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Agenda

Date: May 25, 2017

Subject: NCPA Commission Meeting

Location: Ukiah Valley Conference Center, 200 School Street, Ukiah, California

Time: 9:00 am

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 (9:00 – 9:05 am)*
2. *Approve minutes of the April 20, 2017, Regular Commission Meeting (9:05 – 9:10 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 (9:10 – 9:40 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 (9:40 – 10:00 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 April 30, 2017*** – approval by all members.
11. ***Treasurer's Report for the Months Ended April 30, 2017*** – accept by all members.
12. ***Sale or Disposal of Surplus Property*** - note and file by all members the disposal of scrap metal.
Fiscal Impact: The report as not direct budget impact to the Agency.
13. ***Resolution 17-38, Approval of Revised Debt and Interest Rate Management Policy*** – adopt resolution by all members approving the revised Debt and interest Rate Management Policy, which approves the revised Debt and Interest Rates Policy, dated May 2017.
Fiscal Impact: Adoption of this revised Policy will ensure that NCPA is compliant with recent regulations regarding the inclusion of language in the Agency's Debt and Interest Rate Management Policy and reporting of sale of debt to CDIAC and the Agency Commission. NCPA will incur additional reporting costs when debt is issued, which cannot currently be quantified.
14. ***Resolution 17-39, Selection of Audit Service Provider and Award of Contract*** – adopt resolution by all members authorizing award of Audit Services for up to nine years and the General Manager or his designee to enter into a Multi-Task Consulting Services

Agreement with Baker Tilly Virchow Krause, LLP for annual audit services, with any non-substantial changes recommended and approved by NCPA Assistant General Counsel, which shall not exceed \$300,000 over three years. At the Agency's option, the term of the Agreement may be extended for two additional three-year terms, which options may be exercised by the Agency by providing written notice to the Consultant no less than four (4) months in advance of expiration of the agreement.

Fiscal Impact: The total three-year cost of this agreement is \$300,000. The audit fee for last fiscal year (FY 16) was \$75,000 including expenses. The proposed audit fee for FY 2016-2017 is \$68,000 including out-of-pocket expenses. Costs for fiscal years 2018 and 2019 are \$70,000 and \$72,100, respectively. The proposed agreement contains a contingency of \$89,900 for additional services such as the biennial Commercial Compliance Audit, OMB A-133 audit for Federal Grants received in excess of \$750,000, and other miscellaneous services as needed. Upon extension of the agreement for the two subsequent three year periods, the audit fees would be subject to annual escalation based on the consumer Price Index for All Urban Consumers, U.S. City Average, with a cap of 5%.

This agreement was included in the current fiscal year budget, and funds are available in General Allocations-Related to All Programs portion of the Annual Budget and Ten-Year Forecast. Such General Costs are proportionally allocated to all programs (equalized for debt service, property taxes, and other costs that would otherwise unfairly skew the results of the allocation).

- 15. Resolution 17-40, First Amendment to Consulting Services Agreement Between NCPA and Public Financial Management, Inc.** – adopt resolution by all members authorizing the General Manager or his designee to enter into a First Amendment to Consulting Services Agreement Between the Northern California Power Agency (NCPA) and Public Financial Management, Inc. (PFM) extending the term of services to expire no later than September 1, 2017.

Fiscal Impact: Maximum costs under this First Amendment are set at an amount not to exceed \$16,750.

- 16. Resolution, 17-41, Andritz Hydro – Five Year Equipment Supply Agreement for OEM equipment and supplies at Collierville Power House; Applicable to the following projects: NCPA Hydroelectric facilities** – adopt resolution by all members authorizing the General Manager or his designee to enter into a multiple year Amended Terms and Conditions Agreement with Andritz Hydro for electromechanical parts and equipment for the Collierville powerhouse, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$2,500,000 over five years for use at the hydroelectric facilities owned and/or operated by NCPA.

Fiscal Impact: Upon execution, the total cost of the agreement is not to exceed \$2,500,000 over five years to be used out of NCPA approved budgets as services are rendered. Purchase orders referencing the terms and conditions of the agreement will be issued following NCPA procurement policies and procedures.

- 17. Resolution, 17-42, Knights' Electric, Inc. – Five Year Multi-Task General Services Agreement for General Services: Applicable to the following projects: All NCPA Generation Services Plant Locations, Members, SPPA, and SPPA Members** – adopt resolution by all member authorizing General Manager or his designee to enter into a Five Year Multi-Task General Services Agreement with Knights' Electric, Inc. with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$750,000 for use at all facilities owned and/or operated by Northern California Power Agency

(NCPA), its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members.

Fiscal Impact: Total cost of the agreement is not to exceed \$750,000 over five years to be used out of NCPA approved budgets as services are rendered. Purchase orders referencing the terms and conditions of the agreement will be issued following NCPA procurement policies and procedures.

- 18. Resolution 17-43, Sage Engineers, Inc. – First Amendment to the Five Year Multi-Task Professional Services Agreement for Engineering Services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA and SCPPA Members** – adopt resolution by all members authorizing the General Manager or his designee to enter into a First Amendment to the Multi-Task Professional Services Agreement with Sage Engineers, Inc. for engineering consulting services related to project support and plant operations, with any non-substantial changes recommended and approved by the NCPA General Counsel. First amendment seeks to increase the contract value from \$225,000 to a not-to-exceed amount of \$1,000,000 over five years for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members.

Fiscal Impact: Upon execution, the total cost of the agreement is not to exceed \$1,000,000 over five years to be used out of NCPA approved budgets as services are rendered. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.
- 19. Resolution 17-45, 2017 Geothermal Facility Operating Protocol – Steam Field Operations Forecast Report April 2017; Applicable to the following projects: Geothermal** – adopt resolution by all members approving the 2017 Steam Field Operations Forecast Report dated April 2017 as the Geothermal Operating Protocol effective July 1, 2017. This Operating Protocol is to remain in effect until replaced by the Commission.

Fiscal Impact: The 2017-18 approved Geothermal budget covers the proposed action.
- 20. Resolution 17-47, Approval of Updated Lodi Energy Center (LEC) Exhibit 8 to the Project Management and Operations Agreement Schedule 1.00** – adopt resolution by all members approving the changes to Exhibit 8 of PMOA Schedule 1.00, and authorizes NCPA staff under the direction of the NCPA General Manager to implement the provision thereto.

Fiscal Impact: No significant costs will be incurred to implement the changes identified in Exhibit 8 to the PMOA Schedule 1.00 and funds are available in the NCPA budget to support the work associated with this CAISO settlement configuration update.
- 21. Resolution 17-48, Scheduling Coordination Program Agreement Version 21 Appendix B** – adopt resolution by all members implementing a revised Version 21 of Appendix B to the Scheduling Coordination Program Agreement (SCPA), which details the allocation of California Independent System Operator (CAISO) charges and payments to NCPA Members.

Fiscal Impact: No significant costs will be incurred to implement the changes to the SCPA Appendices and funds are available in the NCPA budget to support the work associated with these contract updates.
- 22. Resolution 17-49, Approval of Letter of Agreement 17-SNR-02051** - adopt resolution by all members approving Letter of Agreement 17-SNR-02051, and authorize the General Manager of NCPA to execute Letter of Agreement 17-SNR-02051, on behalf of NCPA, including any non-substantive modifications to Letter of Agreement 17-SNR-02051 approved by NCPA’s General Counsel.

Fiscal Impact: Costs associated with entering into Letter of Agreement 17-SNR-02051 are estimated to be less than \$10,000 for the term of the agreement, and will be allocated according

to Base Resource percentages of the represented members. NCPA's administrative costs for development and administration of the agreement will be allocated to members in accordance with approved cost allocation methodologies as described the NCPA annual budget.

- 23. Resolution 17-51, Approval of the Professional Services Agreement between NCPA and the BAMx Participants, and Approval of the Consulting Services Agreement between NCPA and Flynn Resource Consultants Inc.** – adopt resolution by all members: 1) authorizing the General Manager of NCPA to execute the Professional Services Agreement between Northern California Power Agency and the cities of Palo Alto and Santa Clara, including any non-substantive modifications to the Professional Services Agreement approved by NCPA's General Counsel; 2) and upon return of the fully executed Professional Services Agreement by each BAMx Member, authorize the General Manager of NCPA to execute the Consulting Services Agreement between Northern California Power Agency and Flynn Resource Consultants Inc., including any non-substantive modifications to the Consulting Services Agreement approved by NCPA's General Counsel.

Fiscal Impact: Total expenditures authorized under the Consulting Services Agreement shall not exceed \$1,950,000 during the term of the agreement, or \$650,000 during each annual period of the term of the agreement. In addition to costs incurred under the Consulting Services Agreement, NCPA will invoice the BAMx Members \$625 each month for related billing services under the Professional Services Agreement. Payments for services provided under the Consulting Services Agreement and Professional Services Agreement are accounted for in the current fiscal year budget, and all costs incurred for the services shall be allocated to the BAMx Members.

- 24. Resolution 17-52, Annual Budget Working Capital Deposit Adjustment for FY 2018** – adopt resolution by all members approving the Annual Budget Working Capital Deposit Adjustment for FY 2018.

Fiscal Impact: The total calculated FY 2018 Working Capital Requirements for the Annual Budget has decreased by \$638,770 or 6.28%. The decrease is primarily due to budgeted decreases in Market Power Purchases.

DISCUSSION/ACTION ITEMS (10:00 – 10:30 am)

- 25. Resolution 17-44, Delegate to the General Manager authority to enter into one or more agreements, with a total not-to-exceed for all agreements of \$1,000,000 for repair, restoration and/or replacement of portions of the Beaver Creek Reservoir and related facilities at the NCPA Hydroelectric Project** – adopt resolution by all members authorizing the General Manager to enter into one or more agreements, with a total not-to-exceed for all agreements of \$1,000,000 for repair, restoration and/or replacement of portions of the Beaver Creek Reservoir and related facilities at the NCPA Hydroelectric Project.

Fiscal Impact: Annual average hydroelectric generation attributable to the Beaver Creek Dam is approximately \$1,700,000.

The Project is currently estimated to be \$1,000,000. The detailed scope and corresponding cost is under development with the remaining uncertainties being:

- Sediment volumes and type deposited
- Contractor availability and pricing
- Final USFS approval of temporary bypass repairs to the Beaver Creek Access Road
- Locations of sediment disposal site(s)
- Water flow rates passing through the site during the work timeframe
- Final agency permit conditions

If the projected Project costs increase as the work proceeds, staff will return to the Commission for additional authorizations as may be necessary.

In February 2017, the NCPA Commission passed Resolution 17-16 finding and declaring a state of emergency with respect to the NCPA Calaveras Hydroelectric Generation Project and authorizing the General Manager to take such steps as necessary to obtain funds to maintain, repair, restore, or replace the project. Staff has notified the Federal Emergency Management Agency (FEMA) and NCPA's insurance broker of the 2017 loss. In similar Beaver Creek storm-related sedimentation historical losses, NCPA received FEMA reimbursements due to the 2006 flood incident, but not due to the 1997 incident. FEMA requires that the applicant demonstrates that it first pursue insurance reimbursement prior to FEMA providing funding. NCPA's insurance broker is currently reviewing the loss to determine if it is covered and to provide an overall recommendation. If the claim were to be covered, the deductible would be \$500,000.

To date, \$550,000 has been collected for Beaver Creek Sediment removal as part of ongoing Hydroelectric Project Capital Development Reserve funding. An additional \$125,000 is proposed for collection as part of the FY18 budget, resulting in a total of \$675,000 available after July 1, 2017. Remaining needed funds are proposed to be drawn from the McKays Cleanout Capital Development Reserve Account and/or the Hydroelectric Project Maintenance Reserve Account. Both funds can be refunded by FEMA or insurance reimbursements if they ultimately materialize.

26. Resolution 17-46, Approving Meyers Nave Three Year Legal Services Contract for Assistant General Counsel and Special Counsel Services – adopt resolution by all members authorizing the General Manager or his designee to enter into a Legal Services Contract with Meyers, Nave, Riback, Silver & Wilson (Meyers Nave) for legal services in connection with special counsel and Assistant General Counsel services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$750,000 over three years.

Fiscal Impact: Services pursuant to this contract are on an hourly basis. Legal services are budgeted and approved by NCPA as part of each year's annual budget and charged to the programs or projects receiving the services. Approximately \$450,000 of legal services was approved in the FY 2017 budget. The current rate charged by Meyers Nave for assistant general counsel services is \$340, which is proposed to increase to \$390 as of July 1, 2017. With the addition of in-house General Counsel, however, it is estimated that a savings in the cost of Assistant General Counsel and specialized legal services will be realized.

27. Resolution 17-50, Approval of Provision of Services to the Sierra Valley Energy Authority – adopt resolution by all members approving and authorizing: 1) NCPA to engage in negotiations with Sierra Valley Energy Authority to develop a Services Agreement under which NCPA may supply certain scheduling and portfolio management services to Sierra Valley Energy Authority, and 2) delegated authority to the General Manager of NCPA to negotiate the amount of compensation to be charged to Sierra Valley Energy Authority for NCPA's provision of Services within a defined range.

Fiscal Impact: To develop a proposed amount of compensation NCPA would receive for its provision of services to Sierra Valley Energy Authority, NCPA staff have developed an estimated cost of service using the NCPA Power Management Cost Allocation Spreadsheet Model (commonly known as the "Nexant Model") as a reference. The estimated cost of service developed using the Nexant Model is based on a set of modeling assumptions that were presented to and reviewed by the Facilities Committee, including direction provided by the Facilities Committee to allocate certain directly assigned costs in proportion to how such costs

are allocated in the model. As part of NCPA's negotiation with Sierra Valley Energy Authority, NCPA staff recommends that the Commission delegate authority to the General Manager of NCPA to negotiate an amount of compensation for services attributed to regular operations within the following ranges:

- Year One (1) of Term: \$412,250 - \$557,750
- Year Two (2) of Term: \$437,750 - \$592,250

In addition to compensation for services attributed to regular operations, NCPA staff also recommends that the Commission delegate authority to the General Manager of NCPA to incorporate an integration charge into NCPA's offer made to Sierra Valley Energy Authority, that would be separately stated, and may or may not be included in the regular operations negotiating range stated above if such is deemed appropriate by the General Manager, based on estimated costs associated with integrating Sierra Valley Energy Authority into NCPA's business processes.

NCPA's administrative costs for development of a Services Agreement with Sierra Valley Energy Authority will be allocated to members in accordance with approved cost allocation methodologies as described the NCPA annual budget.

CLOSED SESSION (10:30 – 10:45 am)

28. *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.

INFORMATIONAL ITEMS (10:45 – 11:00 am)

29. *Hydrology Report* – update and staff presentation.

NEW BUSINESS

ADJOURNMENT