Lodi Energy Center Project Participant Committee

Staff Report

AGENDA ITEM NO.: 13

Date: November 13, 2017
To: Lodi Energy Center Project Participant Committee
Subject: FY17 Annual Billing Settlement

Proposal
The FY17 Annual Billing Settlement Summary for the period July 1, 2016 through June 30, 2017 is presented for approval and recommendation to the Agency Commission for its approval.

Background
Total Annual Costs to Participants were approximately $55.6 million. The plant generated 300,572 MWh compared to planned generation of 1,655,764 MWh. The lower than projected generation was due to economic factors that resulted in reduced plant dispatch.

Third Party Revenues for the year totaled $20.3 million which was $4.5 million higher than credited during collections. The increase was related to higher than expected interest received on investments and the PG&E settlement payment.

Fuel, CAISO charges and energy and ancillary services sales do not play a material role in the annual settlements process as those items are adjusted monthly in the Agency’s All Resources Bill when the actual costs for these categories are invoiced by NCPA.

This year’s Total Annual Net Costs were $35.3 million. Adjusted net collections from participants totaled approximately $37.7 million which consists of participant collections of $36.2 million and participants’ transfer gas credits of $4.3 million, net of the transmission project refund of $2.8 million. The net refund due to LEC participants at fiscal year-end was $2,480,513 or 6.57% of collections.

Fiscal Impact
Upon approval by this Committee and the Agency Commission, the amount of $2,480,513 will be credited to the LEC project participants. NCPA member amounts will be included with their Agency’s annual billing settlements and credited as one amount. LEC non-member participants will receive payment in accordance with Agency payment terms unless otherwise directed in writing.

Environmental Analysis
This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a “project” for purposes of Section 21065 of the California Environmental Quality Act. No environmental review is necessary.
Recommendation
NCPA Staff recommends the PPC pass a motion to approve the FY 2017 Annual Billing Settlements and to recommend that the NCPA Commission also approve the Settlements.

Respectfully submitted,

MONTY HANKS
Assistant General Manager/CFO
Administrative Services/Finance

Prepared by:

SONDRA AINSWORTH
Treasurer-Controller

Attachments: (3)
- Billing Settlement Summary FY 2017
- Allocation of Project Costs – Actual FY 2017
- Settlement Analysis For the Year Ended June 30, 2017
### Collection Costs and Comments

<table>
<thead>
<tr>
<th>Collection Cost</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeted</td>
<td>To be determined in the next quarter</td>
</tr>
<tr>
<td>Actual</td>
<td>To be determined in the next quarter</td>
</tr>
</tbody>
</table>

### Collection Plan

**Goal:** To achieve a 90% collection rate by the end of the quarter.

**Strategy:**
1. Increase communication with delinquent accounts.
2. Implement a new payment plan for low-income families.
3. Offer incentives for early payment.

**KPIs:**
- Collection rate
- Payment rate
- Delinquency rate

### Collection Analysis

- **Current Performance:**
  - Collection rate: 85%
  - Payment rate: 90%
  - Delinquency rate: 15%

- **Target:**
  - Collection rate: 90%
  - Payment rate: 95%
  - Delinquency rate: 10%

### Collection Forecast

<table>
<thead>
<tr>
<th>Forecast Period</th>
<th>Collection Rate</th>
<th>Payment Rate</th>
<th>Delinquency Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarter 1</td>
<td>90%</td>
<td>95%</td>
<td>10%</td>
</tr>
<tr>
<td>Quarter 2</td>
<td>92%</td>
<td>97%</td>
<td>8%</td>
</tr>
<tr>
<td>Quarter 3</td>
<td>95%</td>
<td>99%</td>
<td>5%</td>
</tr>
<tr>
<td>Quarter 4</td>
<td>98%</td>
<td>100%</td>
<td>3%</td>
</tr>
</tbody>
</table>

### Collection Budget

- **Budgeted:** $120,000
- **Actual:** $115,000

**Notes:**
- Increase in budgeted collection due to increased outreach.
- Actual collection slightly lower due to unexpected delays in processing.

### Collection Strategies

- **New Payment Plan:**
  - Offers a 10% discount for early payment.
  - Immediate response to delinquent accounts.

- **Outreach Program:**
  - Increased phone calls and letters to delinquent accounts.
  - Follow-up meetings with high delinquency accounts.

**Results:**
- Increase in early payment rates.
- Decrease in delinquency rates.

### Collection Team

- **Leadership:**
  - Team Lead: Jane Smith
  - Assistant: John Doe

- **Staff:**
  - Alex Brown
  - Sarah Lee
  - Michael Johnson

**Responsibilities:**
- Daily call tracking
- Weekly report generation
- Monthly performance review

**Contact:**
- Jane Smith
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- (555) 123-4567