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Agenda - Amended

Date: February 23, 2017

Subject: NCPA Commission Meeting

Location: NCPA's Roseville Office, 651 Commerce Drive, Roseville, California and via
Teleconference

Time: 9:30 am

*** In compliance with the Brown Act, you may participate via teleconference at one of the locations listed below, or attend at NCPA Headquarters. In either case, please: 1) post this Agenda at a publicly accessible location at the participation location at least 72-hours before the call begins, and 2) have a speaker phone available for any member of the public who may wish to attend at your location. ***

NORTHERN CALIFORNIA POWER AGENCY 651 Commerce Drive, Roseville, CA	ALAMEDA MUNICIPAL POWER 2000 Grand Street, Alameda, CA
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The Commission may take action on any of the items listed on this Agenda regardless of whether the matter appears on the Consent Calendar or is described as an Action Item, a Report or an Informational Item. This agenda is supplemented by Staff Reports, which are available to the public upon request. Pursuant to California Government Code Section 54957.5, the following is the location at which the public can view Agendas and other public writings: NCPA Offices, 651 Commerce Drive, Roseville, California, or www.ncpa.com.

Time estimates are provided as part of the Commission's effort to manage its time at Commission meetings. Listed times are estimated only and are subject to change at any time, including while the meeting is in progress. The Commission reserves the right to use more or less time on any item, to change the order of items, and/or to continue items to another meeting. Particular items may be heard before or after the time estimated on the agenda. This may occur in order to best manage the time at a meeting or to adapt to the participation of the public. To ensure participation in a particular item, we suggest arriving at the beginning of the meeting and remaining until the item is called.

Persons requiring accommodations in accordance with the Americans with Disabilities Act in order to attend or participate in this meeting are requested to contact the NCPA Secretary at 916.781.3636 in advance of the meeting to arrange for such accommodations.

1. *Call Meeting to Order and Introductions (9:30 – 9:35 am)*
2. *Approve minutes of the January 19, 2017, Regular Commission Meeting (9:35 – 9:40 am)*

PUBLIC FORUM

Any member of the public who desires to address the Commission on any item considered by the Commission at this meeting before or during the Commission's consideration of that item shall so advise the Chair and shall thereupon be given an opportunity to do so. Any member of the public who desires to address the Commission on any item within the jurisdiction of the Commission and not listed on the Agenda may do so at this time.

OPEN SESSION

REPORTS AND COMMITTEE UPDATES (9:40 – 10:15 am)

3. General Manager's Business Progress Report and Update
4. Executive Committee
5. Facilities Committee
6. Finance Committee
7. Legal Committee
8. Legislative and Regulatory Affairs Committee
9. Members' Announcements and Meeting Reporting

CONSENT CALENDAR (10:15 – 10:30 am)

All items on the Consent Calendar are considered routine and will be approved without discussion by a single roll call vote. Any Commissioner or member of the public may remove any item from the Consent Calendar. If an item is removed, it will be discussed separately following approval of the remainder of the Consent Calendar. Prior to the roll call vote to approve the Consent Calendar, the Commissioners will be polled to determine if any Member wishes to abstain from one or more items on the Consent Calendar.

10. NCPA's Financials for the Months Ended January 31, 2017 – approval by all members.

11. Treasurer's Report for the Months Ended January 31, 2017 – accept by all members.

12. Sale or Disposal of Surplus Property – note and file report by all members on the disposal of electronic waste, including microwaves, monitors, printers, keyboards, cables, and hard drives. **Fiscal Impact:** no direct budget impact.

13. December 31, 2016, Debt and Interest Rate Management Report – receive and file report by all members the December 31, 2016, Debt and Interest Rate Management Report.

Fiscal Impact: Total projected savings over the life of the related bonds (23 years) was \$13.9 million at the inception of these agreements. Total savings projected to occur through December 31, 2016 was \$4,937,309 with actual results at \$8,555,814. The difference between expected savings and actual savings is due to “basis risk”, or the difference between what

NCPA pays for underlying variable rate bonds and the index rate used in the swap transaction. Total basis risk to date is positive, resulting in additional savings over those expected of \$3,618,505. Staff continues to monitor the potential for refinancing these bonds and terminating the swaps, however, with current low treasury rates causing a large mark to market payment due to Citigroup of over \$18.7 million, refunding is not feasible at this time.

- 14. Review of NCPA’s Commercial Compliance Program** – accept and file by all members the report of “Commercial Compliance Policy Review” by Moss Adams LLP, October 2016.

Fiscal Impact: The audit fee was \$3,000. This activity has minimal budget impact on NCPA and the costs were absorbed in the FY 2017 budget for Risk Management activities.

- 15. Resolution 17-08, Adopt the Modifications to the Nexant Cost Allocation Model for FY 2018** – adopt resolution by all members adopting the modifications to the Nexant Model as proposed by staff in order to allocate budgeted costs to members for Fiscal Year 2018.

Fiscal Impact: The recommended adjustments will result in a change to all members’ allocated share of Power Management costs by varying amounts. Table 2 of Appendix A provides indicative changes in allocated Nexant Power Management costs to members based on current Fiscal Year 2017 budget related to items 1 and 2 as presented at the January 25, 2017, Facilities Committee meeting.

- 16. Resolution 17-12, Approval of Special Counsel for FERC Regulatory Services** – adopt resolution by all members approving the retainer of Spiegel & McDiarmid as special counsel for FERC regulatory services and authorizing the General Manager and General Counsel, or their respective designees, to negotiate a retainer agreement, substantially in the form of the attached draft, at the rates provided in response to the RFQ.

Fiscal Impact: The retainer agreement with Spiegel & McDiarmid, as in years past, will be time and materials based. The services are budgeted and approved as part of each year’s annual budget and charged to the programs or projects receiving the services. In the case of FERC special counsel services, the costs for PG&E and CAISO related activities are allocated in accordance with the regulatory program (Industry Restructuring) allocation within the Nexant Model. For activity associated with the California Refund Proceeding and Western, costs are allocated to participants in accordance with participation share levels in the Western Pooling Program; and refund liability amounts in the California Refund Proceeding. Detail on the annual budget amounts associated with these services, and the allocation methodology can be found in Appendix D of the annual budget.

Total cost of the services in FY17 were budgeted at \$575,000. Services have been budgeted at this level since FY2012, and staff will be recommending that these services be budgeted at \$575,000 for FY18 as well, subject to possible reductions once final decisions are made with regard to general counsel services.

- 17. Resolution 17-13, Approval of PPA with Antelope Expansion 1B, adoption of CEQA Findings, and Approval of Third Phase Agreement** – adopt resolution by all members to 1) approve Acting as a responsible agency pursuant to the California Environmental Quality Act (“CEQA”), consider the Initial Study and Mitigated Negative Declaration adopted by the City of Lancaster, adopts as the Commission’s own findings each finding

regarding significant environmental impacts made by the City of Lancaster in its Initial Study and Mitigated Negative Declaration pursuant to CEQA regulations and instruct staff to file a Notice of Determination regarding the same; 2) approve the power purchase agreement (“PPA”) with Antelope Solar Expansion 1B, LLC, a subsidiary of the sPower Group, for a delivery term of 20-years, and approve the third phase agreement (“Third Phase Agreement”) as a NCPA Project, associated with the Antelope Solar Expansion 1B facility between NCPA and the Port of Oakland, and the cities of Biggs, Gridley, Healdsburg, and Lodi; and 3) authorize the General Manager of Northern California Power Agency (“Agency”) to execute the PPA and the Third Phase Agreement, on behalf of the Agency, including any non-substantive modifications approved by the Agency’s General Counsel.

Fiscal Impact: The Agency’s cost for purchasing output from the facility will be approximately \$1.78 million to \$1.97 million per year, or approximately \$37.5 million over the life of the contract. The Agency will be charged based on the measured electrical output of the Antelope Expansion 1b solar facility, and will not incur any fixed costs under the PPA. All Project Costs; including direct PPA expenses, outside legal fees, etc.; will be allocated to the Participating Members in proportion to their project participation percentage, as stated in the Third Phase Agreement, and such costs will be included in applicable NCPA budgets.

NCPA will also assess Power Management and Administrative Services (PM&AS) costs to the Participating Members pursuant to the Power Management and Administrative Services Agreement. Estimated annual costs for the first year of commercial operations are \$39,250, based on a non-binding estimate using fiscal 2017 data. Seller would contribute a fixed annual payment of \$44,200 to NCPA for scheduling coordination costs.

18. Resolution 17-14, Approving a Multi-Task Consulting Services Agreement with Kanner and Associates, LLC – adopt resolution by all members appointing Kanner and Associates as NCPA’s Federal Legislative and Regulatory Consultant, and authorize the General Manager to execute a five-year multi-task consulting services agreement for services at a rate of \$25,000 per month plus expenses, with a total not to exceed amount of \$315,000 per year.

Fiscal Impact: The fee for federal legislative and regulatory services will be paid as a \$25,000 per month retainer plus expenses, not to exceed \$315,000 per year. With regard to expenses, it is important to note that under this agreement, Kanner and Associates will not charge NCPA for any of the costs associated with two annual trips to California for Marty Kanner to attend our agency functions or meetings.

This proposed retainer amount in this agreement is the same as what NCPA has paid for these services for the past six years. In FY 2011, the prior retainer was reduced to this level as a result of a 15% reduction in NCPA’s budget for federal legislative and regulatory representation, and it has remained unchanged since that time. Kanner and Associates’ coverage of all expenses for two annual trips to California is a new addition to the arrangement.

The FY 2017 NCPA Legislative and Regulatory Affairs budget includes funding for these services at this proposed ongoing rate through the balance of the current fiscal year.

19. Resolution 17-15, Approving a Multi-Task Consulting Services Agreement Government Affairs Consulting – adopt resolution by all members appointing Government Affairs Consulting as NCPA’s State Legislative Consultant, and authorizing the General Manager to execute a five-year multi-task consulting services agreement for services to be paid as a retainer of \$14,000 per month including expenses.

Fiscal Impact: The fee for state legislative services will be paid as a \$14,000 retainer including all expenses. This proposed retainer amount is the same as the retainer NCPA has had with this firm since 2009, and it will continue to remain unchanged going forward.

The FY 2017 NCPA Legislative and Regulatory Affairs budget includes funding to cover this retainer amount through the balance of the current fiscal year.

Consent Items pulled for discussion: _____

DISCUSSION / ACTION ITEMS (10:30 – 11:15 am)

20. Resolution 17-09, Approval of General Manager's Performance Goals for Calendar Year 2017 – adopt resolution by all members accepting the General Manager's Performance Goals for Calendar Year 2017. **Fiscal Impact:** There is no fiscal impact associated with this item.

21. Resolution 17-10, Granting the Executive Committee Authority to Hire Agency In-House General Counsel – adopt resolution by all members granting authority to the Executive Committee to approve the selection and appointment of Agency in-house General Counsel, and authorizing the Chair of the Executive Committee and the Human Resources Manager to execute and deliver any and all documents and to do and cause to be done any and all acts and things necessary or proper for carrying out the hiring of the selected in-house General Counsel.

Fiscal Impact: Funds are available in the current fiscal year budget for this position. The Agency proposes repurposing a budgeted and approved headcount for an AGM I Business Development position, for this position. On December 1, 2016, the Commission approved the General Counsel Job classification. This classification is assigned to salary grade 31, which has a minimum starting salary of \$208,146 and control point of \$260,182 as reflected in the Agency's 2017 Administrative General Wage Structure.

22. Resolution 17-16, Approval of NCPA's Calaveras Hydroelectric Project State of Emergency; Applicable to the Hydroelectric Project – adopt resolution by all members approving: 1) finding and declaring that a State of Emergency exists with respect to the Calaveras Hydroelectric Generation Project ("Project") due to the extreme winter weather and associated storms; 2) declaring that these actions are exempt from the California Environmental Quality Act, for the reasons set forth herein; and 3) authorizing the General Manager to seek such funds as may be available to maintain, repair, restore, or replace property or facilities relating to the Project.

Fiscal Impact: Estimated fiscal impact of current known issues:

- 1) Emergency dredging of the Beaver Creek diversion structure and reservoir estimated at approximately \$800,000;
- 2) McKays Reservoir debris cleanup and replacement of safety buoys estimated at approximately \$200,000;
- 3) Adit 4 additional repair cost is currently unknown; and
- 4) McKays Point Reservoir Rim Landslides mitigation cost is currently unknown.

23. Resolution 17-11, Approval of Resolution Commending Michael F. Dean – adopt resolution by all members Commending Michael F. Dean.

CLOSED SESSION (11:15 – 11:20 am)

24. CONFERENCE WITH LEGAL COUNSEL – Existing litigation pursuant to Government Code Section 54956.9(d)(1): Name of case: *Northern California Power Agency, City of Redding, City of Roseville, and City of Santa Clara v. the United States*, Court of Federal Claims no. 14-817C.

NEW BUSINESS

ADJOURNMENT