,000 – Level 2: Responsible area Director approval is required.

4.1.3 Over \$100,000 – Level 3: CEO or COO approval is required. COO can only approve invoices relating to areas of supervisory responsibility.

4.1.4 Following the required approvals above, the CFO will review and approve ALL invoices, regardless of amount. In the event that CFO is not available, CEO approval is required.

4.2 Invoices related to Power Resources procurement energy activities

4.2.1 Expenses in the following categories (examples)

- 4.2.1.1 CAISO charges and collateral deposits
- 4.2.1.2 Hedge and PPA energy purchases
- 4.2.1.3 RECs and Carbon Free expenses
- 4.2.1.4 Resource Adequacy
- 4.2.1.5 PPA and other Supplier Security Deposits

4.2.2 Invoice Approval Levels

- 4.2.2.1 Up to \$3,000,000 – Level 1 and Level 2 - Responsible area Manager AND Director of Power Resources are required.
- 4.2.2.2 Over \$3,000,000 – Level 3 – CEO approval is required.
- 4.2.2.3 Following the required approvals above, the CFO will review and approve ALL invoices, regardless of amount. In the event that CFO is not available, CEO approval is required.

4.3 Invoices related to Power Resources administration

4.3.1 Expenses in the following categories (examples)

- 4.3.1.1 Consulting
- 4.3.1.2 Legal
- 4.3.1.3 Forecasting and scheduling
- 4.3.1.4 Subscriptions
- 4.3.1.5 Penalties and interest

4.3.2 Invoice Approval Levels

- 4.3.2.1 Up to \$10,000 – Level 1: Responsible area Manager or Director approval
- 4.3.2.2 \$10,000 to \$100,000 – Level 2: Responsible area Director approval is required.
- 4.3.2.3 Over \$100,000 – Level 3: CEO approval is required.
- 4.3.2.4 Following the required approvals above, the CFO will review and approve ALL invoices, regardless of amount. In the event that CFO is not available, CEO approval is required.

5. Payment Process

Once all required approvals have been obtained, payment/disbursement can be made by one of the following methods:

5.1 For an ACH or Bill.com-generated check, CFO will release payment.

5.2 Wire Transfer:

PCE Staff will ensure segregation of duties to ensure that the same person cannot setup/initiate a wire and approve a payment:

- 5.2.1 A wire will be initiated by Maher Accountancy. Upon set-up of a wire, Maher Accountancy will notify the CFO, with cc to the CEO, that such wire is ready for approval and release.
- 5.2.2 Once a wire is set-up and ready for transmission, it will be approved by the CFO.
- 5.2.3 Once approved the CEO will release the wire.
- 5.2.4 In the unusual circumstance that time is of the essence and either the CFO or CEO is not available, one or the other may perform both the approval and release functions as long as written notification is provided to the other.
- 5.2.5 In no circumstances can the same person perform all three functions of set-up, approval, and release of any wire.

5.3 Manual Check

- 5.3.1 Any PCE staff requesting a manual check will submit a written request to the Chief Financial Officer (CFO).
- 5.3.2 Check stock shall be physically secured in PCE's office at 2075 Woodside Road, Redwood City, CA 94061. Access will be limited to the CFO, the CEO, and the Office Manager.
- 5.3.3 The Positive Pay function at First Republic Bank (or similar function if PCE is using a different bank) is enabled to detect check fraud. The function allows matching of payee, check number and dollar amount of each check presented for payment against a list of checks previously authorized and issued by PCE.