

**CALIFORNIA ENERGY COMMISSION**

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## Addendum 1

March 5, 2012

### **Hydrogen Fuel Infrastructure PON-11-609**

The purpose of this addendum is to remove the previous language in the Application Package on page 7 - Operation and Maintenance cost and replace it with the following language to allow for Operation and Maintenance costs to be added to project cost on a limited basis.

Operation and Maintenance costs:

Applicants may include a maximum of \$50,000 per year in Operation and Maintenance costs incurred during the term of their agreement in their total station/system cost on a limited basis as described below.

- A. The following types of operations and maintenance costs are allowable under this agreement, subject to section (C) below. For purposes of this provision, "property," "real property," "personal property," and "construction" are as defined in the California Revenue and Tax Code and implementing regulations.
1. Special assessments or increased taxes on real property that are directly attributable to the grant-funded project. For example, if the project is considered "construction" and the taxes are reassessed at a higher value than the taxpayer previously paid, the difference between the original tax and the higher tax is reimbursable under this agreement for taxes paid during the term of the agreement.
  2. Insurance on equipment purchased under the agreement, from the date of delivery until the end of the agreement, only if:
    - Insurance does not protect the Recipient against the cost of its own defects in materials or workmanship;
    - Coverage for loss, damage, destruction, or theft of the equipment does not limit or eliminate the Recipient's liability for such loss under the grant agreement;
    - Coverage does not include loss, damage, destruction, or theft which results from the willful misconduct or lack of good faith on the part of any of the Recipient's ownership or managerial personnel;
    - Coverage does not include lost profit;
    - Coverage does not exceed the cost of acquisition, unless the Recipient has a formal written policy that assures that the property, if converted, will

be valued at the book value of the replaced asset plus or minus the difference between the insurance proceeds and the actual replacement costs;

- Costs are consistent with competitive insurance prices;
  - Insurance does not protect the Recipient from the Commission; or
  - Insurance is equivalent to the insurance that Recipient maintains for similar equipment not purchased under the Agreement.
3. Maintenance of equipment purchased under the agreement that is reasonably necessary to keep the equipment in efficient operating condition, from the date of delivery until the end of the agreement, only if the maintenance does not add permanent value to the equipment or appreciably prolong its intended life.
  4. Overhead on items 1 through 3, above.
- B. Operations and maintenance costs not expressly included in section (A), such as but not limited to personal property taxes or permitting fees, are not allowable under this agreement.
- C. Costs under this Agreement are allowable if they are reasonable, allocable, and appropriate to the project as determined under applicable federal cost principles. Costs must be measurable and nonduplicative of other reimbursed or match share costs.
- For purposes of this provision, sections 31.201-2, 31.201-3, and 31.201-4 of Title 48 of the Code of Federal Regulations are expressly incorporated by reference.

Crystal Presley-Willis

GRANTS AND LOANS OFFICER