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Minutes

To: NCPA Finance Committee

From: Trisha Zimmer

Subject: February 12, 2025 Special Joint Facilities and Finance Committee Meeting

1. Call Meeting to Order and Roll Call

The meeting was called to order at 1:31pm.

The Finance Committee attendees either present or participating remotely were as follows: Teri Alderson (Alameda), Katie Edgar (Healdsburg), Melissa Price (Lodi), Joanna Cucchi (Roseville); and DeAnna Hilbrants (Santa Clara). This meeting was held as a joint meeting between the NCPA Facilities and Finance Committees. Roll call for the Facilities Committee and meeting minutes were recorded separately. A quorum of both Committees was established.

PUBLIC FORUM

No one from the public was present at the site or at any of the teleconference locations.

DISCUSSION / ACTION ITEMS

2. NCPA Geothermal Facility – Geo Site Condensate Tank Replacement Project –

Geothermal Plant Manager, Jim Beach provided details regarding staff's recommendation for Commission approval of the Geothermal C-Site Condensate Tank Replacement Project for a total not to exceed amount of \$300,000. The condensate tank is currently nearing end of life and is rusted in several places. If the tank were to fail, there is increased potential of environmental, health, and safety risks. The project would consist of removal and disposal of the existing tank, fabrication and installation of a new tank, hook up of external piping, and painting.

Motion: A motion was made by Basil Wong and seconded by Cindy Sauers from the Facilities Committee. The motion carried by a majority of those Facilities Committee members present on the following roll call vote: YES = Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Roseville, Santa Clara, and Ukiah. ABSTAIN = Palo Alto and Redding.

INFORMATIONAL ITEMS

3. Overview of the FY2026 Annual Budget – Sondra Ainsworth provided an overview of the FY2026 Proposed NCPA Annual Budget. The background, timeline and budget preparation process was discussed. The budget presentations provided today are informational at this

point. Staff plans to seek approval of the FY2026 Annual Budget at the April Commission meeting.

Some of the trends for this budget include softer forward curves as compared to FY2025 being driven by reduced generation revenues, offset by lower net load costs. There has been an increase in transmission volume and prices resulting in higher costs. Fuel costs are lower compared to FY2025. Salaries and benefits have increased due to Union contract implementation, unrepresented staff compensation study implementation, increased PERS UAL contribution, and increased normal cost of OPEB contributions. Also discussed were the Plant related issues impacting this year's budget including: reduction of revenue, labor cost increases, and insurance cost increases. A summary of the Budget increases and decreases for each Agency Division was provided.

4. **Generation Services FY2026 Budget Presentation** – Staff provided informational presentations for the Generation Services Administration, Combustion Turbine No. 1, Combustion Turbine No. 2, Geothermal Facilities, and Hydroelectric Facilities.

Generation Services Administration – this budget is remaining relatively unchanged from the FY2025 budget. Total increase from last year is approximately 12%

Combustion Turbine No. 1 – Total budget for CT1 is approximately \$6.7 million, of which \$4.3 million is attributed to routine O&M costs. The annual increase for this budget is \$1.1 million compared to last year's budget, however, due to a 129% increase in revenues, the net annual cost to Participants is \$24,000. FY2026 budgeted projects were presented and discussed in detail.

Combustion Turbine No. 2 – Total annual budgeted cost for CT2 is \$6.9million. There are no proposed projects as CT2 is no longer operational. The debt was fully paid off in 2025. A Second Phase Agreement for the CT2 Repower Project was approved by the Commission on January 23, 2025. Costs associated with the Second Phase Agreement are approximately \$5.1million of which has been budgeted for FY2026 which will be for costs including: engineers, plans and designs, exhaust package, as well as a number of consulting fees.

Geothermal Facility – Total proposed annual budgeted cost for the Geothermal Facility is \$44.6 million, a 5.5% decrease compared to last year. The total routine O&M costs is approximately \$21million, which is an increase of 7.8%. FY2026 budgeted projects were presented and discussed in detail.

Hydroelectric Facility – The total proposed annual budgeted cost for the Hydroelectric Facility is \$59 million, a slight decrease of 0.2% compared to last year's budget. The proposed routine O&M costs are budgeted at \$12 million, an increase of 7.4%. FY2026 proposed Hydro Projects were presented and discussed in detail which total \$8.3 million.

5. **Power Manangement Budget Presentation** – Power Management's proposed FY2026 budget is approximately \$16 million, a 6.6% decrease from last year's budget. Details of the costs associated with each of the departments and programs within the Power Management Division were presented and discussed in detail.
6. **Administrative Services Budget Presentation** – The proposed FY2026 Administrative Services budget is \$23 million which is a decrease of approximately \$2 million. Details of the specific Division costs and how those costs are allocated amongst the members was presented and discussed in detail.

ADJOURNMENT

The meeting was adjourned at 2:25pm.