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Minutes - DRAFT

To: NCPA Commission
From: Cary A. Padgett, Assistant Secretary to the Commission
Subject: September 28, 2018, NCPA Commission Meeting

1. *Call Meeting to Order and Introductions*

Chair Bob Lingl called the meeting to order at 10:43 am at the Hyatt Regency Monterey, 1 Golf Course Road, Monterey, California. A quorum was present. Introductions were made. Those in attendance are shown on the attached attendance list.

2. *Approve Minutes of the August 23, 2018, Regular Commission Meeting*

Motion: A motion was made by Teresa O'Neill and seconded by Basil Wong to approve the Minutes of the August 23, 2018, Regular Commission Meeting. The motion carried unanimously on a voice vote of those members present.

PUBLIC FORUM

Chair Lingl asked if any members of the public were present who would like to address the Commission on the agenda items. No members of the public were present.

REPORTS AND COMMITTEE UPDATES

3. *General Manager's Business Progress Report and Update*

General Manager Randy Howard reported that NCPA's Leadership Training graduates will be representing their team projects to the Commission, and a graduation ceremony will take place following their presentations. Mr. Howard thanked Human Resources Manager Vicki Cichocki and her staff for their efforts in putting together a great program.

Bob Marshall, **Plumas-Sierra**, read the story for this month's 50th Anniversary commemorative pin that was provided to the Commission. This month's pin highlighted NCPA's past Annual Conferences.

Chair Lingl took the Commission into recess at 11:04 am.

Chair Lingl reconvened the Commission meeting at 12:26 am.

4. *Executive Committee*

Committee Chair Lingl reported that the Committee did not meet since the last Commission meeting. The next Executive Committee meeting is scheduled on October 25 at NCPA's Roseville Office.

5. *Facilities Committee*

Assistant General Manager Tony Zimmer reported the Committee met once since the last Commission meeting. The Committee discussed items 12 through 20 on today's Agenda, and the general consensus of the Committee recommended Commission approval. However, a quorum of the Committee was not established.

6. *Finance Committee*

Committee Chair David Hagele reported the Committee did not meet since the last Commission meeting. A Special Committee meeting is scheduled on October 9 to review and approve NCPA's FY 2018 Annual Audit. The next regular meeting will be held on November 13 at NCPA's Roseville office.

7. *Legal Committee*

General Counsel Jane Luckhardt reported that the Committee met once since the last Commission meeting. The Committee discussed closed session item 21 on today's Agenda. No reportable action was taken on the closed session item.

8. *Legislative & Regulatory Affairs Committee*

Committee Chair Teresa O'Neill reported the Committee met once since the last Commission meeting. The Committee heard a panel presentation from Edie Chang, Deputy Executive Officer, California Air Resources Board; Michael Wara, Senior Research Scholar, Stanford Woods Institute for the Environment; and Robert Weisenmiller, Chair, California Energy Commission. Thanked the Legislative & Regulatory Affairs Team for their efforts in putting together a good Annual Conference. The next Committee meeting is scheduled on November 28 at NCPA's Roseville office.

9. *Members' Announcements & Meeting Reporting*

No member announcements or meeting reports mentioned.

CONSENT CALENDAR

Prior to the roll call vote to approve the Consent Calendar, the Commissioners were polled to determine if any member wished to pull an item or abstain from one or more items on the Consent Calendar. No items were pulled from the Consent Calendar for discussion. No items were pulled for discussion.

Motion: A motion was made by Greg Scharff and seconded by Teresa O'Neill to approve the Consent Calendar consisting of Items 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20. The motion carried by a majority of those members present on a roll call vote with the abstentions noted below for each item. *San Francisco BART, Plumas-Sierra and Ukiah were absent.*

10. *NCPA's Financials for the Months Ended August 31, 2018* – approval by all members.

11. *Treasurer's Report for the Months Ended August 31, 2018* – accept by all members.

12. **Resolution 18-73, Advanced Turbine Support, LLC – Five Year Multi-Task Consulting Services Agreement for borescope inspection and non-destructive testing 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 Multi-Task Consulting Services Agreement with Advanced Turbine Support, LLC for borescope inspection and non-destructive testing services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$250,000 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 \$250,000 to be used out of the NCPA approved budget. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.
Port of Oakland abstained.
13. **Resolution 18-74, Burns & McDonnell Engineering Company, Inc. – First Amendment to Five Year Multi-Task Professional Services Agreement; Applicable to the following projects: All NCPA Generation Plant Facilities, Members, Southern California Public Power Authority (“SCPPA”) or SCPPA Members** – adopt resolution by all members authorizing the General Manager or his designee to enter into a First Amendment to Multi-Task Professional Services Agreement with Burns & McDonnell Engineering Company, Inc., with any non-substantial changes recommended and approved by the NCPA General Counsel, increasing the not to exceed amount from \$1,000,000 to \$4,000,000, for use at any facilities owned and/or operated by Agency, its Members, SCPPA, or SCPPA Members.
Fiscal Impact: Total cost of the project is \$4,000,000 over five years to be used out of NCPA Approved Annual Operating Budgets as services are rendered. Purchase orders referencing the terms and conditions of the agreement will be issued following NCPA Procure Policies and Procedures.
14. **Resolution 18-75, Ernie & Sons Scaffolding dba Unique Scaffold – Five Year Multi-Task General Services Agreement for scaffolding services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA, and SCPPA Members** – adopt resolution by all member authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with Ernie & Sons Scaffolding dba Unique Scaffold for scaffolding services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$2,000,000 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 \$2,000,000 to be used out of the NCPA approved budget. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.
Port of Oakland abstained.
15. **Resolution 18-76, Fairchild & Wells, Inc. dba Fairchild & Associates – Five Year Multi-Task Consulting Services Agreement for well inspections and testing services; Applicable to the following projects: All NCPA Facility Locations** – adopt resolution by all members authorizing the General Manager or his designee to enter into a Multi-Task Consulting Services Agreement with Fairchild & Wells, Inc. dba Fairchild & Associates for well inspections and testing services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$500,000 over five years, for use at all facilities owned and/or operated by NCPA.
Fiscal Impact: Upon execution, the total cost of the agreement is not to exceed \$500,000 to be used out of the NCPA approved budget. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.
Port of Oakland, Redding, Shasta Lake, and Truckee Donner abstained.

16. **Resolution 18-77, Nozomi Networks, Inc. – Five Year Multi-Task Consulting Services Agreement for cyber security consulting, vulnerability testing and solutions; 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 Multi-Task Consulting Services Agreement with Nozomi Networks, Inc. for cyber security consulting, and vulnerability testing and solutions, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$500,000 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 \$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 18-78, Petrochem Insulation, Inc. – Five Year Multi-Task General Services Agreement; 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 Multi-Task General Services Agreement with Petrochem Insulation, Inc. for maintenance services, including insulation on steam piping and tanks, noise abatement, scaffolding, and fireproofing, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$500,000 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: This enabling agreement does not commit NCPA to any expenditure of funds. At the time services are required, NCPA will bid the specific scope of work consistent with NCPA procurement policies and procedures. NCPA currently has in place agreements for similar services with Sunshine Metal Clad, Ernie & Sons Scaffolding dba Unique Scaffolding, and Brand Energy Services, and seeks bids from as many qualified providers as possible. Bids are awarded to the lowest cost provider. NCPA will issue purchase orders based on cost and availability of the services needed at the time the service is required.
Port of Oakland abstained.
18. **Resolution 18-79, Rodney Bray – Five Year Multi-Task Consulting Services Agreement for assisting in development of new or production well workovers, interpretation of well analysis reports and supervision during drilling operations. Applicable to the following projects: All NCPA Facility Locations** – adopt resolution by all members authorizing the General Manager or his designee to enter into a Multi-Task Consulting Services Agreement with Rodney Bray for assisting in development of new or production well workovers, interpretation of well analysis reports, and supervision during drilling operations, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$500,000 over five years, for use at all facilities owned and/or operated by NCPA.
Fiscal Impact: Upon execution, the total cost of the agreement is not to exceed \$500,000 to be used out of the NCPA approved budget. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.
Port of Oakland, Redding, Shasta Lake and Truckee Donner abstained.
19. **Resolution 18-80, Western Hydrologics, LLP – Five Year Multi-Task Consulting Services Agreement for environmental regulatory compliance reporting, forecasting/modeling and design services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA and SCPPA Members** – adopt resolution by all members 80 authorizing the General Manager or his designee to enter into a Multi-Task Consulting Services Agreement with Western Hydrologics, LLP for regulatory compliance advice and complex engineering modeling services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$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.

20. ***Resolution 18-81, MFP Connect, LLC – Five Year Multi-Task Consulting Services Agreement for Energy Workforce Services on an Interim Basis and To Mentor Staff for Success in Public Power*** – adopt resolution by all members authorizing the General Manager or his designee to enter into a Multi-Task Consulting Services Agreement with MFP Connect, LLC (a Hometown Connections, Inc., partner) for the provision of energy workforce services to fill critical skills gaps on an interim basis and mentor staff for success in public power, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$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 or passed through to its Members through the Support Services Program as services are rendered. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.

CLOSED SESSION

General Counsel Jane Luckhardt did not take the Commission into closed session and noted that item 21 will be discussed in closed session at a Special Commission meeting scheduled on October 4, 2018.

21. **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

No new business was discussed.

ADJOURNMENT

The September 28, 2018, Commission meeting was adjourned at 12:46 pm.

Respectfully submitted,

CARY A. PADGETT
Assistant Secretary to the Commission

Attachments

CONSENT CALENDAR

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.

CONSENT CALENDAR ROLL-CALL APPROVAL

Commission Meeting Date: **September 28, 2018**

Consent Items Listed on the Agenda: # 10 to # 20

Consent Items Removed from the Agenda and Approved Separately:

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ROLL-CALL VOTE BY MEMBERS:

PA. / 8v0

Member	Item Numbers Abstained	Vote	Absent
Alameda		Y	
BART			X
Biggs		Y	
Gridley		Y	
Healdsburg		Y	
Lodi		Y	
Lompoc		Y	
Palo Alto		Y	
Port of Oakland	12, 14, 15, 17, 18	Y	
Redding	15, 18	X	
Roseville		Y	
Santa Clara		Y	
Shasta Lake	15, 18	Y	
Truckee Donner	15, 18	X	
Ukiah			X
Plumas-Sierra			X


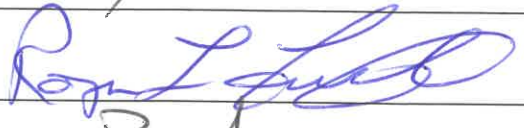
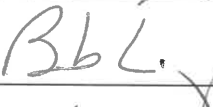
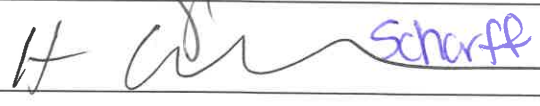
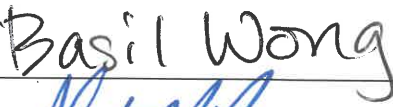
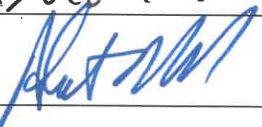

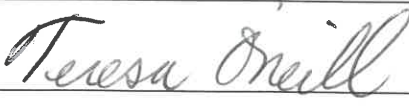

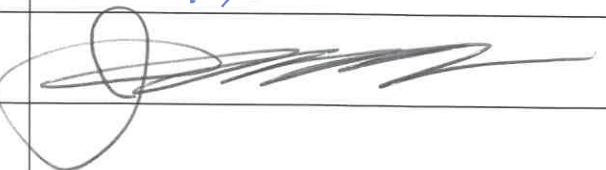
ATTEST:

Cary A. Padgett

Cary A. Padgett
Assistant Secretary to the Commission

**Northern California Power Agency
Commission Meeting of September 28, 2018
COMMISSIONER
Attendance List**

NCPA Commissioners are requested to sign, but signature by members of the public is voluntary.

MEMBER	NAME
ALAMEDA	
BIGGS	
GRIDLEY	
HEALDSBURG	
LODI	
LOMPOC	
PALO ALTO	
PORT OF OAKLAND	
PLUMAS-SIERRA REC	
REDDING	
ROSEVILLE	
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT (BART)	
SANTA CLARA	
SHASTA LAKE	
TRUCKEE DONNER	
UKIAH	

**Northern California Power Agency
Commission Meeting of September 28, 2018
Attendance List**

NCPA Commissioners, Alternates & Staff are requested to sign, but signature by members of the public is voluntary.

NAME	AFFILIATION
James Takehana	Shasta Lake
Douglas Stevenson	LADWP
Ken Speer	NCPA
David Hagler	City of Healdsburg
TERRY CHOWLEY	HEALDSBURG
Joyce Runkema	SVP - Santa Clara
Neki Cichacki	NCPA
ALAN KUROTORI	SANTA CLARA
MANUEL PINEDA	SANTA CLARA
SARAH TAHERI	NCPA
Janice Maadich	City of Lodi
Mico Procs	AMP
Todd White	Roswell
Greg Schmitt	IN
Bob Caracristi	Bob Caracristi
Mouthy Hawks	NCPA
Steve Hance	SVP
DAVID JERNISTAD	GHD INC
Doc Schubert	Lodi
Randy Baersax	NCPA
Melissa Price	Lodi
Ross Pincus	City of Lodi
SCOTT TOMASHEFSKY	NCPA

**Northern California Power Agency
Commission Meeting of September 28, 2018
Teleconference Attendance List**

NCPA Commissioners, Alternates & Staff are requested to sign, but signature by members of the public is voluntary.

NAME	AFFILIATION
Jane Carrington	NCPA
Regina Rieger	NCPA
Randy Howard	NCPA
Hendrix Dwyer	PALO ALTO
Rui Dai	NCPA
MANSOT Gue	TID
STEVE CHIU	Amf
PAUL ECKERS	GRIDLEY
Ann Hatcher	SVP
SANTA Anderson	WAPA
Rogae Feith	Biggs
BENJAMIN BEAVER	SIMONS ENERGY
Michael DeBortoli	NCPA
Dennis Sismaet	NCPA
TIKAM SINGH	LOMPOC
DEBRA LLOYD	PALO ALTO
Leslie Bryan	City of Redding
Chris Cirrass	NCPA
STEVE TUBBLE	WAPA
TED MILLER	REDDING ELECTRIC
Nickie CRUTHRDS	WAPA
Cathy Erwin	PS&EC
Billy Quach	Silicon Valley Power
Jake Eyman	NCPA

NCPA Commissioners, Alternates & Staff are requested to sign, but signature by members of the public is voluntary.

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Minutes - DRAFT

To: NCPA Commission

From: Cary A. Padgett, Assistant Secretary to the Commission

Subject: October 4, 2018, NCPA Special Commission Meeting / Teleconference

1. ***Call Meeting to Order and Introductions***

Chair Roger Frith called the meeting to order at 10:01 am at NCPA's Roseville Office at 651 Commerce Drive, Roseville, California. A quorum was present. Introductions were made. Those in attendance are shown on the attached attendance list, as well as the Members attending via teleconference.

PUBLIC FORUM

Chair Frith asked if any members of the public were present who would like to address the Commission on the agenda items. No members of the public were present.

General Counsel Jane Luckhardt took the Commission into Closed Session.

CLOSED SESSION

2. **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.

RECONVENED TO OPEN SESSION

General Counsel Jane Luckhardt convened the Commission meeting to Open Session.

REPORT FROM CLOSED SESSION

Closed Session Disclosure: General Counsel Jane Luckhardt stated that reportable action was taken on Closed Session item 2. The Commission approved Resolution 18-82 authorizing NCPA staff to pursue the appeal of the Opinion and Order issued in the Court of Federal Claims Case No. 14-817C (filed on July 30, 2018, and Judgement entered on July 31, 2018), and selected Spiegel & McDiarmid as Special Counsel to litigate the appeal. The motion carried by a majority on a roll call vote of those members present. *San Francisco BART, Gridley and Truckee Donner were absent.*

ADJOURNMENT

The October 4, 2018, Commission meeting was adjourned at 10:55 am.

Respectfully submitted,

CARY A. PADGETT
Assistant Secretary to the Commission

Attachments

ADJOURNMENT

The October 4, 2018, Commission meeting was adjourned at 10:55 am.

Respectfully submitted,

CARY A. PADGETT
Assistant Secretary to the Commission

Attachments

**Northern California Power Agency
Special Commission Meeting / Teleconference of October 4, 2018
COMMISSIONER
Attendance List**

NCPA Commissioners are requested to sign, but signature by members of the public is voluntary.

MEMBER	NAME
1 - ALAMEDA	Jerry Serventi
2 - BIGGS	Roger Frith (Chair)
3 - GRIDLEY	
4 - HEALDSBURG	Terry Crowley
5 - LODI	Mark Chandler
6 - LOMPOC	Bob Lingl
7 - PALO ALTO	Gregg Scharff
8 - PORT OF OAKLAND	Basil Wong
9 - PLUMAS-SIERRA REC	Fred Nelson
10 - REDDING	Dan Beans
11 - ROSEVILLE	Bonnie Gore
12 - SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT	
13 - SANTA CLARA	Teresa O'Neill
14 - Shasta Lake	James Takehara
15 - TRUCKEE DONNER	
16 - UKIAH	Mel Grandi

**Northern California Power Agency
Special Commission Meeting / Teleconference of October 4, 2018
Attendance List**

NCPA Commissioners, Alternates & Staff are requested to sign, but signature by members of the public is voluntary.

NAME	AFFILIATION
Nico Procos	Alameda
Liz Kirkley	Lodi
Dean Batchlor	Palo Alto
Jon Abendschein	Palo Alto
Bob Marshall	Plumas-Sierra
Michelle Bertolino	Roseville
Bob Schmidt	Roseville
Joe Mandell	Roseville
John Roukema	Santa Clara
Ann Hatcher	Santa clara
Manuel Pineda	Santa Clara
Jane Luckhardt	NCPA
Jane Cirrincione	NCPA
Randy Howard	NCPA
Cary Padgett	NCPA



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Commission Staff Report

AGENDA ITEM NO.: 5

Date: October 25, 2018
To: NCPA Commission
Subject: October 3, 2018 Facilities Committee Meeting Minutes

The attached Draft Minutes are being provided for information and to augment the oral Committee report.



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Minutes - DRAFT

Date: October 12, 2018
To: NCPA Facilities Committee
From: Carrie Pollo
Subject: October 3, 2018 Facilities Committee Meeting Minutes

1. **Call meeting to order & Roll Call** – The meeting was called to order by William Forsythe, Representative from the City of Roseville. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Debbie Whiteman and Alan Hanger (Alameda), Shiva Swaminathan (Palo Alto), Jared Carpenter (Port of Oakland), and Lowell Watros (Redding). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Biggs, Gridley, Healdsburg, Lompoc, Plumas-Sierra, Santa Clara, TID, and Ukiah were absent. A quorum of the Committee was not established.

PUBLIC FORUM

No public comment.

2. **Approve minutes from the August 1, 2018 and September 9, 2018 Facilities Committee Meetings, and the August 14, 2018 Special Facilities Committee Meeting** – Since there was not a quorum of the Committee, no action was taken. These minutes will be taken to the next Facilities Committee Meeting on November 7, 2018 for approval.
3. **All Generation Services Facilities, Members, SCPPA – WSA Engineered Systems MTGSA** – Staff gave background information and was seeking a recommendation for Commission approval of a five-year Multi-Task General Services Agreement with WSA Engineered Systems for equipment, materials, and off-site maintenance labor of automatic brush/ball tube cleaning systems, with a not to exceed amount of \$1,000,000, for use at all facilities owned and/or operated by NCPA, its Members, SCPPA, and SCPPA Members. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets. A draft Commission Staff Report and the draft agreement were available for review. This is an enabling agreement with no commitment of funds.

Since there was not a quorum, the general consensus of the Facilities Committee recommends Commission approval authorizing the General Manager or his designee to enter into a Multi-Task Consulting Services Agreement with WSA Engineered Systems, Inc. to provide

equipment, materials, and offsite maintenance labor of brush/ball tube cleaning systems, as well as on-site supervision and operator training on new systems, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$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. This item will move forward to the next Commission Meeting October 25, 2018, and placed on the consent calendar.

4. **NCPA Generation Services Plant Updates** – NCPA Plant Staff provided the Committee with an informational update on current plant activities and conditions.

CTs – The Lodi CT1 has had only 5 starts in the last few weeks due to the cloudy and cooler weather. The Alameda CT1 U1 parts are currently in Houston. The blades were tested for momentum/balance, and will be matched and balanced out based on the computer run. They passed the high speed rotor balance test. The planned shipping date is October 14, with completion of the repairs scheduled for October 31.

Hydro – The Donnell Fire is still currently burning at a very high elevation. It is mostly contained at this time, with the fire fighters letting it smolder out on its own. The Collierville Unit 2 generator rewind is currently in progress. The stator has been removed and is on deck going through a full mechanical disassembly. A team of six (6) individuals are removing the copper bars. These bars are very tightly glued in, with the glue being sand blasted out. The rewind was ahead of schedule, however this process has slowed the schedule down, but is still slightly ahead of schedule. The core has undergone a loop test for damage. Most of the core is OK, with the areas being repaired that aren't. The next steps are to begin the winding installation, the re-assembly, and then commissioning tests. The unit should be finished and released by approximately December 21, with the demobilization and site cleanup completed in mid-January. Please contact Randy Bowersox if interested in visiting the plant during the rewind.

5. **SFWPA Services Update** – Staff provided an update regarding ongoing discussions with South Feather Water and Power Agency (SFWPA) about NCPA's possible provision of Services to SFWPA. SFWPA has expressed interest in services offered by NCPA when their current contract with PG&E expires June 30, 2020. The services provided by NCPA would be similar to the MEID and PCWA services.

SFWPA owns and operates 120 MW of hydro generation, through four projects including Woodleaf, Sly Creek, Forbestown, and Kelly Ridge. The extra 120 MW would impact NCPA's operations and resources. With the addition of the 120 MW, NCPA's assets would most likely change from a low impact entity to a medium impact entity (1500 MW), which would have different and/or additional WECC/NERC standards and requirements than currently.

Tony Zimmer, Dennis Sismaet, and Michael Brush, toured the SFWPA facilities September 19. NCPA would also like to send staff from the IT department, SCADA, and Hydro operations to tour the facilities. SFWPA is looking for a longer term agreement and establishing relationships. This would be a good resource in NCPA's portfolio. SFWPA is actively working with a consultant to consider options. They should know by the end of the year if they would like to move forward with services from NCPA. They have also provided NCPA with a high level term sheet, that NCPA will distribute to members if requested. Staff will come back with updates to the committee for review.

6. Cotenancy Agreement – Staff provided background information and an update regarding ongoing discussions in response to CDWR's notice of termination of its entitlement in the Agreement of Cotenancy in the Castle Rock Junction-Lakeville 230-kV Transmission Line.

The Agreement of Cotenancy is between NCPA, SVP, CDWR, and PG&E for the Castle Rock Junction-Lakeville 230 kV Transmission Line. The agreement establishes rights of tenants-in-common for use of the Castle Rock Junction-Lakeville 230kV transmission line for the delivery of power from the geothermal facilities to the CAISO grid. The original entitlement shares are distributed as follows; PG&E = 931 MW, SVP = 60.1 MW, NCPA 49.9 MW, and CDWR = 165 MW. CDWR has assigned 55 MW to NCPA and SVP, which remains effective as long as NCPA and SVP remain cotenants. The cotenancy line is a key element of the Large Generator Interconnection Agreement among NCPA, PG&E, and CAISO, for the Geothermal Generating Unit 2 Project.

On July 30, 2018, CDWR provided notice of its intention to terminate its share, which can be terminated one year from this notice. The remaining cotenants have the option, but not the obligation, to assume a share of the line from CDWR. If no cotenant assumes the share of the line, the line is to be decommissioned and salvaged.

NCPA met with PG&E on September 20, 2018 to discuss options. PG&E does not want any of CDWR's share. NCPA and SVP are seeking to have PG&E take control of the entire line, and CDWR has expressed that they can terminate cotenancy, and long-term transmission service at will. NCPA is working to schedule another meeting to discuss pending questions and a possible outcome. Options to consider are that the three entities can assume a pro-rata allocation of CDWR's share, and the cotenants can calculate the cost of decommissioning the line and collect the amount from CDWR and distributed to PG&E, NCPA, and SVP. The key issue is long term contingent liability of the line and the fire risk with associated liability. One more option to consider, is to sell a share of the line to Calpine, as they may need the line. Ken Speer will contact Calpine regarding this option. As well, CDWR may need future resources. More geothermal will be available beginning 2022, and could be an option as a potential partner with NCPA. Staff will keep the committee updated as things progress, and may come back for a recommendation.

7. Planning and Operations Update –

- Business Continuity Project Bid to Bill – Due to internal issues recently with the system provider that caused problems transmitting the schedule through the CAISO, staff is investigating options with certain redundancy and critical points of failure. Staff will keep the Committee updated with progress of this project.
- The NCPA 2019 planned outages have been filed at the CAISO for RA due at the end of October. Please contact staff if you haven't scheduled the RA, or with any other questions.
- FERC Order TO18 – The outcome is pretty positive and should result in material TO18 refunds.
- FERC Order TO19 – Has been negotiated lower than TO18 rates, which is only the second time it's been lower than the previous year.
- PG&E has filed TO20 using a formula rate instead of a fixed rate.
- NCPA has filed rehearing of the prior order regarding NCPA's PG&E Order 890 compliant.
- Randy Howard, NCPA General Manager, and Mike Webster, SCPPA Executive Director, recently met with CEC Commissioners regarding working with LADWP on their 500 MW Project for Energy Efficiency. Through SCPPA's 5 Year Letter of Intent, NCPA Members will have access to this agreement through shared services.

Bill Forsythe commended NCPA on a great Annual Conference, and wonderful 50th Year Anniversary Celebration.

8. **Schedule Next Meeting Date** – The next regular Facilities Committee meeting is scheduled for November 7, 2018.

ADJOURNMENT

The meeting was adjourned at 10:50 am.

NCPA Facilities Committee Members, Alternates & Staff are requested to sign, but signature by members of the public is voluntary.

NCPA

**Northern California Power Agency
October 3, 2018 Facilities Committee Meeting
Attendance List**

NCPA Facilities Committee Members are requested to sign, but signature by members of the public is voluntary.

MEMBER	NAME
ALAMEDA	
BART	
BIGGS	
GRIDLEY	
HEALDSBURG	
LODI	<i>Jiayo Chiang</i>
LOMPOC	
PALO ALTO	
PLUMAS-SIERRA REC	
PORT OF OAKLAND	
REDDING	
ROSEVILLE	<i>Bill Forsythe</i>
SANTA CLARA	
TID	
UKIAH	



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Roseville, CA 95678

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fax (916) 783-7693
web www.ncpa.com

Commission Staff Report

AGENDA ITEM NO.: 6

Date: October 17, 2018
To: NCPA Commission
Subject: October 9, 2018 Special Finance Committee Meeting Minutes

The attached Draft Minutes are being provided for information and to augment the oral Committee report.



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Minutes

To: NCPA Finance Committee
From: Trisha Zimmer
Subject: October 9, 2018 Special Finance Committee Meeting Minutes

1. Call Meeting to Order

The meeting was called to order by Committee Chair David Hagele at 10:01am.

2. Roll Call

The meeting attendees either present or participating remotely are as follows: Finance Committee representatives: David Hagele (Healdsburg), Melissa Price (Lodi), Ann Hatcher (Santa Clara) and Bob Orbeta (Alameda); NCPA Staff: Monty Hanks, Randy Howard, Sondra Ainsworth, Trisha Zimmer, as well as John Wang (PFM), and Russ Hissom (Baker Tilly). A quorum of the Committee was established.

PUBLIC FORUM

Mr. Hagele asked if anyone wished to address the Committee on matters within the jurisdiction of the Committee. No one from the public was present at the site or at any of the teleconference locations.

REPORTS AND COMMITTEE ACTION ITEMS

4. Review of the June 30, 2018 Audited Financial Statements and Related Reports

Russ Hissom of Baker Tilly Virchow Krause provided a presentation including the FY2018 NCPA financial audit overview as well as required governing body communications. Mr. Hissom took a moment to thank NCPA staff for their hard work, cooperation and responsiveness during the audit process. Mr. Hissom reported that the NCPA audit was performed in accordance with generally accepted auditing standards and that the financial statements of NCPA received an unmodified opinion. Baker Tilly found no material weaknesses or significant deficiencies in controls. Baker Tilly agrees with NCPA's accounting policies and disclosures. No adjustments were made to the financial statements. There were no other audit findings or concerns. The Committee had no comments or concerns for Baker Tilly.

Sondra Ainsworth thanked the staff at Baker Tilly for their work on this year's audit. The Statement of Net Position was reviewed. NCPA's assets decreased \$34.3 million, liabilities

decreased \$35.5 million and the net position had an increase of \$4.0 million. The Statement of Revenue, Expenses, and Changes in Net Position revealed operating revenues increased by \$94.1 and operating expenses increased \$90.8 million.

Ms. Ainsworth reported that the Agency applies GASB 62 for regulatory accounting. This allows regulated entities to defer revenue and expenses and better match those with the timing of revenue collections, smoothing impacts to members/participants/customers and requires Committee approval. The 2018 audited financial statements include accounting for regulatory assets and liabilities. The following regulatory assets are included: net change in swaps valuation, net pension and OPEB liabilities (deferred outflows), and the difference between annual depreciation and debt service. Additionally, the following regulatory liabilities are included in the financial statements: pre-paid insurance, funds received in 2003 Hydro refunding, and MID construction advances.

Staff is recommending the Committee recommend Commission acceptance of the 2018 Audited Financial Statements as well as confirm authorization for regulatory accounting. Motion: A motion was made by Ann Hatcher (Santa Clara) and seconded by David Hagele (Healdsburg) recommending that the Commission accept the 2018 Audited Financial Statements as well as the authorization of regulatory accounting as listed above. A vote was taken by roll call: YES = Healdsburg, Santa Clara, Lodi, and Alameda. ABSENT = Roseville. The motion passed.

NEW BUSINESS

5. Other items of Interest to the Finance Committee

Monty Hanks informed the group that a Request for Proposal was issued on September 14, 2018 for Underwriting or Direct Purchase Services for the Hydroelectric Power Project Number One Revenue Bonds, 2010 Refunding Series A. The proposal deadline was October 5. NCPA received 9 underwriting proposals and 2 direct purchase proposals. Staff, along with PFM are currently reviewing the proposals and will bring the results to the Committee at the next regular meeting on November 13.

6. Next Finance Committee Meeting

The next Finance Committee meeting is scheduled for November 13th at 10am.

ADJOURNMENT

Meeting was adjourned at 10:25am.



10

Commission Staff Report

October 15, 2018

COMMISSION MEETING DATE: October 25, 2018

SUBJECT: September 2018 Financial Report (Unaudited)

AGENDA CATEGORY: Consent

FROM: Sondra Ainsworth *S. Ainsworth* **METHOD OF SELECTION:**
Treasurer-Controller N/A
Division: Administrative Services
Department: Accounting & Finance

IMPACTED MEMBERS:

All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input type="checkbox"/>	City of Lompoc <input type="checkbox"/>	City of Ukiah <input type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input type="checkbox"/>
City of Biggs <input type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input type="checkbox"/>	City of Roseville <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	Other <input type="checkbox"/>

If other, please specify

RECOMMENDATION:

Approval by all members

NOTICE:

The disbursements of the Northern California Power Agency for the month reported herein, will be approved at the October 25, 2018 meeting of the NCPA Commission. The following page is a summary of those disbursements.

Prior to the Chairman's call to order, the Assistant Secretary to the Commission will, upon request, make available for review the detailed listing of those disbursements.

The report of budget vs. actual costs and the unaudited September 2018 financial reports are also included.

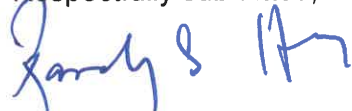
FISCAL IMPACT:

This report has no direct budget impact to the Agency.

ENVIRONMENTAL ANALYSIS:

The financial report 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.

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachments: (1)

**NORTHERN CALIFORNIA POWER AGENCY
and ASSOCIATED POWER CORPORATIONS**

**Schedule of Disbursements
(Unaudited)**

For the Month of September 2018

Operations:

Geothermal	\$ 1,145,980
Hydroelectric	3,349,369
CT#1 Combustion Turbines	252,897
CT#2 STIG	726,768
Lodi Energy Center	7,242,794
NCPA Operating	<u>29,009,827</u>
Total	<u><u>\$ 41,727,635</u></u>

**NORTHERN CALIFORNIA POWER AGENCY
REPORT OF BUDGET VS. ACTUAL COST
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

PERCENT OF YEAR ELAPSED 25%
--

	This Month	Actual Year To-Date	FY 2019 Budget	% Used	
<u>GENERATION RESOURCES</u>					
<u>NCPA Plants</u>					
Hydroelectric					
Other Plant Cost	\$ 1,466,108	\$ 4,401,486	\$ 16,699,691	26%	
Debt Service (Net)	2,929,735	8,789,206	35,156,824	25%	
Annual Budget Cost	4,395,843	13,190,692	51,856,515	25%	
Geothermal					
Other Plant Cost	3,318,618	7,559,332	29,488,515	26%	
Debt Service (Net)	411,408	1,234,224	4,936,896	25%	
Annual Budget Cost	3,730,026	8,793,556	34,425,411	26%	
Combustion Turbine No. 1	560,304	1,507,021	3,805,701	40%	(a)
Combustion Turbine No. 2 (Stig)					
Fuel and Pipeline Transport Charges	256,879	570,023	977,410	58%	(b)
Other Plant Cost	215,156	529,870	2,048,734	26%	
Debt Service (Net)	476,392	1,429,177	5,716,708	25%	
Annual Budget Cost	948,427	2,529,070	8,742,852	29%	
Lodi Energy Center					
Fuel	2,243,470	10,664,680	33,092,116	32%	(c)
Other Plant Cost	2,129,838	5,151,444	24,544,632	21%	
Debt Service (Net)	2,173,321	6,519,963	26,079,852	25%	
Annual Budget Cost	6,546,629	22,336,087	83,716,600	27%	
Member Resources - Energy	4,536,791	17,335,455	64,448,814	27%	
Member Resources - Natural Gas	406,171	1,223,424	3,098,278	39%	(d)
Western Resources	1,292,342	4,702,422	31,349,618	15%	
Market Power Purchases	2,063,253	5,965,124	15,539,033	38%	(e)
Load Aggregation Costs - CAISO	25,818,313	68,302,437	273,858,269	25%	
Net GHG Obligations	-	615,100	1,122,972	55%	(f)
	50,298,099	146,500,388	571,964,063	26%	
<u>TRANSMISSION</u>					
<u>Independent System Operator</u>					
Grid Management Charge	321,945	1,239,453	3,662,271	34%	(g)
Wheeling Access Charge	8,818,846	27,254,799	104,569,875	26%	
Ancillary Services	1,015,855	2,242,513	3,040,303	74%	(h)
Other Charges	(2,463,997)	(2,463,997)	1,549,274	-159%	(i)
	7,692,649	28,272,768	112,821,723	25%	
<u>MANAGEMENT SERVICES</u>					
<u>Legislative & Regulatory</u>					
Legislative Representation	144,056	503,226	2,023,068	25%	
Regulatory Representation	57,659	144,076	886,616	16%	
Western Representation	49,232	126,556	848,160	15%	
Member Services	39,685	93,094	438,389	21%	
Judicial Action	69,898	70,806	625,000	11%	

Management Services continued on next page

**NORTHERN CALIFORNIA POWER AGENCY
REPORT OF BUDGET VS. ACTUAL COST
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

PERCENT OF YEAR ELAPSED 25%
--

	This Month	Actual Year To-Date	FY 2019 Budget	% Used	
Power Management					
System Control & Load Dispatch	561,776	1,412,110	6,107,416	23%	
Forecasting, Planning, Prescheduling & Trading	258,132	628,107	2,775,167	23%	
Industry Restructuring & Regulatory Affairs	27,960	70,301	438,813	16%	
Contract Admin, Interconnection Svcs & External Affairs	79,801	216,364	1,134,623	19%	
Green Power Project	27	79	2,964	3%	
Gas Purchase Program	7,075	16,748	77,781	22%	
Market Purchase Project	9,008	22,251	112,014	20%	
Energy Risk Management	5,486	32,027	259,585	12%	
Settlements	46,644	151,823	941,392	16%	
Integrated Systems Support	1,848	41,919	272,850	15%	
Participant Pass Through Costs	31,503	135,839	1,619,170	8%	
Support Services	296,536	367,526	-	N/A	
	1,686,326	4,032,852	18,563,008	22%	
TOTAL ANNUAL BUDGET COST	59,677,074	178,806,008	703,348,794	25%	
LESS: THIRD PARTY REVENUE					
Plant ISO Energy Sales	6,322,267	45,394,608	100,456,289	45%	(j)
Member Resource ISO Energy Sales	2,325,583	12,667,349	28,186,777	45%	(k)
NCPA Contracts ISO Energy Sales	1,621,363	7,616,704	14,720,326	52%	(k)
Western Resource Energy Sales	1,251,673	10,399,897	23,182,775	45%	(k)
Load Aggregation Energy Sales	31,247,926	38,579,684	131,328,609	29%	(l)
Ancillary Services Sales	484,150	1,600,857	4,409,129	36%	(m)
Transmission Sales	9,198	27,594	110,376	25%	
Western Credits, Interest and Other Income	1,357,837	5,220,637	37,414,086	14%	
	44,619,997	121,507,330	339,808,367	36%	
NET ANNUAL BUDGET COST TO PARTICIPANTS	\$ 15,057,077	\$ 57,298,678	\$ 363,540,427	16%	

- (a) Increase in costs due to greater than projected MWhs of generation. CT1 is at 133% of budgeted MWhs at 9/30/18. Fuel costs, CA ISO charges, and other variable costs have all increased as a result of increased generation.
- (b) Increase in costs due to greater than projected MWhs of generation. CT2 is at 458% of budgeted MWhs at 9/30/18. Fuel costs and CA ISO charges have increased as a result of increased generation.
- (c) Increase in costs due to greater than projected MWhs of generation. LEC is at 116% of budgeted MWhs at 9/30/18. Fuel costs and CA ISO charges have increased as a result of increased generation.
- (d) Increase due to greater than projected MWhs of generation at CT1, CT2, and LEC. See notes (a), (b), and (c).
- (e) Variance due to unbudgeted market purchases and NCPA contracts. Unbudgeted deals made after the FY19 budget including certain NextEra and Shell deals.
- (f) Purchases made several months in advance. Increase primarily due to greater than anticipated GHG allowances purchased at auction for Alameda and the City of Lodi.
- (g) Increase due to greater than projected MWhs of generation. See notes (a), (b), and (c).
- (h) Increase due to greater than projected MWhs of generation. See notes (a), (b), and (c).
- (i) The budget to actual variance is caused by unbudgeted CAISO costs including imbalance costs, neutrality allocations, congestion offsets, and other cost allocations. These costs are not budgeted due to their unpredictable nature.
- (j) Variance due to higher than anticipated ISO energy sales and higher market prices for the Lodi Energy Center (LEC), CT1, CT2, and Hydro.
- (k) Increase due to higher market prices caused by California wildfires.
- (l) The load aggregation energy sales variance calculated above uses 3/12 of the annual budget. When comparing actual sales to monthly budgeted amounts, the variance is less than 1%. The above variance is expected to normalize throughout the year.
- (m) Increase due to greater than projected MWhs of generation. See notes (a), (b), and (c) and corresponding increase in ancillary services costs.

COMBINED STATEMENTS OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

UNAUDITED

	September 30,	
	2018	2017
	(in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 34,936	\$ 20,096
Investments	50,529	61,756
Accounts receivable		
Participants	181	431
Other	1,396	1,127
Interest receivable	478	247
Inventory and supplies	9,746	9,799
Prepaid expenses	881	662
TOTAL CURRENT ASSETS	98,147	94,118
RESTRICTED ASSETS		
Cash and cash equivalents	37,296	38,934
Investments	165,883	167,699
Interest receivable	717	644
TOTAL RESTRICTED ASSETS	203,896	207,277
ELECTRIC PLANT		
Electric plant in service	1,504,774	1,502,795
Less: accumulated depreciation	(981,206)	(950,449)
	523,568	552,346
Construction work-in-progress	182	151
TOTAL ELECTRIC PLANT	523,750	552,497
OTHER ASSETS		
Regulatory assets	229,872	235,406
Unused vendor credits	-	24
Preliminary survey and investigation costs	74	-
Investment in associated company	265	-
TOTAL ASSETS	1,056,004	1,089,322
DEFERRED OUTFLOWS OF RESOURCES		
Excess cost on refunding of debt	39,507	44,992
Pension deferrals	19,200	13,506
TOTAL DEFERRED OUTFLOWS OF RESOURCES	58,707	58,498
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,114,711	\$ 1,147,820

COMBINED STATEMENTS OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

UNAUDITED

	September 30,	
	2018	2017
	(in thousands)	
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 19,489	\$ 36,695
Accounts and retentions payable - restricted for construction	50	-
Member advances	1,104	993
Operating reserves	22,515	20,599
Current portion of long-term debt	41,950	41,870
Accrued interest payable	8,646	9,612
TOTAL CURRENT LIABILITIES	93,754	109,769
NON-CURRENT LIABILITIES		
Net pension and OPEB liability	76,002	64,589
Operating reserves and other deposits	146,605	142,280
Interest rate swap liability	11,818	15,433
Long-term debt, net	664,182	705,660
TOTAL NON-CURRENT LIABILITIES	898,607	927,962
TOTAL LIABILITIES	992,361	1,037,731
DEFERRED INFLOWS OF RESOURCES		
Regulatory credits	69,866	71,338
Pension and OPEB deferrals	3,195	4,460
TOTAL DEFERRED INFLOWS OF RESOURCES	73,061	75,798
NET POSITION		
Net investment in capital assets	(43,148)	(44,603)
Restricted	42,255	41,332
Unrestricted	50,182	37,562
TOTAL NET POSITION	49,289	34,291
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,114,711	\$ 1,147,820

**COMBINED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

**NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS**

UNAUDITED

	Three Months Ended September 30,	
	2018	2017
	(in thousands)	
OPERATING REVENUES		
Participants	\$ 97,504	\$ 90,450
Other Third-Party	88,279	77,112
TOTAL OPERATING REVENUES	185,783	167,562
OPERATING EXPENSES		
Purchased power	83,161	85,740
Operations	22,709	16,239
Transmission	43,250	38,719
Depreciation	7,739	7,736
Maintenance	5,432	4,274
Administrative and general	4,551	3,989
TOTAL OPERATING EXPENSES	166,842	156,697
NET OPERATING REVENUES	18,941	10,865
NON OPERATING (EXPENSES) REVENUES		
Interest expense	(10,109)	(11,389)
Interest income	4,545	2,334
Other	1,575	1,229
TOTAL NON OPERATING EXPENSES	(3,989)	(7,826)
FUTURE RECOVERABLE AMOUNTS	(1,275)	(839)
REFUNDS TO PARTICIPANTS	(2,456)	(1,969)
INCREASE (DECREASE) IN NET POSITION	11,221	231
NET POSITION, Beginning of year	38,068	34,060
NET POSITION, Period ended	\$ 49,289	\$ 34,291

OTHER FINANCIAL INFORMATION

COMBINING STATEMENT OF NET POSITION NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS (000's omitted)

September 30, 2018

	GENERATING & TRANSMISSION RESOURCES										
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission No. One	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined	
ASSETS											
CURRENT ASSETS											
Cash and cash equivalents	\$ 1	\$ -	\$ -	1	\$ 1	73	\$ -	\$ 63	\$ 34,797	\$ 34,936	
Investments	-	-	-	-	-	-	-	-	50,529	50,529	
Accounts receivable	-	-	-	-	-	-	-	-	181	181	
Participants	1	1	-	-	-	-	1,319	-	75	1,396	
Other	-	-	-	-	-	-	125	-	353	478	
Interest receivable	-	-	-	-	-	-	-	-	-	9,746	
Inventory and supplies	4,509	1,079	642	1,405	2,111	-	-	6	487	881	
Prepaid expenses	98	156	11	16	107	-	7,210	15,840	(79,971)	-	
Due from Agency and other programs*	19,366	11,548	2,076	(41)	23,972	-	8,654	15,909	6,451	98,147	
TOTAL CURRENT ASSETS	23,975	12,784	2,730	1,381	26,263	-	-	-	-	-	
RESTRICTED ASSETS											
Cash and cash equivalents	4,337	9,037	513	-	6,000	-	4,339	-	13,070	37,296	
Investments	22,844	33,642	2,029	-	26,820	-	23,560	-	56,988	165,883	
Interest receivable	129	111	8	-	128	-	-	-	341	717	
TOTAL RESTRICTED ASSETS	27,310	42,790	2,550	-	32,948	-	27,899	-	70,399	203,896	
ELECTRIC PLANT											
Electric plant in service	570,332	394,838	64,845	36,521	423,810	7,736	-	742	5,950	1,504,774	
Less: accumulated depreciation	(536,641)	(264,617)	(48,914)	(34,526)	(85,207)	(7,736)	-	(422)	(3,143)	(981,206)	
	33,691	130,221	15,931	1,995	338,603	-	-	320	2,807	523,568	
Construction work-in-progress	-	-	-	-	182	-	-	-	-	182	
TOTAL ELECTRIC PLANT	33,691	130,221	15,931	1,995	338,785	-	-	320	2,807	523,750	
OTHER ASSETS											
Regulatory assets	(357)	134,150	10,084	-	24,203	-	-	-	61,792	229,872	
Preliminary survey and investigation costs	-	-	-	-	-	-	-	74	-	74	
Investment in associated company	-	-	-	-	-	-	-	-	265	265	
TOTAL ASSETS	84,619	319,945	31,295	3,376	422,199	-	36,553	16,303	141,714	1,056,004	
DEFERRED OUTFLOWS OF RESOURCES											
Excess cost on refunding of debt	1,585	35,004	865	-	2,053	-	-	-	-	39,507	
Pension deferrals	-	-	-	-	-	-	-	-	19,200	19,200	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,585	35,004	865	-	2,053	-	-	-	19,200	58,707	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 86,204	\$ 354,949	\$ 32,160	\$ 3,376	\$ 424,252	\$ -	\$ 36,553	\$ 16,303	\$ 160,914	\$ 1,114,711	

* Eliminated in Combination

OTHER FINANCIAL INFORMATION

COMBINING STATEMENT OF NET POSITION NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS (000's omitted)

September 30, 2018

	GENERATING & TRANSMISSION RESOURCES										Other Agency	Combined									
	Geothermal	Hydroelectric	Multiple Capital Facilities		CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services												
LIABILITIES																					
CURRENT LIABILITIES																					
Accounts payable and accrued expenses	\$	51	\$	253	\$	-	\$	1	\$	2,024	\$	-	\$	11,777	\$	-	\$	5,383	\$	19,489	50
Accounts and retentions payable - restricted for construction		-		10		-		-		40		-		-		-		-		1,104	
Member advances		791		-		-		-		-		-		-		313		-		22,515	
Operating reserves		6,885		250		513		852		14,015		-		-		-		-		41,950	
Current portion of long-term debt		5,095		21,180		4,195		-		11,480		-		-		-		-		-	
Accrued interest payable		134		3,414		243		-		4,855		-		-		-		-		8,646	
TOTAL CURRENT LIABILITIES		12,956		25,107		4,951		853		32,414		-		11,777		313		5,383		93,754	
NON-CURRENT LIABILITIES																					
Net pension and OPEB liability		-		-		-		-		-		-		-		-		76,002		76,002	
Operating reserves and other deposits		20,081		17,452		-		-		1,717		-		28,206		8,338		70,811		146,605	
Interest rate swap liability		-		11,818		-		-		-		-		-		-		-		11,818	
Long-term debt, net		20,100		286,922		25,992		-		331,168		-		-		-		-		664,182	
TOTAL NON-CURRENT LIABILITIES		40,181		316,192		25,992		-		332,885		-		28,206		8,338		146,813		898,607	
TOTAL LIABILITIES		53,137		341,299		30,943		853		365,299		-		39,983		8,651		152,196		992,361	
DEFERRED INFLOWS OF RESOURCES																					
Regulatory credits		18,650		4,089		925		2,160		40,520		-		-		273		3,249		69,866	
Pension and OPEB deferrals		-		-		-		-		-		-		-		-		3,195		3,195	
TOTAL DEFERRED INFLOWS OF RESOURCES		18,650		4,089		925		2,160		40,520		-		-		273		6,444		73,061	
NET POSITION																					
Net investment in capital assets		(3,295)		(19,908)		(4,187)		-		(15,758)		-		-		-		-		(43,148)	
Restricted		6,206		17,816		2,307		-		16,775		-		(182)		(256)		(411)		42,255	
Unrestricted		11,506		11,653		2,172		363		17,416		-		(3,248)		7,635		2,685		50,182	
TOTAL NET POSITION		14,417		9,561		292		363		18,433		-		(3,430)		7,379		2,274		49,289	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$	86,204	\$	354,949	\$	32,160	\$	3,376	\$	424,252	\$	-	\$	36,553	\$	16,303	\$	160,914	\$	1,114,711	

OTHER FINANCIAL INFORMATION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

For the Three Months Ended September 30, 2018

	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
OPERATING REVENUES										
Participants	\$ 1,134	\$ 4,714	\$ 990	\$ 860	\$ 12,880	\$ -	\$ 71,732	\$ 5,088	\$ 106	\$ 97,504
Other Third-Party	10,177	10,462	880	1,582	24,055	-	40,823	300	-	88,279
TOTAL OPERATING REVENUES	11,311	15,176	1,870	2,442	36,935	-	112,555	5,388	106	185,783
OPERATING EXPENSES										
Purchased power	541	1,080	34	220	1,237	-	80,049	-	-	83,161
Operations	3,521	923	700	646	12,572	-	1,223	3,124	-	22,709
Transmission	98	228	11	51	218	-	42,643	1	-	43,250
Depreciation	987	2,391	551	47	3,654	-	-	24	85	7,739
Maintenance	2,568	1,339	153	395	964	-	-	13	-	5,432
Administrative and general	1,226	747	183	170	1,255	-	-	1,571	(601)	4,551
Intercompany (sales) purchases, net*	(175)	72	18	22	76	-	-	(13)	-	-
TOTAL OPERATING EXPENSES	8,766	6,780	1,650	1,551	19,976	-	123,915	4,720	(516)	166,842
NET OPERATING REVENUES	2,545	8,396	220	891	16,959	-	(11,360)	668	622	18,941
NON OPERATING (EXPENSES) REVENUES										
Interest expense	(134)	(5,914)	(372)	-	(3,689)	-	-	-	-	(10,109)
Interest income	441	519	48	1	714	-	395	23	2,404	4,545
Other	-	-	501	-	791	-	63	-	220	1,575
TOTAL NON OPERATING (EXPENSES) REVENUES	307	(5,395)	177	1	(2,184)	-	458	23	2,624	(3,989)
FUTURE RECOVERABLE AMOUNTS	(574)	(591)	(524)	-	414	-	-	-	-	(1,275)
REFUNDS TO PARTICIPANTS	215	(236)	10	97	-	-	(624)	(109)	(1,809)	(2,456)
INCREASE (DECREASE) IN NET POSITION	2,493	2,174	(117)	989	15,189	-	(11,526)	582	1,437	11,221
NET POSITION, Beginning of year	11,924	7,387	409	(626)	3,244	-	8,096	6,797	837	38,068
NET POSITION, Period ended	\$ 14,417	\$ 9,561	\$ 292	\$ 363	\$ 18,433	\$ -	\$ (3,430)	\$ 7,379	\$ 2,274	\$ 49,289

* Eliminated in Combination

NORTHERN CALIFORNIA POWER AGENCY & ASSOCIATED POWER CORPORATIONS
AGED ACCOUNTS RECEIVABLE
September 30, 2018

<u>Status</u>	<u>Participant / Customer</u>	<u>Description</u>	<u>Amount</u>
CURRENT			\$ 1,395,106
PAST DUE:			
1 - 30	BART	FY19 SCPA Balancing Acct Adj	172,601 *
	Lodi	FY19 SCPA Balancing Acct Adj	9,586 *
31 - 60	WAPA	SEL Transformer Training	144
61 - 90			
91 - 120			
Over 120 Days			
PARTICIPANT and OTHER RECEIVABLES (net)			<u>\$ 1,577,437</u>

** Denotes items pending authorized Letters of Direction*

**NORTHERN CALIFORNIA POWER AGENCY
and ASSOCIATED POWER CORPORATIONS**

**Schedule of Disbursements
(Unaudited)**

For the Month of September 2018

Operations:

Geothermal	\$ 1,145,980
Hydroelectric	3,349,369
CT#1 Combustion Turbines	252,897
CT#2 STIG	726,768
Lodi Energy Center	7,242,794
NCPA Operating	<u>29,009,827</u>
Total	<u><u>\$ 41,727,635</u></u>



Commission Staff Report

October 17, 2018

COMMISSION MEETING DATE: October 25, 2018

SUBJECT: Treasurer's Report for Month Ended September 30, 2018

AGENDA CATEGORY: Consent

FROM:	Sondra Ainsworth <i>[Signature]</i>	METHOD OF SELECTION:
	Treasurer-Controller	N/A
Division:	Administrative Services	
Department:	Accounting & Finance	

IMPACTED MEMBERS:

All Members	<input checked="" type="checkbox"/>	City of Lodi	<input type="checkbox"/>	City of Shasta Lake	<input type="checkbox"/>
Alameda Municipal Power	<input type="checkbox"/>	City of Lompoc	<input type="checkbox"/>	City of Ukiah	<input type="checkbox"/>
San Francisco Bay Area Rapid Transit	<input type="checkbox"/>	City of Palo Alto	<input type="checkbox"/>	Plumas-Sierra REC	<input type="checkbox"/>
City of Biggs	<input type="checkbox"/>	City of Redding	<input type="checkbox"/>	Port of Oakland	<input type="checkbox"/>
City of Gridley	<input type="checkbox"/>	City of Roseville	<input type="checkbox"/>	Truckee Donner PUD	<input type="checkbox"/>
City of Healdsburg	<input type="checkbox"/>	City of Santa Clara	<input type="checkbox"/>	Other	<input type="checkbox"/>

If other, please specify

RECOMMENDATION:

Approval by all members.

BACKGROUND:

In compliance with Agency policy and State of California Government Code Sections 53601 and 53646(b), the following monthly report is submitted for your information and acceptance.

Cash - At month end cash totaled \$7,155,245 of which approximately \$245,004 was applicable to Special and Reserve Fund Deposits, \$3,945,809 to Debt Service and \$2,964,432 to Operations and other.

The cash balance held at U.S. Bank includes outstanding checks that have not yet cleared. This cash balance is invested nightly in a fully collateralized (U.S. Government Securities) repurchase agreement.

Investments - The carrying value of NCPA's investment portfolio totaled \$281,438,267 at month end. The current market value of the portfolio totaled \$277,919,738.

The overall portfolio had a combined weighted average interest rate of 1.998% with a bond equivalent yield (yield to maturity) of 2.026%. Investments with a maturity greater than one year totaled \$172,903,000. September maturities totaled \$55 million and monthly receipts totaled \$20 million. During the month \$36 million was invested.

Funds not required to meet annual cash flow are reinvested and separately reported as they occur.

Interest Rates - During the month, rates on 90 day T-Bills increased 8 basis points (from 2.12% to 2.20%) and rates on one year T-Bills increased 12 basis points (from 2.47% to 2.59%).

To the best of my knowledge and belief, all securities held by NCPA as of September 30, 2018 are in compliance with the Agency's investment policy. There are adequate cash flow and investment maturities to meet next month's cash requirements.

FISCAL IMPACT:

This report has no direct budget impact to the Agency.

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 the California Environmental Quality Act. No environmental review is necessary.

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachment

SR: 208:18

NORTHERN CALIFORNIA POWER AGENCY

TREASURER'S REPORT

SEPTEMBER 30, 2018

TABLE OF CONTENTS

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DETAIL REPORT OF INVESTMENTS	APPENDIX

**Northern California Power Agency
Treasurer's Report
Cash & Investment Balance
September 30, 2018**

	CASH	INVESTMENTS	TOTAL	PERCENT
NCPA FUNDS				
Operating	\$ 1,029,180	\$ 111,468,156	\$ 112,497,336	38.98%
Special Deposits	\$ 905,727	\$ -	\$ 905,727	0.31%
Construction	\$ 1,029,525	\$ 3,967,803	\$ 4,997,328	1.73%
Debt Service	\$ 3,945,809	\$ 16,265,801	\$ 20,211,610	7.00%
Special & Reserve	\$ 245,004	\$ 149,736,507	\$ 149,981,511	51.98%
	<u>\$ 7,155,245</u>	<u>\$ 281,438,267</u>	<u>\$ 288,593,512</u>	<u>100.00%</u>

Portfolio Investments at Market Value

\$ 277,919,738

NOTE A -Investment amounts shown at book carrying value.

NOTE B - The total portfolio book value includes General Electric (GE) bonds totaling \$1,232,765 with maturity date 1/09/2023. S&P Global Ratings (S&P) downgraded their credit rating of GE from A2 (rating at time of purchase) to BBB+ on 10/2/18, while Fitch and Moody's maintained their current ratings at A and A2, respectively. NCPA will continue to monitor the economic outlook for the issuer.

**Northern California Power Agency
Treasurer's Report
Cash Activity Summary
September 30, 2018**

	RECEIPTS			EXPENDITURES			CASH
	OPS/CONSTR	INTEREST (NOTE B)	INVESTMENTS (NOTE A)	OPS/CONSTR	INVESTMENTS (NOTE B)	INTER-COMPANY/ FUND TRANSFERS	INCREASE / (DECREASE)
NCPA FUNDS							
Operating	\$ 19,620,548	\$ 61,122	\$ 48,860,884	\$ (20,315,792)	\$ (28,832,340)	\$ (19,011,474)	\$ 382,948
Special Deposits	718,137	11	-	(15,199,768)	-	13,427,934	(1,053,686)
Construction	-	-	-	-	-	-	-
Debt Service	-	387	-	-	(2,225,023)	6,165,805	3,941,169
Special & Reserve	-	37,752	6,238,368	(1,090,573)	(4,603,282)	(582,265)	-
	<u>\$ 20,338,685</u>	<u>\$ 99,272</u>	<u>\$ 55,099,252</u>	<u>\$ (36,606,133)</u>	<u>\$ (35,660,645)</u>	<u>\$ -</u>	<u>\$ 3,270,431</u>

NOTE A -Investment amounts shown at book carrying value.

NOTE B -Net of accrued interest purchased on investments.

**Northern California Power Agency
Treasurer's Report
Investment Activity Summary
September 30, 2018**

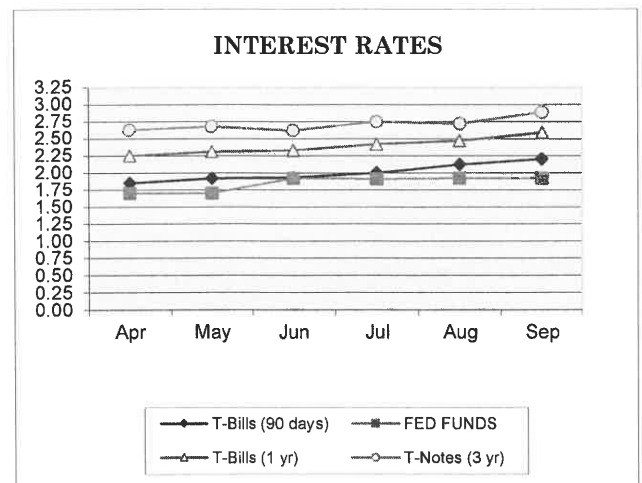
	PURCHASED	SOLD OR MATURED	(NON-CASH) DISC/(PREM) AMORT	(NON-CASH) GAIN/(LOSS) ON SALE	INVESTMENTS	
					TRANSFERS	INCREASE / (DECREASE)
NCPA FUNDS						
Operating	\$ 28,832,340	\$ (48,860,884)	\$ 7,581	\$ -	\$ -	\$ (20,020,963)
Special Deposits	-	-	-	-	-	-
Construction	-	-	(594)	-	-	(594)
Debt Service	2,225,023	-	24,271	-	-	2,249,294
Special & Reserve	4,603,282	(6,238,368)	(6,280)	-	-	(1,641,366)
	<u>\$ 35,660,645</u>	<u>\$ (55,099,252)</u>	<u>\$ 24,978</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(19,413,629)</u>
 Less Non- Cash Activity						
Disc/(Prem) Amortization & Gain/(Loss) on Sale						<u>(24,978)</u>
Net Change in Investment --Before Non-Cash Activity						<u>\$ (19,438,607)</u>

NOTE A -Investment amounts shown at book carrying value.

**Northern California Power Agency
Interest Rate/Yield Analysis
September 30, 2018**

	WEIGHTED AVERAGE INTEREST RATE	BOND EQUIVALENT YIELD
OVERALL COMBINED	1.998%	2.026%
OPERATING FUNDS:	1.937%	2.042%
PROJECTS:		
Geothermal	2.252%	2.423%
Capital Facilities	2.280%	2.268%
Hydroelectric	1.989%	2.024%
Lodi Energy Center	1.906%	1.595%

KEY INTEREST RATES		
	CURRENT	PRIOR YEAR
Fed Fds (Overnight)	1.92%	1.16%
T-Bills (90da.)	2.20%	1.06%
Agency Disc (90da.)	2.16%	1.01%
T-Bills (1yr.)	2.59%	1.31%
Agency Disc (1yr.)	2.59%	1.28%
T-Notes (3yr.)	2.89%	1.59%



**Northern California Power Agency
Total Portfolio
Investment Maturities Analysis
September 30, 2018**

Type	0-7 Days	8-90 Days	91-180 Days	181-270 Days	271-365 Days	1-5 Years	6-10 Years	Total	Percent
US Government Agencies	\$ -	\$ 20,106	\$12,483	\$ 4,907	\$ 1,160	\$ 120,297	\$ 2,000	\$ 160,953	56.85%
Corporate Bonds (MTN)	-	-	-	-	-	48,960	-	48,960	17.29%
US Bank Trust Money Market	2,369	-	-	-	-	-	-	2,369	0.84%
Commercial Paper	6,324	-	-	-	-	-	-	6,324	2.23%
Investment Trusts (LAIF)	57,874	-	-	-	-	-	-	57,874	20.44%
U.S.Treasury Market Acct. *	2,183	-	-	-	-	-	-	2,183	0.77%
U.S.Treasury Bill/Note	-	2,548	119	-	137	146	-	2,950	1.04%
Certificates of Deposit	10	-	-	-	-	1,500	-	1,510	0.53%
Total Dollars	\$ 68,760	\$22,654	\$12,602	\$4,907	\$1,297	\$170,903	\$2,000	\$ 283,123	100.00%
Total Percents	24.29%	8.00%	4.45%	1.73%	0.46%	60.36%	0.71%	100.00%	

Investments are shown at Face Value, in thousands.

* The cash balance held at US Bank includes outstanding checks that have not yet cleared. This cash balance is invested nightly in a fully collateralized (U.S. Government Securities) repurchase agreement. Cash held by Union Bank of California is invested nightly in fully collateralized U.S. Treasury Securities.

NORTHERN CALIFORNIA POWER AGENCY

Detail Report Of Investments

APPENDIX

Note: **This appendix has been prepared to comply with
Government Code section 53646.**

**Northern California Power Agency
Treasurer's Report**

09/30/2018

Operating

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
US Bank, N.A.	USB	3,217,800	1.250	11/26/2014	3,217,800		1	1.250	3,217,800	SYS70101	70101	3,217,800
Local Agency Investm	LAIF	30,362,973	1.899	07/01/2013	30,362,973		1	1.899	30,362,973	SYS70000	70000	30,362,973
Union Bank of Califo	UBOC	272,706	0.002	07/01/2013	272,706		1	0.002	272,706	SYS70014	70014	272,706
US Bank	USB	1,029,178	0.001	06/30/2013	1,029,178		1	0.001	1,029,178	SYS70050	70050	1,029,178
US Bank	USB	3,106,067	0.850	08/24/2017	3,106,067		1	0.850	3,106,067	SYS70056	70056	3,106,067
US Bank	USB	10,000	0.050	07/07/2018	10,000	10/07/2018	6	0.050	10,000	SYS30308	30308	10,000
Federal Farm Credit	UBOC	3,626,000	1.290	12/21/2015	3,624,948	11/19/2018	49	1.300	3,621,685	3133EFPJ0	26280	3,625,952
Federal Home Loan Mt	UBOC	4,000,000	1.750	06/09/2015	4,046,160	05/30/2019	241	1.450	3,980,040	3137EADG1	26231	4,007,709
General Dynamics	UBOC	1,000,000	2.875	09/20/2018	998,980	05/11/2020	588	2.937	997,580	369550BA5	26668	998,999
Federal Home Loan Ba	UBOC	4,975,000	1.600	08/28/2017	4,990,373	07/17/2020	655	1.490	4,868,635	3130ABTW6	26466	4,984,558
Walmart, Inc.	UBOC	1,000,000	1.900	09/20/2018	979,580	12/15/2020	806	2.848	978,720	931142EA7	26674	979,859
John Deere Capital C	UBOC	500,000	2.350	09/21/2018	492,195	01/08/2021	830	3.057	491,175	24422ETZ2	26676	492,289
Federal Home Loan Ba	UBOC	2,785,000	1.400	07/19/2016	2,783,608	01/19/2021	841	1.411	2,693,736	3130A8P80	26355	2,784,288
Cisco Systems Inc.	UBOC	1,000,000	2.200	09/20/2018	982,020	02/28/2021	881	2.969	979,170	17275RBD3	26667	982,245
Federal Home Loan Mt	UBOC	3,000,000	2.530	03/29/2018	3,000,000	03/29/2021	910	2.530	2,970,330	3134GSGT6	26564	3,000,000
Home Depot Inc.	UBOC	500,000	2.000	03/21/2018	487,800	04/01/2021	913	2.846	487,425	437076BL5	26558	489,927
Intel Corp	UBOC	1,000,000	1.700	09/20/2018	968,960	05/19/2021	961	2.919	966,000	458140AW0	26570	969,316
Pfizer Inc	UBOC	500,000	1.950	06/12/2018	487,130	06/03/2021	976	2.858	485,730	717081DX8	26617	488,440
Federal Home Loan Mt	UBOC	1,000,000	2.500	06/28/2018	1,000,000	06/28/2021	1,001	2.990	998,370	3134GSOA6	26628	1,000,000
Federal Farm Credit	UBOC	2,602,000	1.720	08/28/2017	2,611,784	07/26/2021	1,029	1.620	2,518,502	3133EHSR5	26465	2,609,053
Federal Home Loan Mt	UBOC	3,500,000	1.500	11/23/2016	3,500,000	08/23/2021	1,057	1.500	3,366,090	3134GAVH4	26385	3,500,000
American Honda Finan	UBOC	1,000,000	1.700	09/20/2018	999,220	09/09/2021	1,074	3.149	957,630	02665WBG5	26669	959,640
3M Company	UBOC	1,000,000	3.000	09/21/2018	999,480	09/14/2021	1,079	3.018	998,300	88579YBA8	26675	999,485
Federal Home Loan Mt	UBOC	202,000	2.200	01/30/2017	202,000	01/26/2022	1,213	2.200	195,457	3134GAV92	26403	202,000
Procter & Gamble	UBOC	1,000,000	2.300	09/20/2018	975,770	02/06/2022	1,224	3.060	972,740	742718DY2	26673	975,989
Johnson & Johnson	UBOC	1,000,000	2.250	08/20/2018	976,140	03/03/2022	1,249	2.982	976,350	478160CD4	26671	976,351
TD Ameritrade	UBOC	500,000	2.950	05/15/2018	493,385	04/01/2022	1,278	3.315	490,360	87236YAE8	26601	494,029
PepsiCo Inc.	UBOC	500,000	2.250	03/21/2018	487,005	05/02/2022	1,309	2.924	484,195	713448DT2	26557	488,672
Apple Inc.	UBOC	1,123,337	2.300	02/01/2018	1,121,966	05/11/2022	1,318	2.329	1,088,682	037833CQ1	26525	1,122,179
NStar Electric Co.	UBOC	500,000	2.375	06/12/2018	484,480	10/15/2022	1,475	3.144	480,510	67021CAG2	26616	485,562
Boeing Co.	UBOC	500,000	2.200	06/12/2018	482,180	10/30/2022	1,490	3.074	480,600	097023BN4	26612	483,411
American Honda Finan	UBOC	500,000	2.600	06/12/2018	488,550	11/16/2022	1,507	3.157	484,820	02665WCA7	26614	489,333
Chevron Corp.	UBOC	500,000	2.355	03/21/2018	485,760	12/05/2022	1,526	3.008	481,895	196764AB6	26555	487,357
Visa Inc.	UBOC	400,000	2.800	08/03/2018	394,552	12/14/2022	1,535	3.135	392,060	92826CAC6	26647	394,753
Toyota Motor Credit	UBOC	1,000,000	2.700	08/03/2018	974,760	01/11/2023	1,563	3.315	971,020	89236TEL5	26645	975,676
Simon Property Group	UBOC	500,000	2.750	05/15/2018	484,585	02/01/2023	1,584	3.464	483,200	828807CN5	26603	485,821
Oracle Corp.	UBOC	500,000	2.625	03/21/2018	488,010	02/15/2023	1,598	3.154	485,240	66389XBR5	26556	489,301
Exxon Mobil Corporat	UBOC	1,000,000	2.726	08/03/2018	985,450	03/01/2023	1,612	3.068	977,680	30231GAR3	26648	985,962
John Deere Capital C	UBOC	500,000	2.800	06/12/2018	489,875	03/06/2023	1,617	3.264	488,800	24422ETG4	26613	490,523
Berkshire Hathaway I	UBOC	500,000	2.750	03/21/2018	482,280	03/15/2023	1,626	3.086	488,325	084670BR8	26554	493,098



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Operating

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
United Parcel Servc	UBOC	500,000	2.500	05/15/2018	483,225	04/01/2023	1,643	3.248	482,125	911312BK1	26600	484,524
United Parcel Servc	UBOC	500,000	2.500	09/21/2018	483,120	04/01/2023	1,643	3.308	482,125	911312BK1	26677	483,224
Bank of NY Mellon Co	UBOC	500,000	3.500	05/15/2018	501,265	04/28/2023	1,670	3.443	498,810	06406RAG2	26602	501,169
Hershey Company	UBOC	500,000	3.375	06/12/2018	503,125	05/15/2023	1,687	3.236	499,290	427866AZ1	26615	502,933
US Bank	UBOC	1,000,000	3.400	08/03/2018	1,000,000	07/24/2023	1,757	3.399	996,210	90331HNV1	26646	1,000,000
Microsoft Corp.	UBOC	1,000,000	2.000	09/20/2018	947,350	08/08/2023	1,772	3.172	945,170	594918BQ6	26672	947,679

Fund Total and Average \$ 85,712,061 1.894 \$ 85,335,795 532 2.027 \$ 84,683,506 \$ 85,310,030

MPP GHG Auction Acct

Local Agency Investm	63,211	1.899	07/01/2013	63,211	1	1.899	63,211	SYS70045	70045	63,211
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Fund Total and Average \$ 63,211 1.899 \$ 63,211 1 1.899 \$ 63,211 \$ 63,211

SCPA Balancing Account

Local Agency Investm	LAIF	2,885,397	1.899	07/01/2013	2,885,397	1	1.899	2,885,397	SYS70022	70022	2,885,397
Union Bank of Calif	UBOC	605,539	0.002	07/01/2013	605,539	1	0.002	605,539	SYS70023	70023	605,539
Federal National Mtg	UBOC	1,462,000	1.625	12/18/2014	1,476,255	57	1.369	1,460,626	3135GOYT4	26187	1,462,563
Federal National Mtg	UBOC	1,847,000	1.350	07/28/2016	1,847,000	666	1.350	1,796,429	3136G3T39	26357	1,847,000
Bank of NY Mellon Co	UBOC	500,000	2.050	04/03/2018	486,105	945	3.000	485,045	06406FAB9	26570	488,333
Microsoft Corp.	UBOC	500,000	2.375	04/04/2018	492,295	1,230	2.798	488,180	594918BA1	26574	493,278
Walt Disney Company/	UBOC	500,000	2.450	07/24/2018	487,520	1,250	3.186	485,290	25468PDQ6	26630	488,163
TD Ameritrade	UBOC	500,000	2.950	04/03/2018	497,200	1,278	3.100	490,360	87236YAE8	26571	497,547
Home Depot Inc.	UBOC	500,000	2.625	04/04/2018	494,290	1,339	2.918	489,875	437076BG6	26572	494,965
Public Storage	UBOC	500,000	2.370	04/04/2018	483,705	1,445	3.161	479,575	74460DAB5	26573	485,507
Visa Inc.	UBOC	250,000	2.800	07/24/2018	246,975	1,535	3.096	245,038	92826CAC6	26632	247,103
Intel Corp	UBOC	500,000	2.700	06/22/2018	492,300	1,536	3.070	489,175	458140AM2	26625	492,773
Toyota Motor Credit	UBOC	550,000	2.625	05/09/2018	536,294	1,562	3.203	532,439	89233P7F7	26598	537,452
Cisco Systems Inc.	UBOC	500,000	2.600	06/22/2018	487,655	1,611	3.170	486,680	17275RBE1	26624	488,380
Exxon Mobil Corporat	UBOC	500,000	2.726	05/09/2018	492,670	1,612	3.055	488,840	30231GAR3	26599	493,271
Berkshire Hathaway I	UBOC	500,000	2.750	05/09/2018	490,280	1,626	3.185	488,325	084670BR8	26596	491,071
United Parcel Servc	UBOC	500,000	2.500	06/22/2018	484,780	1,643	3.191	482,125	911312BK1	26627	485,657
Nike Inc	UBOC	500,000	2.250	05/09/2018	480,350	1,673	3.108	478,055	654106AC7	26597	481,907
Federal Home Loan Mt	UBOC	2,500,000	2.750	05/24/2018	2,500,000	1,696	3.326	2,489,525	3134GSLU7	26604	2,500,000
Simon Property Group	UBOC	500,000	2.750	07/24/2018	484,725	1,704	3.438	481,910	828807DD6	26631	485,311
Federal Home Loan Mt	UBOC	1,000,000	2.700	06/14/2018	1,000,000	1,717	3.316	997,460	3134GSNE1	26622	1,000,000
Federal Home Loan Mt	UBOC	2,000,000	3.000	07/23/2018	1,999,000	1,717	3.300	1,980,880	3134GSNK7	26629	1,999,039
Federal Home Loan Mt	UBOC	2,600,000	2.750	08/17/2018	2,603,900	1,718	3.467	2,591,082	3134GSWM8	26653	2,603,801
Pfizer Inc	UBOC	500,000	3.000	06/22/2018	496,550	1,718	3.150	494,340	717081DH3	26626	496,740
Federal Home Loan Mt	UBOC	2,500,000	3.050	08/28/2018	2,501,250	1,792	3.039	2,472,300	3134GSUZ6	26654	2,501,227
Federal Home Loan Mt	UBOC	2,000,000	3.000	09/26/2018	1,999,200	1,821	3.587	1,996,820	3134GSWL5	26678	1,999,202

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SCPA Balancing Account

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Fund Total and Average		\$ 27,199,936	2.459		\$ 27,051,235	1280		2.803	\$ 26,861,310			\$ 27,051,226
General Operating Reserve												
Local Agency Investm	LAIF	12,900,178	1.899	07/01/2013	12,900,178		1	1.899	12,900,178	SYS70000	70002	12,900,178
Union Bank of Califo	UBOC	169,719	0.002	07/01/2013	169,719		1	0.002	169,719	SYS70019	70019	169,719
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYS70051	70051	0
Federal National Mitg	UBOC	5,970,000	1.625	12/23/2014	6,009,701	11/27/2018	57	1.450	5,964,388	3135G0Y14	26188	5,971,572
Federal National Mitg	UBOC	4,982,000	1.750	08/28/2015	5,047,364	11/26/2019	421	1.430	4,929,241	3135G0ZV2	26246	4,999,753
Federal Farm Credit	UBOC	4,285,000	1.440	07/20/2016	4,280,715	01/19/2021	841	1.463	4,150,237	3133EGMP7	26356	4,282,809
Federal Home Loan Ba	UBOC	11,720,000	1.400	07/19/2016	11,714,140	01/19/2021	841	1.411	11,335,936	3130A8P80	26354	11,717,005
Federal National Mitg	UBOC	5,162,000	1.625	05/25/2016	5,162,000	05/25/2021	967	1.625	4,978,026	3136G3NL5	26332	5,162,000
Federal National Mitg	UBOC	1,300,000	1.500	08/30/2016	1,300,000	05/28/2021	970	1.500	1,249,963	3136G33W3	26388	1,300,000
Federal Farm Credit	UBOC	10,629,000	1.890	06/02/2016	10,629,000	06/02/2021	975	1.690	10,301,095	3133EGDH5	26335	10,629,000
Federal Home Loan Mt	UBOC	467,000	2.200	01/30/2017	467,000	01/26/2022	1,213	2.200	451,874	3134GAV92	26402	467,000
Microsoft Corp.	UBOC	400,000	2.375	04/26/2018	391,480	02/12/2022	1,230	2.972	390,544	594918BA1	26578	392,447
TD Ameritrade	UBOC	500,000	2.950	04/26/2018	492,950	04/01/2022	1,278	3.335	490,360	87238YAE8	26582	493,722
Apple Inc.	UBOC	4,025,452	2.300	02/01/2018	4,020,538	05/11/2022	1,318	2.329	3,901,267	037833CQ1	26524	4,021,303
Federal Home Loan Ba	UBOC	3,575,000	2.125	08/28/2017	3,634,560	06/10/2022	1,348	1.760	3,470,682	313379Q69	26467	3,620,967
PepsiCo Inc.	UBOC	500,000	3.100	04/26/2018	500,310	07/17/2022	1,385	3.083	497,610	713448CX4	26580	500,278
Visa Inc.	UBOC	500,000	2.800	04/26/2018	492,600	12/14/2022	1,535	3.145	490,075	92826CAC6	26584	493,288
General Electric Co.	UBOC	500,000	3.100	04/26/2018	490,415	01/09/2023	1,561	3.545	489,660	36962G6S8	26577	491,293
Bank of NY Mellon Co	UBOC	500,000	2.950	04/26/2018	491,790	01/29/2023	1,581	3.325	487,745	06406RAE7	26575	492,533
Oracle Corp.	UBOC	500,000	2.825	04/26/2018	487,350	02/15/2023	1,598	3.195	485,240	68389XBR5	26579	488,484
Praxair Inc	UBOC	500,000	2.700	04/26/2018	488,350	02/21/2023	1,604	3.225	485,900	74005PBF0	26581	489,391
Berkshire Hathaway I	UBOC	500,000	2.750	04/26/2018	488,920	03/15/2023	1,626	3.243	488,325	084670BR8	26576	489,896
United Parcel Servc	UBOC	500,000	2.500	04/26/2018	483,135	04/01/2023	1,643	3.245	482,125	911312BK1	26583	484,608
Fund Total and Average		\$ 70,086,349	1.788		\$ 70,142,215	721		1.767	\$ 68,590,190			\$ 70,057,246
GRAND TOTALS:		\$ 183,060,557	1.937		\$ 182,592,456	716		2.042	\$ 180,198,217.			\$ 182,481,713

*Bond Equivalent Yield to Maturity is shown based on a 365 day year to provide a basis for comparison between all types. Investments with less than 6 months to maturity use an approximate method, all others use an exact method.

Current Market Value is based on prices from Trustee/ Custodian Statements or bid prices from the Wall Street Journal as of 09/30/2018

Investment #26332	FNMA	Callable quarterly	Investment #26402	FHLMC	Callable quarterly
Investment #26335	FFCB	Callable anytime	Investment #26403	FHLMC	Callable quarterly
Investment #26354	FHLB	Callable anytime	Investment #26564	FHLMC	Callable until 3/29/19
Investment #26355	FHLB	Callable anytime	Investment #26629	FHLMC	Callable quarterly
Investment #26356	FFCB	Callable anytime	Investment #26646	USB	Callable on 6/23/2023
Investment #26357	FNMA	Callable quarterly	Investment #26653	FHLMC	Callable on 6/15/2020
Investment #26368	FNMA	Callable quarterly	Investment #26678	FHLMC	Callable quarterly starting 12/26/2018
Investment #26385	FHLMC	Callable quarterly			



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Geothermal Debt Service

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Federal Home Loan Ba	USBT	236,000	2.050	07/31/2018	233,917	01/02/2019	93	2.096	234,285	313384AB5A	26633	234,750
Federal Home Loan Ba	USBT	235,000	2.125	08/31/2018	233,280	01/02/2019	93	2.170	233,292	313384AB5A	26655	233,710
Fund Total and Average		\$ 471,000	2.087		\$ 467,197		93	2.134	\$ 467,577			\$ 468,460

Geo 2012A Debt Service

Federal Home Loan Ba	USBT	124,000	2.050	07/31/2018	122,906	01/02/2019	93	2.096	123,099	313384AB5A	26634	123,343
Federal Home Loan Ba	USBT	124,000	2.125	08/31/2018	123,092	01/02/2019	93	2.170	123,099	313384AB5A	26656	123,319
Fund Total and Average		\$ 248,000	2.087		\$ 245,998		93	2.134	\$ 246,198			\$ 246,662

Geo 2016A Debt Service

U.S. Treasury	USBT	54,000	1.949	07/31/2018	53,564	12/27/2018	87	1.993	53,719	912796QQ5	26635	53,746
U.S. Treasury	USBT	55,000	2.017	08/31/2018	54,636	12/27/2018	87	2.059	54,714	912796QQ5	26657	54,732
Fund Total and Average		\$ 109,000	1.984		\$ 108,200		87	2.027	\$ 108,433			\$ 108,478

Geothermal Special Reserve

Union Bank of Califo	UBOC	0	0.002	07/01/2013	0		1	0.002	0	SYS70015	70015	0
Federal Home Loan Mt	UBOC	1,500,000	1.150	02/26/2016	1,500,000	11/26/2018	56	1.150	1,497,450	3134GBKVO	26302	1,500,000
Fund Total and Average		\$ 1,500,000	1.150		\$ 1,500,000		56	1.150	\$ 1,497,450			\$ 1,500,000

Geo Decommissioning Reserve

Local Agency Investm	LAIF	2,998,232	1.899	07/01/2013	2,998,232		1	1.899	2,998,232	SYS70027	70027	2,998,232
Union Bank of Califo	UBOC	0	0.002	07/01/2013	0		1	0.002	0	SYS70034	70034	0
Federal National Mtg	UBOC	2,000,000	1.500	08/30/2016	2,000,000	05/28/2021	970	1.500	1,923,020	3136G33W3	26369	2,000,000
Ally Bank	UBOC	250,000	3.000	08/30/2018	250,000	08/30/2021	1,064	3.000	249,503	02007GEQ2	30312	250,000
PNC Bank NA	UBOC	750,000	2.550	03/15/2018	735,450	12/09/2021	1,165	3.103	730,785	66353REY0	26553	737,572
Federal Home Loan Mt	UBOC	941,000	2.200	01/30/2017	941,000	01/26/2022	1,213	2.200	910,521	3134GAV92	26404	941,000
Apple Inc.	UBOC	861,211	2.300	11/29/2017	860,117	05/11/2022	1,318	2.329	834,643	037833CQ1	26499	880,323
Wells Fargo Bank	UBOC	250,000	3.150	08/30/2018	250,000	08/30/2022	1,429	3.150	247,450	949763TLO	30311	250,000
Great North Bank	UBOC	250,000	3.050	08/31/2018	250,000	08/31/2022	1,430	3.050	248,633	39103QAF3	30310	250,000
Discover Bank	UBOC	250,000	3.150	09/06/2018	250,000	09/06/2022	1,436	3.150	249,533	254673TM8	30313	250,000
Walt Disney Company/	UBOC	750,000	2.350	03/15/2018	728,580	12/01/2022	1,522	3.004	720,645	25468PCW4	26551	731,055
General Electric Co.	UBOC	750,000	3.100	03/15/2018	740,365	01/09/2023	1,561	3.390	734,490	36962G6S8	26552	741,472
John Deere Capital C	UBOC	750,000	2.800	03/15/2018	739,748	01/27/2023	1,579	3.104	730,140	24422ERT8	26550	740,894
Bank of NY Mellon Co	UBOC	750,000	2.950	03/15/2018	740,610	01/29/2023	1,581	3.229	731,618	06406RAE7	26549	741,659



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Geo Decommissioning Reserve

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
IBM Credit LLC	UBOC	500,000	3.000	03/15/2018	496,820	02/06/2023	1,589	3.140	491,535	44932HAH6	26548	497,174
Federal Home Loan Mt	UBOC	2,000,000	2.700	06/14/2018	2,000,000	06/14/2023	1,717	3.316	1,994,920	3134GSNE1	26623	2,000,000
Enerbank USA	UBOC	250,000	3.200	08/30/2018	250,000	08/30/2023	1,794	3.200	248,490	29278TCP3	30309	250,000
Citibank NA	UBOC	250,000	3.300	09/07/2018	250,000	09/07/2023	1,802	3.300	249,588	17312QSS4	30314	250,000
Federal Home Loan Mt	UBOC	2,000,000	3.000	09/26/2018	1,999,200	09/26/2023	1,821	3.587	1,996,820	3134GSWL5	26679	1,999,202
Federal Farm Credit	UBOC	2,000,000	3.450	07/27/2018	1,999,300	07/23/2025	2,487	3.455	1,993,600	3133EJUT4	26644	1,999,318
Fund Total and Average		\$ 18,550,443	2.564		\$ 18,479,442		1340	2.783	\$ 18,284,166			\$ 18,487,901

GEO Debt Service Reserve Acct

U.S. Treasury	USB	56,000	1.823	02/27/2018	55,041	01/31/2019	122	1.872	55,578	912796PP8	26536	55,654
Federal Home Loan Mt	USBT	907,000	1.750	06/02/2015	920,886	05/30/2019	241	1.354	902,474	3137EADG1	26228	909,308
Federal Home Loan Mt	USBT	2,515,000	1.250	02/27/2015	2,483,839	10/02/2019	366	1.530	2,480,343	3137EADM8	26197	2,508,203
Fund Total and Average		\$ 3,478,000	1.380		\$ 3,459,766		329	1.490	\$ 3,438,395			\$ 3,473,166

Geo 2012A DSR Account

U.S. Treasury	USB	41,000	1.555	01/03/2018	40,403	12/06/2018	66	1.594	40,840	912796PE3	26511	40,863
Federal National Mtg	USBT	1,517,000	1.625	05/25/2016	1,517,000	05/25/2021	967	1.625	1,462,934	3136G3NL5	26333	1,517,000
Fund Total and Average		\$ 1,558,000	1.623		\$ 1,557,403		943	1.624	\$ 1,503,774			\$ 1,557,883
GRAND TOTALS:		\$ 25,914,443	2.252		\$ 25,818,006		1066	2.423	\$ 25,545,993.			\$ 25,842,549

*Bond Equivalent Yield to Maturity is shown based on a 365 day year to provide a basis for comparison between all types. Investments with less than 6 months to maturity use an approximate method, all others use an exact method.

Current Market Value is based on prices from Trustee/ Custodian Statements or bid prices from the Wall Street Journal as of 09/30/2018

Investment #26302	FHLMC	Callable quarterly
Investment #26333	FNMA	Callable quarterly
Investment #26369	FNMA	Callable quarterly
Investment #26404	FHLMC	Callable quarterly
Investment #26644	FFCB	Callable anytime starting 7/23/2021
Investment #26679	FHLMC	Callable quarterly starting 12/26/2018



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Cap Facilities Debt Service

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Federal Home Loan Mt	USBT	480,000	2.160	08/31/2018	475,565	02/01/2019	123	2.210	476,246	313396BH5A	26661	476,458
Fund Total and Average		\$ 480,000	2.160		\$ 475,565		123	2.210	\$ 476,246			\$ 476,458

Cap. Fac. Debt Svc Reserve

U.S. Treasury	USB	37,000	1.554	01/03/2018	36,461	12/06/2018	66	1.594	36,856	912796PE3	26514	36,895
Federal National Mtg	USB	71,000	1.530	07/28/2016	71,000	07/28/2021	1,031	1.530	67,779	3136GS97	26358	71,000
Federal Home Loan Mt	USB	1,443,000	2.375	02/13/2012	1,447,430	01/13/2022	1,200	2.340	1,418,079	3137EADB2	25845	1,444,467
Fund Total and Average		\$ 1,551,000	2.317		\$ 1,554,891		1165	2.285	\$ 1,522,714			\$ 1,552,362
GRAND TOTALS:		\$ 2,031,000	2.280		\$ 2,030,456		921	2.268	\$ 1,998,960.			\$ 2,028,820

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Current Market Value is based on prices from Trustee/Custodian Statements or bid prices from the Wall Street Journal as of 09/30/2018

Investment #26358 FNMA Callable quarterly

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Capital Dev. Reserve Hydro

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Local Agency Investm	LAIF	6,876,809	1.899	07/01/2013	6,876,809		1	1.899	6,876,809	SYS70028	70028	6,876,809
Union Bank of Calif	UBOC	59,033	0.002	07/01/2013	59,033		1	0.002	59,033	SYS70031	70031	59,033
Federal National Mtg	UBOC	3,320,000	1.350	06/30/2016	3,320,000	12/30/2019	455	1.350	3,257,119	3138G3VH5	26340	3,320,000
Branch Banking & Tru	UBOC	500,000	2.625	06/13/2018	488,420	01/15/2022	1,202	3.314	489,455	07330NAQ8	26618	489,388
Exxon Mobil Corporat	UBOC	500,000	2.397	06/13/2018	490,350	03/06/2022	1,252	2.946	486,815	30231GAJ1	26621	491,126
US Bank	UBOC	550,000	3.000	08/10/2018	546,607	03/15/2022	1,261	3.182	543,923	91159HHC7	26651	546,740
Public Storage	UBOC	500,000	2.370	03/14/2018	485,770	09/15/2022	1,445	3.051	479,575	74460DAB5	26546	487,499
Visa Inc.	UBOC	500,000	2.800	03/14/2018	494,470	12/14/2022	1,535	3.051	490,075	92826CAC6	26547	495,107
Toyota Motor Credit	UBOC	500,000	2.700	06/13/2018	489,100	01/11/2023	1,563	3.215	485,510	89236TEL5	26619	489,814
Oracle Corp.	UBOC	500,000	2.625	03/14/2018	488,715	02/15/2023	1,598	3.121	485,240	68389XBR5	26545	489,970
Boeing Co.	UBOC	500,000	2.800	03/14/2018	496,070	03/01/2023	1,612	2.971	489,810	097023BW4	26544	496,503
United Parcel Serv	UBOC	500,000	2.500	06/13/2018	484,900	04/01/2023	1,643	3.182	482,125	911312BK1	26620	485,844
Colgate-Palmolive Co	UBOC	550,000	2.100	08/09/2018	528,660	05/01/2023	1,873	2.985	521,521	19416QEC0	26652	529,312
Federal Home Loan Ba	UBOC	1,150,000	3.050	08/09/2018	1,145,113	06/13/2023	1,716	3.144	1,133,659	3130AEEJ5	26649	1,145,261
Federal Home Loan Mt	UBOC	1,000,000	3.250	08/09/2018	1,000,000	06/28/2023	1,731	3.249	993,160	3134GSNY7	26650	1,000,000
Fund Total and Average		\$ 17,505,842	2.141		\$ 17,394,017		724	2.293	\$ 17,273,829			\$ 17,402,406

Hydro Initial Facilities

Federal National Mtg	USB	1,529,000	1.625	12/12/2014	1,539,244	11/27/2018	57	1.450	1,527,563	3135G0YT4	26189	1,529,403
Federal Farm Credit	USB	2,437,000	1.250	02/02/2016	2,450,501	01/22/2019	113	1.060	2,428,958	3133EFVQ7	26300	2,438,401
Fund Total and Average		\$ 3,966,000	1.395		\$ 3,989,745		91	1.210	\$ 3,956,521			\$ 3,967,804

Hydro Debt Service

Federal Home Loan Ba	USBT	1,803,000	2.050	07/31/2018	1,787,086	01/02/2019	93	2.096	1,789,898	313384AB5A	26636	1,793,452
Federal Home Loan Ba	USBT	1,802,000	2.125	08/31/2018	1,788,810	01/02/2019	93	2.170	1,788,905	313384AB5A	26658	1,792,108
Fund Total and Average		\$ 3,605,000	2.087		\$ 3,575,896		93	2.134	\$ 3,578,803			\$ 3,585,560

Hydro 2018A Debt Service

Federal Home Loan Ba	USBT	1,036,000	2.050	07/31/2018	1,026,856	01/02/2019	93	2.096	1,028,471	313384AB5A	26637	1,030,514
Federal Home Loan Ba	USBT	1,035,000	2.125	08/31/2018	1,027,424	01/02/2019	93	2.170	1,027,479	313384AB5A	26659	1,029,318
Fund Total and Average		\$ 2,071,000	2.087		\$ 2,054,280		93	2.134	\$ 2,055,950			\$ 2,059,832

Hydro 2018B Debt Service

Federal Home Loan Ba	USBT	115,000	2.050	07/31/2018	113,985	01/02/2019	93	2.096	114,164	313384AB5A	26638	114,391
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Northern California Power Agency
Treasurer's Report
09/30/2018

Hydro 2018B Debt Service

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Federal Home Loan Ba	USBT	123,000	2.125	08/31/2018	122,100	01/02/2019	93	2.170	122,106	313384AB5A	26660	122,325
Fund Total and Average		\$ 238,000	2.089		\$ 236,085		93	2.135	\$ 236,270			\$ 236,716

Hydro Debt Service Resrv 2010A

U.S. Treasury	USB	52,000	1.625	02/27/2018	51,780	06/30/2019	272	1.945	51,651	912828WS5	26537	51,878
Federal Home Loan Ba	USB	135,000	4.375	07/28/2017	142,601	07/01/2019	273	1.400	136,655	3133XUJG6	26451	137,961
Federal Farm Credit	USB	5,528,000	1.750	08/28/2015	5,546,187	08/04/2020	673	1.680	5,421,752	3133EE529	26243	5,534,789
Fund Total and Average		\$ 5,715,000	1.812		\$ 5,740,568		660	1.676	\$ 5,610,058			\$ 5,724,628

Hydro 2012A Rebate Account

Federal Home Loan Mt	USB	689,000	1.875	04/28/2017	691,391	08/09/2021	1,043	1.790	670,004	3134G93A3	26432	690,595
Fund Total and Average		\$ 689,000	1.875		\$ 691,391		1043	1.790	\$ 670,004			\$ 690,595

Hydro Special Reserve

Local Agency Investm	LAIF	0	0.377	07/01/2013	0		1	0.377	0	SYS70000	70003	0
Union Bank of Califo	UBOC	0	0.002	07/01/2013	0		1	0.002	0	SYS70016	70016	0
Federal Home Loan Mt	UBOC	1,500,000	1.150	02/26/2016	1,500,000	11/26/2018	56	1.150	1,497,450	3134G8KVO	26303	1,500,000
Fund Total and Average		\$ 1,500,000	1.150		\$ 1,500,000		56	1.150	\$ 1,497,450			\$ 1,500,000

Hydro 2012 Cost of Issuance

US Bank	USB	0	0.040	07/01/2013	0		1	0.040	0	SYS79061	79061	0
Fund Total and Average		\$ 0	*** ***		\$ 0		***	*** ***	\$ 0			\$ 0

Hydro 2012 DSRA

Federal Farm Credit	USB	100,000	1.750	08/28/2015	100,329	08/04/2020	673	1.680	98,078	3133EE529	26244	100,123
U.S. Treasury	USB	146,000	2.250	02/27/2018	145,992	02/15/2021	868	2.251	143,965	9128283X6	26539	145,994
Federal National Mtg	USB	94,000	1.530	07/28/2016	94,000	07/28/2021	1,031	1.530	89,736	3136G3S97	26359	94,000
Federal Home Loan Mt	USB	3,928,000	2.375	02/09/2012	3,926,232	01/13/2022	1,200	2.380	3,860,163	3137EADB2	25852	3,927,415
Fund Total and Average		\$ 4,268,000	2.337		\$ 4,266,553		1173	2.340	\$ 4,191,942			\$ 4,267,532
GRAND TOTALS:		\$ 39,557,842	1.989		\$ 39,448,535		586	2.024	\$ 39,070,827.			\$ 39,435,073

*Bond Equivalent Yield to Maturity is shown based on a 365 day year to provide a basis for comparison between all types. Investments with less than 6 months to maturity use an approximate method, all others use an exact method.
Current Market Value is based on prices from Trusteel Custodian Statements or bid prices from the Wall Street Journal as of 09/30/2018

**Northern California Power Agency
Treasurer's Report**

09/30/2018

LEC GHG Auction Acct

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Local Agency Investm		72,868	1.899	07/01/2013	72,868		1	1.899	72,868	SYS70046	70046	72,868
Fund Total and Average		\$ 72,868	1.899		\$ 72,868		1	1.899	\$ 72,868			\$ 72,868

LEC Issue#1 2010A DS Fund

US Bank Trust	USB	719,196	0.600	07/01/2013	719,196		1	0.600	719,196	SYS79003	79003	719,196
U.S. Treasury	USBT	722,000	2.055	08/31/2018	718,291	11/29/2018	59	2.094	719,487	912796QL6	26662	719,568
Federal Home Loan Ba	USBT	1,271,000	2.030	07/31/2018	1,262,041	12/03/2018	63	2.072	1,266,157	313385R73	26639	1,266,485
Fund Total and Average		\$ 2,712,196	1.656		\$ 2,699,528		45	1.687	\$ 2,704,840			\$ 2,705,249

LEC Issue #1 2010B DS Fund

US Bank Trust	USB	725,174	0.600	07/01/2013	725,174		1	0.600	725,174	SYS79004	79004	725,174
U.S. Treasury	USBT	728,000	2.055	08/31/2018	725,255	11/29/2018	59	2.094	726,463	912796QL6	26663	726,545
Federal Home Loan Ba	USBT	1,460,000	2.030	07/31/2018	1,449,709	12/03/2018	63	2.072	1,454,437	313385R73	26640	1,454,813
Fund Total and Average		\$ 2,914,174	1.679		\$ 2,900,138		47	1.711	\$ 2,906,074			\$ 2,906,532

LEC Issue #2 2010A DS Fund

US Bank Trust	USB	434,943	0.600	07/01/2013	434,943		1	0.600	434,943	SYS79011	79011	434,943
U.S. Treasury	USBT	436,000	2.055	08/31/2018	433,760	11/29/2018	59	2.094	434,483	912796QL6	26664	434,532
Federal Home Loan Ba	USBT	838,000	2.030	07/31/2018	832,093	12/03/2018	63	2.072	834,807	313385R73	26641	835,023
Fund Total and Average		\$ 1,708,943	1.671		\$ 1,700,796		46	1.702	\$ 1,704,233			\$ 1,704,498

LEC Issue #2 2010B DS Fund

US Bank Trust	USB	348,329	0.600	07/01/2013	348,329		1	0.600	348,329	SYS79012	79012	348,329
U.S. Treasury	USBT	350,000	2.055	08/31/2018	348,202	11/29/2018	59	2.094	348,782	912796QL6	26665	348,821
Federal Home Loan Ba	USBT	702,000	2.030	07/31/2018	697,052	12/03/2018	63	2.072	698,325	313385R73	26642	699,506
Fund Total and Average		\$ 1,400,329	1.680		\$ 1,393,583		47	1.711	\$ 1,396,436			\$ 1,396,666

LEC Issue#1 2017A DS Fund

U.S. Treasury	USBT	124,000	2.055	08/31/2018	123,363	11/29/2018	59	2.094	123,568	912796QL6	26666	123,582
Federal Home Loan Ba	USBT	248,000	2.030	07/31/2018	246,252	12/03/2018	63	2.072	247,055	313385R73	26643	247,119
Fund Total and Average		\$ 372,000	2.038		\$ 369,615		62	2.080	\$ 370,623			\$ 370,701



Northern California Power Agency
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LEC Issue #1 2010 DSR Fund

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
LEC Issue #1 2010 DSR Fund												
US Bank Trust	USB	81,647	0.600	07/01/2013	81,647		1	0.600	81,647	SYS79005	79005	81,647
U.S. Treasury	USB	85,000	1.625	02/27/2018	84,641	06/30/2019	272	1.945	84,429	912828WS5	26538	84,800
Federal Farm Credit	USB	4,360,000	1.660	06/08/2016	4,360,000	05/25/2021	967	1.659	4,211,760	3133EGBZ7	26337	4,360,000
Federal Home Loan Mt	USB	150,000	1.125	07/28/2017	146,648	08/12/2021	1,046	1.699	142,748	3137EAC9	26454	147,623
Federal Home Loan Ba	USB	4,100,000	2.125	08/28/2017	4,168,306	06/10/2022	1,348	1.760	3,980,362	313379Q69	26463	4,152,717
Fund Total and Average		\$ 8,776,647	1.860		\$ 8,841,242		1132	1.701	\$ 8,600,946			\$ 8,826,787

LEC Iss#1 2010B BABS Subs Resv

US Bank Trust	USB	36,665	0.600	07/01/2013	36,665		1	0.600	36,665	SYS79006	79006	36,665
U.S. Treasury	USB	38,000	1.823	02/27/2018	37,349	01/31/2019	122	1.872	37,713	912796PP8	26534	37,765
Federal Home Loan Ba	USB	2,145,000	3.375	07/28/2017	2,255,146	06/12/2020	620	1.540	2,164,391	313370E38	26455	2,210,096
Fund Total and Average		\$ 2,219,665	3.305		\$ 2,329,160		602	1.530	\$ 2,238,769			\$ 2,284,516

LEC Issue #2 2010B DSR BABS

US Bank Trust	USB	23,081	0.600	07/01/2013	23,081		1	0.600	23,081	SYS79013	79013	23,081
U.S. Treasury	USB	25,000	1.823	02/27/2018	24,572	01/31/2019	122	1.872	24,812	912796PP8	26535	24,846
Federal Home Loan Ba	USB	1,025,000	4.375	07/28/2017	1,062,708	07/01/2019	273	1.400	1,037,567	3133XU3G6	26456	1,047,483
Fund Total and Average		\$ 1,073,081	4.238		\$ 1,130,361		264	1.394	\$ 1,085,460			\$ 1,095,410

LEC O & M Reserve

Local Agency Investm	UOOC	1,714,390	1.899	07/01/2013	1,714,390		1	1.899	1,714,390	SYS70047	70047	1,714,390
Union Bank of Califo	UOOC	47,099	0.002	07/19/2013	47,099		1	0.002	47,099	SYS70041	70041	47,099
Federal National Mtg	UOOC	2,933,000	1.875	08/28/2015	2,998,142	02/19/2019	141	1.220	2,927,457	3135G0ZA4	26248	2,940,186
Federal Home Loan Ba	USB	3,615,000	1.540	06/30/2017	3,613,952	06/05/2020	613	1.550	3,539,591	3130ABJQ0	26440	3,614,400
Federal National Mtg	UOOC	3,000,000	1.300	06/30/2016	3,000,000	06/30/2020	638	1.300	2,926,140	3136G3UJ2	26341	3,000,000
Fund Total and Average		\$ 11,309,489	1.611		\$ 11,373,563		402	1.445	\$ 11,164,677			\$ 11,316,075
GRAND TOTALS:		\$ 32,559,392	1.906		\$ 32,810,874		509	1.595	\$ 32,134,926.			\$ 32,679,292

*Bond Equivalent Yield to Maturity is shown based on a 365 day year to provide a basis for comparison between all types. Investments with less than 6 months to maturity use an approximate method, all others use an exact method.
Current Market Value is based on prices from Trustee/Custodian Statements or bid prices from the Wall Street Journal as of 09/30/2018
Investment #26337 FFCB Callable anytime

Proposed 2019 Committee Meeting Calendar

Facilities/ Pooling Committees 9:00 am	LEC PPC Committee 10:00 am <i>at Lodi Energy Center</i>	Finance Committee 10:00 am	Utility Directors 9:00 am	*Legal Committee	L&R Affairs Committee	Executive Committee 8:00 am	**Commission 9:30 am
****January 3	January 7		January 10			January 17 <i>Sacramento</i>	January 17 <i>Sacramento</i>
February 6	February 11	February 12	February 14		February 20	February 21	February 21
March 6	March 11		March 14/15 <i>Healdsburg</i>			March 28	<i>March 28</i>
April 3	April 8		April 11			April 25	April 25
May 1	May 6	May 7	May 9		May 22 <i>Lodi</i>	May 23 <i>Lodi</i>	May 23 <i>Lodi</i>
June 5	June 10		June 13			June 27	June 27
July 3	July 8		July 11			July 25 <i>Murphys</i>	July 25 <i>Murphys</i>
August 7	August 12	August 13	August 15		August 28	August 29	August 29
September 4	September 9		September 12	September 25	September 25	***September 27 <i>Olympic Valley</i>	***September 27 <i>Olympic Valley</i>
October 2	October 7	October 8	October 10			October 24	<i>October 24</i>
November 6	November 4	November 12	November 14			No November Meeting	No November Meeting
December 4	December 9		December 12		December 4	December 5	December 5

*Legal Committee meets once a year during NCPA's Annual Conference – Special Committee meetings may be held as required.

**Commission Packet mailed the Thursday or Friday prior to the meeting date.

Unless noted otherwise, Commission and Executive meetings will be held at NCPA's Roseville office.

***The September 27 Commission meeting will be held on a Friday.

**** The January 3 Facilities Committee meeting will be held on Thursday due to the New Year's Holiday.
Commission meetings highlighted in blue will be posted as an "optional" conference call meeting.

Save the Dates:

NCPA 101 Presentation: January 15, 2019, The Sawyer Hotel, Sacramento

NCPA Strategic Issues Conference: January 16-17, 2019, The Sawyer Hotel, Sacramento

Capitol Day: January 28, 2019

NCPA/NWPPA Federal Policy Conference: April 28 – May 2, 2019, Washington, D.C.

NCPA Annual Conference: September 25-27, 2019, Resort at Squaw Creek, Olympic Valley



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Commission Staff Report

October 17, 2018

COMMISSION MEETING DATE: October 25, 2018

SUBJECT: Acceptance of the Annual Financial Statements and Associated Audit Report and Letters for the Years Ended June 30, 2018 and 2017

AGENDA CATEGORY: Consent

FROM:	Monty Hanks <i>MH</i> Assistant General Manager/CFO	METHOD OF SELECTION: N/A
Division:	Administrative Services	
Department:	Accounting & Finance	

IMPACTED MEMBERS:		
All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input type="checkbox"/>	City of Lompoc <input type="checkbox"/>	City of Ukiah <input type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input type="checkbox"/>
City of Biggs <input type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input type="checkbox"/>	City of Roseville <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	Other <input type="checkbox"/>
<i>If other, please specify</i>		
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RECOMMENDATION:

NCPA staff and the Finance Committee recommend that the Commission accept and file the Annual Financial Statements and Associated Audit Report and Letters for the years ended June 30, 2018 and 2017.

BACKGROUND:

On October 9, 2018, the Finance Committee held a meeting to review the Northern California Power Agency and Associated Power Corporations (NCPA) Financial Statements and Associated Audit Report and Letters for the years June 30, 2018 and 2017. The audit partner from the Agency's audit firm, Baker Tilly Virchow Krause, LLP, reviewed the highlights of the financial statements and answered questions from the Committee. The financial report was given an unmodified or "clean" opinion by the auditors. No evidence of fraud or illegal acts were noted in the course of the audit. In addition, the auditors presented a Power Point (copy is attached) which includes required communications by the auditor. Additional auditor reports include an internal control letter, negative assurance letters for bond indentures and the Agency investment policy. Copies of these letters are attached to this report. Nothing of significance was noted in any of the letters.

FISCAL IMPACT:

This financial report for the years ended June 30, 2018 and 2017, which has no direct budget impact to the agency, but merely reports on the fiscal impacts for the last fiscal year.

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 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation was reviewed by the Finance Committee on October 9 and was recommended for Commission approval by a unanimous vote.

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachments:

- Financial Statements for the years ended June 30, 2018 and 2017
- Baker Tilly correspondence dated October 9, 2018
 - o Required communications by the Auditor to those charged with governance
 - o Compliance with Bond Indentures Letter
 - o Compliance with Investment Policy Letter
- PowerPoint presented to Finance Committee by auditors on October 9, 2018



AND

ASSOCIATED POWER CORPORATIONS

**Reports on Audit of Combined Financial Statements
and
Supplementary Information**

For the Years Ended June 30, 2018 and 2017

**NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS**

Reports on Audit of Combined Financial Statements

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For the Years Ended June 30, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Northern California Power Agency and Associated Power Corporations
Roseville, California

We have audited the accompanying combined financial statements of the Northern California Power Agency and Associated Power Corporations (the "Agency"), as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the combined basic financial statements of the Agency as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Agency as of June 30, 2018 and 2017, and the respective changes in combined financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B, the Agency adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* effective, July 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the combined basic financial statements. Such information, although not a part of the combined basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the combined basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the combined basic financial statements, and other knowledge we obtained during our audit of the combined basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's combined basic financial statements as a whole. The combining statements of net position, combining statements of revenues, expenses and changes in net position, combining statements of cash flows (combining financial statements) as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the combined basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined basic financial statements or to the combined basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated in all material respects, in relation to the combining basic financial statements as a whole.

Other Information

Our audits was conducted for the purpose of forming an opinion on the combined financial statements that collectively comprise the Agency's combined basic financial statements. The schedule of generation entitlement shares is presented for purposes of additional analysis and is not a required part of the combined basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the combined basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
October 9, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

The management of Northern California Power Agency (the Agency or NCPA) offers the following narrative discussion and analysis of its financial performance for the years ended June 30, 2018 and 2017. This discussion should be read in conjunction with the Agency's combined financial statements and accompanying notes, which follow this section.

BACKGROUND

The Northern California Power Agency is a joint powers agency formed by member public entities under the laws of the State of California to provide cost effective wholesale power, energy-related services, and advocacy on behalf of public power consumers. The Agency's purposes are for purchasing, generating, transmitting, and selling electrical energy and for providing other related services to its members and customers as each may require. The Agency provides a portion of certain of its members' power needs and certain of its members also self-provide and/or purchase power and transmission from other public and private sources.

NCPA is governed by a Commission comprised of one representative for each member. The Commission is responsible for the general management of the affairs, property, and business of the Agency. Under the direction of the General Manager, the staff of the Agency is responsible for providing various administrative, operating and planning services for the Agency.

The Agency's project construction and development programs have been individually financed by project revenue bonds that are collateralized by the Agency's assignment of all payments, revenues, and proceeds associated with its interest in each project. Each of the Agency's members may choose which projects it wishes to participate in, and is known as a "project participant" for each such project. Each project participant has agreed to pay its proportionate share of debt service and other costs of the related project, notwithstanding the suspension, interruption, interference, or reduction or curtailment of output from the project for any reason (that is, the take-or-pay member agreements). Certain of the revenue bonds are additionally supported by municipal bond insurance credit enhancements.

Power sales by the Agency to its members for their resale include both sales of power to project participants generated by operating plants and power purchased from outside sources. Collections for power sales are designed to recover costs that include budgeted annual operating costs and debt service. Additional amounts for operating reserves or cost stabilization may be included in collections under the terms of bond indentures. The Agency's collections for electric service are not subject to the regulatory jurisdiction of the California Public Utilities Commission (CPUC) or the Federal Energy Regulatory Commission (FERC). Rather, the Agency's collections are established annually in connection with its budget, which is approved by its governing Commission.

Various legal and tax considerations caused the Agency to provide that separate not-for-profit corporations should be delegated by the Agency to own the geothermal electrical generating projects undertaken by the Agency ("the Associated Power Corporations"). The Associated Power Corporations, consisting of Northern California Municipal Power Corporation Nos. Two and Three, have delegated to the Agency the authority to construct, operate, and manage their respective geothermal plants and related assets. The Agency, in return for financing the costs of acquisition and construction, acquires all the capacity and energy generated by the plants.

Because the Agency is a separate, special-purpose governmental entity that serves its participating members, who are also the Agency's principal customers, the net results of operations flow through to its participating members as either net revenues or net expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

FINANCIAL REPORTING

For accounting purposes, the Agency is a special-purpose governmental entity that is engaged in a business-type activity, principally as a supplier of wholesale electricity and transmission to its member participants. As such, the Agency's financial statements are presented as an enterprise type fund.

The records of the Agency and the Associated Power Corporations are maintained substantially in accordance with the FERC Uniform System of Accounts. Accounting principles generally accepted in the United States of America are applied by the Agency in conformance with pronouncements of the Governmental Accounting Standards Board (GASB). The combined financial statements encompass the Agency and Associated Power Corporations on an accrual accounting basis. All significant intercompany balances and transactions have been eliminated from the combined amounts reported.

In accordance with GASB Statement of Government Accounting Standards No. 62, Codification of Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting (GASB No. 62), the Agency has recorded as regulatory assets and liabilities certain items of expense and revenue that otherwise would have been charged to operations as such items will be recovered in future years' operations. The Agency expects to recover these items in collections over the term of the related debt obligations it has issued or when the obligation is paid.

In accordance with GASB Statement of Government Accounting Standards No. 72, Fair Value Measurement and Application, the Agency has established standards for fair value measurements of assets and liabilities. The definition of *fair value* is the price in an orderly transaction between market participants at the measurement date.

In accordance with GASB Statement of Government Accounting Standards No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), the Agency reports a liability on the face of the financial statements, including deferred outflows of resources and deferred inflows. The standard also requires more extensive note disclosures and required supplementary information related to our OPEB liabilities.

The Agency has elected to adopt GASB Statement of Government Accounting Standards No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements early. In accordance with this standard, the Agency added additional note disclosures for debt, including direct borrowings and direct placements.

COMBINED STATEMENTS OF NET POSITION, COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION, AND COMBINED STATEMENTS OF CASH FLOWS

The combined statements of net position includes the Agency's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position using the accrual method of accounting, as well as information about which assets can be used for general purposes and which assets are restricted as a result of bond covenants and other commitments. The combined statement of net position provides information about the nature and amount of resources and obligations at a specific point in time. The combined statements of revenues, expenses, and changes in net position report all the revenues and expenses during the time periods indicated. The combined statements of cash flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and debt financing, and other cash uses, such as payments for debt service and capital additions.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

FINANCIAL HIGHLIGHTS

The following is a summary of the Agency's combined financial position and results of operations for the years ended June 30, 2018, 2017, and 2016.

Condensed Statement of Net Position	June 30,		
	(in thousands)		
	2018	2017	2016
Assets			
Current assets	\$ 89,908	\$ 88,453	\$ 83,366
Restricted assets	219,905	221,783	211,759
Electric plant, net	531,337	559,841	588,870
Other assets	231,430	236,269	249,574
Total Assets	1,072,580	1,106,346	1,133,569
Deferred outflows of resources	61,076	61,612	63,441
	<u>\$ 1,133,656</u>	<u>\$ 1,167,958</u>	<u>\$ 1,197,010</u>

Liabilities and Net Position			
Long-term debt, net	\$ 694,597	\$ 737,022	\$ 776,982
Current liabilities	95,389	101,550	91,653
Non-current liabilities	231,517	218,427	214,612
Total Liabilities	1,021,503	1,056,999	1,083,247
Deferred inflows of resources	74,085	76,899	85,800
Net position:			
Net investment in capital assets	(63,119)	(62,191)	(62,193)
Restricted	60,318	58,269	66,282
Unrestricted	40,869	37,982	23,874
	<u>\$ 1,133,656</u>	<u>\$ 1,167,958</u>	<u>\$ 1,197,010</u>

Condensed Statements of Revenues, Expenses and Changes in Net Position	Years Ended June 30,		
	(in thousands)		
	2018	2017	2016
Operating revenues *	\$ 560,883	\$ 466,738	\$ 467,102
Operating expenses	(509,190)	(418,307)	(421,508)
Net operating revenues	51,693	48,431	45,594
Other expenses	(25,559)	(21,561)	(38,860)
Future refundable costs	(11,812)	(13,274)	(140)
Refunds to participants	(10,314)	(7,499)	(8,622)
Change in net position	4,008	6,097	(2,028)
Net position, beginning of year	34,060	27,963	29,991
Net position, end of year	<u>\$ 38,068</u>	<u>\$ 34,060</u>	<u>\$ 27,963</u>

*A reclassification of \$14,457,000 was made for FY 2016 between Operating Revenues and Operating Expenses for comparability purpose.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets

2018 Compared to 2017 - Current assets increased \$1.5 million or 1.6% from the prior year, primarily due to timing of collections and payments of transmission costs and energy sales and purchases.

2017 Compared to 2016 - Current assets increased \$5.1 million or 6.1% from the prior year, primarily due to higher energy sales during May and June. The higher energy sales resulted from increased hydroelectric generation as a result of a significant snowpack and heavy rainfall during the winter months.

Restricted Assets

2018 Compared to 2017 - Restricted assets decreased \$1.9 million or 0.8% from the prior year. This is primarily due to decreased investment mark to market adjustment as a result of higher interest rate compared to prior year.

2017 Compared to 2016 - Restricted assets increased \$10.0 million or 4.7% from the prior year. This is primarily a result of net increase in participants' General Operating Reserves of \$4.7 million and collections of budgeted reserves and deposits of \$5.3 million.

Electric Plant, net

2018 Compared to 2017 - The Agency has invested approximately \$531.3 million in plant assets and construction work in progress, net of accumulated depreciation, at June 30, 2018. Net utility plant comprises approximately 46.9% of the Agency's assets. The \$28.5 million or 5.1% decrease from the prior year consists of \$30.9 million in depreciation, offset by net capital expenditures of \$2.4 million. For additional detail, refer to Note B – Significant Accounting Policies.

2017 Compared to 2016 - The Agency has invested approximately \$559.8 million in plant assets and construction work in progress, net of accumulated depreciation, at June 30, 2017. Net utility plant comprises approximately 47.9% of the Agency's assets. The \$29.1 million or 4.9% decrease from the prior year consists of \$30.7 million in depreciation, offset by net capital expenditures of \$0.1 million. For additional detail, refer to Note B – Significant Accounting Policies.

Deferred Outflows

2018 Compared to 2017 - Total deferred outflows of resources decreased \$0.5 million or 0.8% due to the scheduled amortization of excess of cost on refunding of debt of \$6.2 million offset by increase of deferred pension and OPEB contributions of \$5.7 million.

2017 Compared to 2016 - Total deferred outflows of resources decreased \$1.8 million or 2.9% due to the scheduled amortization of excess of cost on refunding of debt of \$6.2 million offset by increase of deferred pension contribution of \$4.4 million.

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

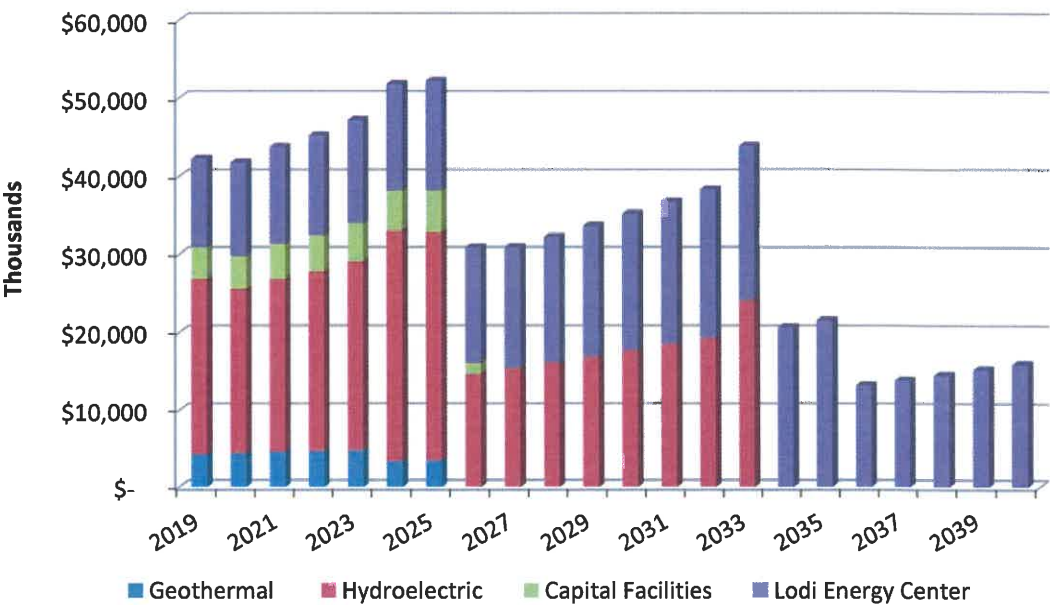
LIABILITIES

Long-Term Debt, net

2018 Compared to 2017 - Long-term debt, net decreased \$42.4 million or 5.8% in 2018 as a result of scheduled principal payments of \$39.8 million, net premium amortization of \$2.3 million, and a decrease for the net transfer of the current portion of long-term debt of \$2.8 million offset by a net increase of \$2.5 million related to two refunding activities: 1) Hydroelectric Project Number One Revenue Bonds 2018 Refunding Series A and B that refunded the Hydroelectric Project Number One Revenue Bonds 2008 Refunding Series C, and 2) Lodi Energy Center Revenue Refunding Bonds, Issue One, 2017 Series A that partially refunded the Lodi Energy Center Revenue Bonds, Issue One, 2010 Series A debt. For additional detail, refer to Note E – Projects and Related Financing.

2017 Compared to 2016 - Long-term debt, net decreased \$40.0 million or 5.1% in 2017 as a result of scheduled principal payments of \$37.2 million, net premium amortization of \$2.3 million, and a decrease for the net transfer of the current portion of long-term debt of \$2.2 million offset by a net increase of \$1.7 million related to the Geothermal Project 3 Revenue Refunding Bonds 2016 Series A that partially refunded the Geothermal Project 3 Revenue Bonds 2009 Series A debt. For additional detail, refer to Note E – Projects and Related Financing.

The following table shows the Agency’s scheduled annual debt service principal payments through FY 2041 as of June 30, 2018:



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Current Liabilities

2018 Compared to 2017 - Current liabilities decreased by \$6.2 million or 6.1% in 2018. This is primarily due to decreases in accounts payable of \$8.4 million and decreases in accrued interest payable of \$1.9 million offset by increases in operating reserves of \$1.3 million and increases in current portion of long-term debt of \$2.8 million.

2017 Compared to 2016 - Current liabilities increased by \$9.9 million or 10.8% in 2017. This is primarily due to increases in accounts payable of \$6.0 million, increases in operating reserves of \$2.5 million and increases in current portion of long-term debt of \$2.2 million offset by decreases in accrued interest of \$0.8 million.

Other Non-Current Liabilities

2018 Compared to 2017 - Non-current liabilities increased by a net of \$13.1 million or 6.0% in 2018. This was primarily due to increased net pension and OPEB liability of \$11.4 million and increased operating reserves of \$5.7 million for budget collections offset by decreased interest rate swap liability of \$4.0 million.

2017 Compared to 2016 - Non-current liabilities increased by a net of \$3.8 million or 1.8% in 2017. This was primarily due to increased net pension liability of \$6.8 million and increased operating reserves of \$4.1 million for budget collections offset by decreased interest rate swap liability of \$7.1 million.

Deferred Inflows

2018 Compared to 2017 – Total deferred inflows of resources decreased \$2.8 million or 3.7% due to deferral of certain revenues related to the amortization of construction advances and prepaids totaling \$1.5 million and net pension and OPEB expense amortization of \$1.3 million.

2017 Compared to 2016 – Total deferred inflows of resources decreased \$8.9 million or 10.4% due to the recognition of PG&E-CPUC gas pipeline settlement of \$4.3 million, deferral of certain revenues related to the inventory and prepaids totaling \$2.5 million and net pension expense amortization of \$2.1 million.

CHANGES IN NET POSITION

The Agency is intended to operate on a not-for-profit basis. Therefore, net position primarily represents differences between total revenues collected, based on estimated operating expenses and debt service, and the total actual expenses incurred. In subsequent periods of operation, excess collections (net of encumbrances) may be refunded to participants or appropriated for other uses at the discretion of the Agency's governing Board of Commissioners. In the event the Agency incurs a net expense at year-end, the balance would be subject to recovery from participants under the terms of the related participating member agreements. See Notes A, B and E to the Combined Financial Statements.

Operating Revenues

Operating revenues consist of Participants Revenue, California Independent System Operator (CAISO) Energy Sales and Ancillary Services (A/S) Revenues and Other Revenues.

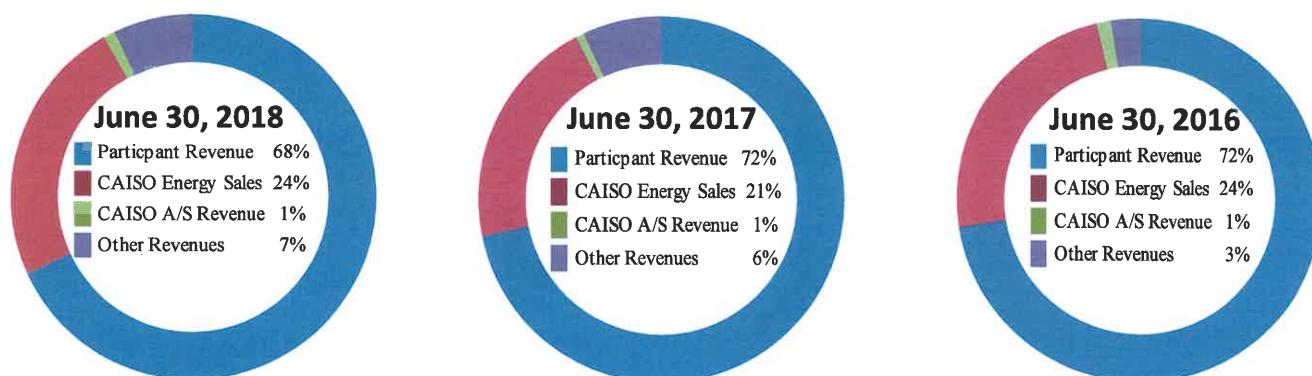
2018 Compared to 2017 - Operating revenues for fiscal year 2018 were approximately \$94.1 million or 20.2% higher than in the prior fiscal year. This was the net result of the following: (1) higher LEC generation of 1,075,084 MWh versus 299,107 MWh in the prior year, and (2) higher collections for transmission costs due to increased generation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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2017 Compared to 2016 - Operating revenues for fiscal year 2017 were approximately \$.4 million or 0.1% lower than in the prior fiscal year. This was the net result of the following: (1) lower other third party revenues of \$7.2 million due to reduced generation resulting in decreased energy sales into the CAISO market from generation plants, and (2) higher operating revenues from Agency participants of \$6.8 million due to higher collections for CAISO costs and energy purchases.

OPERATING REVENUES BY SOURCES



Operating Expenses

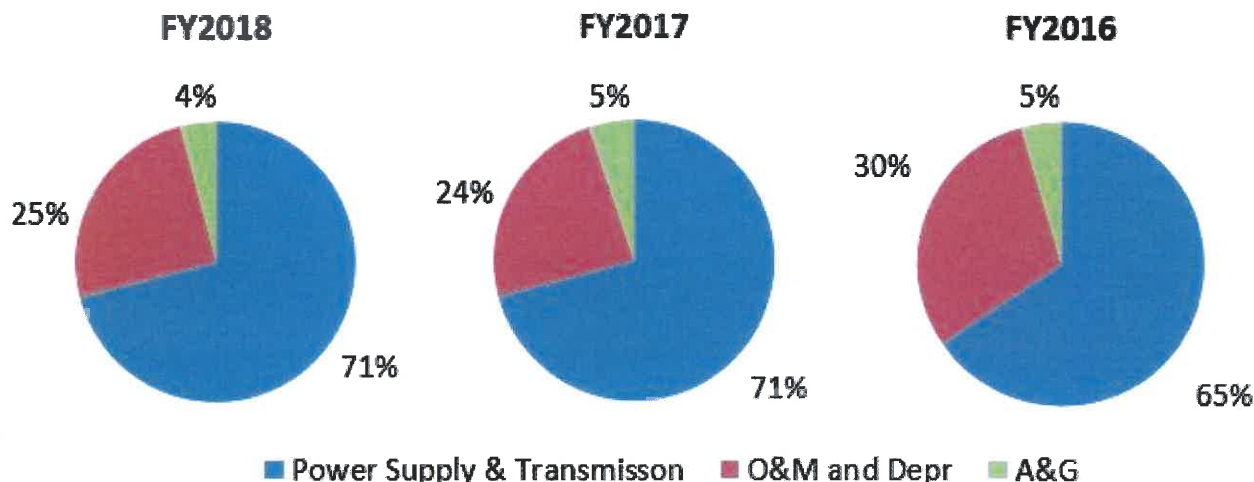
2018 Compared to 2017 - Operating expenses were \$509.2 million in FY 2018, an increase of \$90.9 million from FY 2017. Purchased power expense was \$31.4 million higher in 2018 primarily due to increased energy purchased to fulfill energy requirements. Operations expense increased \$21.6 million primarily due to increased fuel usage for the LEC (see Operating Revenues). Maintenance expenses were \$4.5 million higher than in FY 2017 due to increased plant maintenance costs resulting from increased generation. Additionally, the increase in transmission costs of \$33.7 million was due to increased generation.

2017 Compared to 2016 - Operating expenses were \$418.3 million in FY 2017, a decrease of \$3.2 million from FY 2016. Purchased power expense was \$10.2 million higher in 2017 mainly due to increased energy purchased to fulfill energy requirements. Operations expense decreased \$16.5 million primarily due to decreased fuel usage for the LEC. The LEC generated 300.6 MWh in FY 2017 compared to 1,076.9 MWh in FY 2016 due to economic reasons. Maintenance expenses were \$5.7 million lower than in FY 2016 due to decreased plant maintenance costs. Additionally, the increase in transmission costs of \$5.4 million was due to increased CAISO wheeling access charges during the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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The following charts compare the components of Operating Expenses in fiscal years ended June 30, 2018, 2017, and 2016:



FINANCING ACTIVITIES

During 2018, 2017 and 2016 the Agency continued to implement strategies to further improve its competitive position and financial flexibility. These actions included: (1) monitoring current financial market conditions for financing or refinancing opportunities; and (2) providing rating agencies annual updates on all projects.

In March 2018, the Agency issued Hydroelectric Project Number One Revenue Bonds 2018 Refunding Series A and B (\$70,215,000) to refund Hydroelectric Project Number One Revenue Bond 2008 Refunding Series C. The refunding was completed through the issuance of \$70,215,000 fixed rate debt (2018 Series A & B) with a yield of 2.01% with varying principal maturities ranging from \$839,850 to \$14,957,250 through July 1, 2024. The refunding is estimated to have decreased project debt service by an estimated \$8.34 million over the next 5 years, which results in an estimated economic gain to the Agency of approximately \$7.76 million.

In December 2017, the Agency issued Lodi Energy Center Revenue Refunding Bonds Issue One 2017 Series A (\$38,970,000) to refund a portion of Lodi Energy Center Revenue Bonds Issue One 2010 Series A. The private placement refunding was completed through the issuance of \$38,970,000 fixed rate tax exempt debt (2017 Series A) with a yield of 2.27% with varying principal maturities ranging from \$335,000 to \$7,825,000 through June 1, 2025. The refunding is estimated to have decreased project debt service by an estimated \$2.41 million over the next 6 years, which results in an estimated economic gain to the Agency of approximately \$2.22 million.

In September 2016, the Agency issued Geothermal Project Number 3 Revenue Refunding Bond 2016 Series A (\$17,530,000) to refund a portion of Geothermal Project Number 3 Revenue Bonds 2009 Series A. The refunding was completed through the issuance of \$17,530,000 fixed rate tax exempt debt (2016 Series A) with a yield of 1.67% with varying principal maturities ranging from \$265,000 to \$3,425,000 through July 1, 2024. The refunding is estimated to have decreased project debt service by an estimated \$1.69 million over the next 8 years, which results in an estimated economic gain to the Agency of approximately \$1.03 million.

Each year the Agency has either informal discussions or sometimes formal presentations with each of the credit rating agencies in order to maintain ongoing communications. Standard and Poor's, Moody's, and Fitch affirmed their current ratings on all projects in February 2018, October 2017, and May of 2018, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Ratings assigned to the Agency's outstanding project bonds as of June 30, 2018 are as follows:

Debt Credit Ratings:	Standard & Poor's	Fitch	Moody's
Geothermal	A- , stable	A+, stable	A1, stable
Hydroelectric	A+, stable	AA-, stable	Aa3, stable
Capital Facilities	A- , stable	Not rated	A2, stable
Lodi Energy Center (Issue One)	A- , stable	A, stable	A1, stable
Lodi Energy Center (Issue Two)	AAA, stable	Not rated	Aa2, stable

INVESTMENT IN ASSOCIATED COMPANY

Effective June 2018, the Agency purchased a 20% interest in the not-for-profit corporation Hometown Connections, Inc. (HCI) for \$265,000. HCI is a national service corporation that provides consulting, management and metering services to public power utilities on a national level. HCI has contracted with the Agency to provide monthly accounting service. This investment is accounted for using the equity method of accounting.

SUMMARY

The management of the Agency is responsible for preparing the information in this management's discussion and analysis, combined financial statements and notes to the combined financial statements. Financial statements were prepared according to accounting principles generally accepted in the United States of America, and they fairly portray the Agency's financial position and operating results. The notes to the financial statements are an integral part of the basic financial statements and provide additional financial information.

Agency Financials

COMBINED STATEMENTS OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

	June 30,	
	2018	2017
	(in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 38,561	\$ 45,779
Investments	36,963	24,825
Accounts receivable		
Participants	950	997
Other	1,797	5,650
Interest receivable	319	171
Inventory and supplies	9,746	9,746
Prepaid expenses	1,572	1,285
TOTAL CURRENT ASSETS	89,908	88,453
RESTRICTED ASSETS		
Cash and cash equivalents	65,435	80,265
Investments	153,830	141,042
Interest receivable	640	476
TOTAL RESTRICTED ASSETS	219,905	221,783
ELECTRIC PLANT		
Electric plant in service	1,504,621	1,501,733
Less: accumulated depreciation	(973,466)	(942,713)
	531,155	559,020
Construction work-in-progress	182	821
TOTAL ELECTRIC PLANT	531,337	559,841
OTHER ASSETS		
Regulatory assets	231,147	236,245
Unused vendor credits	-	24
Preliminary survey and investigation costs	18	-
Investment in associated company	265	-
TOTAL ASSETS	1,072,580	1,106,346
DEFERRED OUTFLOWS OF RESOURCES		
Excess cost on refunding of debt	41,876	48,106
Pension deferrals	19,200	13,506
TOTAL DEFERRED OUTFLOWS OF RESOURCES	61,076	61,612
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,133,656	\$ 1,167,958

COMBINED STATEMENTS OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

	June 30,	
	2018	2017
	(in thousands)	
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 22,020	\$ 30,456
Member advances	1,068	993
Operating reserves	21,328	20,024
Current portion of long-term debt	42,335	39,495
Accrued interest payable	8,638	10,582
TOTAL CURRENT LIABILITIES	95,389	101,550
NON-CURRENT LIABILITIES		
Net pension and OPEB liabilities	76,002	64,589
Operating reserves and other deposits	144,406	138,665
Interest rate swap liability	11,109	15,173
Long-term debt, net	694,597	737,022
TOTAL NON-CURRENT LIABILITIES	926,114	955,449
TOTAL LIABILITIES	1,021,503	1,056,999
DEFERRED INFLOWS OF RESOURCES		
Regulatory credits	70,890	72,439
Pension and OPEB deferrals	3,195	4,460
TOTAL DEFERRED INFLOWS OF RESOURCES	74,085	76,899
NET POSITION		
Net investment in capital assets	(63,119)	(62,191)
Restricted for:		
Debt service	59,139	57,424
Other programs	1,179	845
Unrestricted	40,869	37,982
TOTAL NET POSITION	38,068	34,060
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,133,656	\$ 1,167,958

**COMBINED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

**NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS**

	Years Ended June 30,	
	2018	2017
	(in thousands)	
OPERATING REVENUES		
Participants	\$ 381,762	\$ 334,913
Other Third-Party	179,121	131,825
TOTAL OPERATING REVENUES	560,883	466,738
OPERATING EXPENSES		
Purchased power	224,197	192,806
Operations	74,190	52,558
Transmission	137,251	103,544
Depreciation	30,915	30,749
Maintenance	21,497	16,970
Administrative and general	21,140	21,680
TOTAL OPERATING EXPENSES	509,190	418,307
NET OPERATING REVENUES	51,693	48,431
NON OPERATING (EXPENSES) REVENUES		
Interest expense	(34,728)	(34,550)
Interest income	1,245	60
Other	7,924	12,929
TOTAL NON OPERATING EXPENSES	(25,559)	(21,561)
FUTURE RECOVERABLE AMOUNTS	(11,812)	(13,274)
REFUNDS TO PARTICIPANTS	(10,314)	(7,499)
INCREASE (DECREASE) IN NET POSITION	4,008	6,097
NET POSITION, Beginning of year	34,060	27,963
NET POSITION, End of year	\$ 38,068	\$ 34,060

COMBINED STATEMENTS OF CASH FLOW

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

	Years Ended June 30,	
	2018	2017
	(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from participants	\$ 380,335	\$ 327,844
Received from others	180,815	135,318
Payments for employee services	(38,700)	(35,930)
Payments to suppliers for goods and services	(439,070)	(348,243)
NET CASH FLOWS FROM OPERATING ACTIVITIES	83,380	78,989
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities and sales of investments	99,449	113,772
Interest received on cash and investments	3,246	2,590
Purchase of investments	(129,244)	(105,399)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(26,549)	10,963
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of electric plant	(2,411)	(1,720)
Interest paid on long-term debt	(33,954)	(36,390)
Principal repayment on long-term debt	(39,830)	(37,250)
Proceeds from bond issues	117,438	15,416
Payments to refund debt	(117,714)	(15,705)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(76,471)	(75,649)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Other proceeds	7,906	12,929
Refunds to participants	(10,314)	(7,499)
NET CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	(2,408)	5,430
NET CHANGE IN CASH AND CASH EQUIVALENTS	(22,048)	19,733
CASH AND CASH EQUIVALENTS		
Beginning of year	126,044	106,311
End of year	\$ 103,996	\$ 126,044

COMBINED STATEMENTS OF CASH FLOW-Continued

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

	Years Ended June 30,	
	2018	2017
	(in thousands)	
RECONCILIATION OF NET OPERATING REVENUES TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 51,693	\$ 48,431
Adjustments to reconcile net operating revenues to net cash from operating activities:		
Depreciation	30,915	30,749
	82,608	79,180
CASH FLOWS IMPACTED BY CHANGES IN		
Accounts receivable	3,900	(5,462)
Inventory, prepaid expense, and unused vendor credits	(263)	(790)
Operating reserves and other deposits	7,045	6,577
Member advances	75	-
Regulatory credits	(1,549)	(6,762)
Accounts payable	(8,436)	5,983
Net pension liability and related amounts	-	263
NET CASH FROM OPERATING ACTIVITIES	\$ 83,380	\$ 78,989
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION		
Cash and cash equivalents - current assets	\$ 38,561	\$ 45,779
Cash and cash equivalents - restricted assets	65,435	80,265
End of year	\$ 103,996	\$ 126,044
NON-CASH TRANSACTIONS:		
Future recoverable/(refundable) costs	\$ (11,812)	\$ (13,274)
Amortization	(6,783)	(6,069)
Hydro swap change in fair value	(4,064)	7,089
Gain/loss on investments	(664)	(7)

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

NOTE A -- ORGANIZATION

The Agency Northern California Power Agency (Agency) was formed in 1968 as a joint powers agency of the State of California. The membership consists of twelve cities with publicly-owned electric utility distribution systems, one port authority, a transit authority, one public utility district, and one associate member. The Agency is generally empowered to purchase, generate, transmit, distribute, and sell electrical energy. Members participate in the projects of the Agency on an elective basis.

Various legal and tax considerations caused the Agency to provide that separate Special District Entities should be delegated by the Agency to own the geothermal electrical generating projects undertaken by the Agency ("the Associated Power Corporations"). The Associated Power Corporations, Northern California Municipal Power Corporations Nos. Two and Three, have delegated to the Agency the authority to construct, operate and manage their respective geothermal plants and related assets. The Agency, in return for financing the costs of acquisition and construction, acquires all the capacity and energy generated by the plants. See Note E – Projects and Related Financing.

The Agency is governed by a Commission comprised of one representative for each member. The Commission is responsible for the general management of the affairs, property, and business of the Agency. Under the direction of the General Manager, the staff of the Agency is responsible for providing various administrative, operating, and planning services for the Agency.

NOTE B -- SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Principles of Combination For accounting purposes, the Agency is a special-purpose governmental entity that is engaged in a business-type activity, principally as a supplier of wholesale electricity and transmission to its member participants. As such, the Agency's financial statements are presented as an enterprise type fund.

The records of the Agency and its Associated Power Corporations are maintained substantially in accordance with the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts. Accounting principles generally accepted in the United States of America are applied by the Agency in conformance with pronouncements of the Governmental Accounting Standards Board (GASB). The combined financial statements encompass the Agency and Associated Power Corporations on an accrual accounting basis. All significant intercompany balances and transactions have been eliminated from the combined amounts reported.

Cash and Cash Equivalents Cash and cash equivalents include all debt instruments purchased with an original maturity of 90 days or less, all investments in the Local Agency Investment Fund (LAIF) and cash maintained in interest-bearing depository accounts, which are fully insured or collateralized in accordance with state law. Cash balances may be invested in either overnight repurchase agreements, which are fully collateralized by U.S. Government Securities, or in money market funds invested in short-term U.S. Treasury Securities. The Agency commingles operating cash for investment purposes only. Separate detailed accounting records are maintained for each account's related investments. All cash of the Agency is held by either the Agency's custodian or its primary bank and revenue bond trustee.

Custodial credit risk for cash deposits is the risk that, in the event of the failure of a depository financial institution, the Agency will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 110% to 150% of the Agency's cash on deposit. All of the Agency's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Investments The Agency's investments are reported at fair value. Realized and unrealized gains and losses are included in interest income in the Statement of Revenue, Expenses and Changes in Net Position.

Accounts Receivable Accounts Receivable consists primarily of amounts due from participants and other governmental entities related to sales of energy and transmission. Amounts are deemed to be collectible and as such, no allowance for uncollectible accounts has been recorded.

Inventory and Supplies Inventory and supplies consist primarily of spare parts for the maintenance of plant assets and are stated at average cost.

Restricted Assets Cash and cash equivalents, investments and related accrued interest, which are restricted under terms of certain agreements, trust indentures or Commission actions limiting the use of such funds, are included in restricted assets.

Electric Plant Electric plant in service is recorded at historical cost. The cost of additions, renewals and betterments are capitalized; repairs and minor replacements are charged to operating expenses as incurred. The original cost of property retired, net of removal and salvage costs, is charged to accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets. The provision for depreciation was approximately 2.0% of the average electric plant in service for the Agency during both 2018 and 2017. Depreciation is calculated using the following estimated lives:

Generation and Transmission	25 to 42 years
General Plant	5 to 25 years
Furniture and Fixtures	10 years
Transportation Equipment	5 years
Computer and Electronic Equipment	5 years

A summary of changes in electric plant for the year ended June 30, 2018 is as follows:

	Balance June 30, 2017	Adjustments	Additions	Deletions	Balance June 30, 2018
	(in thousands)				
Structures and Leasehold Improvements	\$ 319,378	\$ -	\$ 1,356	\$ -	\$ 320,734
Reservoirs, Dams and Waterways	249,338	-	-	-	249,338
Equipment	758,026	-	1,400	(162)	759,264
Furniture and Fixtures	3,046	-	294	-	3,340
	1,329,788	-	3,050	(162)	1,332,676
Accumulated Depreciation	(942,713)	-	(30,915)	162	(973,466)
	387,075	-	(27,865)	-	359,210
Construction Work-In-Progress	821	-	75	(714)	182
Land and Land Rights	171,945	-	-	-	171,945
Electric Plant, Net	\$ 559,841	\$ -	\$ (27,790)	\$ (714)	\$ 531,337

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

A summary of changes in electric plant for the year ended June 30, 2017 is as follows:

	Balance June 30, 2016	Adjustments	Additions	Deletions	Balance June 30, 2017
	(in thousands)				
Structures and Leasehold Improvements	\$ 319,127	\$ 60	\$ 203	\$ (12)	\$ 319,378
Reservoirs, Dams and Waterways	249,339	(1)	-	-	249,338
Equipment	757,727	(331)	630	-	758,026
Furniture and Fixtures	2,601	271	174	-	3,046
	1,328,794	(1)	1,007	(12)	1,329,788
Accumulated Depreciation	(911,976)	-	(30,749)	12	(942,713)
	416,818	(1)	(29,742)	-	387,075
Construction Work-In-Progress	107	-	714	-	821
Land and Land Rights	171,945	-	-	-	171,945
Electric Plant, Net	\$ 588,870	\$ (1)	\$ (29,028)	\$ -	\$ 559,841

Construction Work-In-Progress Construction work-in-progress (CWIP) includes the capitalized cost of land, material, equipment, labor, interest (net of interest income), certain other financing costs incurred to facilitate the projects and an allocated portion of general and administrative expenses related to the development of electric plant. In addition, CWIP ultimately includes costs incurred during the test and start-up phase of projects prior to commencement of commercial operations.

Regulatory Assets/Credits In accordance with GASB Statement No. 62, the Agency has deferred certain items of expense and revenue that otherwise would have been charged to operations because it is probable that such items will be recovered in future years' operations. For items related to Net Pension and OPEB Liabilities, the Agency expects to recover these items through participant collections using the actuarially calculated amounts as represented in the respective annual and biennial actuarial valuation reports. For other regulatory items, the Agency expects to recover these items through participant collections over the term of the related debt obligations it has issued. On an ongoing basis, the Agency reviews its operations to determine the continued applicability of these deferrals under GASB Statement No. 62.

The items of expense that have been deferred are net pension and OPEB liabilities and those originally paid from bond proceeds, including depreciation, certain bond amortizations, and interest paid from bond proceeds. These amounts are recorded to future recoverable amounts. Revenues used to acquire electric plant have also been deferred to future years. As of June 30, 2018 and 2017, the Agency had accumulated regulatory assets, net of regulatory credits, of approximately \$160,257,000 and \$163,806,000, respectively.

Investment in Associated Company Effective June 2018, the Agency invested \$265,000 (20% interest) into Hometown Connections Inc. (a not-for-profit corporation) (HCI). HCI is a national service corporation that provides consulting, management and metering services to public power utilities on a national level. This investment is accounted for using the equity method of accounting.

Debt Related Costs Debt issuance costs are expensed as incurred. Excess costs on refunding of bonds are considered deferred outflows of resources as prescribed by GASB Statement No. 65 and amortized over the life of the refunding bonds, or the life of the refunded bonds, whichever is shorter. Amortization is computed using the effective interest method and included in interest expense.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Compensated Absences Accumulated unpaid compensated absences are accrued as the obligation is incurred. Compensated absences are included in accounts payable and accrued expenses.

Pensions For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expenses, information about the fiduciary net position of the Agency's CalPERS plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post Employment Benefits (OPEB) For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB and OPEB expenses, information about the fiduciary net position of the Agency's California Employers' Retirement Benefit Trust (CERBT) Fund and additions to/deductions from Fund's fiduciary net position have been determined on the same basis as they are reported by CalPERS, the trust administrator. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-Term Debt Long-term debt is stated net of unamortized discounts and premiums. Discounts and premiums are amortized over the term of the related obligation using the effective interest method. Amortization of debt discounts and premiums is included in total interest expense for the period. See Note E - Projects and Related Financing.

Operating Reserves The Agency has established various funded operating reserves, in accordance with various bond indentures, project agreements, and prudent utility practice, for anticipated periodic operating costs and related liabilities including, but not limited to, scheduled maintenance other than ordinary repairs and replacements. Certain amounts funded each year are charged to operating expense because the collections established by the Agency for power sales to its members include these costs on a prospective basis. Changes to operating reserve levels are periodically evaluated during the annual budgeting process. A non-project specific, individual participant controlled, general operating reserve is also maintained for participating Agency members.

Rates Power sales to participants for their resale include both power generated by operating plants and power purchased from outside sources. Collection rates for power sales are designed to recover costs that include budgeted annual operating costs and debt service. Additional amounts for operating reserves or rate stabilization may be included in collection rates under the terms of bond indentures. During fiscal years 2018 and 2017, no amounts were specifically collected for rate stabilization.

The Agency's collection rates for electric service are not subject to the regulatory jurisdiction of the California Public Utilities Commission (CPUC) or FERC. Rather, the Agency's rates are established annually in connection with its budget, which is approved by its governing Commission.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Power, Transmission and Fuel Forward Transactions In the normal course of its business, the Agency is required to manage loads, resources, and energy price risk on behalf of its members. Consequently, the Agency buys and sells power, transmission, and fuel in wholesale markets as required. The Agency does not enter into such agreements solely for trading purposes. All such transactions are normal purchases and sales subject to settlement at the agreed to contract prices for quantities delivered. While authorized to transact forward purchase contracts for terms of up to five years, forward contract purchases at fiscal year ended June 30, 2018 were for periods not greater than four years duration beyond the current fiscal year. In the event of default, undelivered transactions are required to be marked-to-market subject to the following limitations. If the Agency, as buyer, is the defaulting entity, the Agency's termination settlement amount is capped at the agreed to contract cost for all future undelivered commodities. If the selling counterparty is the defaulting entity, the seller's termination settlement is not capped for all future undelivered commodities. The defaulting entity is also subject to resultant transmission charges, brokerage fees, attorney fees, and all other reasonable expenses. See Note H - Commitments and Contingencies, Power Purchase Contracts.

Fair Values of Financial Instruments The following methods and assumptions were used by the Agency in estimating its fair value disclosures for financial instruments:

Cash and Cash Equivalents - The carrying amount reported in the statements of net position for cash and cash equivalents approximates its fair value.

Investments - The fair values for investments are based on quoted market prices and significant other observable inputs. See Note C - Investments.

Swaps - The fair values take into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and any upfront payments that were received. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. While the current net mark-to-market values are negative, this valuation would be realized only if the swaps were terminated at the valuation date.

Net Position The Agency classifies its net position into three components; invested in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component consists of capital assets, net of accumulated depreciation reduced by outstanding debt balances, net of unspent bond proceeds.

Restricted - This component consists of net position with constraints placed on their use. Constraints include those imposed by debt indentures and other agreements; grants, laws and regulations of other governments or by the Agency's governing Board of Commissioners.

Unrestricted - This component consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

The Agency and the Associated Power Corporations are intended to operate on a not-for-profit basis. Therefore, any balance of net position represents differences between total revenues collected, using collection rates based on estimated operating expenses and debt service, and the total actual expenses incurred. In subsequent periods of operation, excess collections (net of encumbrances) that the participating members do not direct be held by or released to the Agency, are refunded to the participating members. Estimated encumbrances at June 30, 2018 and 2017 were \$2,452,000 and \$3,257,000, respectively. In the event the Agency incurs a negative net position balance, the balance would be subject to recovery in collection rates under the terms of the related take-or-pay member agreements. See Note E – Projects And Related Financing.

Deferred Outflows and Inflows of Resources The statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred Outflows of Resources consist of excess cost on refunding of debt and pension and OPEB deferrals. Pension contributions made in the current year are reported as deferred outflows of resources as the CalPERS' valuation measurement date is June 30, 2017; those contributions will be expensed in fiscal year 2019.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period(s) and will be recognized as revenue at that time. The Agency's deferred inflows of resources are comprised of regulatory credits intended to offset the effects of the collection rate process and pension and OPEB deferrals projected in the pension and OPEB actuarial reports.

Recent Accounting Pronouncements In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt including Direct Borrowings and Direct Placements*, effective for financial statements for years beginning after June 15, 2018. The Agency has elected to adopt this statement as of July 1, 2017. This statement requires the Agency to add additional note disclosures for debt, including direct borrowings and direct placements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective for financial statements for years beginning after June 15, 2017. This statement requires governments to report a liability on the face of the financial statements for the Postemployment Benefits Other than Pensions provided by the entities and requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities.

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for financial statements for years beginning after June 15, 2015. This statement clarifies the definition of fair value, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. This statement establishes a three-level hierarchy to the valuation techniques used to measure fair value. Disclosure is required to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Accounting Pronouncements Effective in Future Fiscal Years

- **GASB Statement No. 83** – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of the Statement is to address accounting and reporting for certain asset retirement obligations (AROs). This Statement requires governments to recognize a liability for legal obligations to perform future asset retirement activities related to tangible capital assets. The Statement is effective for the periods beginning after June 15, 2018, or fiscal year 2019. The Agency has not determined the effect of the statement.
- **GASB Statement No. 84** – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of the Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement is effective for the periods beginning after December 15, 2018, or fiscal year 2020. The Agency has not determined the effect of the statement.
- **GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of the Statement is to recognize in the Financial Statements certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement is effective for the periods beginning after December 15, 2019, or the fiscal year 2021. The Agency has not determined the effect of the statement.
- **GASB Statement No. 89** – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of the Statement is (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The Statement is effective for the periods beginning after December 15, 2019, or fiscal year 2021. The Agency has not determined the effect of the statement.

Use of Estimates in the Preparation of Financial Statements The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassifications had no material effect on net position.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

NOTE C -- INVESTMENTS

The Agency is authorized to invest in obligations of the U.S. Government and its agencies and instrumentalities, in certificates of deposit, commercial paper, banker's acceptances, repurchase agreements, passbook savings account demand deposits, municipal bonds, the State Treasurer's LAIF pool, mid-term corporate notes, and in other instruments authorized by applicable sections of the Government Code of the State of California. The Agency's investments are stated at fair value.

Investments at June 30, 2018

<u>Description</u>	Carrying Value	Fair Value	Wtd. Avg Maturity (In years)
	(in thousands)		
U.S. Agencies	\$ 160,079	\$ 156,857	2.12
U.S. Treasury	1,594	1,591	0.45
Corporate Bonds	32,685	32,345	4.29
TOTAL INVESTMENTS	\$ 194,358	\$ 190,793	

Investments at June 30, 2017

<u>Description</u>	Carrying Value	Fair Value	Wtd. Avg Maturity (In years)
	(in thousands)		
U.S. Agencies	\$ 167,404	\$ 165,867	2.79
TOTAL INVESTMENTS	\$ 167,404	\$ 165,867	

The Agency's investment policy requires investments that assure safety of the principal, liquidity to meet specific obligations of the Agency when due, and investment quality all in compliance with California State law and the Agency's revenue bond indentures. Generally, operating and reserve funds investment maturities are limited to one and five years, except for Geothermal Decommissioning Reserve and debt service reserve funds, which are allowed maturities up to ten years and fifteen years, respectively. All U.S. Government and U.S. Government Agency securities held by the Agency are either in effect or actually AA rated.

All securities owned by, or held on behalf of, the Agency are held by either the Agency's custodian, Union Bank of California, N.A., or its revenue bond trustee, U.S. Bank Trust, N.A.

The Agency's investment policy includes restrictions for investments relating to maximum amounts invested as a percentage of the portfolio and with a single issuer, maximum maturities, and minimum credit ratings.

Credit Risk To mitigate the risk that an issuer will not fulfill its obligation to the investment, the Agency limits investments to those rated, at a minimum, A or equivalent for long/medium term notes by a nationally recognized statistical rating organization.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Custodial Credit Risk This is the risk that in the event of a failure of a depository financial institution, the Agency's deposits may not be returned or the Agency will not be able to recover its deposits, investments, or collateral securities that are in the possession of another party. The Agency's policy mitigates this risk by requiring transactions with approved institutions and firms that have one or more of the following attributes: recognized as a primary government dealer as designated by the Federal Reserve Bank; regional broker/dealer headquartered in the State of California; national or state chartered bank that must be a member of the FDIC; direct issuer of securities eligible for purchase by the Agency; brokers and dealers qualify under SEC Rule 15C3-1 (Uniform Net Capital Rule), must be registered with the Financial Industry Regulatory Authority (FINRA) and must be licensed to do business in the State of California. Capitalization, credit worthiness, experience, reference checks and services offered criteria are evaluated when selecting a custodian.

Concentration of Credit Risk This is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The investment policy of the Agency contains no limitations on the amount that may be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total Agency investments include the following at June 30, 2018 and June 30, 2017.

Concentration of Credit Risk, June 30, 2018

Issuer:	Investment Type	Reported Amount	Percentage of Portfolio
Federal National Mortgage Association	Federal Agency	44,194,177	23.2%
Federal Home Loan Mortgage Corp.	Federal Agency	37,424,182	19.6%
Federal Farm Credit Bank	Federal Agency	32,732,318	17.2%
Federal Home Loan Bank	Federal Agency	42,506,166	22.3%

Concentration of Credit Risk, June 30, 2017

Issuer:	Investment Type	Reported Amount	Percentage of Portfolio
Federal National Mortgage Association	Federal Agency	59,751,517	36.0%
Federal Home Loan Mortgage Corp.	Federal Agency	40,633,931	24.5%
Federal Farm Credit Bank	Federal Agency	30,655,349	18.5%
Federal Home Loan Bank	Federal Agency	34,816,372	21.0%

Interest Rate Risk Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. The Agency manages its exposure to interest rate risk by following a hold-to-maturity investment approach for some investments, purchasing a combination of shorter and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. In addition, the Agency periodically rebalances larger fund portfolios to maintain the appropriate rate of return through market cycles; such rebalances are performed only in instances when the result of the rebalance transaction is a net gain.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

NOTE D -- FAIR VALUE MEASUREMENT

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for financial statements for years beginning after June 15, 2015. This statement clarifies the definition of fair value, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements.

In accordance with GASB 72, Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability.

Valuation inputs are assumptions that market participants use in pricing an asset or liability. The hierarchy of inputs used to generate the valuation is classified into three different Levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.
- Level 2 inputs include quoted prices for similar assets or liabilities in markets that are active; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for an asset, either directly or indirectly.
- Level 3 inputs are unobservable inputs from the asset or liability where there is very little market activity and they should be used only when relevant Level 1 and Level 2 inputs are unavailable.

The Agency's fair value measurements are performed on a recurring basis. Because investing is not a core part of the Agency's mission, the Agency determines that the disclosures related to these investments only need to be disaggregated by major type. The fair value of swaps reflect the nonperformance risk of their client counterparty relating to that liability, and the nonperformance risk of the bank counterparty relating to that asset.

Fair Value of Investments under GASB 72 – Debt and other securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Level 2 Securities are valued using a multi-dimensional relationship model or matrix pricing model utilizing market data including, but not limited to, benchmark yields, reported trades, and broker/dealer quotes.

Fair Value of Swaps under GASB 72 – Fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of a given transaction. The valuations of derivatives transactions provided are indicative values based on mid-market levels as of June 30, 2018. These valuations do not represent the actual terms at which new transactions could be entered into or the actual terms at which existing transactions could be liquidated. The valuations provided are derived from proprietary models based upon well-recognized financial principles and reasonable estimates about relevant future market conditions for interest rate swaps. The observability of inputs used to perform the measurement results in the swap fair values being categorized as Level 2.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

The Agency has the following fair value measurements as of June 30, 2018:

		Fair Value Using (thousands)		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	June 30, 2018			
Investments by fair value level				
Debt Securities				
U.S agencies	\$ 156,857	\$ 34,810	\$ 122,047	-
U.S treasury	1,591	1,591	-	-
Corporate Bonds	32,345	-	32,345	-
Total debt securities	190,793	36,401	154,392	-
Total investments by fair value level	\$ 190,793	\$ 36,401	\$ 154,392	\$ -
Derivative Instruments by fair value level				
Swap liability instruments	\$ (11,109)	\$ -	\$ (11,109)	\$ -
Total Derivative Instruments by fair value level	\$ (11,109)	\$ -	\$ (11,109)	\$ -

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

The Agency had the following fair value measurements as of June 30, 2017:

		Fair Value Using (thousands)		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	June 30, 2017			
Investments by fair value level				
Debt Securities				
U.S agencies	\$ 165,867	\$ 34,894	\$ 130,973	-
Total debt securities	165,867	34,894	130,973	-
Total investments by fair value level	\$ 165,867	\$ 34,894	\$ 130,973	\$ -
Derivative Instruments by fair value level				
Swap liability instruments	\$ (15,173)	\$ -	\$ (15,173)	\$ -
Total Derivative Instruments by fair value level	\$ (15,173)	\$ -	\$ (15,173)	\$ -

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

NOTE E -- PROJECTS AND RELATED FINANCING

Financing Programs The Agency's project construction and development programs have been individually financed by project revenue bonds that are collateralized by the Agency's assignment of all payments, revenues, and proceeds associated with its interest in each project. Each project participant has agreed to pay its proportionate share of debt service and other costs of the related project, notwithstanding the suspension, interruption, interference, reduction or curtailment of output from the project for any reason (that is, the take-or-pay member agreements).

Certain of the revenue bonds are additionally supported by municipal bond insurance credit enhancements.

	Balance July 1, 2017	Additions	Retirements (in thousands)	Balance June 30, 2018	Current Portion
Geothermal Project					
2009 Series A - Original Issue Amount \$35,610 Serial, 4.00-5.50% through 2025	\$ 7,640	\$ -	\$ 2,420	\$ 5,220	\$2,545
2012 Series A - Original Issue Amount \$12,910 Term, 2.289% due 2023	7,595	-	1,310	6,285	1,340
2016 Series A - Original Issue Amount \$17,530 Term, 1.670% due 2024	17,530	-	265	17,265	365
Total Geothermal Project	32,765	-	3,995	28,770	4,250
Hydroelectric Project - Original Issue Amount \$195,610					
1992 Refunding Series A Term, 6.30% due 2019	23,595	-	11,440	12,155	12,155
2008 Refunding Series A - Original Issue Amount \$85,160 Term, adjustable rate-weekly reset, due 2033	85,160	-	-	85,160	-
2008 Refunding Series B (Taxable) - Original Issue Amount \$3,165 Term, adjustable rate-weekly reset, due 2021	1,540	-	305	1,235	325
2008 Refunding Series C - Original Issue Amount \$128,005 Serial, 4.00-5.00% through 2025	77,130	-	77,130	-	-
2010 Refunding Series A - Original Issue Amount \$101,260 Serial, 4.00-5.00% through 2024	72,615	-	9,640	62,975	10,130
2012 Refunding Series A - Original Issue Amount \$76,665 Serial, 5.00% through 2033	76,665	-	-	76,665	-
2012 Refunding Series B - Original Issue Amount \$7,120 Serial, 4.32% through 2025	7,120	-	-	7,120	-
2018 Refunding Series A - Original Issue Amount \$68,875 Serial, 5.00% through 2025	-	68,875	-	68,875	-
2018 Refunding Series B - Original Issue Amount \$1,340 Serial, 4.32% through 2025	-	1,340	-	1,340	-
Add: Unamortized Premium, net	10,473	8,253	2,984	15,742	-
Total Hydroelectric Project	354,298	78,468	101,499	331,267	22,610
	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Current Portion
Capital Facilities Project – Original Issue Amount \$55,120					

NOTES TO COMBINED FINANCIAL STATEMENTS

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2010 Refunding Series A Serial, 2.00-5.25% through 2026	\$ 37,400	-	\$ 3,760	\$ 33,640	\$ 3,995
Add: Unamortized Premium	763	-	181	582	-
Total Capital Facilities Project	38,163	-	3,941	34,222	3,995
Lodi Energy Center, Issue One					
2010 Series A - Original Issue Amount \$78,330					
Serial, 3.00-5.00% through 2020	17,755	-	5,630	12,125	5,915
Term, 5.00% due 2025	36,020	-	36,020	-	-
2010 Series B (Federally Taxable - Direct Payment Build America Bonds) - Original Issue Amount \$176,625					
Term, 7.311% due 2040	176,625	-	-	176,625	-
Lodi Energy Center, Issue Two					
2010 Series A - Original Issue Amount \$30,540					
Serial, 3.00-5.00% through 2019	9,685	-	4,725	4,960	4,960
2010 Series B (Federally Taxable - Direct Payment Build America Bonds) - Original Issue Amount \$110,225					
Term, 4.63% due 2020	5,210	-	-	5,210	-
Term, 5.679% due 2035	105,015	-	-	105,015	-
Lodi Energy Center, Issue One					
2017 Series A – Original Issue Amount \$38,970					
Serial, 2.70% through 2025	-	38,970	335	38,635	605
Add: Unamortized Premium	981	-	878	103	-
Total Lodi Energy Center Project	351,291	38,970	47,588	342,673	11,480
Total Long-Term Debt, Net	\$ 776,517	\$ 117,438	\$ 157,023	\$ 736,932	\$ 42,335

NOTES TO COMBINED FINANCIAL STATEMENTS

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Debt service requirements for each of the next five years and in five-year cumulative increments thereafter as of June 30, 2018:

20, 2018.

	Revenue Bonds		Notes from Direct Placements		
	Principal	Interest	Principal	Interest	Total
	(in thousands)				
2019	\$ 40,025	\$ 38,299	\$ 2,310	\$ 1,302	\$ 81,936
2020	39,470	36,863	2,365	1,251	79,949
2021	32,085	34,952	11,745	1,199	79,981
2022	33,290	33,000	12,005	951	79,246
2023	34,985	30,971	11,505	698	78,159
2024-2028	175,325	121,626	22,255	875	320,081
2029-2033	187,935	73,252	-	-	261,187
2034-2038	83,980	27,944	-	-	111,924
2039-2040	31,225	3,451	-	-	34,676
Add: Unamortized Bond Premium	16,427	-	-	-	16,427
	\$ 674,747	\$ 400,358	\$ 62,185	\$ 6,276	\$ 1,143,566

Interest includes interest requirements for fixed rate debt at their stated rate and variable rate debt covered by interest rate swaps at their fixed swap rate.

Changes in long-term debt obligations for the year ended June 30, 2018, are as follows:

	Balance at July 1, 2017	Increases	Decreases	Balance at June 30, 2018	Due Within One Year
	(in thousands)				
Revenue bonds	\$ 739,175	\$ 70,215	\$ 151,070	\$ 658,320	\$ 40,025
Notes from direct placements	25,125	38,970	1,910	62,185	2,310
Add: Unamortized Premium, net	12,217	8,253	4,043	16,427	-
Total	<u>\$ 776,517</u>	<u>\$ 117,438</u>	<u>\$ 157,023</u>	<u>\$ 736,932</u>	<u>\$ 42,335</u>

The Agency's outstanding notes from direct placements of \$62,185 contain provisions that in an event of default, outstanding amounts become immediately due if (1) the Agency is unable to pay the principal or interest when due, (2) files bankruptcy or becomes insolvent, or (3) S&P issues a downgrade below "BBB-."

Redemption Provisions As set forth in the bond indentures, the term bonds are subject to redemption prior to maturity in varying amounts at specific dates. At the option of the Agency, the bonds are also subject to early redemption at specific redemption prices and dates.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Defeased Debt Various bond refundings were undertaken to defease debt and realize future debt service savings. Debt was defeased by using the proceeds of the refunding issues and other available monies to irrevocably place in trust cash and U.S. Government Securities, which together with interest earned thereon, will be sufficient to pay both the interest and the appropriate maturity or redemption value of the refunded bonds as required. Detailed information about the refunding transactions follow.

In March 2018, the Agency issued Hydroelectric Project Number One Revenue Bonds 2018 Refunding Series A and B (\$70,215,000) to refund Hydroelectric Project Number One Revenue Bond 2008 Refunding Series C. The refunding was completed through the issuance of \$70,215,000 fixed rate debt (2018 Series A & B) with a yield of 2.01% with varying principal maturities ranging from \$839,850 to \$14,957,250 through July 1, 2024.

In December 2017, the Agency issued Lodi Energy Center Revenue Refunding Bonds Issue One 2017 Series A (\$38,970,000) to refund a portion of Lodi Energy Center Revenue Bonds Issue One 2010 Series A. The private placement refunding was completed through the issuance of \$38,970,000 fixed rate tax exempt debt (2017 Series A) with a yield of 2.27% with varying principal maturities ranging from \$335,000 to \$7,825,000 through June 1, 2025.

Accordingly, some of these defeased debt issues have been considered extinguished for financial reporting purposes. At year-end, the following defeased debt remained outstanding:

		2018	2017
		(in thousands)	
Hydroelectric:	Project No. One, 1985 Series A	\$ 12,150	\$ 12,150
	Project No. One, 1986 Series A	31,360	31,360
	Project No. One, 2008 Series C	77,130	-
		120,640	43,510
LEC:	Issue One, 2010 Series A	36,020	-
Total Defeased Debt Outstanding		\$ 156,660	\$ 43,510

Geothermal Project In addition to a federal geothermal leasehold, steam wells, gathering system and related facilities, the project consists of two electric generating stations (Plant 1 and Plant 2) with combined 165 MW (nameplate rating) turbine generator units utilizing low temperature geothermal steam; associated electrical, mechanical and control facilities; a heat dissipation system; a steam gathering system, a transmission tap-line, and other related facilities. Geothermal steam for the project is derived from the geothermal property, which includes well pads, access roads, steam wells and re-injection wells.

Hydroelectric Project The Agency contracted to finance, manage, construct, and operate Hydroelectric Project Number One for the licensed owner, Calaveras County Water District. In exchange, the Agency has the right to the electric output of the project for 50 years from February 1982. The Agency also has an option to purchase power from the project in excess of the District's requirements for the subsequent Federal Energy Regulatory Commission project license term of 30 to 50 years.

NOTES TO COMBINED FINANCIAL STATEMENTS

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As part of a refinancing plan in November 2004, the Agency entered into two forward starting interest rate swaps in an initial notional amount of \$85,160,000 and \$1,574,000. Payments under the swap agreements with Citigroup Financial Products, Inc. began on April 2, 2008. To complete the refinancing transaction and realize the debt service savings under the 2004 swap agreement, on April 2, 2008 the Agency completed a bond refunding of certain maturities of the 1998 Hydroelectric Refunding Series A bonds totaling \$85,870,000 maturing in 2023 to 2032. These fixed rate bonds were refinanced through the issuance of tax-exempt 2008 Hydroelectric Refunding Series A (\$85,160,000) bonds and taxable 2008 Hydroelectric Refunding Series B (\$3,165,000) bonds. Both issues are variable interest rate bonds bearing interest at weekly interest rates, payable semi-annually on July 1 and January 1 each year. To support this financing, the Agency entered into two irrevocable direct pay letter of credit agreements with Citibank N.A. The Citibank letters of credit were for a period of three years and were scheduled to expire on September 27, 2014. On September 10, 2014, the irrevocable letter of credit agreements with Citibank N.A. were terminated. Substitution letters of credit with the Bank of Montreal were issued the same day. The Bank of Montreal letters of credit are for a period of five years and expire on September 9, 2019.

The payment of principal and interest on these issues are not covered by any financial guaranty insurance policies. This 2008 Hydroelectric Refunding and the associated interest rate swaps are estimated to have reduced project debt service by \$11.8 million over the next 24 years providing the Agency with an estimated economic gain (difference between the present values of the old and new debt service payments) of approximately \$5.9 million.

The Agency has entered into two separate pay-fixed, receive-variable interest rate swaps to produce savings or to result in lower costs over the life of each transaction than what the Agency would have paid using fixed-rate debt. While these derivative instruments carry additional risks, the Agency's swap policy and favorable negotiations have helped to reduce such risks.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

2008 Hydroelectric Refunding Revenue Bonds Forward Starting Swaps				
<u>Associated Interest Rate Swaps starting April 2, 2008</u>	<u>Series A</u>		<u>Series B (Taxable)</u>	
Counterparty to Interest Rate Swap	Citigroup Financial Products Inc.		Citigroup Financial Products Inc.	
Notional Value of Interest Rate Swap	\$ 85,160,000		\$1,073,895	
Fair Value--Due from (to) Counterparty	\$(11,251,644)		\$ 143,056	
Credit Downgrade Required Collateral Posting:				
For Counterparty, Fair Value Above	\$10 million		\$10 million	
If S&P or Moody's Credit Rating falls to	A-/A3 and BBB-/Baa3		A-/A3 and BBB-/Baa3	
For Agency (Credit of Agency's Insurer National Public Finance Guarantee formerly MBIA and NCPA credit), Fair Value Above	\$10 million		\$10 million	
If S&P or Moody's Credit Rating falls to	A+/A1		A+/A1	
Termination Date	July 1, 2032		July 1, 2032	
	<u>Terms</u>	<u>Rates</u>	<u>Terms</u>	<u>Rates</u>
Payments to (from) Counterparty	Fixed	3.819 %	Fixed	(5.376)%
Variable Payments (from) to Counterparty	54% LIBOR+.54%*	<u>(1.373)%</u>	100% of LIBOR*	<u>1.550 %</u>
Net Interest Rate Swap Payments		2.446 %		<u>(3.826)%</u>
Variable-Rate Bond Payments	SIFMA**	<u>1.039 %</u>	SIFMA**	<u>1.733 %</u>
Effective Interest Rate on Bonds		<u>3.485 %</u>		<u>(2.093)%</u>

Average to Date: *1-Month London Inter-Bank Offered Rate

**Securities Industry and Financial Market Association Municipal Swap Index (formerly the Bond Market Association Municipal Swap Index)

The total fair value of outstanding swap instruments was a net liability of \$11,109,000 and \$15,173,000 at June 30, 2018 and June 30, 2017, respectively. These amounts are reported as a non-current liability. The interest rate swaps beginning in FY 2013 are both ineffective hedges and considered investment derivative instruments. The change in fair value was \$4.1 million and \$7.1 million for years ended June 30, 2018 and 2017, respectively and are recorded as interest expense in the Statement of Revenues, Expenses, and Changes in Net Position. The net settlement payments of interest on these investment derivative instruments total \$2.0 million and \$2.5 million, which is recorded as interest expense in the Statement of Revenues, Expenses, and Changes in Net Position for FY 2018 and FY 2017, respectively. The value of the swaps noted above reflects the estimated fair value of the swaps at June 30, 2018 and 2017 as determined by the Agency's financial advisor. The fair value of the swaps will change due to notional amount, amortizations, and interest rate changes.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

The following swap agreement risks are common to all the interest rate swaps. The interest rate swaps expose the Agency to basis risk should the relationship between LIBOR and SIFMA converge, changing the synthetic rate on the bonds. If a change occurs that results in the rates moving to convergence, the expected cost savings of the swap may not be realized. The Agency is exposed to interest rate risk on its pay-fixed, receive variable interest rate swaps. Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Agency's financial instruments or cash flows. As the LIBOR or SIFMA swap index decreases, the Agency's net payment on swaps increases. In addition, the Agency is exposed to interest rate risk if the counterparty to the swap defaults or if the swap is terminated. The Agency is also exposed to market access risk, the risk that it will not be able to enter credit markets or that credit will become more costly. The Agency's financial rating is tied to the credit strength of the major participants of the specific project for which each financial instrument is issued. The Agency is also exposed to market access risks caused by disruptions in the municipal bond market.

To mitigate the potential for credit risk, the swap counterparties are required by the agreement to post collateral should the fair value exceed certain thresholds as shown above. At June 30, 2018, credit ratings of the counterparties to the swaps were as follows:

Swap Counterparty & Agency's Insurer	Standard & Poor's	Moody's
Citigroup Financial Products Inc.	A+	A1
National Public Finance Guarantee formerly MBIA (the Agency's insurer)	AA-	Baa2

The swaps utilized the International Swap Dealers Association (ISDA) Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. However, an additional provision under the Schedule to the ISDA Master Agreement allows the swap to be terminated by the Agency if the counterparty's credit rating falls below A- by Standard & Poor's or A3 by Moody's. If a swap is terminated, the applicable bonds would no longer carry a synthetic fixed interest rate. In addition, if a swap has a negative fair value at the time of an early termination, the Agency would be liable to the counterparty for a payment equal to the swap's fair value.

Combustion Turbine Project The original project consisted of five combustion turbine units, each nominally rated at approximately 25 megawatts. Concurrent with the final project bond maturity, two units located in Roseville were acquired by an Agency member. The remaining project consists of two units in Alameda and one in Lodi. The project provides capacity during peak load periods and emergency capacity reserves. Excess capacity and energy from the project are also sold to other entities from time to time.

Capital Facilities Project The project consists of one 49.9 megawatt natural gas-fired steam injected combustion turbine generator unit located in Lodi, California. Wastewater is reclaimed from the City of Lodi's White Slough water pollution control facility, processed to eliminate contaminants, and heated to steam and used in the turbine to produce augmented power and emissions control.

NOTES TO COMBINED FINANCIAL STATEMENTS

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Lodi Energy Center (LEC) The project is a 296 MW base load, combined cycle, natural gas-fired, combustion turbine generating station (one gas turbine and one steam turbine) located in Lodi, California, next to the Capital Facilities Project discussed above. Pursuant to the Lodi Energy Center Power Sales Agreement, the Agency agreed to operate the LEC and has sold all of the capacity and energy of the LEC to thirteen participants (including four non-members) in accordance with their respective Generation Entitlement Shares (GES). Each participant has agreed to unconditionally provide for its share of the operation and maintenance expenses and all capital improvements based on its GES. The LEC will be operated and maintained by the Agency under the direction of the LEC Project Management and Operations Agreement among the Agency and the LEC Project Participants.

Lodi Energy Center Revenue Bonds, Issue One provided financing for 11 project participants with 55.7857% GES. Lodi Energy Center Revenue Bonds, Issue Two provided financing for the California Department of Water Resources 33.5% GES. The Modesto Irrigation District elected to provide its own financing for its 10.7143% GES of the costs of construction of the project. Modesto Irrigation District is not liable for any Agency debt service obligations for the project.

The Issue One Series B and the Issue Two Series B bonds were issued as Taxable Subsidy Bonds constituting Build America Bonds (BABs) for the purposes of the American Recovery and Reinvestment Act of 2009. The Act provides for a direct payment to the Agency from the federal government equal to 35% of the interest costs. The direct payment was reduced by 6.6% and 6.9% in 2018 and 2017, respectively, due to federal government budget sequestration. Such payments may continue to be affected by sequestrations.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

NOTE F -- RETIREMENT PLAN

General Information about the Pension Plans

Plan Descriptions The Agency provides a defined benefit retirement plan to all eligible employees under the Public Employees' Retirement System (PERS). The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. In 2012, the Public Employees' Pension Reform Act (PEPRA) became law that implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of new member under PEPRA. Employees hired prior to January 1, 2013, and those new employees not meeting the PEPRA definition of new member, are considered classic members.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 full-time years	5 full-time years
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	60 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	2.0% to 2.5%
Required employee contribution rates	8.00%	6.50%
Required employer contribution rates	32.649%	32.649%

Employees Covered – At June 30, 2018 and 2017, the following employees were covered by the benefit terms for each Plan:

	<u>2018</u>	<u>2017</u>
Inactive employees or beneficiaries currently receiving benefits	126	119
Inactive employees entitled to but not yet receiving benefits	21	27
Active employees	<u>150</u>	<u>150</u>
Total	<u>297</u>	<u>296</u>

NOTES TO COMBINED FINANCIAL STATEMENTS

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Contributions Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2017 and 2016 (the measurement dates), the average active employee contribution rates were 8.380% and 8.022%, respectively, of annual pay and the Agency's contribution rates are 36.355% and 29.474%, respectively, of annual payroll. Employer contribution rates may change if plan contracts are amended.

Net Pension Liability The Agency's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured at year end, using annual actuarial valuations as of the previous year end and rolled forward to current year end, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions The total pension liabilities as of June 30, 2018 and 2017 were determined using the following actuarial assumptions:

	<u>2018</u>	<u>2017</u>
Valuation Date	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2017	June 30, 2016
Actuarial Cost Method	Entry-Age Normal	Entry-Age Normal
Actuarial Assumptions:		
Discount Rate	7.15%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.2%-12.2% (1)	3.2%-12.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	(3)	(3)

(1) Depending on age and service.

(2) Net of pension plan investment expenses, including inflation.

(3) Derived using CalPERS' specific membership data with projected on-going mortality improvement using Scale BB published by the Society of Actuaries.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Discount Rate The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.30%. For the measurement year ended June 30, 2017 and 2016, using this lower discount rate resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple-employer plan.

On December 21 2016, CalPERS announced to employers that the CalPERS Board of Administration voted to lower the discount rate assumption, net of administrative expenses, from 7.5% to 7.0% over a three year period as follows:

- FY 2017-2018: 7.375%
- FY 2018-2019: 7.25 %
- FY 2019-2020: 7.00 %

There will be a one year implementation delay for school districts and public agencies deferring the first rate discount decrease to FY 2018-2019. Lowering the discount rate, also known as the assumed rate of return, means employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. CalPERS has estimated that the three-year reduction of the discount rate will result in average employer rate increases of about 1 percent to 3 percent of normal cost as a percent of payroll in addition to increases to the current unfunded accrued liability payments.

To mitigate the growing unfunded accrued liability, the Agency implemented a Long-Term Funding Plan for NCPA’s Employee Pension Program which includes accelerated funding of the unfunded liability over a 15 year period. The plan includes: 1) a goal for minimum funding level of 80% within 15 years and annual Commission confirmation of the continued funding of the annual required employer contribution at 100%; 2) shorten the amortization period of the liability to 15 years; 3) research other ways to limit the pension liability; and 4) annual Finance Committee review in conjunction with annual CalPERS actuarial valuations and recommendation to the Commission as needed. In addition, the Agency has a budget policy that mandates an annual reconciliation of budgeted versus actual pension costs. The policy requires that positive budget variances are contributed as payments against the unfunded liability at year end.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

For measurement period ending June 30, 2017:

Asset Class	New Strategic Allocation	Real Return Years 1-10¹	Real Return Years 11+²
Global Equity	47.00%	4.90%	5.38%
Private Equity	12.00%	6.60%	6.63%
Fixed Income	19.00%	0.80%	2.27%
Liquidity	2.00%	-0.40%	-0.90%
Real Estate	11.00%	2.80%	5.21%
Inflation Assets	6.00%	0.60%	1.39%
Other	3.00%	3.90%	5.36%

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

For measurement period ending June 30, 2016:

Asset Class	New Strategic Allocation	Real Return Years 1-10³	Real Return Years 11+⁴
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%

³ An expected inflation of 2.5% used for this period

⁴ An expected inflation of 3.0% used for this period

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Changes in the Net Pension Liability

The change in the Net Pension Liability for each Plan follows:

Description	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$ 143,919,618	\$ 79,331,018	\$ 64,588,600
Service cost incurred	3,548,776	-	3,548,776
Interest on total pension liability	10,678,090	-	10,678,090
Differences between actual and expected experience	(1,980,198)	-	(1,980,198)
Change in assumption	8,835,307	-	8,835,307
Change in benefits	-	-	-
Contributions – employer	-	6,752,236	(6,752,236)
Contributions – employee	-	1,556,483	(1,556,483)
Net investment income	-	8,979,321	(8,979,321)
Differences between projected and actual earnings on plan investments	-	-	-
Benefit payments	(6,410,415)	(6,410,415)	-
Administrative expense	-	(117,127)	117,127
Net changes	14,671,560	10,760,498	3,911,062
Balance at June 30, 2018	\$ 158,591,178	\$ 90,091,516	\$ 68,499,662

Description	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2016	\$ 135,846,223	\$ 78,072,198	\$ 57,774,025
Service cost incurred	3,152,017	-	3,152,017
Interest on total pension liability	10,328,232	-	10,328,232
Differences between actual and expected experience	581,539	-	581,539
Change in assumption	-	-	-
Change in benefits	-	-	-
Contributions - employer	-	5,406,928	(5,406,928)
Contributions - employee	-	1,453,722	(1,453,722)
Projected earnings on investments	-	434,144	(434,144)
Differences between projected and actual earnings on plan investments	-	-	-
Benefit payments	(5,988,393)	(5,988,393)	-
Administrative expense	-	(47,581)	47,581
Net changes	8,073,395	1,258,820	6,814,575
Balance at June 30, 2017	\$ 143,919,618	\$ 79,331,018	\$ 64,588,600

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15% for 2018 and 6.65% for 2017) or 1-percentage point higher (8.15% for 2018 and 8.65% for 2017) than the current rate:

2018	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	\$ 89,937,527	\$ 68,499,662	\$ 50,727,512

2017	Discount Rate – 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability	\$ 83,586,138	\$ 64,588,600	\$ 48,792,228

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the years ending June 30, 2018 and 2017, the Agency incurred pension expense of \$8,048,230 and \$6,016,714, respectively. At June 30, 2018 and 2017, the Agency has deferred outflows of resources and deferred inflows of resources related to pensions as follows:

2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,769,768	\$ -
Changes in assumptions	6,626,480	(672,759)
Differences between actual and expected experience	297,861	(1,895,832)
Net differences between projected and actual earnings on plan investments	1,050,762	-
Total	\$ 15,744,871	\$ (2,568,591)

2017	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 6,254,577	\$ -
Changes in assumptions	-	(1,233,393)
Differences between actual and expected experience	439,700	(752,919)
Net differences between projected and actual earnings on plan investments	6,811,477	(2,473,421)
Total	\$ 13,505,754	\$ (4,459,733)

Pension contributions subsequent to measurement date of \$7,769,768 and \$6,254,577 reported as deferred outflows of resources for years ending June 30, 2018 and 2017, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019 and 2018, respectively.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

For reporting year ended June 30, 2018, amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2018	\$ 962,526
2019	2,921,531
2020	2,177,959
2021	(655,504)
2022	-
Thereafter	-
Total	\$ 5,406,512

For reporting year ended June 30, 2017, amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2017	\$ (95,749)
2018	(95,748)
2019	1,863,257
2020	1,119,684
2021	-
Thereafter	-
Total	\$ 2,791,444

Payable to the Pension Plan At June 30, 2018 and 2017, the Agency did not have an outstanding amount of contributions payable to the pension plan required for the years ended.

NOTE G -- OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

The Agency contracts with the CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA) for employee medical insurance. In connection with this plan, the Agency provides medical insurance to all active employees and their families, as well as all qualified retirees (and spouses), subject to certain limitations. The Agency has maintained an actuarially based restricted fund for the sole purpose of paying medical insurance premiums for qualified retired employees (and spouses) participating in the CalPERS medical plan. In 2007, the Agency became a participant in the CalPERS California Employers' Retiree Benefit Trust (CERBT), a pre-funding OPEB plan, which is an irrevocable multi-employer trust and plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions. CalPERS issues publicly available reports that include the net changes in Fiduciary Net Position by Employer and can be found on the CalPERS website.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

The Agency makes its Actuarially Determined Contribution (ADC) to this OPEB plan annually. The ADC represents the service cost plus an amortized amount of net OPEB liabilities (NOL). The amortization of NOL is based on a 30 year level dollar amount on a “closed” basis. There are 26 years remaining as of the measurement date of June 30, 2017.

Summary of certain plan provisions and benefits in effect during fiscal year ended June 30, 2018:

Required service for eligibility	Pre-1/1/2009 Hires, 5 full-time years On or After 1/1/2009 Hires, 5 full-time years and minimum 10 years CalPERS service
Minimum retirement age	50
Benefit payments	Monthly for life
Vesting for eligible employees	Pre-1/1/2009 Hires, 100% at 5 years On or After 1/1/2009 Hires, 50% at 10 years; 5%/year up to 100% at 20 years
Maximum monthly benefit	90% of Sacramento Kaiser Family rate

Employees Covered – At June 30, 2018 and 2017, the following employees were covered by the benefit terms for each Plan:

	<u>2018</u>	<u>2017</u>
Inactive employees or beneficiaries currently receiving benefits	133	119
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	<u>150</u>	<u>150</u>
Total	<u>283</u>	<u>269</u>

Contributions The Actuarially Determined Contribution (ADC) and funded status of the OPEB plan were determined based on current cost trends of the CalPERS health plans in which the employees currently participate at the time of the actuarial valuation. The June 30, 2017 actuarial valuation was prepared on the basis of the OPEB assumption model, as prescribed by the CalPERS, in effect at the time of the valuation. At fiscal year-end June 30, 2018, the Agency had 150 active eligible employees and 133 retirees drawing benefits under this program.

The ADC and funded status of the plan are subject to periodic revision based on actual results, changes in assumptions or plan provisions, and new estimates of expected future circumstances. Future actuarial valuations will be performed every two years, as prescribed by CalPERS.

The Agency’s ADC (based on actuarially established rates) was determined as part of a June 30, 2017, actuarial valuation using the entry age normal actuarial cost method. The primary actuarial assumptions included: valuation using the Entry Age Normal Cost Method, 6.75% annual discount rate, payroll growth of 3.80% to 9.40%, 2.50% inflation, and maximum employer contribution increases derived from the Getzen Model for developing long-term health care cost trends.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

To mitigate the growing OPEB unfunded accrued liability, the Agency implemented a Long-Term Funding Plan for the NCPA Retiree Medical Plan which includes: 1) establish a goal to obtain a minimum funding level of 80% within 15 years and confirm the policy of funding 100% or more of the ARC each year; 2) reduce actuarial liability by developing a cap for health care premiums going forward; 3) shorten the amortization period used in the actuarial calculations from 28 years to 15 years; 4) consider additional funding sources for increased funding of the ARC, including further budget reductions or new revenues (from members or new services/customers); and 5) conduct new actuarial studies on a biennial basis as required and review the updated results with the Finance Committee, who will make recommendations for revision to the Commission as needed. In addition, the Agency has a budget policy that mandates an annual reconciliation of budgeted versus actual OPEB costs. The policy requires that positive budget variances are contributed as payments against the unfunded liability at fiscal year end.

Net OPEB Liability The Agency's net liability for the OPEB Plan is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability of the Plan is measured at year end, using annual actuarial valuations as of the previous year end and rolled forward to current year end, using standard update procedures. A summary of principal assumptions and methods used to determine the net OPEB liability is shown below.

Actuarial Assumptions The total OPEB liabilities as of June 30, 2018 are determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2018</u>
Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.50%
Payroll Growth	3.80%-9.40%
Projected Salary Increase	Varies (1)
Investment Rate of Return	6.75% (2)
Mortality	(3)
Healthcare cost trend rates	(4)

(1) Depending on age and service.

(2) Net of OPEB trust investment expenses, including inflation.

(3) Mortality rates are based on the 2016 California PERS (CalPERS) Pension report and includes a projection to 2028 using scale BB to account for anticipated future mortality improvement.

(4) Medical inflation was based on the "Getzen" model published by the Society of Actuaries for purposes of evaluating long term medical trend. A margin to reflect the impact of the excise tax in future years is reflected in the assumed trend. The trend also reflects the removal of the Health Insurer Fee for calendar year 2019. This fee will be assessed again in calendar year 2020.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Discount Rate The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the Agency's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB trust investments was applied to all periods of projected benefit payments to determine the total OPEB liability. To the extent that OPEB trust assets are insufficient to finance all OPEB benefits, the discount rate should be based on 20-year tax-exempt AA or higher Municipal Bonds as of the measurement date.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (net of administrative expenses):

For measurement period ending June 30, 2017:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.00%	7.92%
US Fixed Income	27.00%	6.83%
Treasury Inflation-Protected Securities	5.00%	3.95%
Real Estate Investment Trusts	8.00%	7.56%
Commodities	3.00%	5.47%

For measurement period ending June 30, 2016:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.00%	8.53%
US Fixed Income	27.00%	6.46%
Treasury Inflation-Protected Securities	5.00%	4.19%
Real Estate Investment Trusts	8.00%	7.95%
Commodities	3.00%	6.12%

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Changes in the Net OPEB Liability

Description	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$ 33,365,151	\$ 22,735,392	\$ 10,629,759
Service cost incurred	909,576	-	909,576
Interest on total OPEB liability	2,256,395	-	2,256,395
Differences between actual and expected experience	-	-	-
Change in assumption	-	-	-
Change in benefits	-	-	-
Contributions – employer	-	3,914,644	(3,914,644)
Contributions – employee	-	-	-
Net investment income	-	2,390,569	(2,390,569)
Differences between projected and actual earnings on plan investments	-	-	-
Benefit payments	(1,721,416)	(1,721,416)	-
Administrative expense	-	(11,683)	11,683
Net changes	1,444,555	4,572,114	(3,127,559)
Balance at June 30, 2018	\$ 34,809,706	\$ 27,307,506	\$ 7,502,200

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plan, calculated using the discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

2018	Discount Rate – 1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate + 1% (7.75%)
Plan's Net OPEB Liability	\$ 11,650,819	\$ 7,502,200	\$ 4,051,503

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

2018	Healthcare Costs Trend Rate – 1%	Current Healthcare Costs Trend Rate	Healthcare Costs Trend Rate + 1%
Plan's Net OPEB Liability	\$ 4,147,668	\$ 7,502,200	\$ 11,678,446

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ending June 30, 2018, the Agency incurred OPEB expense of \$1,413,889. At June 30, 2018, the Agency has deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ -
Differences between actual and expected experience	-	-
Net differences between projected and actual earnings on plan investments	-	(626,804)
Total	\$ -	\$ (626,804)

Amounts reported as deferred outflows/(inflows) of resources related to OPEB will be recognized in future OPEB expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2018	\$ (156,701)
2019	(156,701)
2020	(156,701)
2021	(156,701)
2022	-
Thereafter	-
Total	\$ (626,804)

Payable to the OPEB Plan At June 30, 2018 and 2017, the Agency did not have an outstanding amount of contributions payable to the OPEB plan required for the year ended.

During fiscal year-end June 30, 2017, the annual required contribution and funded status of the OPEB plan were determined based on current cost trends of the CalPERS health plans in which the employees currently participate at the time of the actuarial valuation. The June 30, 2015 actuarial valuation was prepared on the basis of the OPEB assumption model, as prescribed by the CalPERS, in effect at the time of the valuation.

The funded status of the plan and the annual required contributions are subject to periodic revision based on actual results, changes in assumptions or plan provisions, and new estimates of expected future circumstances. Future actuarial valuations will be performed every two years, as prescribed by CalPERS.

The Agency's 2017 annual required contribution (based on actuarially established rates) was determined as part of a June 30, 2015, actuarial valuation using the entry age normal actuarial cost method. The primary actuarial assumptions included: valuation using the Entry Age Normal Cost Method, 7.00% annual discount rate, payroll growth of 0.29% to 10.87%, 2.50% inflation, and maximum employer contribution increases derived from the Getzen Model for developing long-term health care cost trends.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

NOTE H -- COMMITMENTS AND CONTINGENCIES

Power Exchange Agreement On behalf of certain of its members, the Agency has entered into a seasonal exchange agreement with Seattle City Light whereby the companies exchange 60 megawatts of summer capacity and 90,580 megawatt hours of energy in exchange for a return of 46 megawatts of capacity and 108,696 megawatt hours of energy in the winter. The term of the agreement terminated in May 2018.

Power Purchase Contracts The Agency had commitments of approximately \$27.8 million in connection with various power purchase contracts as of June 30, 2018. The contracts, extending through December 2020, are normal purchases at agreed to contract prices for fixed quantities of energy. Certain of the Agency's members have individually entered into certain other long-term contracts, which the Agency dispatches and schedules for them. See Note B - Summary of Significant Accounting Policies.

Fuel Supply Agreements The Agency has entered into the following agreements to provide natural gas fuel supply for use in its generation resources:

- A 30-year agreement terminating in October 2023 with various natural gas pipeline management companies under which the Agency has acquired firm natural gas pipeline transportation capacity in four separate natural gas pipelines between Alberta, Canada and northern California. The estimated minimum annual natural gas transmission commitment is approximately \$720,000. The Agency's firm natural gas pipeline transportation capacity is scheduled by Mercuria Energy Gas Trading, LLC (Mercuria) pursuant to the term and conditions of an Asset Management Agreement for Pipeline Transportation Capacity that became effective on January 1, 2015.
- On behalf of the participants in the Combustion Turbine Project Number One and the Capital Facilities project, the Agency entered into an agreement with EDF Trading North America, LLC (EDF) effective January 1, 2013 to provide natural gas supply and scheduling, nomination, balancing and settlement services. The contract automatically renews each year on January 1, unless terminated earlier by six-months written notice by either party.
- The Agency had approximately \$10.0 million of gas purchase commitments at June 30, 2018. The commitments, extending through December 2020, are normal purchases at agreed to prices for fixed quantities of gas.

Western Area Power Administration Base Resource A number of the Agency's members, who had an aggregate 18.87957% of the Base Resource Contract with the Western Area Power Administration to receive electric power from the Central Valley Project in California, have assigned their shares to the Agency in order to create a power resource portfolio for the mutual benefit of participating Agency members. The assignments terminate the earlier of December 31, 2024 or 60 days after Western approves a reassignment.

Geothermal Royalties Under terms of federal geothermal leasehold agreements, the Agency is required to pay royalties to the United States (U.S.) on the value of geothermal steam produced. Currently, the effective rate of such royalties is 3.6% of an amount based on the Agency's monthly weighted average cost of third-party wholesale electricity purchases made by Agency members participating in the Geothermal Project. The U.S. Department of the Interior, Office of Natural Resources Revenue maintains the right to periodically review and withdraw their approval or to change this methodology should operations, market conditions, or Federal regulations change.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Geothermal Steam Production & Decommissioning Steam for the Agency's geothermal plants comes from lands in the Geysers area, which are leased by the Agency from the federal government. The Agency operates these steam-supply areas. Operation of the geothermal plants at high generation levels, together with high steam usage by others in the same area, resulted in a decline in the steam production from the steam wells at a rate greater than expected. As a result, by April 1988, for the purpose of slowing the decline in the steam field capability, the Agency changed its steam field production from base-load to load-following and reduced average annual generation. These changes were effective in reducing the decline in steam production.

Beginning in 1991, along with other steam field operators in the area, the Agency began implementing various operating strategies to further reduce the rate of decline in steam production. The Agency has modified both steam turbine units at Plant 1 and the associated steam collection system to enable generation with lower pressure steam at higher mass-flow rates to optimize the utilization of the available steam resource.

The Agency also entered into agreements with other producers in the Geysers area to finance and construct the Southeast Geysers Effluent Pipeline Project, which was completed in September 1997 and began operating soon thereafter. The 26-mile pipeline collects wastewater from Lake County Sanitation District treatment plants at Clearlake and Middletown and delivers the wastewater to the Agency and the other Geysers steam field operators for injection into the steam field. A second pipeline enhancement project to further augment the wastewater injection program was completed in 2004.

Based on current operating protocols and forecasted operations, the Agency expects both the average and peak capacity to continue to decrease, reaching approximately 72 MWG (megawatts gross) by calendar year 2039.

Under terms of the federal geothermal leasehold agreements, which became effective August 1, 1974, the leasehold had a 10-year primary term with provision for renewal as long thereafter as geothermal steam is produced or utilized, but not longer than 40 years. At the expiration of that period, if geothermal steam is still being produced, the Agency has preferential right to renew the leasehold for a second term. The leasehold also requires the Agency to remove its leasehold improvements including the geothermal plants and steam gathering system when, and if, the Agency abandons the leasehold. The Agency obtained an updated decommissioning costs study in December, 2016. These decommissioning costs are currently estimated to total approximately \$59.3 million. The Agency has been collecting monies to pay the expected decommissioning costs since 2007 and currently holds approximately \$18.1 million in a reserve for such purpose as of June 30, 2018.

CLAIMS AND LITIGATION

California Energy Crisis During 2000 and 2001, California experienced extreme fluctuations in the prices and supplies of natural gas and electricity in much of the State. While there has been progress in addressing these issues, uncertainty remains. As a result, no assurance can be given that measures undertaken, together with measures to be taken in the future, will prevent the recurrence of shortages, price volatility or other energy problems that have adversely affected California electric utilities in the past. The Agency has settled with the plaintiffs in related litigation, and while the settlement has been approved by FERC, there are still some claims by others that remain ongoing. Although the Agency considers these claims to be lacking in merit, no assurance thereof can be given until all proceedings are finally concluded.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Following a July 10, 2018 FERC order generally accepting the CAISO and CALPX's filings calculating the refunds owed by all participants in the ISO and PX markets, the California parties have begun the process of reconciling the amounts recorded by the ISO and PX with all the settlements entered into by the California Parties (including the settlement with NCPA). Following that process, some adjustments may need to be made to account for differences between the interest owed and interest actually collected on certain escrow accounts. NCPA is unlikely to be affected by any such adjustments.

Greenhouse Gas (GHG) Emissions The California Global Warming Solutions Act of 2006 (also known as California Assembly Bill 32 or AB 32) requires the gradual reduction of state-wide GHG emissions to the 1990 level by 2020. The California Air Resources Board (CARB) is the state agency charged with monitoring GHG levels and adopting regulations to implement and enforce AB 32. The CARB has approved various regulations, including regulations that established a state-wide, comprehensive "cap-and-trade" program that sets a gradually declining limit (or "cap") on the amount of GHGs that may be emitted by the major sources of GHG emissions each year. GHG emissions are measured in metric tons (MT) of carbon dioxide-equivalent greenhouse gases (CO_{2e}) per year.

The cap and trade program's first two-year compliance period, which began January 1, 2013, applies to the electricity generation and large industrial sectors. The next compliance period, from January 1, 2015 through December 31, 2017, expanded to include the natural gas supply and transportation sectors, effectively covering all the capped sectors until 2020. In July 2017, CARB adopted an updated set of cap-and-trade regulations that extends the cap-and-trade program to 2030. The updated regulations continue the direct allocation of allowances to distribution utilities which in turn can be transferred by members to the Agency.

The Agency's Lodi Energy Center gas plant, Steam Injected Gas Turbine gas plant and electricity imports (purchased power) are subject to the compliance rules established by CARB for the cap-and-trade program. As such, the Agency acquires sufficient compliance instruments to cover its compliance obligations or receives transfers of required compliance instruments from its project participants. At June 30, 2018, the Agency had cumulative compliance obligation of 1,093,971 MT with 1,242,482 MT of acquired allowances to meet its compliance obligation. At June 30, 2017, the Agency had cumulative compliance obligation of 902,456 MT with 1,097,509 MT of acquired allowances to meet its compliance obligation.

Other Factors Affecting the Electric Utility Industry Electric industry market participants, such as the Agency and its members, continue to face numerous potential risks and uncertainties including, but not limited to, significant volatility in energy prices and increased transmission and ancillary services costs; new federal and state renewable energy, operating efficiency, and environmental standards; and, global pressures on economic and financial market conditions. The Agency and its members continue to study and to take various actions in an effort to mitigate and manage these risk and uncertainties. However, the Agency cannot predict either the ultimate outcome of these ongoing changes or whether such outcome will have a material adverse effect on its financial position or results of operations.

Other Legal Matters The Agency is engaged in various legal proceedings before federal and state courts and various administrative tribunals incidental to the Agency's operations.

Based on its review of the aforementioned proceedings with outside legal counsel, the Agency believes that the ultimate aggregate liability, if any, resulting from these proceedings will not have a materially adverse effect on the combined financial position or results of operations of the Agency.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Claims On September 9, 2015, a major wildfire (The Valley Fire) occurred in the California counties of Lake, Napa, and Sonoma. The fire burned approximately 74,000 acres and destroyed approximately 1,960 structures including homes, commercial properties, and other minor structures. The Agency's Geysers geothermal and effluent projects are located in Lake County, and some of those facilities were damaged in the fire. Damage and reparation costs totaled \$1.74 million in 2015 and 2016. A Presidential Disaster Declaration was issued on September 22, 2015. Public Assistance was added to the Disaster Declaration on October 9, 2015. The Agency recovered \$531,317 from the project insurance policy in fiscal year 2017. Additionally, the Agency seeks to recover public assistance grants and will record those proceeds in other non-operating revenue in the fiscal year in which they are received.

In December, 2015, the Hydroelectric Project Adit 4 Tunnel Spoils incurred water related damage that required remediation to stabilize the site and prevent further erosion to Clark Creek. The Adit 4 Tunnel Spoils (Spoils) are located approximately 1.5 miles up canyon from the Collierville Powerhouse in Calaveras County and are part of the water conveyance tunnel between McKays Point Diversion Dam and the Collierville Power House. Damage and reparation costs are estimated to be \$4.5 million. Construction was completed in late summer 2018, and final invoices are pending. The Agency recovered \$2,100,000 from the project insurance policy in fiscal year 2018.

During the period of January 3-12, 2017, severe winter storms caused flooding and mudslides in many California Counties. As a result of those storms, the Beaver Creek Diversion Dam and McKays Point Reservoir filled with sediment and debris, and Beaver Creek required emergency dredging after the river flows receded during the summer. Additionally, much of the Project was inaccessible for weeks as a result of numerous road failures. Repair costs totaled approximately \$2.2 million. Construction was completed in fall 2017. The Agency recovered \$1,270,036 from the project insurance policy in fiscal year 2018. On February 14, 2017, a Presidential Disaster Declaration was issued including federal disaster assistance. The Agency seeks to recover public assistance grants and will record those proceeds in other non-operating revenue in the fiscal year in which they are received.

NOTE I – SUBSEQUENT EVENTS

On September 10, 2018 California passed SB 100 setting a 100% clean electricity goal for the state, and issued an executive order establishing a new target to achieve carbon neutrality by 2045. SB 100 modifies the existing Renewables Portfolio Standard (RPS) Program to require 60% of electric retail sales to come from eligible renewable energy resources by December 31, 2030. The modified RPS requires eligible renewables to account for 44% of retail sales by December 31, 2024, 52% by December 31, 2027, and 60% by December 31, 2030.

The bill also makes it the policy of the state that RPS-eligible renewable energy resources and zero-carbon resources supply 100% of electric retail sales to California end-use customers and 100% of electricity procured to serve all state agencies by December 31, 2045. While the 60% RPS is limited to currently identified RPS-eligible technologies, the remaining 40% can consist of other zero-carbon resources such as large hydro. The provisions of SB 100 are effective January 1, 2019.

The Agency has not determined the financial impact of this new regulation.

Required Supplementary Information

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS**

**Schedule of Changes in the Net Pension Liability
and Related Ratios Last 10 Measurement Years ***

	FY 2017	FY 2016	FY 2015	FY 2014
Total Pension Liability				
Service cost	\$ 3,548,776	\$ 3,152,017	\$ 3,256,167	\$ 3,220,329
Interest on total pension liability	10,678,090	10,328,232	9,734,270	9,285,364
Differences between expected and actual experience	(1,980,198)	581,539	(1,437,389)	-
Changes in assumptions	8,835,307	-	(2,354,661)	-
Changes in benefits	-	-	-	-
Benefit payments, including refunds of employee contributions	(6,410,415)	(5,988,393)	(5,522,982)	(5,059,144)
Net change in total pension liability	14,671,560	8,073,395	3,675,405	7,446,549
Total pension liability - beginning	143,919,618	135,846,223	132,170,818	124,724,269
Total pension liability - ending (a)	\$ 158,591,178	\$ 143,919,618	\$ 135,846,223	\$ 132,170,818
Plan fiduciary net position				
Contributions - employer	\$ 6,752,236	\$ 5,406,928	\$ 5,584,985	\$ 5,507,642
Contributions - employee	1,556,483	1,453,722	1,433,343	1,410,488
Net investment income	8,979,321	434,144	1,754,108	10,868,237
Benefit payments	(6,410,415)	(5,988,393)	(5,522,982)	(5,059,144)
Administrative expense	(117,127)	(47,581)	(87,934)	-
Net change in plan fiduciary net position	10,760,498	1,258,820	3,161,520	12,727,223
Plan fiduciary net position - beginning	79,331,018	78,072,198	74,910,678	62,183,455
Plan fiduciary net position - ending (b)	\$ 90,091,516	\$ 79,331,018	\$ 78,072,198	\$ 74,910,678
Net pension liability - ending (a)-(b)	\$ 68,499,662	\$ 64,588,600	\$ 57,774,025	\$ 57,260,140
 Plan fiduciary net position as a percentage of the total pension liability	 56.81%	 55.12%	 57.47%	 56.68%
 Covered - employee payroll	 \$ 18,573,174	 \$ 18,121,290	 \$ 18,365,293	 \$ 17,596,462
Net pension liability as percentage of covered-employee payroll	368.81%	356.42%	314.58%	325.41%

Notes to Schedule:

Benefit changes The figures above do not include any liability impact that may have resulted from plan changes, which occurred after June 30, 2017. This applies for voluntary benefit changes as well as any offers to Two Years Additional Service Credit (aka Golden Handshakes).

Changes in assumptions In 2017, CalPERS reduced the discount rate from 7.65% to 7.15%. In 2016, GASB 68 was modified to state that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. Accordingly, the discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of June 30, 2015 measurement date to reflect this required methodology change.

* Measurement fiscal year 2014 was the first year of implementation, therefore only four years are shown.

REQUIRED SUPPLEMENTARY INFORMATION - Continued
(UNAUDITED)
NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

Schedule of Pension Plan Contributions
Last 10 Fiscal Years *

	FY 2018	FY 2017	FY 2016	FY 2015
Actuarially Determined Contribution	\$ 6,263,130	\$ 5,715,970	\$ 5,406,928	\$ 5,065,861
Contributions in Relation to the Actuarially Determined Contribution	(7,769,768)	(6,752,236)	(5,406,928)	(5,584,985)
Contribution Deficiency (Excess)	<u>\$ (1,506,638)</u>	<u>\$ (1,036,266)</u>	<u>\$ 0</u>	<u>\$ (519,124)</u>
Covered-Employee Payroll ¹	\$ 19,556,203	\$ 18,573,174	\$ 18,121,290	\$ 18,365,293
Contributions as a Percentage of Covered-Employee Payroll ¹	39.73%	36.35%	29.84%	30.41%

¹ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Pensionable earnings are covered employee payroll reduced for earnings and other earnings adjustments not subject to pension contributions.

* Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

REQUIRED SUPPLEMENTARY INFORMATION- Continued
(UNAUDITED)
NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

**Schedule of Changes in the Net OPEB Liability and
Related Ratios Last 10 Measurement Years ***

	FY 2017
Total OPEB Liability	
Service cost	\$ 909,576
Interest on total OPEB liability	2,256,395
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefits	-
Benefit payments, including refunds of employee contributions	(1,721,416)
Net change in total OPEB liability	1,444,555
Total OPEB liability - beginning	33,365,151
Total OPEB liability - ending (a)	\$ 34,809,706
Plan fiduciary net position	
Contributions - employer	\$ 3,914,644
Contributions - employee	-
Net investment income	2,390,569
Benefit payments	(1,721,416)
Administrative expense	(11,683)
Net change in plan fiduciary net position	4,572,114
Plan fiduciary net position - beginning	22,735,392
Plan fiduciary net position - ending (b)	\$ 27,307,506
Net OPEB liability - ending (a)-(b)	\$ 7,502,200
 Plan fiduciary net position as a percentage of the total OPEB liability	 78.45%
 Covered - employee payroll	 \$ 18,573,174
Net OPEB liability as percentage of covered-employee payroll	40.39%

Notes to Schedule:

Benefit changes The benefit payments for FY 2017 consist of pay-as-you-go cost of \$1,394,637 plus estimated implicit rate subsidy of \$326,779.

Changes in assumptions NCPA funds, at minimum, the Actuarially Determined Contribution to the OPEB fund. During measurement period ending June 30, 2017, discount rate decreased from 7.00% to 6.75%.

* Measurement fiscal year 2017 was the first year of implementation, therefore only one year is shown.

REQUIRED SUPPLEMENTARY INFORMATION - Continued
(UNAUDITED)
NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

Schedule of OPEB Plan Contributions
Last 10 Fiscal Years *

	FY 2018
Actuarially Determined Contribution	\$ 1,426,947
Contributions in Relation to the Actuarially Determined Contribution	(3,454,933)
Contribution Deficiency (Excess)	<u>\$ (2,027,985)</u>
Covered-Employee Payroll	\$ 19,556,203
Contributions as a Percentage of Covered-Employee Payroll ¹	17.67%

* Fiscal year 2018 was the first year of implementation, therefore only one year is shown.

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determine Contributions Rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Amortization period	15 years
Asset valuation method	5 year smoothed market
Discount rate	6.75 percent
Healthcare cost trend rates	3.50% for pre-65 and 2.25% for post-65
Salary increases	3.00 percent
Investment rate of return	6.75 percent
Retirement age	In the 2017 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience.
Mortality	Rates based on statistics taken from the latest California PERS (CalPERS) Pension Valuation Report. The mortality rates include an assumed improvement in future mortality based on Scale BB projected to 2028.

REQUIRED SUPPLEMENTARY INFORMATION - Continued
(UNAUDITED)
NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

June 30, 2017 GASB 45 Information

Trend Information for the OPEB Plan

Fiscal Year Ended	Annual Required Contribution	Annual OPEB Cost	Actual OPEB Contributions	Net OPEB Obligation	Percentage of OPEB Cost Contributed
June 30, 2013	\$ 1,049,873	\$ 1,049,873	\$ 1,506,882	\$ (457,009)	144%
June 30, 2014	\$ 871,135	\$ 871,135	\$ 2,094,609	\$ (1,223,474)	240%
June 30, 2015	\$ 889,447	\$ 889,447	\$ 1,535,620	\$ (646,173)	173%
June 30, 2016	\$ 2,301,880	\$ 2,306,684	\$ 1,486,108	\$ 820,576	64%

Funded Status of the OPEB Fund

Actuarial Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Actuarial Accrued Unfunded Liability (a) - (b)	Funded Ratio (b) / (a)	Annual Covered Payroll (c)	Unfunded Actuarial Accrued Liability as % of Payroll [(a) - (b)] / (c)
June 30, 2008	\$ 16,114,250	\$ 12,213,980	\$ 3,900,270	75.8%	\$ 15,491,511	25.2%
June 30, 2010	\$ 18,936,156	\$ 13,975,353	\$ 4,960,803	73.8%	\$ 16,355,901	30.3%
June 30, 2011*	\$ 21,599,763	\$ 14,464,987	\$ 7,134,776	67.0%	\$ 16,672,248	42.8%
June 30, 2013	\$ 22,477,396	\$ 17,529,070	\$ 4,948,326	78.0%	\$ 17,564,711	28.2%
June 30, 2015**	\$ 36,724,032	\$ 22,291,159	\$ 14,432,873	60.7%	\$ 17,941,846	80.4%

* The discount rate was changed from 7.75%, which was used in all prior years' actuarial valuations, to 7.61% for June 30, 2011 through June 30, 2014, as prescribed by CalPERS.

** The discount rate was changed from 7.61% to 7.00% for the June 30, 2015 actuarial valuation, as prescribed by CalPERS.

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

June 30, 2018										
	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission No. One	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents	\$ 1	\$ -	\$ 1	\$ 1	\$ 73	\$ -	\$ -	\$ 71	\$ 38,414	\$ 38,561
Investments	-	-	-	-	-	-	-	-	36,963	36,963
Accounts receivable										
Participants	-	-	-	-	59	-	-	734	157	950
Other	-	-	-	-	-	-	1,169	-	628	1,797
Interest receivable	-	-	-	-	-	-	84	-	235	319
Inventory and supplies	4,509	1,079	642	1,405	2,111	-	-	-	-	9,746
Prepaid expenses	290	351	26	38	286	-	-	11	570	1,572
Due from Agency and other programs*	16,446	10,704	2,210	(1,202)	8,673	-	17,246	14,617	(68,694)	-
TOTAL CURRENT ASSETS	21,346	12,134	2,879	242	11,302	-	18,499	15,433	8,273	89,908
RESTRICTED ASSETS										
Cash and cash equivalents	8,499	29,175	927	-	4,054	-	7,738	-	15,042	65,435
Investments	20,590	32,248	5,018	-	21,114	-	19,358	-	55,502	153,830
Interest receivable	89	173	16	-	91	-	-	-	271	640
TOTAL RESTRICTED ASSETS	29,178	61,596	5,961	-	25,259	-	27,096	-	70,815	219,905
ELECTRIC PLANT										
Electric plant in service	578,210	394,821	64,844	36,517	423,805	7,736	-	739	5,949	1,504,621
Less: accumulated depreciation	(535,654)	(262,726)	(48,363)	(34,478)	(81,554)	(7,736)	-	(398)	(3,057)	(973,466)
	34,556	132,095	16,481	2,039	342,251	-	-	341	2,892	531,155
Construction work-in-progress	-	-	-	-	182	-	-	-	-	182
TOTAL ELECTRIC PLANT	34,556	132,095	16,481	2,039	342,433	-	-	341	2,892	531,337
OTHER ASSETS										
Regulatory assets	217	134,741	10,608	-	23,789	-	-	-	61,792	231,147
Preliminary survey and investigation costs	-	-	-	-	-	-	-	18	-	18
Investment in associated company	-	-	-	-	-	-	-	-	265	265
TOTAL OTHER ASSETS	217	134,741	10,608	-	23,789	-	-	18	62,057	231,430
TOTAL ASSETS	85,197	341,066	35,929	2,281	402,683	-	45,595	15,792	144,037	1,072,580
DEFERRED OUTFLOWS OF RESOURCES										
Excess cost on refunding of debt	1,585	37,268	893	-	2,130	-	-	-	-	41,876
Pension deferrals	-	-	-	-	-	-	-	-	19,200	19,200
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,585	37,268	893	-	2,130	-	-	-	19,200	61,076
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 86,782	\$ 378,334	\$ 36,822	\$ 2,281	\$ 404,813	\$ -	\$ 45,595	\$ 15,792	\$ 163,237	\$ 1,133,656

* Eliminated in Combination

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

June 30, 2018										
	GENERATING & TRANSMISSION RESOURCES						Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission				
LIABILITIES										
CURRENT LIABILITIES										
Accounts payable and accrued expenses	\$ 176	\$ 713	\$ 25	\$ -	\$ 1,362	\$ -	\$ 10,319	\$ 581	\$ 8,924	\$ 22,020
Member advances	791	-	-	-	-	-	-	277	-	1,068
Operating reserves	6,213	249	514	703	13,649	-	-	-	-	21,328
Current portion of long-term debt	4,250	22,610	3,995	-	11,480	-	-	-	-	42,335
Accrued interest payable	347	6,364	710	-	1,217	-	-	-	-	8,638
TOTAL CURRENT LIABILITIES	11,777	29,936	5,244	703	27,708	-	10,319	778	8,924	95,389
NON-CURRENT LIABILITIES										
Net pension and OPEB liability	-	-	-	-	-	-	-	-	76,002	76,002
Operating reserves and other deposits	19,667	17,089	-	-	1,716	-	27,180	7,938	70,816	144,406
Interest rate swap liability	-	11,109	-	-	-	-	-	-	-	11,109
Long-term debt, net	24,520	308,657	30,228	-	331,192	-	-	-	-	694,597
TOTAL NON-CURRENT LIABILITIES	44,187	336,855	30,228	-	332,908	-	27,180	7,938	146,818	926,114
TOTAL LIABILITIES	55,964	366,791	35,472	703	360,616	-	37,499	8,716	155,742	1,021,503
DEFERRED INFLOWS OF RESOURCES										
Regulatory credits	18,895	4,156	941	2,204	40,953	-	-	278	3,463	70,890
Pension and OPEB deferrals	-	-	-	-	-	-	-	-	3,195	3,195
TOTAL DEFERRED INFLOWS OF RESOURCES	18,895	4,156	941	2,204	40,953	-	-	278	6,658	74,085
NET POSITION										
Net investment in capital assets	(5,892)	(37,214)	(7,137)	-	(12,876)	-	-	-	-	(63,119)
Restricted for:										
Debt service	8,554	32,488	5,251	-	12,846	-	-	-	-	59,139
Other programs	(279)	1,560	-	-	(120)	-	-	18	-	1,179
Unrestricted	9,549	10,553	2,195	(626)	3,394	-	8,096	6,798	837	40,869
TOTAL NET POSITION	11,923	7,387	409	(626)	3,244	-	8,096	6,798	837	38,068
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 86,782	\$ 378,334	\$ 36,822	\$ 2,281	\$ 404,813	\$ -	\$ 45,595	\$ 15,792	\$ 163,237	\$ 1,133,656

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

For the Year Ended June 30, 2018										
	GENERATING & TRANSMISSION RESOURCES						Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission				
OPERATING REVENUES										
Participants	\$ 4,403	\$ 18,964	\$ 6,453	\$ 1,556	\$ 26,570	\$ -	\$ 303,116	\$ 19,875	\$ 825	\$ 381,762
Other third-party	28,381	28,445	1,194	2,523	51,455	-	64,476	2,647	-	179,121
TOTAL OPERATING REVENUES	32,784	47,409	7,647	4,079	78,025	-	367,592	22,522	825	560,883
OPERATING EXPENSES										
Purchased power	480	2,841	364	392	4,789	-	215,411	-	-	224,197
Operations	15,591	3,971	1,756	1,844	37,776	-	3,452	9,800	-	74,190
Transmission	302	(32)	(20)	(10)	812	-	136,194	5	-	137,251
Depreciation	3,897	9,663	2,207	184	14,612	-	-	40	312	30,915
Maintenance	5,348	8,198	677	1,937	5,224	-	-	113	-	21,497
Administrative and general	4,946	4,691	724	775	4,402	-	-	7,834	(2,332)	21,140
Intercompany (sales) purchases, net*	(666)	270	64	111	295	-	-	(74)	-	-
TOTAL OPERATING EXPENSES	29,818	29,602	5,772	5,233	67,910	-	355,057	17,718	(1,920)	509,190
NET OPERATING REVENUES	2,966	17,807	1,875	(1,154)	10,115	-	12,535	4,804	2,745	51,693
NON OPERATING (EXPENSES) REVENUES										
Interest expense	(946)	(15,901)	(2,696)	-	(15,185)	-	-	-	-	(34,728)
Interest income	320	446	8	-	172	-	428	43	(172)	1,245
Other	20	3,564	1,471	-	2,440	-	-	44	385	7,924
TOTAL NON OPERATING (EXPENSES) REVENUES	(606)	(11,891)	(1,217)	-	(12,573)	-	428	87	213	(25,559)
FUTURE RECOVERABLE AMOUNTS	(516)	(11,268)	(863)	-	2,136	-	-	-	(1,301)	(11,812)
REFUNDS TO PARTICIPANTS	(2,994)	(1,058)	(151)	428	(2,641)	-	(1,099)	(2,585)	(214)	(10,314)
INCREASE (DECREASE) IN NET POSITION	(1,150)	(6,410)	(350)	(726)	(2,963)	-	11,864	2,306	1,443	4,908
NET POSITION, Beginning of year	13,073	13,797	765	100	6,207	-	(3,768)	4,492	(606)	34,060
NET POSITION, End of year	\$ 11,923	\$ 7,387	\$ 409	\$ (626)	\$ 3,244	\$ -	\$ 8,096	\$ 6,798	\$ 837	\$ 38,068

* Eliminated in Combination

SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS OF CASH FLOW

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

For the Year Ended June 30, 2018										
	GENERATING & TRANSMISSION RESOURCES						Purchased Power & Transmission	Associated Member Services	Other Agency	Combined Total
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission				
CASH FLOWS FROM OPERATING ACTIVITIES										
Received from participants	\$ 3,688	\$ 19,098	\$ 6,462	\$ 1,873	\$ 25,144	\$ -	\$ 303,724	\$ 19,237	\$ 1,109	\$ 380,335
Received from others	30,310	29,613	1,194	2,523	51,455	-	73,173	2,647	(10,100)	180,815
Payments for employee services	(12,252)	(5,784)	(957)	(1,395)	(6,670)	-	-	(11,642)	-	(38,700)
Payments to suppliers for goods and services	(14,277)	(13,979)	(2,520)	(3,503)	(44,863)	-	(364,213)	1,700	2,585	(439,070)
Payments from(to) other programs *	666	(270)	(64)	(111)	(295)	-	-	74	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	8,135	28,678	4,115	(613)	24,771	-	12,684	12,016	(6,406)	83,380
CASH FLOWS FROM INVESTING ACTIVITIES										
Proceeds from maturities and sales of investments	14,191	30,136	4,952	-	22,706	-	9,014	-	18,450	99,449
Interest received on cash and investments	482	511	59	-	401	-	571	43	1,179	3,246
Purchase of investments	(18,217)	(34,217)	(5,012)	-	(23,937)	-	(10,029)	-	(37,832)	(129,244)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(3,544)	(3,570)	(1)	-	(830)	-	(444)	43	(18,203)	(26,549)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Acquisition and construction of electric plant	(711)	(547)	(18)	(272)	(240)	-	-	(76)	(547)	(2,411)
Interest paid on long-term debt	(778)	(15,856)	(1,783)	-	(15,537)	-	-	-	-	(33,954)
Principal repayment on long-term debt	(3,995)	(21,385)	(3,760)	-	(10,690)	-	-	-	-	(39,830)
Proceeds from bond issues	-	78,468	-	-	38,970	-	-	-	-	117,438
Payments to refund debt	-	(78,948)	-	-	(38,766)	-	-	-	-	(117,714)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(5,484)	(38,268)	(5,561)	(272)	(26,263)	-	-	(76)	(547)	(76,471)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES										
Investment in associated company	20	3,564	1,471	-	2,440	-	-	26	385	7,906
Refunds to participants	(2,994)	(1,058)	(151)	428	(2,641)	-	(1,099)	(2,585)	(214)	(10,314)
Payments from(to) other programs *	1,888	7,907	97	457	1,474	-	(7,296)	(9,392)	4,865	-
NET CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	(1,086)	10,413	1,417	885	1,273	-	(8,395)	(11,951)	5,036	(2,408)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,979)	(2,747)	(30)	-	(1,049)	-	3,845	32	(20,120)	(22,048)
Beginning of year	10,479	31,922	958	1	5,176	-	3,893	39	73,576	126,044
End of year	\$ 8,500	\$ 29,175	\$ 928	\$ 1	\$ 4,127	\$ -	\$ 7,738	\$ 71	\$ 53,456	\$ 103,996

* Eliminated in Combination

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF CASH FLOW - Continued

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

For the Year Ended June 30, 2018											
GENERATING & TRANSMISSION RESOURCES											
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined	
RECONCILIATION OF NET OPERATING REVENUES TO NET CASH FLOWS FROM OPERATING ACTIVITIES											
Operating income	\$ 2,966	\$ 17,807	\$ 1,875	\$ (1,154)	\$ 10,115	\$ -	\$ 12,535	\$ 4,804	\$ 2,745	\$ 51,693	
Adjustments to reconcile net operating revenues to net cash from operating activities:											
Depreciation	3,897	9,664	2,206	183	14,613	-	-	40	312	30,915	
	6,863	27,471	4,081	(971)	24,728	-	12,535	4,844	3,057	82,608	
CASH FLOWS IMPACTED BY CHANGES IN											
Accounts receivable	-	-	64	225	(59)	-	4,589	(686)	(233)	3,900	
Inventory, prepaid expense, and unused vendor credits	44	(77)	(2)	(4)	(26)	-	-	7	(205)	(263)	
Operating reserves and other deposits	1,929	1,168	1	60	1,244	-	4,716	7,899	(9,972)	7,045	
Member advances	-	-	-	-	-	-	-	75	-	75	
Regulatory credits	(715)	133	(54)	93	(1,368)	-	-	(27)	389	(1,549)	
Accounts payable	14	(17)	25	(16)	252	-	(9,156)	(96)	558	(8,436)	
NET CASH FROM OPERATING ACTIVITIES	\$ 8,135	\$ 28,678	\$ 4,115	\$ (613)	\$ 24,771	\$ -	\$ 12,684	\$ 12,016	\$ (6,406)	\$ 83,380	
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION											
Cash and cash equivalents - current assets	\$ 1	\$ -	\$ 1	\$ 1	\$ 73	\$ -	\$ -	\$ 71	\$ 38,414	\$ 38,561	
Cash and cash equivalents - restricted assets	8,499	29,175	927	-	4,054	-	7,738	-	15,042	65,435	
End of year	\$ 8,500	\$ 29,175	\$ 928	\$ 1	\$ 4,127	\$ -	\$ 7,738	\$ 71	\$ 53,456	\$ 103,996	

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

June 30, 2017											
	GENERATING & TRANSMISSION RESOURCES						Purchased Power & Transmission	Associated Member Services	Other Agency	Combined	
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission No. One					
ASSETS											
CURRENT ASSETS											
Cash and cash equivalents	\$ 1	\$ -	\$ 1	\$ 1	\$ 72	\$ -	\$ -	\$ 39	\$ 45,665	\$ 45,779	
Investments	-	-	-	-	-	-	-	-	24,825	24,825	
Accounts receivable	-	-	64	225	-	-	608	48	52	997	
Participants	-	-	-	-	-	-	5,150	-	500	5,650	
Other	-	-	-	-	-	-	61	-	110	171	
Interest receivable	4,509	1,079	642	1,405	2,111	-	-	-	-	9,746	
Inventory and supplies	320	274	24	34	260	-	-	18	355	1,285	
Prepaid expenses	18,334	18,611	2,307	(745)	10,147	-	9,950	5,225	(63,829)	-	
Due from Agency and other programs*	23,164	19,964	3,038	920	12,590	-	15,769	5,330	7,678	88,453	
TOTAL CURRENT ASSETS											
RESTRICTED ASSETS											
Cash and cash equivalents	10,478	31,922	957	-	5,104	-	3,893	-	27,911	80,265	
Investments	16,767	28,290	5,008	-	20,191	-	18,509	-	52,277	141,842	
Interest receivable	48	115	16	-	45	-	-	-	252	476	
TOTAL RESTRICTED ASSETS	27,293	60,327	5,981	-	25,340	-	22,402	-	80,440	221,783	
ELECTRIC PLANT											
Electric plant in service	568,991	394,274	64,826	36,245	423,640	7,736	-	663	5,358	1,501,733	
Less: accumulated depreciation	(531,919)	(252,562)	(46,157)	(34,295)	(66,941)	(7,736)	-	(358)	(2,745)	(942,713)	
	37,072	141,712	18,669	1,950	356,699	-	-	305	2,613	559,020	
Construction work-in-progress	670	-	-	-	107	-	-	-	44	821	
TOTAL ELECTRIC PLANT	37,742	141,712	18,669	1,950	356,806	-	-	305	2,657	559,841	
OTHER ASSETS											
Regulatory assets	733	146,009	11,471	-	21,652	-	-	-	56,390	236,245	
Unused vendor credits	14	-	-	-	-	-	-	-	10	24	
Investment in associated company	747	146,009	11,471	-	21,652	-	-	-	56,390	236,769	
TOTAL ASSETS	88,946	368,012	39,159	2,870	416,388	-	38,171	5,635	147,165	1,106,346	
DEFERRED OUTFLOWS OF RESOURCES											
Excess cost on refunding of debt	1,831	44,223	2,052	-	-	-	-	-	-	48,106	
Pension deferrals	-	-	-	-	-	-	-	-	13,506	13,506	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,831	44,223	2,052	-	-	-	-	-	13,506	61,612	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 90,777	\$ 412,235	\$ 41,211	\$ 2,870	\$ 416,388	\$ -	\$ 38,171	\$ 5,635	\$ 160,671	\$ 1,167,958	

* Eliminated in Combination

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

June 30, 2017										
	GENERATING & TRANSMISSION RESOURCES						Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission				
LIABILITIES										
CURRENT LIABILITIES										
Accounts payable and accrued expenses	\$ 162	\$ 738	\$ -	\$ 16	\$ 1,110	\$ -	\$ 19,475	\$ 597	\$ 8,366	\$ 30,456
Member advances	791	-	-	-	-	-	-	202	-	993
Operating reserves	6,213	250	513	643	12,405	-	-	-	-	20,024
Current portion of long-term debt	3,995	21,385	3,760	-	10,355	-	-	-	-	39,495
Accrued interest payable	425	8,044	775	-	1,338	-	-	-	-	10,582
TOTAL CURRENT LIABILITIES	11,586	30,409	5,048	659	25,208	-	19,475	799	8,366	101,550
NON-CURRENT LIABILITIES										
Net pension liability	-	-	-	-	-	-	-	-	64,589	64,589
Operating reserves and other deposits	17,738	15,920	-	-	1,716	-	22,464	39	80,788	138,665
Interest rate swap liability	-	15,173	-	-	-	-	-	-	-	15,173
Long-term debt, net	28,770	332,913	34,403	-	340,936	-	-	-	-	737,022
TOTAL NON-CURRENT LIABILITIES	46,508	364,006	34,403	-	342,652	-	22,464	39	145,377	955,449
TOTAL LIABILITIES	58,094	394,415	39,451	659	367,860	-	41,939	838	153,743	1,056,999
DEFERRED INFLOWS OF RESOURCES										
Regulatory credits	19,610	4,823	995	2,111	42,321	-	-	305	3,074	72,439
Pension deferrals	-	-	-	-	-	-	-	-	4,460	4,460
TOTAL DEFERRED INFLOWS OF RESOURCES	19,610	4,823	995	2,111	42,321	-	-	305	7,534	76,899
NET POSITION										
Net investment in capital assets	(6,360)	(36,963)	(6,922)	-	(12,783)	-	-	-	837	(62,191)
Restricted for:										
Debt service	8,520	30,815	5,206	-	12,883	-	-	-	-	57,424
Other programs	(269)	1,502	-	-	(39)	-	-	-	(349)	845
Unrestricted	11,182	18,443	2,481	100	6,146	-	(3,768)	4,492	(1,094)	37,982
TOTAL NET POSITION	13,073	13,797	765	100	6,207	-	(3,768)	4,492	(606)	34,060
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 90,777	\$ 412,235	\$ 41,211	\$ 2,870	\$ 416,388	\$ -	\$ 38,171	\$ 5,635	\$ 160,671	\$ 1,167,958

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

For the Year Ended June 30, 2017										
	GENERATING & TRANSMISSION RESOURCES						Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission				
OPERATING REVENUES										
Participants	\$ 8,277	\$ 26,539	\$ 7,354	\$ 2,899	\$ 36,145	\$ -	\$ 235,251	\$ 18,129	\$ 319	\$ 334,913
Other third-party	27,602	34,127	468	1,498	15,823	-	52,292	15	-	131,825
TOTAL SALES FOR RESALE	35,879	60,666	7,822	4,397	51,968		287,543	18,144	319	466,738
OPERATING EXPENSES										
Purchased power	-	-	-	-	3,000	-	189,806	-	-	192,806
Operations	15,264	3,398	1,478	1,699	17,133	-	5,057	8,502	27	52,558
Transmission	758	2,758	85	176	384	-	99,378	5	-	103,544
Depreciation	3,820	9,582	2,213	178	14,607	5	-	47	297	30,749
Maintenance	5,572	5,170	703	1,361	4,057	-	-	107	-	16,970
Administrative and general	4,133	3,557	565	616	4,191	-	-	7,196	1,422	21,680
Intercompany (sales) purchases, net*	(601)	225	56	117	276	-	-	(73)	-	-
TOTAL OPERATING EXPENSES	28,946	24,690	5,100	4,147	43,648	5	294,241	15,784	1,746	418,307
NET OPERATING REVENUES	6,933	35,976	2,722	250	8,320	(5)	(6,698)	2,360	(1,427)	48,431
NON OPERATING (EXPENSES) REVENUES										
Interest expense	(989)	(15,741)	(1,885)	-	(15,935)	-	-	-	-	(34,550)
Interest income	16	89	31	-	109	-	155	36	(376)	60
Other	833	28	1,200	-	8,634	-	1,957	41	236	12,929
TOTAL NON OPERATING (EXPENSES) REVENUES	(140)	(15,624)	(654)	-	(7,192)	-	2,112	77	(140)	(21,561)
FUTURE RECOVERABLE AMOUNTS	(1,178)	(13,003)	(1,606)	-	2,495	5	-	-	13	(13,274)
REFUNDS TO PARTICIPANTS	(691)	(2,787)	97	33	(385)	-	(1,166)	(2,572)	(28)	(7,499)
INCREASE (DECREASE) IN NET POSITION	4,924	4,562	559	283	3,238	-	(5,752)	(135)	(1,582)	6,097
NET POSITION, Beginning of year	8,149	9,235	206	(183)	2,969	-	1,984	4,627	976	27,963
NET POSITION, End of year	\$ 13,073	\$ 13,797	\$ 765	\$ 100	\$ 6,207	\$ -	\$ (3,768)	\$ 4,492	\$ (606)	\$ 34,060

* Eliminated in Combination

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF CASH FLOW

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

For the Year Ended June 30, 2017

	GENERATING & TRANSMISSION RESOURCES						Purchased Power & Transmission	Associated Member Services	Other Agency	Combined Total
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission				
CASH FLOWS FROM OPERATING ACTIVITIES										
Received from participants	\$ 7,290	\$ 26,510	\$ 7,210	\$ 2,500	\$ 30,658	\$ -	\$ 234,643	\$ 18,388	\$ 645	\$ 327,844
Received from others	29,608	35,418	468	1,498	15,823	-	48,717	15	3,771	135,318
Payments for employee services	(11,532)	(5,498)	(878)	(1,184)	(6,021)	-	-	(10,817)	-	(35,930)
Payments to suppliers for goods and services	(14,602)	(9,284)	(1,950)	(2,266)	(25,358)	-	(288,868)	(5,340)	(575)	(348,243)
Payments from(to) other programs *	601	(225)	(56)	(117)	(276)	-	-	73	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	11,365	46,921	4,794	431	14,826	-	(5,508)	2,319	3,841	78,989
CASH FLOWS FROM INVESTING ACTIVITIES										
Proceeds from maturities and sales of investments	16,003	37,975	4,476	-	21,311	-	5,075	-	28,932	113,772
Interest received on cash and investments	504	523	49	-	239	-	387	36	852	2,590
Purchase of investments	(13,776)	(23,378)	(5,051)	-	(25,428)	-	(5,093)	-	(32,673)	(105,399)
NET CASH FLOWS FROM INVESTING ACTIVITIES	2,731	15,120	(526)	-	(3,878)	-	369	36	(2,889)	10,963
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Acquisition and construction of electric plant	(962)	(338)	-	-	(186)	-	-	(86)	(148)	(1,720)
Interest paid on long-term debt	(1,120)	(16,869)	(1,934)	-	(16,467)	-	-	-	-	(36,390)
Principal repayment on long-term debt	(3,580)	(20,050)	(3,670)	-	(9,950)	-	-	-	-	(37,250)
Proceeds from bond issues	15,416	-	-	-	-	-	-	-	-	15,416
Payments to refund debt	(15,705)	-	-	-	-	-	-	-	-	(15,705)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(5,951)	(37,257)	(5,604)	-	(26,603)	-	-	(86)	(148)	(75,649)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES										
Investment in associated company	833	28	1,200	-	8,634	-	1,957	41	236	12,929
Refunds to participants	(691)	(2,787)	97	33	(385)	-	(1,166)	(2,572)	(28)	(7,499)
Payments from(to) other programs *	(3,845)	(4,893)	(477)	(464)	4,562	-	5,692	70	(645)	-
NET CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	(3,703)	(7,652)	820	(431)	12,811	-	6,483	(2,461)	(437)	5,430
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,442	17,132	(516)	-	(2,844)	-	1,344	(192)	367	19,733
Beginning of year	6,037	14,790	1,474	1	8,020	-	2,549	231	73,209	106,311
End of year	\$ 10,479	\$ 31,922	\$ 958	\$ 1	\$ 5,176	\$ -	\$ 3,893	\$ 39	\$ 73,576	\$ 126,044

* Eliminated in Combination

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF CASH FLOW - Continued

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

For the Year Ended June 30, 2017											
GENERATING & TRANSMISSION RESOURCES											
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined	
RECONCILIATION OF NET OPERATING REVENUES TO NET CASH FLOWS FROM OPERATING ACTIVITIES											
Operating income	\$ 6,933	\$ 35,976	\$ 2,722	\$ 250	\$ 8,320	\$ (5)	\$ (6,698)	\$ 2,360	\$ (1,427)	\$ 48,431	
Adjustments to reconcile net operating revenues to net cash from operating activities:											
Depreciation	3,820	9,582	2,213	178	14,607	5	-	47	297	30,749	
	10,753	45,558	4,935	428	22,927	-	(6,698)	2,407	(1,130)	79,180	
CASH FLOWS IMPACTED BY CHANGES IN											
Accounts receivable	2	-	(64)	(225)	-	-	(5,313)	220	(82)	(5,462)	
Inventory, prepaid expense, and unused vendor credits	(397)	(42)	3	(7)	(316)	-	-	(2)	(29)	(790)	
Operating reserves and other deposits	2,004	1,291	-	393	(1,923)	-	1,130	(541)	4,223	6,577	
Regulatory credits	(987)	(29)	(80)	(174)	(5,487)	-	-	39	(44)	(6,762)	
Accounts payable	(10)	143	-	16	(375)	-	5,373	196	640	5,983	
Net pension liability and related amounts	-	-	-	-	-	-	-	-	263	263	
NET CASH FROM OPERATING ACTIVITIES	\$ 11,365	\$ 46,921	\$ 4,794	\$ 431	\$ 14,826	\$ -	\$ (5,508)	\$ 2,319	\$ 3,841	\$ 78,989	
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION											
Cash and cash equivalents - current assets	\$ 1	\$ -	\$ 1	\$ 1	\$ 72	\$ -	\$ -	\$ 39	\$ 45,665	\$ 45,779	
Cash and cash equivalents - restricted assets	10,478	31,922	957	-	5,104	-	3,893	-	27,911	80,265	
End of year	\$ 10,479	\$ 31,922	\$ 958	\$ 1	\$ 5,176	\$ -	\$ 3,893	\$ 39	\$ 73,576	\$ 126,044	

OTHER INFORMATION
GENERATION ENTITLEMENT SHARES (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

	Table of Generation Entitlement Shares					LEC Debt Shares	
	Geothermal Project No. 3	Hydroelectric Project No. One	Capital Facilities Project	Combustion Turbine No. One	Lodi Energy Center (LEC)	LEC Indenture Group A	LEC Indenture Group B
NCPA Member Participants:							
Alameda	16.8825%	10.0000%	19.0000%	21.8200%			
BART					6.6000%	11.8310%	
Biggs	0.2270%			0.1970%	0.2679%	0.4802%	
Gridley	0.3360%			0.3500%	1.9643%	3.5212%	
Healdsburg	3.6740%	1.6600%		5.8330%	1.6428%	2.9448%	
Lodi	10.2800%	10.3700%	39.5000%	13.3930%	9.5000%	17.0295%	
Lompoc	3.6810%	2.3000%	5.0000%	5.8330%	2.0357%	3.6491%	
Palo Alto		22.9200%					
Plumas-Sierra REC	0.7010%	1.6900%		1.8170%	0.7857%	1.4084%	
Roseville	7.8830%	12.0000%	36.5000%				
Santa Clara	44.3905%	37.0200%		41.6670%	25.7500%	46.1588%	
Ukiah	5.6145%	2.0400%		9.0900%	1.7857%	3.2010%	
Other Participants:							
Azuza					2.7857%	4.9936%	
California Dept. of Water Resources					33.5000%		100.0000%
Modesto Irrigation District					10.7143%		
Power & Water Resources Pooling Agency					2.6679%	4.7824%	
Turlock Irrigation District	6.3305%						
	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.000%	100.000%
	Note A	Note A, B		Note A	Note B		

Note A: Project Entitlement shares are after transfers among participants.

Note B: Project Generation Shares may vary from project cost shares due to varied financing and fuel supply arrangements.

**NORTHERN CALIFORNIA POWER AGENCY AND
ASSOCIATED POWER CORPORATIONS**

Roseville, California

COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE
AND MANAGEMENT

As of and for the Year Ended June 30, 2018

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

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**REQUIRED COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS IDENTIFIED IN THE
AUDIT TO THOSE CHARGED WITH GOVERNANCE**

The Finance Committee
Northern California Power Agency and Associated Power Corporations
Roseville, California

In planning and performing our audit of the combined financial statements of Northern California Power Agency and Associated Power Corporations (the "Agency") as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of its internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

This communication is intended solely for the information and use of management, the Committee, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
October 9, 2018

OTHER COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

TWO WAY COMMUNICATION REGARDING YOUR AUDIT

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two way communication, and these communications are important in assisting the auditor and you with obtaining more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - > Identify types of potential misstatements.
 - > Consider factors that affect the risks of material misstatement.
 - > Design tests of controls, when applicable, and substantive procedures.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs.

- c. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the Finance Committee has the responsibility to oversee the strategic financial direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- e. Have you had any significant communications with regulators or grantor agencies?
- f. Are there other matters that you believe are relevant to the audit of the financial statements or the federal or state awards?

TWO WAY COMMUNICATION REGARDING YOUR AUDIT (cont.)

Also, is there anything that we need to know about the attitudes, awareness, and actions of the Finance Committee concerning:

- a. The Agency's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of June or July. Our final financial fieldwork is scheduled during the summer to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

**COMMUNICATION OF OTHER CONTROL DEFICIENCIES, RECOMMENDATIONS AND
INFORMATIONAL POINTS TO MANAGEMENT THAT ARE NOT MATERIAL WEAKNESSES OR
SIGNIFICANT DEFICIENCIES**

CURRENT YEAR COMMENTS AND RECOMMENDATIONS

CAISO PAYABLE RECONCILIATION

The Agency's participation in the California ISO market requires an accounting of a significant amount of charge codes and transaction types included on each monthly invoice. Each line item on the CAISO invoice is recorded in the Agency's general ledger system dependent upon the type of service and customer or project involved. At the end of the fiscal year, an accrual is made for the net receivable or payable from/to CAISO. During the audit, we noted the Agency's year-end reconciliation of the CAISO payable account included an unreconciled amount totaling \$558,000, an increase of approximately \$94,000 from the previous year. At the conclusion of the audit, it was indeterminate as to what the variance specifically related to and therefore difficult to identify an appropriate adjustment. The unreconciled variance was not material to the financial statements, however, it grew significantly from the prior year. We recommend the Agency work to reconcile the unidentified variance and reconcile the account monthly.

Management's Response

Reconciliation of unidentified CAISO payable variance of \$558,000 and monthly reconciliation thereafter. Management agrees. The Agency will reconcile the CAISO payable account and identify the unreconciled total of \$558,000. Thereafter, the Agency will reconcile the payable account monthly and ensure a full reconciliation is available to auditors by the time final audit fieldwork is performed.

PRIOR YEAR COMMENTS AND RECOMMENDATIONS

INVENTORY PROCESSES AND INTERNAL CONTROLS

During the course of the current year audit, a review of inventory processes and internal controls was conducted to understand the control environment supporting inventory. We performed inventory test counts and tested the valuation methods used to quantify inventory balances included in the financial statements. Through these testing procedures, we noted several areas in the inventory process where improvements could be made.

Revision of Inventory Policy – The Agency's current inventory policy does not clearly define what an inventory item is and what is considered a consumable item. The absence of such distinction leads to inconsistent tracking of purchases made at the plant sites and the use of materials. An inventory policy should define all policies, procedures and controls surrounding the inventory process including the identification of obsolete inventory.

General Ledger Balancing – Inventory maintained at the geothermal facility is manually counted by Agency staff on an annual basis. The detailed counts include a full listing of materials on-hand at the end of the fiscal year. The total balance of this listing is approximately \$1.7M lower than the inventory balance stated in the financial statements. The inventory listing and general ledger balance should equal at the end of each fiscal period.

Material Issuances to Work Orders – Properly functioning inventory systems allow for the accurate tracking of materials from initial purchase to use in operations. The Agency's current inventory system records the purchase of materials to the inventory system, however, materials are not issued to work orders that integrate with Great Plains or reduced from the inventory account. A properly functioning inventory system allows for accurate tracking of material purchases to the inventory account and issuances to work orders that post to the GL. This situation contributes to the general ledger balancing comment noted above.

PRIOR YEAR COMMENTS AND RECOMMENDATIONS (cont.)

INVENTORY PROCESSES AND INTERNAL CONTROLS (cont.)

Establishment of Pricing Method – The Agency's current inventory listing is formulated using the average cost pricing method to track the total value of materials. This methodology groups the purchase price of all materials purchased within a certain material number and averages the total cost of each purchase regardless of when it is purchased. While this is the case for a majority of the materials included on the inventory list provided during the audit, we noted multiple prices were estimated by plant personnel and not based upon historical purchase price. An accurate inventory listing should use the average costing method for all materials included in the listing.

As a result of the items identified above, it is difficult to assess the accuracy and validity of the inventory balance included in the financial statements. We were able to gain comfort in the fact that our inventory test counts revealed trivial differences between inventory listings provided and actual quantities on-hand and the total overall inventory balance was not material to the financial statements. We recommend the Agency review its current inventory practices and consider developing improvements to address the comments noted above.

Status Update - 6/30/2018

During the fiscal year, management began to develop internal policies and procedures surrounding the inventory process, however, the policies were not finalized or implemented as of the end of the year. We continue to recommend management review internal inventory policies and implement them in the next fiscal year.

Management's Response

Revision of Inventory Policy – The Agency developed a new procedure in fiscal year 2019 that clearly identifies what constitutes inventory versus consumables. The procedure includes definitions for obsolete and impaired inventory as well. The Agency will use the procedure to ensure consistent tracking of purchases made at the plant sites and the use of materials. In addition, the Agency will train employees on the procedure to ensure consistent application.

General Ledger Balancing – The Agency has developed a methodology to assign cost to all inventory units and revise both the inventory listing and the general ledger value of inventory during fiscal year 2019 so that their values are the same by June 30, 2019.

Material Issuances to Work Orders - The Agency has developed a process for plant staff to provide Accounting with the information needed to record inventory issuances using quantities and the corresponding average unit prices. The Agency will implement the new process in fiscal year 2019.

Establishment of Pricing Method - The Agency developed a methodology to price all items that are in inventory during fiscal year 2019 and will track those prices and record issues at an average price for respective material numbers.

REQUIRED COMMUNICATIONS BY THE AUDITOR TO THOSE CHARGED WITH GOVERNANCE

The Finance Committee
Northern California Power Agency and Associated Power Corporations
Roseville, California

Thank you for using Baker Tilly Virchow Krause, LLP as your auditor.

We have completed our audit of the financial statements of Northern California Power Agency and Associated Power Corporations (Agency) for the year ended June 30, 2018, and have issued our report thereon dated October 9, 2018. This letter presents communications required by our professional standards.

***OUR RESPONSIBILITY UNDER AUDITING STANDARDS
GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA***

The objective of a financial statement audit is the expression of an opinion on the financial statements. We conducted the audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements prepared by management with your oversight are free of material misstatement, whether caused by error or fraud. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management or the Finance Committee of their responsibilities.

As part of the audit we obtained an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. The audit was not designed to provide assurance on internal control or to identify deficiencies in internal control.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

Our responsibility does not extend beyond the audited financial statements identified in this report. We do not have any obligation to and have not performed any procedures to corroborate other information contained in client prepared documents, such as official statements related to debt issues.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you in our prior year management letter dated October 17, 2017.

QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by The Finance Committee are described in Note B to the financial statements. As described in Note B to the financial statements, the Agency changed accounting policies related to financial reporting for other postemployment benefits and debt by adopting Statements of Governmental Accounting Standards (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* and Statement No. 88, *Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements*. We noted no transactions entered into by the Agency during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES (cont.)

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- > Management's estimate of other post-employment benefits based on information provided by the Agency's actuary. We evaluated the key factors and assumptions used to develop the other post-employment benefit (OPEB) asset and related deferrals in determining that it is reasonable in relation to the financial statements taken as a whole.
- > Management's estimate of the net pension asset and related deferrals are based on information provided by CalPERS. We evaluated the key factors and assumptions used to develop the pension asset and related deferrals in determining that it is reasonable in relation to the financial statements taken as a whole.
- > Management's estimate of decommissioning costs based on the Black & Veatch draft report dated December 30, 2016 and DAREnterprises, LLC's Decom Cost and Timing report from 2006. We evaluated the key factors and assumptions used to develop the decommissioning cost estimate and have determined that it is reasonable in relation to the financial statements taken as a whole.
- > Management's estimate of derivative valuation based on PFM's report. We evaluated the key factors and assumptions used to develop the market valuation in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The disclosures in the notes to the financial statements are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter. This letter follows this required communication.

INDEPENDENCE

We are not aware of any relationships between Baker Tilly Virchow Krause, LLP and the Northern California Power Agency and Associated Power Corporations that, in our professional judgment, may reasonably be thought to bear on our independence.

Relating to our audit of the financial statements of Northern California Power Agency and Associated Power Corporations for the year ended June 30, 2018, Baker Tilly Virchow Krause, LLP hereby confirms that we are, in our professional judgment, independent with respect to the Northern California Power Agency and Associated Power Corporations in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants. We provided no services to the Northern California Power Agency and Associated Power Corporations other than audit services provided in connection with the audit of the current year's financial statements and nonaudit services which in our judgment do not impair our independence.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Northern California Power Agency and Associated Power Corporations' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic combined financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the other information, which accompanies the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

RESTRICTION ON USE

This information is intended solely for the use of the Finance Committee and management and is not intended to be, and should not be, used by anyone other than these specified parties.

We welcome the opportunity to discuss the information included in this letter and any other matters. Thank you for allowing us to serve you.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
October 9, 2018

MANAGEMENT REPRESENTATIONS



651 Commerce Drive
Roseville, CA 95678

(916) 781-3636

www.ncpa.com

October 9, 2018

Baker Tilly Virchow Krause, LLP
Ten Terrace Court
P.O. Box 7398
Madison, WI 53707-7398

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the combined financial statements of the Northern California Power Agency and Associated Power Corporations (the Agency) as of June 30, 2018 and 2017, and for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Agency and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
2. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all properly classified funds and other financial information of the utility required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity's financial statements.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, if any, are reasonable.
6. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
8. There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements except as described in the Outside Counsel Response. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.

Information Provided

9. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared.

10. We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
11. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have material effect on the financial statements.
12. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
13. We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
14. There are no known related parties or related party relationships and transactions of which we are aware.

Other

15. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
16. The Agency has no plans or intentions that may materially affect the carrying value or classification of assets, liability, or equity.
17. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
18. There are no:
 - a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.

19. In regards to the nonattest services performed by you listed below, we have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.

a. Microsoft Dynamics Great Plains system utilization

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

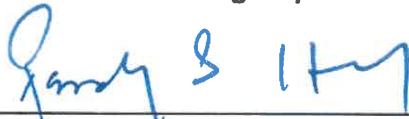
20. The Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
21. The Agency has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
22. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
23. We believe that we have properly identified all derivative instruments and any embedded derivative instruments that require bifurcation. The utility's hedging activities, if any, are in accordance with its documented and approved hedging and risk management policies. The utility follows the valuation, accounting, reporting and disclosure requirements outlined in GASB No. 53. We believe the timing, nature, and amounts of all forecasted transactions are probable of occurring. The fair values of all derivatives and hedged items have been determined based on prevailing market prices or by using financial models that we believe are the most appropriate models for valuing such instruments and that incorporate market data and other assumptions that we have determined to be reasonable and appropriate at year end.
24. Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
25. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.
26. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
27. Tax-exempt bonds issued have retained their tax-exempt status.
28. The operations and rate setting process meet the condition for application of accounting for regulated operations as outlined in GASB No. 62. All regulatory items included in the financial statements have been approved and are being accounted for in accordance with specific action taken by the regulatory body and as such the expectation of future recovery or refund is reasonable.
29. We have accounted for asset retirement obligations in accordance with FASB ASC 410, Asset Retirement and Environmental Obligations. All legal obligations, including those under the

doctrine of promissory estoppels, associated with the retirement of tangible long-lived assets have been recognized. These obligations were recognized when incurred using management's best estimate of fair value.

30. We have appropriately disclosed the Agency's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy.
31. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
32. We assume responsibility for, and agree with, the findings of specialists in evaluating the OPEB and pension and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.

Sincerely,

Northern California Power Agency and Associated Power Corporations

Signed: 
RANDY S. HOWARD
General Manager

Signed: 
MONTY HANKS
Assistant General Manager, Administrative Services/CFO

Signed: 
SONDRA AINSWORTH
Treasurer-Controller

Approved as to Form:

James Luckhart
CPA General Counsel



To the Commissioners of
Northern California Power Agency and Associated Power Corporations
Roseville, California

We have audited, in accordance with auditing standards generally accepted in the United States of America, the combined financial statements of the Northern California Power Agency and Associated Power Corporations (the Agency) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the combined basic financial statements of the Agency, and have issued our report thereon dated October 9, 2018.

In connection with our audit, nothing came to our attention that caused us to believe that the Agency failed to comply with the terms, covenants, provisions, or conditions of the Indentures of Trust for the bonds described in Attachment A between U.S. Bank and the Agency, insofar as they relate to financial and accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Agency's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the Indenture, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Commissioners of the Agency and U.S. Bank, and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
October 9, 2018

Attachment A

- > Geothermal Project Number 3 Revenue Bonds, 2009 Series A, dated March 2009
- > Geothermal Project Number 3 Revenue Bonds, 2012 Series A, dated September 2012
- > Geothermal Project Number 3 Revenue Refunding Bonds, 2016 Series A, dated September 2016
- > Hydroelectric Project Number One Revenue Bonds, 1992 Refunding Series A, dated June 1992
- > Hydroelectric Project Number One Revenue Bonds, 2008 Refunding Series A & B, dated April 2008
- > Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A & B, dated April 2010
- > Hydroelectric Project Number One Revenue Bonds, 2012 Refunding Series A & B, dated February 2012
- > Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A & B, dated March, 2018
- > Capital Facilities Project Revenue Bonds, 2010 Refunding Series A, dated January 2010
- > Lodi Energy Center Revenue Bonds, Issue One, 2010 Series B, dated June 2010
- > Lodi Energy Center Revenue Bonds, Issue Two, 2010 Series A & B, dated June 2010
- > Lodi Energy Center Revenue Bonds, Issue One, 2017 Series A & B, dated December 2017



To the Commissioners of
Northern California Power Agency and Associated Power Corporations
Roseville, California

We have audited, in accordance with auditing standards generally accepted in the United States of America, the combined financial statements of the Northern California Power Agency and Associated Power Corporations (the Agency) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the combined basic financial statements of the Agency, and have issued our report thereon dated October 9, 2018.

In connection with our audit, nothing came to our attention that caused us to believe that the Agency failed to comply with the terms, covenants, provisions or conditions of the Agency's Investment Policy insofar as they relate to financial and accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the Investment Policy insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Commissioners and management of the Agency and is not intended to be, and should not be used by anyone other than these specified parties.

Baker Tilly Voichau Krause, LLP

Madison, Wisconsin
October 9, 2018



This slide features a blue background with a white geometric pattern. At the top center is a white logo consisting of two overlapping speech bubbles. To the right is the NCPA logo, which includes a blue stylized 'N' and the text 'NCPA' and 'Northern California Power Agency'. The main title is centered in bold black text: 'Northern California Power Agency and Associated Power Corporations Finance Committee Meeting - 2018 Financial Statement Audit'. At the bottom left is the Baker Tilly International logo with the text 'an independent member of BAKER TILLY INTERNATIONAL' and a small disclaimer: 'Baker Tilly refers to Baker Tilly Wexler Krause LLP, an independently owned and managed member of Baker Tilly International.' At the bottom right is the Baker Tilly logo with the tagline 'Candor. Insight. Results.'

NCPA
Northern California Power Agency

**Northern California Power Agency and Associated Power Corporations
Finance Committee Meeting - 2018 Financial Statement Audit**

an independent member of
BAKER TILLY
INTERNATIONAL

Baker Tilly refers to Baker Tilly Wexler Krause LLP,
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BAKER TILLY
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This slide has a blue header with the text 'NCPA Audit Discussion' and the Baker Tilly logo with the tagline 'Candor. Insight. Results.' on the right. The main content area is white. On the left, there is a blue circle with the word 'Agenda' in white. To the right of the circle is a light blue rectangular box containing three items: 'Audit overview', 'Required communication to Governing Body', and 'Discussion'. The number '2' is in the bottom right corner.

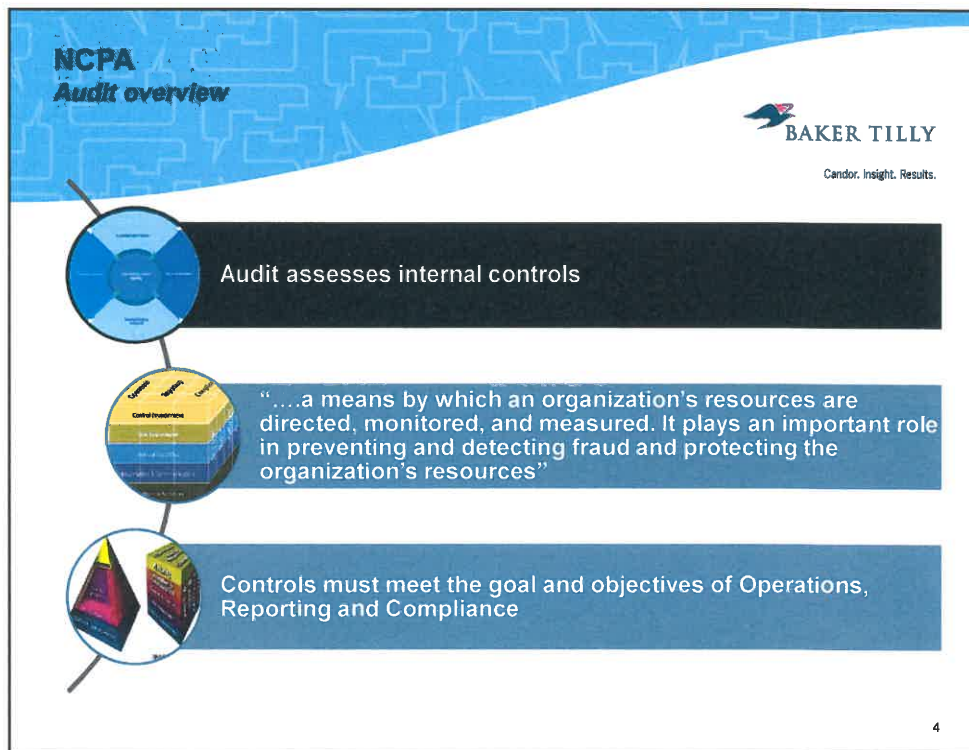
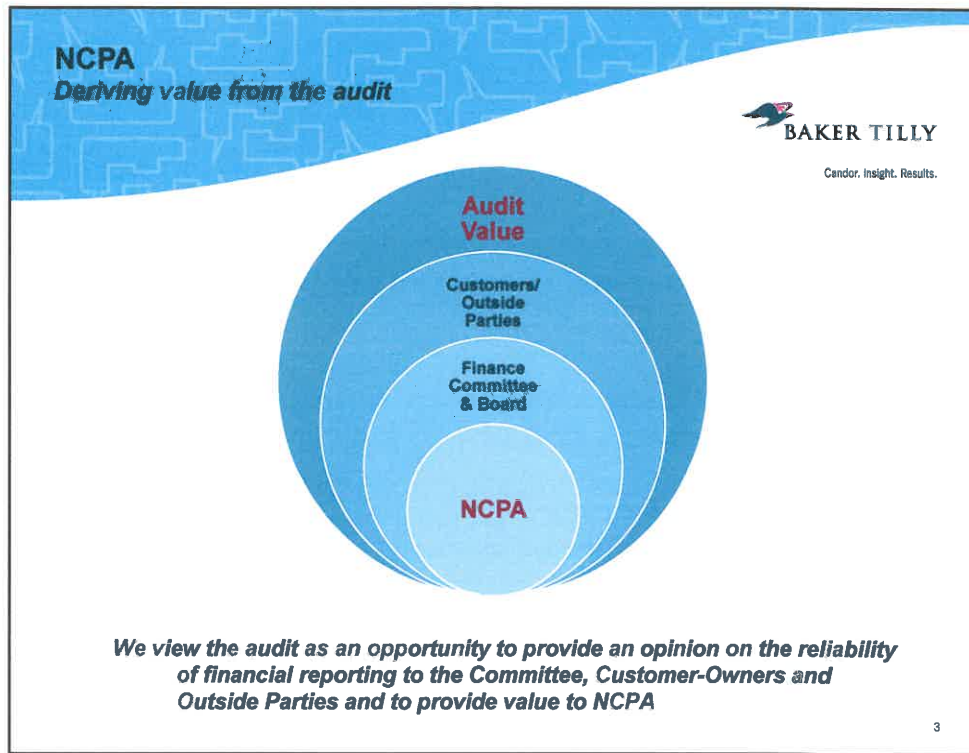
NCPA
Audit Discussion

BAKER TILLY
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Agenda





- Audit overview
- Required communication to Governing Body
- Discussion

2



NCPA
What were the audit results?

 **BAKER TILLY**
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-  Audit performed in accordance with *Generally Accepted Auditing Standards*
-  Audit objective - reasonable assurance that financial statements are free from material misstatement
-  **Financial statements of NCPA received an *Unmodified Opinion***
-  There were no material weaknesses or significant deficiencies in controls

5

NCPA
Testing methods

 **BAKER TILLY**
Candor. Insight. Results.

-  Evaluating and assessing risk
-  Interviewing employees and documenting business processes
-  **Testing business processes for weaknesses and adherence to policies**
-  Statistical sampling

6


NCPA
Testing methods

 **BAKER TILLY**
Candor. Insight. Results.

-  Independent confirmations
-  Use of specialist reports
-  Tracing to source documents

7

NCPA
Audit overview

 **BAKER TILLY**
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Controls reviewed in key transaction areas	Expenditures
	Payroll
	Billing and accounts receivable
	Cash, investments and derivatives
	Capital assets
	Information technology

8


NCPA
Auditor communication to those charged with governance

 **BAKER TILLY**
Candor. Insight. Results.

Auditor responsibility & independence	Board responsibility	Accounting policies and estimates
Baker Tilly agrees with NCPA's accounting policies and disclosures		There were no adjustments to the financial statements
No other audit findings or concerns		

9

NCPA

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We appreciate the help of the NCPA's Accounting and Management teams in assisting in the audit!

10

NCPA

 **BAKER TILLY**
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Discussion

11

Contact Info

 **BAKER TILLY**
Candor. Insight. Results.

Russ Hissom, Partner
D: 608 240 2361
M: 608 628 4020
Russ.Hissom@bakertilly.com

Jeff Stanek, Manager
D: 608 240 2315
M: 608 658 2485
Jeff.Stanek@bakertilly.com

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Commission Staff Report

Date October 17, 2018

COMMISSION MEETING DATE: October 25, 2018

SUBJECT: WSA Engineered Systems, Inc. – Five Year Multi-Task General Services Agreement to provide equipment, materials and maintenance of brush/ball cleaning system; Applicable to the following project: NCPA Geothermal facility.

AGENDA CATEGORY: Consent

FROM: Ken Speer <i>Ken Speer 10/17/18</i> Assistant General Manager	METHOD OF SELECTION: N/A
Division: Generation Services <i>If other, please describe:</i>	
Department: Geothermal	

IMPACTED MEMBERS:		
All Members <input type="checkbox"/>	City of Lodi <input checked="" type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input checked="" type="checkbox"/>	City of Lompoc <input checked="" type="checkbox"/>	City of Ukiah <input checked="" type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input checked="" type="checkbox"/>
City of Biggs <input checked="" type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input checked="" type="checkbox"/>	City of Roseville <input checked="" type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input checked="" type="checkbox"/>	City of Santa Clara <input checked="" type="checkbox"/>	Other <input checked="" type="checkbox"/>
<i>If other, please specify</i>		Turlock
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RECOMMENDATION:

Approval of Resolution 18-84 authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with WSA Engineered Systems, Inc. to provide equipment, materials, and maintenance of brush/ball tube cleaning systems, and consulting services, including on-site supervision and operator training on new systems, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000 over five years, for use at NCPA's Geothermal facility.

BACKGROUND:

Maintenance of the automatic brush/ball tube cleaning systems is required from time to time at NCPA's Geothermal facility to ensure optimal operation of the condenser. WSA Engineered Systems, Inc. is able to provide NCPA with equipment and materials to maintain this system, as well as on-site consulting related to start-up commissioning and operator training on new systems, as needed. Although WSA Engineered Systems is the OEM for the equipment, at the time maintenance work is needed, bids are solicited in accordance with NCPA procurement policies and procedures.

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 the NCPA approved budget. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.

SELECTION PROCESS:

This is an enabling agreement and does not commit NCPA to any expenditure of funds. However, in anticipation of the need for these services, Generation Services requested and received bids from Ovivo (US), Beaudrey AS, and WSA Engineered Systems for ball cleaning services at Plant 1. WSA Engineered Systems submitted the lowest bid. As a result, this enabling agreement was prepared to be used for the work identified for Plant 1, and potentially work needed in the future. Whenever services are required, NCPA will bid the specific scope of work consistent with NCPA procurement policies and procedures with as many qualified providers as possible and issue purchase orders based on cost and availability of the services at the time the services are required. In addition, NCPA is working to develop additional enabling agreements for this scope of work with qualified vendors.


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 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

This agreement was reviewed by the Facilities Committee on October 3, 2018, and was recommended for Commission approval on Consent Calendar. Since that recommendation, the NCPA General Counsel modified the scope of the agreement to be used for services requested by the Geothermal facility only and added clarifying language for the work performed off-site. No changes have been made to the agreement's terms and conditions.

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachments (2):

- Resolution
- Multi-Task General Services Agreement with WSA Engineered Systems, Inc.

RESOLUTION 18-84

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVING A MULTI-TASK GENERAL SERVICES AGREEMENT WITH WSA ENGINEERED SYSTEMS, INC.

(reference Staff Report #212:18)

WHEREAS, purchasing of equipment, materials, and maintenance of automatic brush/ball tube cleaning systems, and consulting services including on-site technical supervision, start-up commissioning, and operator training on new systems, are required from time to time at NCPA's Geothermal facility; and

WHEREAS, WSA Engineered Systems, Inc. is a provider of this equipment and services; and

WHEREAS, NCPA seeks to enter into a Multi-Task General Services Agreement with WSA Engineered Systems, Inc., to provide such equipment and services as needed in the amount not to exceed \$1,000,000 over five years; and

WHEREAS, 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 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager or his designee to enter into a Multi-Task General Services Agreement with WSA Engineered Systems, Inc., with any non-substantial changes as approved by the NCPA General Counsel, which shall not exceed \$1,000,000 over five years, to provide equipment, materials and maintenance of brush/ball tube cleaning systems, and consulting services, including on-site supervision and operator training on new systems, for use NCPA's Geothermal facility.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2018 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
San Francisco BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ROGER FRITH
CHAIR

ATTEST:

CARY A. PADGETT
ASSISTANT SECRETARY



**MULTI-TASK
GENERAL SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
WSA ENGINEERED SYSTEMS, INC.**

This Multi-Task General Services Agreement ("Agreement") is made by and between the Northern California Power Agency, a joint powers agency with its main office located at 651 Commerce Drive, Roseville, CA 95678-6420 ("Agency") and WSA Engineered Systems, Inc., a corporation with its office located at 12040 West Feerick Street, Unit G, Wauwatosa, WI 53222 ("Contractor") (together sometimes referred to as the "Parties") as of _____, 2018 ("Effective Date") in Roseville, California.

Section 1. SCOPE OF WORK. Subject to the terms and conditions set forth in this Agreement, Contractor is willing to provide to Agency the range of services and/or goods described in the Scope of Work attached hereto as Exhibit A and incorporated herein ("Work").

- 1.1 Term of Agreement.** The term of this Agreement shall begin on the Effective Date and shall end when Contractor completes the Work, or no later than five (5) years from the date this Agreement was signed by Agency, whichever is shorter.
- 1.2 Standard of Performance.** Contractor shall perform the Work in the manner and according to the standards observed by a competent practitioner of the profession in which Contractor is engaged and for which Contractor is providing the Work. Contractor represents that it is licensed, qualified and experienced to provide the Work set forth herein.
- 1.3 Assignment of Personnel.** Contractor shall assign only competent personnel to perform the Work. In the event that Agency, in its sole discretion, at any time during the term of this Agreement, requests the reassignment of any such personnel, Contractor shall, immediately upon receiving written notice from Agency of such request, reassign such personnel.
- 1.4 Work Provided.** Work provided under this Agreement by Contractor may include Work directly to the Agency or, as requested by the Agency and consistent with the terms of this Agreement.
- 1.5 Request for Work to be Performed.** At such time that Agency determines to have Contractor perform Work under this Agreement, Agency shall issue a Purchase Order. The Purchase Order shall identify the specific Work to be performed ("Requested Work"), may include a not-to-exceed cap on monetary cap on Requested Work and all related expenditures authorized by that Purchase Order, and shall include a time by which the Requested Work shall be completed. Contractor shall have seven calendar days from the date of the Agency's issuance of the Purchase Order in which to respond in writing that Contractor chooses not to perform the Requested Work. If Contractor agrees to perform the Requested Work, begins to perform the Requested Work, or does not respond within the seven day period specified, then Contractor will have

agreed to perform the Requested Work on the terms set forth in the Purchase Order, this Agreement and its Exhibits.

Section 2. COMPENSATION. Agency hereby agrees to pay Contractor an amount **NOT TO EXCEED** ONE MILLION dollars (\$1,000,000) for the Work, which shall include all fees, costs, expenses and other reimbursables, as set forth in Contractor's fee schedule, attached hereto and incorporated herein as Exhibit B. This dollar amount is not a guarantee that Agency will pay that full amount to the Contractor, but is merely a limit of potential Agency expenditures under this Agreement.

2.1 Invoices. Contractor shall submit invoices, not more often than once a month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date. Invoices shall contain the following information:

- The beginning and ending dates of the billing period;
- Work performed;
- The Purchase Order number authorizing the Requested Work;
- At Agency's option, for each work item in each task, a copy of the applicable time entries or time sheets shall be submitted showing the name of the person doing the work, the hours spent by each person, a brief description of the work, and each reimbursable expense, with supporting documentation, to Agency's reasonable satisfaction;
- At Agency's option, the total number of hours of work performed under the Agreement by Contractor and each employee, agent, and subcontractor of Contractor performing work hereunder.

Invoices shall be sent to:

Northern California Power Agency
651 Commerce Drive
Roseville, California 95678
Attn: Accounts Payable
AcctsPayable@ncpa.com

2.2 Monthly Payment. Agency shall make monthly payments, based on invoices received, for Work satisfactorily performed, and for authorized reimbursable costs incurred. Agency shall have thirty (30) days from the receipt of an invoice that complies with all of the requirements above to pay Contractor.

2.3 Payment of Taxes. Contractor is solely responsible for the payment of all federal, state and local taxes, including employment taxes, incurred under this Agreement.

2.4 Authorization to Perform Work. The Contractor is not authorized to perform any Work or incur any costs whatsoever under the terms of this Agreement until receipt of a Purchase Order from the Contract Administrator.

- 2.5 Timing for Submittal of Final Invoice.** Contractor shall have ninety (90) days after completion of the Requested Work to submit its final invoice for the Requested Work. In the event Contractor fails to submit an invoice to Agency for any amounts due within the ninety (90) day period, Contractor is deemed to have waived its right to collect its final payment for the Requested Work from Agency.

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Contractor shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the Work.

Section 4. INSURANCE REQUIREMENTS. Before beginning any Work under this Agreement, Contractor, at its own cost and expense, shall procure the types and amounts of insurance listed below and shall maintain the types and amounts of insurance listed below for the period covered by this Agreement.

- 4.1 Workers' Compensation.** If Contractor employs any person, Contractor shall maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Contractor with limits of not less than one million dollars (\$1,000,000.00) per accident.

4.2 Commercial General and Automobile Liability Insurance.

4.2.1 Commercial General Insurance. Contractor shall maintain commercial general liability insurance for the term of this Agreement, including products liability, covering any loss or liability, including the cost of defense of any action, for bodily injury, death, personal injury and broad form property damage which may arise out of the operations of Contractor. The policy shall provide a minimum limit of \$1,000,000 per occurrence/\$2,000,000 aggregate. Commercial general coverage shall be at least as broad as ISO Commercial General Liability form CG 0001 (current edition) on "an occurrence" basis covering comprehensive General Liability, with a self-insured retention or deductible of no more than \$100,000. No endorsement shall be attached limiting the coverage.

4.2.2 Automobile Liability. Contractor shall maintain automobile liability insurance form CA 0001 (current edition) for the term of this Agreement covering any loss or liability, including the cost of defense of any action, arising from the operation, maintenance or use of any vehicle (symbol 1), whether or not owned by the Contractor, on or off Agency premises. The policy shall provide a minimum limit of \$1,000,000 per each accident, with a self-insured retention or deductible of no more than \$100,000. This insurance shall provide contractual liability covering all motor vehicles and mobile equipment to the extent coverage may be excluded from general liability insurance.

4.2.3 General Liability/Umbrella Insurance. The coverage amounts set forth above may be met by a combination of underlying and umbrella policies as long as in combination the limits equal or exceed those stated.

4.3 Professional Liability Insurance. Not Applicable

4.4 Pollution Insurance. Not Applicable.

4.5 All Policies Requirements.

4.5.1 Verification of coverage. Prior to beginning any work under this Agreement, Contractor shall provide Agency with (1) a Certificate of Insurance that demonstrates compliance with all applicable insurance provisions contained herein and (2) policy endorsements to the policies referenced in Section 4.2 and in Section 4.4, if applicable, adding the Agency as an additional insured and declaring such insurance primary in regard to work performed pursuant to this Agreement.

4.5.2 Notice of Reduction in or Cancellation of Coverage. Contractor shall provide at least thirty (30) days prior written notice to Agency of any reduction in scope or amount, cancellation, or modification adverse to Agency of the policies referenced in Section 4.

4.5.3 Higher Limits. If Contractor maintains higher limits than the minimums specified herein, the Agency shall be entitled to coverage for the higher limits maintained by the Contractor.

4.5.4 Additional Certificates and Endorsements. Not applicable.

4.5.5 Waiver of Subrogation. Contractor agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. In addition, the Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of Agency for all work performed by Contractor, its employees, agents and subcontractors.

4.6 Contractor's Obligation. Contractor shall be solely responsible for ensuring that all equipment, vehicles and other items utilized in the performance of Work are operated, provided or otherwise utilized in a manner that ensures they are and remain covered by the policies referenced in Section 4 during this Agreement. Contractor shall also ensure that all workers involved in the provision of Work are properly classified as employees, agents or independent contractors and are and remain covered by any and all workers' compensation insurance required by applicable law during this Agreement.

Section 5. INDEMNIFICATION AND CONTRACTOR'S RESPONSIBILITIES.

5.1 Effect of Insurance. Agency's acceptance of insurance certificates and endorsements required under this Agreement does not relieve Contractor from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages

whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Contractor acknowledges and agrees to the provisions of this section and that it is a material element of consideration.

- 5.2 Scope.** Contractor shall indemnify, defend with counsel reasonably acceptable to the Agency, and hold harmless the Agency, and its officials, commissioners, officers, employees, agents and volunteers from and against all losses, liabilities, claims, demands, suits, actions, damages, expenses, penalties, fines, costs (including without limitation costs and fees of litigation), judgments and causes of action of every nature arising out of or in connection with any acts or omissions by Contractor, its officers, officials, agents, and employees, except as caused by the sole or gross negligence of Agency. Notwithstanding, should this Agreement be construed as a construction agreement under Civil Code section 2783, then the exception referenced above shall also be for the active negligence of Agency.

Section 6. STATUS OF CONTRACTOR.

- 6.1 Independent Contractor.** Contractor is an independent contractor and not an employee of Agency. Agency shall have the right to control Contractor only insofar as the results of Contractor's Work and assignment of personnel pursuant to Section 1; otherwise, Agency shall not have the right to control the means by which Contractor accomplishes Work rendered pursuant to this Agreement. Notwithstanding any other Agency, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Contractor and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by Agency, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of Agency and entitlement to any contribution to be paid by Agency for employer contributions and/or employee contributions for PERS benefits.

Contractor shall indemnify, defend, and hold harmless Agency for the payment of any employee and/or employer contributions for PERS benefits on behalf of Contractor or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of Agency. Contractor and Agency acknowledge and agree that compensation paid by Agency to Contractor under this Agreement is based upon Contractor's estimated costs of providing the Work, including salaries and benefits of employees, agents and subcontractors of Contractor.

Contractor shall indemnify, defend, and hold harmless Agency from any lawsuit, administrative action, or other claim for penalties, losses, costs, damages, expense and liability of every kind, nature and description that arise out of, pertain to, or relate to such claims, whether directly or indirectly, due to Contractor's failure to secure workers' compensation insurance for its employees, agents, or subcontractors.

Contractor agrees that it is responsible for the provision of group healthcare benefits to its fulltime employees under 26 U.S.C. § 4980H of the Affordable Care Act. To the extent permitted by law, Contractor shall indemnify, defend and hold harmless Agency from any penalty issued to Agency under the Affordable Care Act resulting from the performance of the Services by any employee, agent, or subcontractor of Contractor.

- 6.2 Contractor Not Agent.** Except as Agency may specify in writing, Contractor shall have no authority, express or implied, to act on behalf of Agency in any capacity whatsoever as an agent. Contractor shall have no authority, express or implied, pursuant to this Agreement to bind Agency to any obligation whatsoever.
- 6.3 Assignment and Subcontracting.** This Agreement contemplates personal performance by Contractor and is based upon a determination of Contractor's unique professional competence, experience, and specialized professional knowledge. A substantial inducement to Agency for entering into this Agreement was and is the personal reputation and competence of Contractor. Contractor may not assign this Agreement or any interest therein without the prior written approval of the Agency. Contractor shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors identified in Exhibit A, without prior written approval of the Agency. Where written approval is granted by the Agency, Contractor shall supervise all work subcontracted by Contractor in performing the Work and shall be responsible for all work performed by a subcontractor as if Contractor itself had performed such work. The subcontracting of any work to subcontractors shall not relieve Contractor from any of its obligations under this Agreement with respect to the Work and Contractor is obligated to ensure that any and all subcontractors performing any Work shall be fully insured in all respects and to the same extent as set forth under Section 4, to Agency's satisfaction.
- 6.4 Certification as to California Energy Commission.** If requested by the Agency, Contractor shall, at the same time it executes this Agreement, execute Exhibit C.
- 6.5 Certification as to California Energy Commission Regarding Hazardous Materials Transport Vendors.** If requested by the Agency, Contractor shall, at the same time it executes this Agreement, execute Exhibit D.
- 6.6 Maintenance Labor Agreement.** If the Work is subject to the terms of one or more Maintenance Labor Agreements, which are applicable only to certain types of construction, repair and/or maintenance projects, then Contractor shall execute Exhibit E and/or similar documentation as to compliance.

Section 7. LEGAL REQUIREMENTS.

- 7.1 Governing Law.** The laws of the State of California shall govern this Agreement.

- 7.2 Compliance with Applicable Laws.** Contractor and its subcontractors and agents, if any, shall comply with all laws applicable to the performance of the work hereunder.
- 7.3 Licenses and Permits.** Contractor represents and warrants to Agency that Contractor and its employees, agents, and subcontractors (if any) have and will maintain at their sole expense during the term of this Agreement all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice their respective professions.
- 7.4 Monitoring by DIR.** Not Applicable. This agreement can only be used when no responsive bids have been received from vendors who perform the needed scope of work at facilities located in the State of California. Consulting services are not subject to monitoring by DIR.
- 7.5 Registration with DIR.** Not Applicable.
- 7.6 Prevailing Wage Rates.** Not Applicable.

Section 8. TERMINATION AND MODIFICATION.

- 8.1 Termination.** Agency may cancel this Agreement at any time and without cause upon ten (10) days prior written notice to Contractor.

In the event of termination, Contractor shall be entitled to compensation for Work satisfactorily completed as of the effective date of termination; Agency, however, may condition payment of such compensation upon Contractor delivering to Agency any or all records or documents (as referenced in Section 9.1 hereof).

- 8.2 Amendments.** The Parties may amend this Agreement only by a writing signed by both of the Parties.
- 8.3 Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between Agency and Contractor shall survive the termination of this Agreement.
- 8.4 Options upon Breach by Contractor.** If Contractor materially breaches any of the terms of this Agreement, including but not limited to those set forth in Section 4, Agency's remedies shall include, but not be limited to, the following:
- 8.4.1** Immediately terminate the Agreement;
 - 8.4.2** Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Contractor pursuant to this Agreement;
 - 8.4.3** Retain a different Contractor to complete the Work not finished by Contractor; and/or

- 8.4.4 Charge Contractor the difference between the costs to complete the Work that is unfinished at the time of breach and the amount that Agency would have paid Contractor pursuant hereto if Contractor had completed the Work.

Section 9. KEEPING AND STATUS OF RECORDS.

- 9.1 **Records Created as Part of Contractor's Performance.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Contractor prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the Agency. Contractor hereby agrees to deliver those documents to the Agency upon termination of the Agreement. Agency and Contractor agree that, unless approved by Agency in writing, Contractor shall not release to any non-parties to this Agreement any data, plans, specifications, reports and other documents.
- 9.2 **Contractor's Books and Records.** Contractor shall maintain any and all records or other documents evidencing or relating to charges for Work or expenditures and disbursements charged to the Agency under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Contractor under this Agreement.
- 9.3 **Inspection and Audit of Records.** Any records or documents that this Agreement requires Contractor to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the Agency. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds ten thousand dollars (\$10,000.00), the Agreement shall be subject to the examination and audit of the State Auditor, at the request of Agency or as part of any audit of the Agency, for a period of three (3) years after final payment under this Agreement.
- 9.4 **Confidential Information and Disclosure.**
- 9.4.1 **Confidential Information.** The term "Confidential Information", as used herein, shall mean any and all confidential, proprietary, or trade secret information, whether written, recorded, electronic, oral or otherwise, where the Confidential Information is made available in a tangible medium of expression and marked in a prominent location as confidential, proprietary and/or trade secret information. Confidential Information shall not include information that: (a) was already known to the Receiving Party or is otherwise a matter of public knowledge, (b) was disclosed to Receiving Party by a third party without violating any confidentiality agreement, (c) was independently developed by Receiving Party without

reverse engineering, as evidenced by written records thereof, or (d) was not marked as Confidential Information in accordance with this section.

9.4.2 Non-Disclosure of Confidential Information. During the term of this Agreement, either party may disclose (the "Disclosing Party") Confidential Information to the other party (the "Receiving Party"). The Receiving Party: (a) shall hold the Disclosing Party's Confidential Information in confidence; and (b) shall take all reasonable steps to prevent any unauthorized possession, use, copying, transfer or disclosure of such Confidential Information.

9.4.3 Permitted Disclosure. Notwithstanding the foregoing, the following disclosures of Confidential Information are allowed. Receiving Party shall endeavor to provide prior written notice to Disclosing Party of any permitted disclosure made pursuant to Section 9.4.3.2 or 9.4.3.3. Disclosing Party may seek a protective order, including without limitation, a temporary restraining order to prevent or contest such permitted disclosure; provided, however, that Disclosing Party shall seek such remedies at its sole expense. Neither party shall have any liability for such permitted disclosures:

9.4.3.1 Disclosure to employees, agents, contractors, subcontractors or other representatives of Receiving Party that have a need to know in connection with this Agreement.

9.4.3.2 Disclosure in response to a valid order of a court, government or regulatory agency or as may otherwise be required by law; and

9.4.3.3 Disclosure by Agency in response to a request pursuant to the California Public Records Act.

9.4.4 Handling of Confidential Information. Upon conclusion or termination of the Agreement, Receiving Party shall return to Disclosing Party or destroy Confidential Information (including all copies thereof), if requested by Disclosing Party in writing. Notwithstanding the foregoing, the Receiving Party may retain copies of such Confidential Information, subject to the confidentiality provisions of this Agreement: (a) for archival purposes in its computer system; (b) in its legal department files; and (c) in files of Receiving Party's representatives where such copies are necessary to comply with applicable law. Party shall not disclose the Disclosing Party's Information to any person other than those of the Receiving Party's employees, agents, consultants, contractors and subcontractors who have a need to know in connection with this Agreement.

Section 10. PROJECT SITE.

- 10.1 Operations at the Project Site.** Each Project site may include the power plant areas, all buildings, offices, and other locations where Work is to be performed, including any access roads. Contractor shall perform the Work in such a manner as to cause a minimum of interference with the operations of the Agency; if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4; and other contractors at the Project site and to protect all persons and property thereon from damage or injury. Upon completion of the Work at a Project site, Contractor shall leave such Project site clean and free of all tools, equipment, waste materials and rubbish, stemming from or relating to Contractor's Work.
- 10.2 Contractor's Equipment, Tools, Supplies and Materials.** Contractor shall be solely responsible for the transportation, loading and unloading, and storage of any equipment, tools, supplies or materials required for performing the Work, whether owned, leased or rented. Neither Agency nor, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, will be responsible for any such equipment, supplies or materials which may be lost, stolen or damaged or for any additional rental charges for such. Equipment, tools, supplies and materials left or stored at a Project site, with or without permission, is at Contractor's sole risk. Anything left on the Project site an unreasonable length of time after the Work is completed shall be presumed to have been abandoned by the Contractor. Any transportation furnished by Agency or, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, shall be solely as an accommodation and neither Agency nor, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, shall have liability therefor. Contractor shall assume the risk and is solely responsible for its owned, non-owned and hired automobiles, trucks or other motorized vehicles as well as any equipment, tools, supplies, materials or other property which is utilized by Contractor on the Project site. All materials and supplies used by Contractor in the Work shall be new and in good condition.
- 10.3 Use of Agency Equipment.** Contractor shall assume the risk and is solely responsible for its use of any equipment owned and property provided by Agency and, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4, for the performance of Work.

Section 11. WARRANTY.

- 11.1 Nature of Work.** In addition to any and all warranties provided or implied by law or public policy, Contractor warrants that all Work shall be free from defects in design and workmanship, and that Contractor shall perform all Work in accordance with applicable federal, state, and local laws, rules and regulations including engineering, construction and other codes and standards and prudent electrical utility standards, and in accordance with the terms of this Agreement.
- 11.2 Deficiencies in Work.** In addition to all other rights and remedies which Agency may have, Agency shall have the right to require, and Contractor shall be

obligated at its own expense to perform, all further Work which may be required to correct any deficiencies which result from Contractor's failure to perform any Work in accordance with the standards required by this Agreement. If during the term of this Agreement or the one (1) year period following completion of the Work, any equipment, supplies or other materials or Work used or provided by Contractor under this Agreement fails due to defects in material and/or workmanship or other breach of this Agreement, Contractor shall, upon any reasonable written notice from Agency, replace or repair the same to Agency's satisfaction.

- 11.3 Assignment of Warranties.** Contractor hereby assigns to Agency all additional warranties, extended warranties, or benefits like warranties, such as insurance, provided by or reasonably obtainable from suppliers of equipment and material used in the Work.

Section 12. HEALTH AND SAFETY PROGRAMS. The Contractor shall establish, maintain, and enforce safe work practices, and implement an accident/incident prevention program intended to ensure safe and healthful operations under their direction. The program shall include all requisite components of such a program under Federal, State and local regulations and shall comply with all site programs established by Agency and, if applicable, the entity for which Contractor is performing the Work, as referenced in Section 1.4.

- 12.1** Contractor is responsible for acquiring job hazard assessments as necessary to safely perform the Work and provide a copy to Agency upon request.
- 12.2** Contractor is responsible for providing all employee health and safety training and personal protective equipment in accordance with potential hazards that may be encountered in performance of the Work and provide copies of the certified training records upon request by Agency. Contractor shall be responsible for proper maintenance and/or disposal of their personal protective equipment and material handling equipment.
- 12.3** Contractor is responsible for ensuring that its lower-tier subcontractors are aware of and will comply with the requirements set forth herein.
- 12.4** Agency, or its representatives, may periodically monitor the safety performance of the Contractor performing the Work. Contractors and its subcontractors shall be required to comply with the safety and health obligations as established in the Agreement. Non-compliance with safety, health, or fire requirements may result in cessation of work activities, until items in non-compliance are corrected. It is also expressly acknowledged, understood and agreed that no payment shall be due from Agency to Contractor under this Agreement at any time when, or for any Work performed when, Contractor is not in full compliance with this Section 12.
- 12.5** Contractor shall immediately report any injuries to the Agency site safety representative. Additionally, the Contractor shall investigate and submit to the

Agency site safety representative copies of all written accident reports, and coordinate with Agency if further investigation is requested.

- 12.6 Contractor shall take all reasonable steps and precautions to protect the health of its employees and other site personnel with regard to the Work. Contractor shall conduct occupational health monitoring and/or sampling to determine levels of exposure of its employees to hazardous or toxic substances or environmental conditions. Copies of any sampling results will be forwarded to the Agency site safety representative upon request.
- 12.7 Contractor shall develop a plan to properly handle and dispose of any hazardous wastes, if any, Contractor generates in performing the Work.
- 12.8 Contractor shall advise its employees and subcontractors that any employee who jeopardizes his/her safety and health, or the safety and health of others, may be subject to actions including removal from Work.
- 12.9 Contractor shall, at the sole option of the Agency, develop and provide to the Agency a Hazardous Material Spill Response Plan that includes provisions for spill containment and clean-up, emergency contact information including regulatory agencies and spill sampling and analysis procedures. Hazardous Materials shall include diesel fuel used for trucks owned or leased by the Contractor.

Section 13. MISCELLANEOUS PROVISIONS.

- 13.1 **Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.
- 13.2 **Venue.** In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.
- 13.3 **Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
- 13.4 **No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.

13.5 Successors and Assigns. The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.

13.6 Conflict of Interest. Contractor may serve other clients, but none whose activities within the corporate limits of Agency or whose business, regardless of location, would place Contractor in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*

Contractor shall not employ any Agency official in the work performed pursuant to this Agreement. No officer or employee of Agency shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*

13.7 Contract Administrator. This Agreement shall be administered by Ken Speer, Assistant General Manager, or his/her designee, who shall act as the Agency's representative. All correspondence shall be directed to or through the representative.

13.8 Notices. Any written notice to Contractor shall be sent to:

WSA Engineered Systems, Inc.
Attention: Dan Barta
Manager Engineering & Technical Services
12040 West Feerick Street, Unit G
Wauwatosa, WI 53222

Any written notice to Agency shall be sent to:

Randy S. Howard
General Manager
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

With a copy to:

Jane E. Luckhardt
General Counsel
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

13.9 Professional Seal. Where applicable in the determination of the Agency, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation.

13.10 Integration; Incorporation. This Agreement, including all the exhibits attached hereto, represents the entire and integrated agreement between Agency and Contractor and supersedes all prior negotiations, representations, or agreements, either written or oral. All exhibits attached hereto are incorporated by reference herein.

13.11 Alternative Dispute Resolution. If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Agency and Contractor agree to resolve the dispute in accordance with the following:

- 13.11.1** Each party shall designate a senior management or executive level representative to negotiate any dispute;
- 13.11.2** The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.
- 13.11.3** If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiation between legal counsel. If the above process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.
- 13.11.4** The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.
- 13.11.5** The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.
- 13.11.6** The alternative dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative remedy prior to either Party initiating legal action. This alternative dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 *et seq.*

13.12 Controlling Provisions. In the case of any conflict between the terms of this Agreement and the Exhibits hereto, a Purchase Order, or Contractor's Proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and a Purchase Order or the Contractor's Proposal, the Exhibits shall control. In the case of any conflict between the terms of a Purchase Order and the Contractor's Proposal, the Purchase Order shall control.

13.13 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

13.14 Construction of Agreement. Each party hereto has had an equivalent opportunity to participate in the drafting of the Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting party shall not apply hereto.

13.15 No Third Party Beneficiaries. This Agreement is made solely for the benefit of the parties hereto, with no intent to benefit any non-signator third parties.

The Parties have executed this Agreement as of the date signed by the Agency.

NORTHERN CALIFORNIA POWER AGENCY

WSA ENGINEERED SYSTEMS, INC.

Date _____

Date _____

RANDY S. HOWARD, General Manager

DANIEL BARTA, Manager Engineering &
Technical Services

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Jane E. Luckhardt, General Counsel

EXHIBIT A

SCOPE OF WORK

As requested by the Agency, WSA Engineered Systems, Inc. ("Contractor") shall provide new equipment and/or equipment, materials and offsite maintenance labor at the WSA Engineered Systems facility located in Wauwatosa, Wisconsin, to dismantle, clean, inspect, and provide miscellaneous required parts for:

- Automatic Brush Tube Cleaning Systems
- Automatic Ball Tube Cleaning Systems
- Automatic Backwash Systems
- Self Flushing Filter

NO MAINTENANCE WORK MAY BE PERFORMED UNDER THIS AGREEMENT IN CALIFORNIA WITHOUT CONTRACTOR'S PRIOR REGISTRATION WITH DIR.

As requested, Contractor shall provide on-site consulting services including technical supervision, start-up commissioning, and operator training on new systems at NCPA's Geothermal facility.

No project under this Agreement shall include Work that would qualify as a Public Works Project under the California Public Contract Code.



Commission Staff Report

October 17, 2018

COMMISSION MEETING DATE: October 25, 2018

SUBJECT: Adoption of Amount of Employer Contribution to CalPERS Medical Plans for Calendar Year 2019

AGENDA CATEGORY: Discussion/Action

FROM:	Vicki L. Cichocki <i>VC</i>	METHOD OF SELECTION:
	Human Resources Manager	N/A
Division:	Administrative Services	
Department:	Human Resources	

IMPACTED MEMBERS:

All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input type="checkbox"/>	City of Lompoc <input type="checkbox"/>	City of Ukiah <input type="checkbox"/>
Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input type="checkbox"/>
City of Biggs <input type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input type="checkbox"/>	City of Roseville <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	Other <input type="checkbox"/>

If other, please specify

RECOMMENDATION:

Approve Resolution 18-83 setting up to 90% of Kaiser Basic Family Sacramento Region Rate, but not less than the amounts prescribed by Section 22893 (a) (1), plus CalPERS administrative fees and Contingency Reserve Fund assessments, as the maximum Agency contribution for the CalPERS Medical Plans for employees and annuitants and their dependents for calendar year 2019; and approve specific CalPERS Resolutions for each employee and/or employee/annuitant group including Resolution Nos. 18-83 A for IBEW Local 1245-Group 200, 18-83 B for HEA-Group 300, 18-83 C for Unrepresented Staff-Group 400, 18-83 D for Power Generation Employees-NPERS Group 701, 18-83 E for Unrepresented Administrative Members-NPERS Group 702, 18-83 F for HEA-NPERS Group 703, 18-83 G for IBEW Local 1245-Group 002, 18-83 H for HEA-Group 003, and 18-83 I for Unrepresented Staff-Group 004.

BACKGROUND:

NCPA provides medical coverage for its employees and eligible retirees through CalPERS. During the 2015 union negotiations, the Agency agreed to pay a maximum medical contribution of up to 90% of the Sacramento Kaiser family rate per month for all active employees and eligible retirees (based on hire date and vesting schedules).

For calendar year 2019, the employee and annuitant groups will continue to receive an employer contribution for CalPERS Medical Plans that is subject to the maximum dollar amount approved for payment, but not less than the 100/90 formula plus CalPERS administrative fees and Contingency Reserve Fund assessments, for those retiree medical plans subject to Government Code (GC) 22893. In order to fix the Agency's contribution maximum amount, a CalPERS resolution is required for each employee group.

FISCAL IMPACT:

The cost of the Agency's contribution for the CalPERS Medical Plans for employees and annuitants is included in the current fiscal year approved budget. The monthly maximum contribution for active employees is \$1,609.89 for 2019 which is a decrease of \$37.38 per employee from the approved amount of \$1,647.27 in 2018. Under GC 22893, the maximum monthly retiree contribution for family coverage in 2019 is \$1,788.00, which is an increase of \$22.00 from \$1,766.00 in 2018.

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 the California Environmental Quality Act. No environmental review is necessary.

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachments:

- NCPA Commission Resolution 18-83
- CalPERS Resolutions 18-83 A through 18-83 I (9 separate resolutions for each employee Group)

RESOLUTION 18-83

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY ADOPTING THE AMOUNT OF THE AGENCY CONTRIBUTION FOR CALPERS MEDICAL PLANS FOR EMPLOYEES AND ANNUITANTS FOR CALENDAR YEAR 2019

(reference Staff Report #209:18)

WHEREAS, the Northern California Power Agency (NCPA) is an employer participating in the CalPERS medical plan program under the Public Employees' Medical and Hospital Care Act for its employees and annuitants; and

WHEREAS, NCPA desires to change the employer's contribution toward the cost of employees' and annuitants' medical coverage to an amount equal to or greater than prescribed by Section 22892(b) as authorized by Section 22892(a) and 22893 of the Government Code; and

WHEREAS, NCPA is fixing its maximum employer contribution under the CalPERS medical plan at an amount previously negotiated with its labor organizations, IBEW Local 1245 and HEA, for employees and is providing an equivalent benefit to its unrepresented employees and retirees; and

WHEREAS, the Agency's employer contribution for each employee for calendar year 2019 shall be a fixed amount up to 90% of the Kaiser Basic Family Sacramento Region Rate per month for the enrollment of the employee and his/her dependents, plus CalPERS administrative fees and Contingency Reserve Fund assessments; and

WHEREAS, the Agency's employer contribution for each annuitant for calendar year 2019 shall be a fixed amount up to 90% of the Kaiser Basic Family Sacramento Region Rate per month, but not less than the amounts prescribed (100/90 formula), plus CalPERS administrative fees and Contingency Reserve Fund assessments, for the enrollment of the annuitant and his/her dependents; and

WHEREAS, 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 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency adopts the fixed amount of 90% of the Kaiser Sacramento Region Family Rate, as the maximum Agency contribution for the CalPERS Medical Plans for employees and annuitants and their dependents and approves an amount up to the Section 22893(a)(1) limit for annuitants for calendar year 2019; and approve specific CalPERS Resolutions for each employee and/or employee/annuitant group including Resolution Nos. 18-83 A for IBEW Local 1245-Group 200, 18-83 B for HEA-Group 300, 18-83 C for Unrepresented Staff-Group 400, 18-83 D for Power Generation Employees-NPERS Group 701, 18-83 E for Unrepresented Administrative Members-NPERS Group 702, 18-83 F for HEA-NPERS Group 703, 18-83 G for IBEW Local 1245-Group 002, 18-83 H for HEA-Group 003, and 18-83 I for Unrepresented Staff-Group 004.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2018, by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ROGER FRITH
CHAIR

ATTEST:

CARY A. PADGETT
ASSISTANT SECRETARY

RESOLUTION NO. 18-83 A
FIXING THE EMPLOYER CONTRIBUTION UNDER SECTION 22893
OF THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

- WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of IBEW Local 1245 (Group 200); and
- WHEREAS, (2) Northern California Power Agency is a contracting agency has filed a resolution with the Board of the California Public Employees' Retirement System to provide a postretirement health benefits vesting requirement to employees who retire for service in accordance with Government Code Section 22893; and
- RESOLVED, (a) That the employer contribution for each annuitant subject to vesting shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **90% of Kaiser Basic Family Sacramento Region Rate** per month, but not less than the amounts prescribed by Section 22893(a)(1), plus Administrative fees and Contingency Reserve Fund assessments; and be it further,
- RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, the California Public Employees' Retirement System may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and be it further
- RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Roseville, this _____ day of _____, 2018.

Signed: _____
ROGER FRITH, NCPA Comission Chair

Attest: _____
CARY A. PADGETT, Assistant Secretary

RESOLUTION NO. 18-83 B
FIXING THE EMPLOYER CONTRIBUTION UNDER SECTION 22893
OF THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

- WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of Hydroelectric Employees Association (Group 300); and
- WHEREAS, (2) Northern California Power Agency is a contracting agency has filed a resolution with the Board of the California Public Employees' Retirement System to provide a postretirement health benefits vesting requirement to employees who retire for service in accordance with Government Code Section 22893; and
- RESOLVED, (a) That the employer contribution for each annuitant subject to vesting shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **90% of Kaiser Basic Family Sacramento Region Rate** per month, but not less than the amounts prescribed by Section 22893(a)(1), plus Administrative fees and Contingency Reserve Fund assessments; and be it further,
- RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, the California Public Employees' Retirement System may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and be it further
- RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Roseville, this _____ day of _____, 2018.

Signed: _____
ROGER FRITH, NCPA Commission Chair

Attest: _____
CARY A. PADGETT, Assistant Secretary

RESOLUTION NO. 18-83 C
FIXING THE EMPLOYER CONTRIBUTION UNDER SECTION 22893
OF THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

- WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of Unrepresented Staff (Group 400); and
- WHEREAS, (2) Northern California Power Agency is a contracting agency has filed a resolution with the Board of the California Public Employees' Retirement System to provide a postretirement health benefits vesting requirement to employees who retire for service in accordance with Government Code Section 22893; and
- RESOLVED, (a) That the employer contribution for each annuitant subject to vesting shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **90% of Kaiser Basic Family Sacramento Region Rate** per month, but not less than the amounts prescribed by Section 22893(a)(1), plus Administrative fees and Contingency Reserve Fund assessments; and be it further,
- RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, the California Public Employees' Retirement System may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and be it further
- RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Roseville, this _____ day of _____, 2018.

Signed: _____
ROGER FRITH, NCPA Commission Chair

Attest: _____
CARY A. PADGETT, Assistant Secretary

RESOLUTION NO. 18-83 D
FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS
UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

- WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of Power Generation Employees (NPERS Group 701); and
- WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and
- WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and
- RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **90% of Kaiser Basic Family Sacramento Region Rate** per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further
- RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.
- RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Roseville, this _____ day of _____, 2018.

Signed: _____
ROGER FRITH, NCPA Commission Chair

Attest: _____
CARY A. PADGETT, Assistant Secretary

RESOLUTION NO. 18-83 E
FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS
UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

- WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of Unrepresented Administrative Members (NPERS Group 702); and
- WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and
- WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and
- RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **90% of Kaiser Basic Family Sacramento Region Rate** per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further
- RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.
- RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Roseville, this _____ day of _____, 2018.

Signed: _____
ROGER FRITH, NCPA Commission Chair

Attest: _____
CARY A. PADGETT, Assistant Secretary

RESOLUTION NO. 18-83 F
FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS
UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

- WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of Hydroelectric Employees Association (NPERS Group 703); and
- WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and
- WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and
- RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **90% of Kaiser Basic Family Sacramento Region Rate** per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further
- RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.
- RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Roseville, this _____ day of _____, 2018.

Signed: _____
ROGER FRITH, NCPA Comission Chair

Attest: _____
CARY A. PADGETT, Assistant Secretary

RESOLUTION NO. 18-83 G
FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS
UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

- WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of IBEW Local 1245 (Group 002); and
- WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and
- WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and
- RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **90% of Kaiser Basic Family Sacramento Region Rate** per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further
- RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.
- RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Roseville, this _____ day of _____, 2018.

Signed: _____
ROGER FRITH, NCPA Commission Chair

Attest: _____
CARY A. PADGETT, Assistant Secretary

RESOLUTION NO. 18-83 H
FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS
UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

- WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of 003 Hydroelectric Employees Association (Group 003); and
- WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and
- WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and
- RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **90% of Kaiser Basic Family Sacramento Region Rate** per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further
- RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.
- RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Roseville, this _____ day of _____, 2018.

Signed: _____
ROGER FRITH, NCPA Commission Chair

Attest: _____
CARY A. PADGETT, Assistant Secretary

RESOLUTION NO. 18-83 I
FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS
UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

- WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of Unrepresented Staff (Group 004); and
- WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and
- WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and
- RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **90% of Kaiser Basic Family Sacramento Region Rate** per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further
- RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.
- RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Roseville, this ____ day of _____, 2018.

Signed: _____
ROGER FRITH, NCPA Commission Chair

Attest: _____
CARY A. PADGETT, Assistant Secretary



Commission Staff Report

October 17, 2018

COMMISSION MEETING DATE: October 25, 2018

SUBJECT: Authorize NCPA to join California State Association of Counties Excess Insurance Authority to gain volume purchasing capability for the Agency's Health and Welfare plans

AGENDA CATEGORY: Discussion/Action

FROM:	Vicki L. Cichocki <i>VC</i>	METHOD OF SELECTION:
	Human Resources Manager	N/A
Division:	Administrative Services	
Department:	Human Resources	

IMPACTED MEMBERS:

All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input type="checkbox"/>	City of Lompoc <input type="checkbox"/>	City of Ukiah <input type="checkbox"/>
Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input type="checkbox"/>
City of Biggs <input type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input type="checkbox"/>	City of Roseville <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	Other <input type="checkbox"/>

If other, please specify

RECOMMENDATION:

Approve Resolution 18-85 authorizing NCPA to join California State Association of Counties (CSAC) Excess Insurance Authority (EIA) for the purpose of enabling the Agency to leverage group purchasing power arrangements. CSAC EIA has various benefit carriers, such as Delta Dental, Vision Service Plan, and Managed Health Network.

BACKGROUND:

CSAC EIA was established in 1979 as a risk sharing pool dedicated to helping California public agencies control losses and provide effective risk management solutions. Current CSAC EIA membership includes 95% of counties, 60% of cities, as well as, numerous other public entities. Several of the Agency's members including Alameda, Lompoc, Redding, Roseville, Santa Clara, and the Port of Oakland are all associated with CSAC EIA. Joining CSAC EIA offers NCPA the ability to buy benefits, such as dental, vision, life, and employee assistance program (EAP) benefits leveraging CSAC EIA's larger subscriber volume.

Under CSAC EIA, NCPA can buy benefits leveraging subscriber volumes ranging from 37,300 to 134,000 subscribers, depending on the type of insurance, as compared to the Agency's approximately 160 employees. The Agency's broker, Alliant insurance, shopped NCPA's dental, vision, life, disability, and EAP benefits and identified that CSAC EIA offered NCPA the opportunity to provide equal or better dental, vision, and EAP benefits at the same or lower costs.

FISCAL IMPACT:

Membership in CSAC EIA has no associated cost. The cost of the Agency's contribution for dental, vision, and EAP Plans for employees is included in the current fiscal year approved budget. However, the Agency should see a fiscal year savings (half year) of approximately \$18,000.

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 the California Environmental Quality Act. No environmental review is necessary.

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachments:

- NCPA Commission Resolution 18-85
- MOU Dental Program
- Joint Powers Agreement Creating the CSAC Excess Insurance Authority
- Delta Dental Group Dental Application

RESOLUTION 18-85

**COMMISSION OF NORTHERN CALIFORNIA POWER AGENCY
AUTHORIZES NCPA TO JOIN CALIFORNIA STATE ASSOCIATION OF COUNTIES (CSAC)
EXCESS INSURANCE AUTHORITY (EIA)**

(reference Staff Report #213:18)

WHEREAS, Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (Section 6500 et seq.) permits two or more public agencies by agreement to exercise jointly powers common to the contracting parties; and

WHEREAS, the Northern California Power Agency desires to join together with the members of the CSAC EIA for the purpose of jointly funding and/or establishing excess and other insurance programs as determined; and

WHEREAS, CSAC EIA has determined that it is necessary for each member of CSAC EIA to delegate to a person[s] or position[s] authority to act on the member's behalf in matters relating to the member and CSAC EIA; and

WHEREAS, 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 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, by the Commission of the Northern California Power Agency approves NCPA to join CSAC EIA, authorize the General Manager or his designee to execute the CSAC EIA Joint Powers Agreement, and except as to actions that must be approved by the Commission, and delegates to the General Manager authority to act in all matters relating to the member and the Authority.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2018 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
San Francisco BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ROGER FRITH
CHAIR

ATTEST:

CARY A. PADGETT
ASSISTANT SECRETARY

GROUP DENTAL APPLICATION

Delta Dental of California
100 First Street
San Francisco, California 94105

APPLICANT INFORMATION

Name of Applicant: Northern California Power Agency Fed. ID/TIN: _____
Contact: Vicki Cichocki Phone: (916) 781-4209 Fax: (N/A) - _____
Street Address: 651 Commerce Drive Email: viki.cichocki@ncpa.com
City: Roseville State: CA Zip: 95678-6411 County: Placer
Industry Type: Municipality Group Type: Employer Sub-Group Type: Public Agency
Situs State: CA Delta Dental Group #: 19822 NAICS #: 221118 ☒ ERISA
Contract Term: From: 10/01/2018 Through: 12/31/2019 ☒ Applicant understands electronic EOC's will be provided
☒ Applicant understands contract documents and notices will be provided electronically.
Recipient of contract documents and notices: ☒ Same as above contact. ☐ Other (provide name and email or address or fax number)

PLAN TYPES

- ☐ Delta Dental Premier®
☒ Delta Dental PPOSM

PLAN FEATURES

- ☐ PPO/PPO/PPO ☐ PPO/PRE/PPO ☒ PPO/PRE/Program Allowance
☐ PPO/Program Allowance/Program Allowance ☐ PRE/Program Allowance
(Program Allowance ☐ standard ☐ non-standard _____)
☐ Incentive ☐ Flexible Dual Choice ☐ TOA

BENEFIT DESIGN ☐ See Additional Information

Dental Service Category	PPO	Premier	Non-Delta Dental	Benefit Subcategories	Covered As
Diagnostic & Preventive (D&P) Services	100%	100%	100%	Crowns/Cast Restorations	Major
Basic Services	100%	85%	85%	Endodontics	Basic
Major Services	85%	85%	85%	Implants	Major
Orthodontic (Ortho) Services	70%	70%	70%	Oral Surgery	Basic
Ortho Benefited for:	Adults, Children and Students	Ortho to child age: 26 Ortho to student age: 26		Periodontics	Basic
Annual Deductible per Enrollee	\$0	Annual Deductible per Family	\$0	Prosthodontics	Major
Annual Deductible based on	<input checked="" type="checkbox"/> Calendar Year	<input type="checkbox"/> Contract Year (to)		Sealants	Diag and Prev
Lifetime Deductible per Enrollee	\$N/A	Orthodontic Lifetime Deductible per Enrollee	\$N/A	Waiting Periods	
<input checked="" type="checkbox"/> Deductible Waived for	<input checked="" type="checkbox"/> D&P	<input checked="" type="checkbox"/> Other	NO DEDUCTIBLE	Waived for initial enrollees N/A	
<input type="checkbox"/> Deductible 4 th quarter carryover applies				<input type="checkbox"/> Basic:	months
Annual Maximum per Enrollee	\$2000/2000	Annual Maximum based on	<input checked="" type="checkbox"/> Calendar Year <input type="checkbox"/> Contract Year (to)	<input type="checkbox"/> Major:	months
Orthodontic Lifetime Maximums per Enrollee	\$1000	Ortho Annual Cap	\$N/A	<input type="checkbox"/> Orthodontics:	months
<input type="checkbox"/> D&P Maximum Waiver applies to:	<input type="checkbox"/> All Providers	<input type="checkbox"/> PPO Only		<input type="checkbox"/> Other:	months
	<input type="checkbox"/> PPO and Premier	<input type="checkbox"/> Premier Only		Waiting periods applied from the effective date reported for the	

RATES AND FUNDING☐ See Additional Information**Contribution:**Employees/Members 100%Dependents 100%**Required Participation:**Employees/Members 130Dependents 0☐ Non-Retention ☐ Retention ☐ Guaranteed Administration☒ ASC Claim settlement: Weekly by ACH transfer

Fee settlement: Monthly by ACH transfer

Administrative Service contract type:

Administrative Percentage of claims 7.2 %

Administration per Employee per Month (PEPM) _____

Stop Loss: _____ % Prefund: \$ _____

Payment Method:

Rates Payment Frequency:

If other: Not Applicable

	\$ _____	EE Only	\$ _____	EE Only	\$ _____
		EE + 1 Dependent	\$ _____	EE + Spouse	\$ _____
		EE + 2 or more Dependents	\$ _____	Family	\$ _____
				EE + 1 Child	\$ _____
EE Only	\$ _____	EE Only	\$ _____	EE + More than 1 Child	\$ _____
	\$ _____		\$ _____		
			\$ _____		
			\$ _____		

ELIGIBILITY INFORMATION☐ See Additional Information**Census Data**Total Number of Eligible Employees/Members: 152Total Number of Employees/Members: 152Section 125 ☒ YES ☐ NOParallel Enrollment ☐ YES ☒ NO

Name of other Carrier: _____

Multiple Plan Options ☐ YES ☒ NO

Name of other Carrier: _____

Eligible Individuals: ☒ All Employees/Members ☐ Retired Employees ☐ Other: _____**Eligibility Requirement:**☐ First of month following completion of _____ of continuous employment/membership.☐ Date of hire/Membership ☒ First of the month following Date of Hire/Membership ☒ hours per week Other: 30 hours☒ Termination for primary enrollees is end of month. ☐ Other _____**Dependent Coverage:**☒ Spouse/Domestic Partner ☒ Termination for spouse is end of month. ☐ Other _____☒ Children to age 26 ☒ Students to age 26 ☒ Termination for children/students is end of month. ☐ Other: _____☐ must be unmarried ☐ must be dependent on employee/member for support or ☒ regardless of marital, student or support status☒ Same Gender ☒ Opposite Gender ☒ Children of Domestic Partner ☒ Continuation of COBRA for Domestic Partner

Additional Information (*Attach additional page if necessary*) _____

This group will be joining the CSAC-EIA Trust.

PPO program has \$2500 PPO cym and \$2000 cym for Premier and non-contracted.

Jim Harvath at PBIA is the TPA and will be handling both eligibility and billing.

Denture Repair/Relining/Rebase covered at Major

Application is herewith made for a dental service contract from ***Delta Dental of California*** (Delta Dental). Applicant understands that, regardless of the effective date above, unless and until 1) this Application is executed by a duly authorized officer of Applicant, is returned to Delta Dental and is accepted by Delta Dental; 2) the premium is paid; and 3) enrollment procedures are completed, no claims will be paid for Enrollees under the contract. It is understood that this Application is offered as an inducement for issuance of a dental service contract by Delta Dental. Such contract will be based exclusively on the information given to or acquired by Delta Dental from this Application and the terms of said contract will be issued separately. The contract will be deemed accepted and approved based on the Applicant's payment of premium after delivery of the contract. To that end, the signer of the Application declares that he/she has read the statements and answers above and that to the best of his/her knowledge that the answers are true. No waiver or modification of the Application shall be accepted unless in writing and signed by an authorized officer of Applicant.

This plan shall become effective only upon issuance of a written agreement executed by a duly authorized officer of Delta Dental. In the absence of fraud or intentional misrepresentation of material fact, the statements in this application are deemed to be representations and not warranties. Any misrepresentation, omission, concealment of fact or incorrect statement which is material to the acceptance of risk may prevent recovery if, had the true facts been known to Delta Dental we would not in good faith have issued the contract at the same premium rate.

Except as otherwise limited by the Health Insurance Portability Accountability Act and its administrative simplification regulations ("HIPAA"), Applicant shall provide Delta Dental with Protected Health Information ("PHI") for the proper implementation, administration and management of the group dental contract for which the Applicant is applying. Delta Dental agrees that the PHI will be held confidential and used or further disclosed only to administer the group dental plan as described in the group dental service contract or as permitted or required by law. Delta Dental and Applicant shall comply with all applicable federal and state laws and regulations relating to administrative simplification, security, and privacy of PHI, including the terms of any business associate agreement/addendum that may be required as part of the group dental service contract to be executed between the Applicant and Delta Dental.

Executed this _____ day of _____, 20____ for the Applicant at: _____
City and State

By: _____ Signature: _____

Delta Dental Authorized Signature: _____

Anthony S. Barth, President & CEO

AGENT/CONSULTANT INFORMATION *(if applicable)*Agency/Agent Name: Alliant Employee BenefitsContact Name: Asia PrudholmeContact Email: asia.prudholme@alliant.comContact Phone: 949-660-5948

State license #: _____

Commission(s): 0SSN/TIN: 33-0785439Payable to: Alliant Employee BenefitsCommission mailing address: 1301 Dove Street #200City: Newport BeachState: CAZip: 92660**Please provide a W-9 Form**Agent Signature: NOT REQUIREDDate: N/A**GENERAL AGENT INFORMATION** *(if applicable)*Agency/Agent Name: n/aContact Name: n/aContact Email: n/aContact Phone: n/aState license #: n/aCommission(s): n/aSSN/TIN: n/aPayable to: n/aCommission mailing address: n/aCity: n/aState: n/aZip: n/a**Please provide a W-9 Form**Agent Signature: n/aDate: n/a



Adopted: October 26, 2009

MEMORANDUM OF UNDERSTANDING DENTAL PROGRAM

This Memorandum of Understanding (hereinafter "Memorandum") is entered into by and between the CSAC Excess Insurance Authority (hereafter "Authority") and the participating entities (hereafter Members) that are signatories to this Memorandum.

1. **CREATION OF THE PROGRAM.** There is hereby created by this Memorandum the Dental Program (hereafter "Program").
2. **JOINT POWERS AGREEMENT.** Except as otherwise provided herein, all terms used shall be as defined in Article 1 of the Joint Powers Agreement Creating the CSAC Excess Insurance Authority (hereafter "Agreement"), and all other provisions of the Agreement not in conflict with this Memorandum shall apply.
3. **PURPOSE.** The Program is formed for the purpose of establishing a self-insured pool and group purchase pool for administrative services related to the Program.
4. **GOVERNING COMMITTEE.** The EIA Employee Benefits Committee (hereafter "Committee") shall have full authority to determine all matters affecting the Program and its members, including, but not limited to, approval of new members, and premium/rate setting. A majority of members of the Committee must be members of the Program.

A majority of the members of the Committee shall constitute a quorum for the transaction of business. All actions of the Committee shall require the affirmative vote of a majority of the members of the Committee.

Except as otherwise provided herein, the Committee shall be authorized to do such acts as are reasonably necessary to further the purposes of this Memorandum and implement its provisions.

The Committee when necessary to fulfill the purposes of this Memorandum, shall meet on the call of the Chair of the Committee as provided in Article 12 of the Agreement and Article VI of the Bylaws of the Authority (hereinafter referred to as the "Bylaws").

Any meeting of the Committee shall be subject to the applicable provisions of Government Code §54950 et seq., commonly known as the "Brown Act."

5. **PREMIUM.** Initial premiums upon entry into the Program for both Pool members and Self-Insured Members shall be established by Delta Dental of California (hereafter "Delta Dental") in consultation with the Committee, actuaries and/or other consultants.
6. **MEMBERSHIP.** Membership in the Program consists of either of the following:
 - a. A "Pool Member" is defined as a Member who joins the Program and is part of the self-insured pooled Program, or
 - b. A "Self-Insured Member" is defined as a member who participates in the group purchase Program for administrative services and is fully responsible for their own dental Program.
7. **MINIMUM PARTICIPATION LEVEL.** The Committee shall establish a minimum participation level in order for the Program to become effective. The Memorandum shall not be binding upon any Member unless the minimum level of participation is reached to begin the Program. This Memorandum shall remain in force should the participation level subsequently fall below the minimum established by the Committee.
8. **PROGRAM PARTICIPATION.** Adoption of this Memorandum by a Member allows for participation in the Program. Participation in the Program may be in either the Self-Insured Pool or the Group Purchase Pool. A Member shall be entitled to participate in the Program until it has withdrawn in accordance with the provisions of paragraph 17 of this Memorandum.
9. **RENEWALS.** Renewal rate action will be determined by the Committee with assistance from Delta Dental, actuarial or other consultants for the Pool Members. The renewal action for the Self-Insured Member will be determined by the Member in conjunction with assistance from Delta Dental, actuaries and/or other consultants. Pool Members that have Legacy Premium Stabilization Funds (see paragraph 11.a.) may use those funds to offset renewal rate increases.
10. **BILLINGS AND LATE PAYMENTS.** Billing dates, payment due dates, and any late fees and/or penalties will be set by the Committee. All Members will receive separate notification of any changes in due dates and/or penalty fees at least 30 days prior to effective date of any such change.

Notwithstanding any other provisions to the contrary regarding late payment of invoices or cancellation from a Program, at the discretion of the Committee,

any Member that fails to pay an invoice when due may be given a ten (10) day written notice of cancellation.

11. **PREMIUM STABILIZATION FUNDS.** Premium Stabilization Funds as set forth apply only to Pool MEMBERS.
 - a. Legacy Premium Stabilization Fund. Current Delta Dental Member who are fully insured with Delta Dental are required to have their stabilization funds (if any) transferred to the EIA upon entry into the Program. These funds will be accounted for individually for the Member's use. If the Member leaves the Program with a fund balance remaining, those funds remain in the Program and the Member has no equity rights to those funds.
 - b. Program Premium Stabilization Fund. The Program Stabilization Fund shall consist of accumulated excess reserves (in excess of the required Incurred But Not Reported (IBNR) and margin requirements) generated by the Program with all years combined on a go forward basis. The Committee shall have authority to determine the use of these funds. These funds are not Member specific and they are separate from the Legacy Premium Stabilization Funds
12. **STABILIZATION INTEREST.** Interest generated by both premium stabilization funds are available for the Committee to use for any purpose, including administrative fees, rate offsets, or claim payments.
13. **DIVIDENDS AND ASSESSMENTS (Applicable to Pool Members Only).** Should the Program not be adequately funded for any reason, pro-rata assessments to the Members may be utilized to ensure the approved funding level for applicable policy periods. Any assessments, which are deemed necessary to ensure approved funding levels, shall be made upon the approval of the Committee in accordance with the following:
 - a. Any dividends or assessments shall be based upon the preceding three years of percent of contribution for losses for Pooled Members only.
 - b. Self-Insured Members shall not be eligible for dividends or assessments.
14. **APPROVAL OF NEW MEMBERS – APPLICATION TO THE PROGRAM.** Any public entity wishing to become a Member of the Program shall make application

to and be approved by a majority vote of the Committee in a manner prescribed by them. The Committee shall develop specific criteria for accepting new members.

15. **COVERAGE DOCUMENTS.** Coverage documents shall be issued by Delta Dental to each individual Member and Delta Dental shall determine coverage for each Member in the Program. Coverage shall be governed in accordance with these documents. Any changes to the benefits are as determined by the Member subject to Delta Dental, Committee, actuarial, and/or other consultants pricing requirements.
16. **CLAIMS ADMINISTRATION.** The Committee shall authorize the retention of the services of Delta Dental to provide claims services for the Program.
17. **WITHDRAWAL.** Withdrawal of a Member from the Program shall be as follows:
 - a. Pool Member. After becoming a participant in the Program a Pool Member may withdraw from the Program at the end of a policy year only if it provides the AUTHORITY with sixty (60) days written notice prior to the end of the policy year.
 - b. Self-Insured Member. After becoming a participant in the Program a Self Insured Member may withdraw from the Program at the end of their specific policy year period by giving the Authority sixty (60) days written notice prior to the end of their specific policy year period.
18. **LIASION WITH THE AUTHORITY.** Each Member shall maintain staff to act as liaison with the Authority and Delta Dental and between the Member and the Authority's and Delta Dental's designated representative
19. **DISPUTES.** The Committee shall first determine any question or dispute with respect to the rights and obligations of the parties to this Memorandum, however, all final determinations shall be in accordance with Article 31 of the AGREEMENT.
20. **ADMINISTRATION COSTS.** The Authority shall be entitled to assess annual administration costs associated with the Program. Administrative costs for the Program shall be determined through the Authority's budget process. The source of the funds for the Program will be administrative charges, interest earnings or a combination of both.

21. **COMPLETE AGREEMENT.** Except as otherwise provided herein, this Memorandum constitutes the full and complete agreement of the Members.
22. **SEVERABILITY.** Should any provision of this Memorandum be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.
23. **AMENDMENT OF MEMORANDUM.** This Memorandum may be amended by a majority vote of the Committee and signature on the Memorandum by the Member's designated representative, or alternate who shall have authority to execute this Memorandum.
24. **EFFECTIVE DATE.** This Memorandum shall become effective on the first effective date of coverage for the Member and upon approval by the Committee and the signing of this agreement by the Members and Chief Executive Officer of the Authority.
25. **EXECUTION IN COUNTERPARTS.** This Memorandum may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed the Memorandum as of the date set forth below.

Dated: October 26, 2009



CSAC Excess Insurance Authority
Michael D. Fleming, Chief Executive Officer

Dated: _____

Name _____

Member Entity _____

This Endorsement Modifies Your Policy
(Effective At Inception Unless Another Date Shown Below)

RIGGERS LIABILITY EXTENSION ENDORSEMENT

COMMERCIAL GENERAL LIABILITY INSURANCE

SECTION I – COVERAGES , COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE
LIABILITY is amended as follows:

2. Exclusions J., Damage to Property, subparagraphs (4) and (5) do not apply to "Property Damage" to the property of others in the Named Insured's care, custody or control but only while being raised, lowered or moved by the use of "mobile equipment" that is owned or used by, or rented or leased to the Named Insured.

Coverage afforded by this Endorsement does not apply to:

- a. Loss, damage, or expense caused by, or resulting from, wear and tear, mechanical breakdown, inherent vice, latent defect or gradual deterioration.
 - b. Loss, damage or expense caused by, or resulting from dishonesty of the Named Insured's employees or of persons to whom the property may be entrusted; or loss, damage or expense caused by the dishonesty of any attendant or attendants.
 - c. Unexplained loss, mysterious disappearance, or shortage disclosed upon taking inventory.
 - d. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, devise or false pretense.
2. The liability of the company afforded under this endorsement for "property damage" shall not exceed the limits specified below:
- a. \$ Each Occurrence
 - b. \$ All property in the aggregate during any one policy period.

The above limits are included within the Each Occurrence Limit and General Aggregate Limit of Liability as stated in the policy declarations. They do not apply in addition to those limits.

All other terms, conditions, limitations and exclusions of this policy are unchanged and applicable.

(Complete this section if endorsement is added after policy is issued.)

Policy No.

Endorsement No.

End't Effective Date

Signature of Auth. Representative

Producer No.



Adopted: October 5, 1979
Amended: May 12, 1980
Amended: January 23, 1987
Amended: October 7, 1988
Amended: March 1993
Amended: November 18, 1996
Amended: October 4, 2005
Amended: February 28, 2006

JOINT POWERS AGREEMENT CREATING THE CSAC EXCESS INSURANCE AUTHORITY

This Agreement is executed in the State of California by and among those counties and public entities organized and existing under the Constitution of the State of California which are parties signatory to this Agreement. The CSAC Excess Insurance Authority was formed under the sponsorship of CSAC. All such counties, hereinafter called member counties, and public entities, hereinafter called member public entities, [collectively "members"] shall be listed in Appendix A, which shall be attached hereto and made a part hereof.

RECITALS

WHEREAS, Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (Section 6500 et seq.) permits two or more public agencies by agreement to exercise jointly powers common to the contracting parties; and

WHEREAS, Article 16, Section 6 of the California Constitution provides that insurance pooling arrangements under joint exercise of power agreements shall not be considered the giving or lending of credit as prohibited therein; and

WHEREAS, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, or purchase insurance through a surplus line broker, or any combination of these; and

WHEREAS, pursuant to California Government Code Section 990.6, the cost of insurance provided by a local public entity is a proper charge against the local public entity; and

WHEREAS, California Government Code Section 990.8 provides that two or more local entities may, by a joint powers agreement, provide insurance for any purpose by any one or more of the methods specified in Government Code Section 990.4 and such pooling of self-insured claims or losses is not considered insurance nor subject to regulation under the Insurance Code; and

WHEREAS, the counties and public entities executing this Agreement desire to join together for the purpose of jointly funding and/or establishing excess and other insurance programs as determined;

NOW THEREFORE, the parties agree as follows:

ARTICLE 1 DEFINITIONS

"CSAC" shall mean the County Supervisors Association of California, dba California State Association of Counties.

"Authority" shall mean the CSAC Excess Insurance Authority created by this Agreement.

"Board of Directors" or **"Board"** shall mean the governing body of the Authority.

"Claim" shall mean a claim made against a member arising out of an occurrence which is covered by an excess or primary insurance program of the Authority in which the member is a participant.

"Executive Committee" shall mean the Executive Committee of the Board of Directors of the Authority.

"Fiscal year" shall mean that period of twelve months which is established by the Board of Directors as the fiscal year of the Authority.

"Government Code" shall mean the California Government Code.

"Insurance program" or **"program"** shall mean a program of the Authority under which participating members are protected against designated losses, either through joint purchase of primary or excess insurance, pooling of self-insured claims or losses, purchased insurance or any other combination as determined by the Board. The Board of Directors or the Executive Committee may determine applicable criteria for determining eligibility in any insurance program, as well as establishing program policies and procedures.

"Joint powers law" shall mean Article 1, Chapter 5, Division 7, Title 1 (commencing with Section 6500) of the Government Code.

"Loss" shall mean a liability or potential liability of a member, including litigation expenses, attorneys' fees and other costs, which is covered by an insurance program of the Authority in which the member is a participant.

"Member county" shall mean any county which, through the membership of its supervisors in CSAC, has executed this Agreement and become a member of the Authority. "Member county" shall also include those entities or other bodies set forth in Article 3 (c).

"Member Public Entity" shall mean any California public entity which does not maintain a membership in CSAC, has executed this Agreement and become a member of the Authority, "Member Public Entity" shall also include those entities or other bodies set forth in Article 3(c).

"Occurrence" shall mean an event which is more fully defined in the memorandums of coverage and/or policies of an insurance program in which the participating county or participating public entity is a member.

"Participating county" shall mean any member county which has entered into a program offered by the Authority pursuant to Article 14 of this Agreement and has not withdrawn or been canceled therefrom pursuant to Articles 20 or 21.

"Participating public entity" shall mean any member public entity which has entered into a program offered by the Authority pursuant to Article 14 of this Agreement and has not withdrawn or been canceled therefrom pursuant to Articles 20 or 21.

"Self-insured retention" shall mean that portion of a loss resulting from an occurrence experienced by a member which is retained as a liability or potential liability of the member and is not subject to payment by the Authority.

"Reinsurance" shall mean insurance purchased by the Authority as part of an insurance program to cover that portion of any loss which exceeds the joint funding capacity of that program.

ARTICLE 2 PURPOSES

This Agreement is entered into by the member counties and member public entities in order to jointly develop and fund insurance programs as determined. Such programs may include, but are not limited to, the creation of joint insurance funds, including primary and excess insurance funds, the pooling of self-insured claims and losses, purchased insurance, including reinsurance, and the provision of necessary administrative services. Such administrative services may include, but shall not be limited to, risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjusting, and legal defense services.

ARTICLE 3 PARTIES TO AGREEMENT

(a) There shall be two classes of membership of the parties pursuant to this Agreement consisting of one class designated as Member Counties and another class designated as Member Public Entities.

(b) Each member county and member public entity, as a party to this Agreement, certifies that it intends to and does contract with all other members as parties to this Agreement and, with such other members as may later be added as parties to this Agreement pursuant to Article 19 as to all programs of which it is a participating member. Each member also certifies that the removal of any party from this Agreement, pursuant to Articles 20 or 21, shall not affect this Agreement or the member's obligations hereunder.

(c) A member for purposes of providing insurance coverage under any program of the Authority, may contract on behalf of, and shall be deemed to include:

Any public entity as defined in Government Code § 811.2 which the member requests to be added and from the time that such request is approved by the Executive Committee of the Authority.

Any nonprofit entity, including a nonprofit public benefit corporation formed pursuant to Corporations Code §§ 5111, 5120 and, 5065, which the member requests to be added and from the time that such request is approved by the Executive Committee.

(d) Any public entity or nonprofit so added shall be subject to and included under the member's SIR or deductible, and when so added, may be subject to such other terms and conditions as determined by the Executive Committee.

(e) Such public entity or nonprofit shall not be considered a separate party to this Agreement. Any public entity or nonprofit so added, shall not affect the member's representation on the Board of Directors and shall be considered part of and represented by the member for all purposes under this Agreement.

(f) The Executive Committee shall establish guidelines for approval of any public entity or nonprofit so added in accordance with Article 3(c) and (d).

(g) Should any conflict arise between the provisions of this Article and any applicable Memorandum of Coverage or other document evidencing coverage, such Memorandum of Coverage or other document evidencing coverage shall prevail.

ARTICLE 4

TERM

This Agreement shall continue in effect until terminated as provided herein.

ARTICLE 5

CREATION OF THE AUTHORITY

Pursuant to the joint powers law, there is hereby created a public entity separate and apart from the parties hereto, to be known as the CSAC Excess Insurance Authority, with such powers as are hereinafter set forth.

ARTICLE 6

POWERS OF THE AUTHORITY

The Authority shall have all of the powers common to General Law counties in California, such as Alpine County and all additional powers set forth in the joint powers law, and is hereby authorized to do all acts necessary for the exercise of said powers. Such powers include, but are not limited to, the following:

(a) To make and enter into contracts.

- (b) To incur debts, liabilities, and obligations.
- (c) To acquire, hold, or dispose of property, contributions and donations of property, funds, services, and other forms of assistance from persons, firms, corporations, and government entities.
- (d) To sue and be sued in its own name, and to settle any claim against it.
- (e) To receive and use contributions and advances from members as provided in Government Code Section 6504, including contributions or advances of personnel, equipment, or property.
- (f) To invest any money in its treasury that is not required for its immediate necessities, pursuant to Government Code Section 6509.5.
- (g) To carry out all provisions of this Agreement.

Said powers shall be exercised pursuant to the terms hereof and in the manner provided by law.

ARTICLE 7

BOARD OF DIRECTORS

The Authority shall be governed by the Board of Directors, which shall be composed as follows:

a) One director from each member county, appointed by the member county board of supervisors and serving at the pleasure of that body. Each member county board of supervisors shall also appoint an alternate director who shall have the authority to attend, participate in and vote at any meeting of the Board when the director is absent. A director or alternate director shall be a county supervisor, other county official, or staff person of the member county, and upon termination of office or employment with the county, shall automatically terminate membership or alternate membership on the Board.

b) Ten directors consisting of seven directors and three alternate directors chosen in the manner specified in the Bylaws from those participating as public entity members. A director or alternate public entity director shall be an official, or staff person of the public entity member, and upon termination of office or employment with the public entity, shall automatically terminate membership or alternate membership on the Board.

c) Member county directors shall consist of a minimum of 80% of the eligible voting members on the Board. The public entity member directors shall be reduced accordingly to ensure at least 80% of the Board consists of county director members (By way of example, if the number of county members is reduced from the current 54 by member withdrawals to a level of 28, then county members would be at the 80% level, 28/35. If the county members go to 27, then the public entity members would lose one seat and would only have 6 votes).

Any vacancy in a county director or alternate director position shall be filled by the appointing county's board of supervisors, subject to the Provisions of this Article. Any vacancy in a public entity director position shall be filled by vote of the public entity members.

A majority of the membership of the Board shall constitute a quorum for the transaction of business. Each member of the Board shall have one vote. Except as otherwise provided in this Agreement or any other duly executed agreement of the members, all actions of the Board shall require the affirmative vote of a majority of the members; provided, that any action which is restricted in effect to one of the Authority's insurance programs, shall require the affirmative vote of a majority of those Board members who represent counties and public entities participating in that program. For purposes of an insurance program vote, to the extent there are public entity members participating in a program, the public entity Board members as a whole shall have a minimum of one vote. The public entity Board members may in no event cast more votes than would constitute 20% of the number of total county members in that program (subject to the one vote minimum). Should the number of public entity Board votes authorized herein be less than the number of public entity Board members at a duly noticed meeting, the public entity Board members shall decide among themselves which Board member shall vote. Should they be unable to decide, the President of the Authority shall determine which director(s) shall vote.

ARTICLE 8

POWERS OF THE BOARD OF DIRECTORS

The Board of Directors shall have the following powers and functions:

(a) The Board shall exercise all powers and conduct all business of the Authority, either directly or by delegation to other bodies or persons unless otherwise prohibited by this Agreement, or any other duly executed agreement of the members or by law.

(b) The Board of Directors may adopt such resolutions as deemed necessary in the exercise of those powers and duties set forth herein.

(c) The Board shall form an Executive Committee, as provided in Article 11. The Board may delegate to the Executive Committee and the Executive Committee may discharge any powers or duties of the Board except adoption of the Authority's annual budget. The powers and duties so delegated shall be specified in resolutions adopted by the Board.

(d) The Board may form, as provided in Article 12, such other committees as it deems appropriate to conduct the business of the Authority. The membership of any such other committee may consist in whole or in part of persons who are not members of the Board; provided that the Board may delegate its powers and duties only to a committee of the Board composed of a majority of Board members and/or alternate members. Any committee which is not composed of a majority of Board members and/or alternate members may function only in an advisory capacity.

(e) The Board shall elect the officers of the Authority and shall appoint or employ necessary staff in accordance with Article 13.

(f) The Board shall cause to be prepared, and shall review, modify as necessary, and adopt the annual operating budget of the Authority. Adoption of the budget may not be delegated.

(g) The Board shall develop, or cause to be developed, and shall review, modify as necessary, and adopt each insurance program of the Authority, including all provisions for reinsurance and administrative services necessary to carry out such program.

(h) The Board, directly or through the Executive Committee, shall provide for necessary services to the Authority and to members, by contract or otherwise, which may include, but shall not be limited to, risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjusting, and legal services.

(i) The Board shall provide general supervision and policy direction to the Chief Executive Officer.

(j) The Board shall receive and act upon reports of the committees and the Chief Executive Officer.

(k) The Board shall act upon each claim involving liability of the Authority, directly or by delegation of authority to the Executive Committee or other committee, body or person, provided, that the Board shall establish monetary limits upon any delegation of claims settlement authority, beyond which a proposed settlement must be referred to the Board for approval.

(l) The Board may require that the Authority review, audit, report upon, and make recommendations with regard to the safety or claims administration functions of any member, insofar as those functions affect the liability or potential liability of the Authority. The Board may forward any or all such recommendations to the member with a request for compliance and a statement of potential consequences for noncompliance.

(m) The Board shall receive, review and act upon periodic reports and audits of the funds of the Authority, as required under Articles 15 and 16 of this Agreement.

(n) The Board may, upon consultation with a casualty actuary, declare that any funds established for any program has a surplus of funds and determine a formula to return such surplus to the participating counties and participating public entities which have contributed to such fund.

(o) The Board shall have such other powers and duties as are reasonably necessary to carry out the purposes of the Authority.

ARTICLE 9

MEETINGS OF THE BOARD OF DIRECTORS

(a) The Board shall hold at least one regular meeting each year and shall provide for such other regular meetings and for such special meetings as it deems necessary.

(b) The Chief Executive Officer of the Authority shall provide for the keeping of minutes of regular and special meetings of the Board, and shall provide a copy of the minutes to each member of the Board at the next scheduled meeting.

(c) All meetings of the Board, the Executive Committee and such committees as established by the Board pursuant to Article 12 herein, shall be called, noticed, held and conducted in accordance with the provisions of Government Code Section 54950 et seq.

ARTICLE 10 OFFICERS

The Board of Directors shall elect from its membership a President and Vice President of the Board, to serve for one-year terms.

The President, or in his or her absence, the Vice President, shall preside at and conduct all meetings of the Board and shall chair the Executive Committee.

ARTICLE 11 EXECUTIVE COMMITTEE

The Board of Directors shall establish an Executive Committee of the Board which shall consist of eleven members: the President and Vice President of the Board, and nine members elected by the Board from its membership.

The terms of office of the nine non-officer members shall be as provided in the Bylaws of the Authority.

The Executive Committee shall conduct the business of the Authority between meetings of the Board, exercising all those powers as provided for in Article 8, or as otherwise delegated to it by the Board.

ARTICLE 12 COMMITTEES

The Board of Directors may establish committees, as it deems appropriate to conduct the business of the Authority. Members of the committees shall be appointed by the Board, to serve two year terms, subject to reappointment by the Board. The members of each committee shall annually select one of their members to chair the Committee.

Each committee shall be composed of at least five members and shall have those duties as determined by the Board, or as otherwise set forth in the Bylaws.

Each committee shall meet on the call of its chair, and shall report to the Executive Committee and the Board as directed by the Board.

ARTICLE 13**STAFF**

(a) **Principal Staff.** The following staff members shall be appointed by and serve at the pleasure of the Board of Directors:

(1) **Chief Executive Officer.** The Chief Executive Officer shall administer the business and activities of the Authority, subject to the general supervision and policy direction of the Board of Directors and Executive Committee; shall be responsible for all minutes, notices and records of the Authority and shall perform such other duties as are assigned by the Board and Executive Committee.

(2) **Treasurer.** The duties of the Treasurer are set forth in Article 16 of this Agreement. Pursuant to Government Code Section 6505.5, the Treasurer shall be the county treasurer of a member county of the Authority, or, pursuant to Government Code Section 6505.6, the Board may appoint one of its officers or employees to the position of Treasurer, who shall comply with the provisions of Government Code Section 6505.5 (a-d).

(3) **Auditor.** The Auditor shall draw warrants to pay demands against the Authority when approved by the Treasurer. Pursuant to Government Code Section 6505.5, the Auditor shall be the Auditor of the county from which the Treasurer is appointed by the Board under (2) above, or, pursuant to Government Code Section 6505.6, the Board may appoint one of its officers or employees to the position of Auditor, who shall comply with the provisions of Government Code Section 6505.5 (a-d).

(b) **Charges for Treasurer and Auditor Services.** Pursuant to Government Code Section 6505, the charges to the Authority for the services of Treasurer and Auditor shall be determined by the board of supervisors of the member county from which such staff members are appointed.

(c) **Other Staff.** The Board, Executive Committee or Chief Executive Officer shall provide for the appointment of such other staff as may be necessary for the administration of the Authority.

ARTICLE 14**DEVELOPMENT, FUNDING AND IMPLEMENTATION
OF INSURANCE PROGRAMS**

(a) **Program Coverage.** Insurance programs of the Authority may provide coverage, including excess insurance coverage for:

- (1) Workers' compensation;
- (2) Comprehensive liability, including but not limited to general, personal injury, contractual, public officials errors and omissions, and incidental malpractice liability;
- (3) Comprehensive automobile liability;
- (4) Hospital malpractice liability;
- (5) Property and related programs;

and may provide any other coverages authorized by the Board of Directors. The Board shall determine, for each such program, a minimum number of participants required for program implementation and may develop specific program coverages requiring detailed agreements for implementation of the above programs.

(b) **Program and Authority Funding.** The members developing or participating in an insurance program shall fund all costs of that program, including administrative costs, as hereinafter provided. Costs of staffing and supporting the Authority, hereinafter called Authority general expenses, shall be equitably allocated among the various programs by the Board, and shall be funded by the members developing or participating in such programs in accordance with such allocations, as hereinafter provided. In addition, the Board may, in its discretion, allocate a share of such Authority general expense to those members which are not developing or participating in any program, and require those counties and public entities to fund such share through a prescribed charge.

(1) **Development Charge.** Development costs of an insurance program shall be funded by a development charge, as established by the Board of Directors. The development charge shall be paid by each participant in the program following the program's adoption by the Board. Development costs are those costs actually incurred by the Authority in developing a program for review and adoption by the Board of Directors, including but not limited to: research, feasibility studies, information and liaison work among participants, preparation and review of documents, and actuarial and risk management consulting services. The development charge may also include a share of Authority general expenses, as allocated to the program development function.

The development charge shall be billed by the Authority to all participants in the program upon establishment of the program and shall be payable in accordance with the Authority's invoice and payment policy.

Upon the conclusion of program development: any deficiency in development funds shall be billed to all participants which have paid the development charge, on a pro-rata or other equitable basis, as determined by the Board; any surplus in such funds shall be transferred into the Authority's general expense funds.

(2) **Annual Premium.** Except as provided in (3) below, all post-development costs of an insurance program shall be funded by annual premiums charged to the members participating in the program each policy year, and by interest earnings on the funds so accumulated. Such premiums shall be determined by the Board of Directors upon the basis of a cost allocation plan and rating formula developed by the Authority with the assistance of a casualty actuary, risk management consultant, or other qualified person. The premium for each participating member shall include that participant's share of expected program losses including a margin for contingencies as determined by the Board, program reinsurance costs, and program administrative costs for the year, plus that participant's share of Authority general expense allocated to the program by the Board.

(3) **Premium Surcharge**

(i) If the Authority experiences an unusually large number of losses under a program during a policy year, such that notwithstanding reinsurance coverage for large individual losses,

the joint insurance funds for the program may be exhausted before the next annual premiums are due, the Board of Directors may, upon consultation with a casualty actuary, impose premium surcharges on all participating members; or

(ii) If it is determined by the Board of Directors, upon consultation with a casualty actuary, that the joint insurance funds for a program are insufficient to pay losses, fund known estimated losses, and fund estimated losses which have been incurred but not reported, the Board of Directors may impose a surcharge on all participating members.

(iii) Premium surcharges imposed pursuant to (i) and/or (ii) above shall be in an amount which will assure adequate funds for the program to be actuarially sound; provided that the surcharge to any participating member shall not exceed an amount equal to three (3) times the member's annual premium for that year, unless otherwise determined by the Board of Directors.

Provided, however, that no premium surcharge in excess of three times the member's annual premium for that year may be assessed unless, ninety days prior to the Board of Directors taking action to determine the amount of the surcharge, the Authority notifies the governing body of each participating member in writing of its recommendations regarding its intent to assess a premium surcharge and the amount recommended to be assessed each member. The Authority shall, concurrently with the written notification, provide each participating member with a copy of the actuarial study upon which the recommended premium surcharge is based.

(iv) A member which is no longer a participating member at the time the premium surcharge is assessed, but which was a participating member during the policy year(s) for which the premium surcharge was assessed, shall pay such premium surcharges as it would have otherwise been assessed in accordance with the provisions of (i), (ii), and (iii) above.

(c) **Program Implementation and Effective Date.** Upon establishment of an insurance program by the Board of Directors, the Authority shall determine the manner of program implementation and shall give written notice to all members of such program, which shall include, but not be limited to: program participation levels, coverages and terms of coverage of the program, estimates of first year premium charges, program development costs, effective date of the program (or estimated effective date) and such other program provisions as deemed appropriate.

(d) **Late Entry Into Program.** A member which does not elect to enter an insurance program upon its implementation, pursuant to (c) above, or a county or public entity which becomes a party to this Agreement following implementation of the program, may petition the Board of Directors for late entry into the program. Such request may be granted upon a majority vote of the Board members, plus a majority vote of those board members who represent participants in the program. Alternatively, a county or public entity may petition the Executive Committee for late entry into the program, or a program committee, when authorized by an MOU governing that specific program, may approve late entry into that program. Such request may be granted upon a majority vote of the Executive Committee or program committee.

As a condition of late entry, the member shall pay the development charge for the program, as adjusted at the conclusion of the development period, but not subject to further adjustment,

and also any costs incurred by the Authority in analyzing the member's loss data and determining its annual premium as of the time of entry.

(e) **Reentry Into A Program.** Any county or public entity that is a member of an insurance program of the Authority who withdraws or is cancelled from an insurance program under Articles 21 and 22, may not reenter such insurance program for a period of three years from the effective date of withdrawal or cancellation.

ARTICLE 15

ACCOUNTS AND RECORDS

(a) **Annual Budget.** The Authority shall annually adopt an operating budget pursuant to Article 8 of this Agreement, which shall include a separate budget for each insurance program under development or adopted and implemented by the Authority.

(b) **Funds and Accounts.** The Auditor of the Authority shall establish and maintain such funds and accounts as may be required by good accounting practices and by the Board of Directors. Separate accounts shall be established and maintained for each insurance program under development or adopted and implemented by the Authority. Books and records of the Authority in the hands of the Auditor shall be open to inspection at all reasonable times by authorized representatives of members.

The Authority shall adhere to the standard of strict accountability for funds set forth in Government Code Section 6505.

(c) **Auditor's Report.** The Auditor, within one hundred and twenty (120) days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Board and to each member.

(d) **Annual Audit.** Pursuant to Government Code Section 6505, the Authority shall either make or contract with a certified public accountant to make an annual fiscal year audit of all accounts and records of the Authority, conforming in all respects with the requirements of that section. A report of the audit shall be filed as a public record with each of the members and also with the county auditor of the county where the home office of the Authority is located and shall be sent to any public agency or person in California that submits a written request to the Authority. The report shall be filed within six months of the end of the fiscal year or years under examination. Costs of the audit shall be considered a general expense of the Authority.

ARTICLE 16

RESPONSIBILITIES FOR FUNDS AND PROPERTY

(a) The Treasurer shall have the custody of and disburse the Authority's funds. He or she may delegate disbursing authority to such persons as may be authorized by the Board of Directors to perform that function, subject to the requirements of (b) below.

(b) Pursuant to Government Code Section 6505.5, the Treasurer shall:

(1) Receive and acknowledge receipt for all funds of the Authority and place them in the treasury of the Treasurer to the credit of the Authority.

(2) Be responsible upon his or her official bond for the safekeeping and disbursements of all Authority funds so held by him or her.

(3) Pay any sums due from the Authority, as approved for payment by the Board of Directors or by any body or person to whom the Board has delegated approval authority, making such payments from Authority funds upon warrants drawn by the Auditor.

(4) Verify and report in writing to the Authority and to members, as of the first day of each quarter of the fiscal year, the amount of money then held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

(c) Pursuant to Government Code Section 6505.1, the Chief Executive Officer, the Treasurer, and such other persons as the Board of Directors may designate shall have charge of, handle, and have access to the property of the Authority.

(d) The Authority shall secure and pay for a fidelity bond or bonds, in an amount or amounts and in the form specified by the Board of Directors, covering all officers and staff of the Authority, and all officers and staff who are authorized to have charge of, handle, and have access to property of the Authority.

ARTICLE 17

RESPONSIBILITIES OF MEMBERS

Members shall have the following responsibilities under this Agreement.

(a) The board of supervisors of each member county shall appoint a representative and one alternate representative to the Board of Directors, pursuant to Article 7.

(b) Each member shall appoint an officer or employee of the member to be responsible for the risk management function for that member and to serve as a liaison between the member and the Authority for all matters relating to risk management.

(c) Each member shall maintain an active safety program, and shall consider and act upon all recommendations of the Authority concerning the reduction of unsafe practices.

(d) Each member shall maintain its own claims and loss records in each category of liability covered by an insurance program of the Authority in which the member is a participant, and shall provide copies of such records to the Authority as directed by the Board of Directors or Executive Committee, or to such other committee as directed by the Board or Executive Committee.

(e) Each member shall pay development charges, premiums, and premium surcharges due to the Authority as required under Article 14. Penalties for late payment of such charges, premiums and/or premium surcharges shall be as determined and assessed by the Board of Directors. After withdrawal, cancellation, or termination action under Articles 20, 21, or 23, each member shall pay promptly to the Authority any additional premiums due, as determined and assessed by the Board of

Directors under Articles 22 or 23. Any costs incurred by the Authority associated with the collection of such premiums or other charges, shall be recoverable by the Authority.

(f) Each member shall provide the Authority such other information or assistance as may be necessary for the Authority to develop and implement insurance programs under this Agreement.

(g) Each member shall cooperate with and assist the Authority, and any insurer of the Authority, in all matters relating to this Agreement, and shall comply with all Bylaws, and other rules by the Board of Directors.

(h) Each member county shall maintain membership in CSAC.

(i) Each member shall have such other responsibilities as are provided elsewhere in this Agreement, and as are established by the Board of Directors in order to carry out the purposes of this Agreement.

ARTICLE 18 ADMINISTRATION OF CLAIMS

(a) Subject to subparagraph (e), each member shall be responsible for the investigation, settlement or defense, and appeal of any claim made, suit brought, or proceeding instituted against the member arising out of a loss.

(b) The Authority may develop standards for the administration of claims for each insurance program of the Authority so as to permit oversight of the administration of claims by the members.

(c) Each participating member shall give the Authority timely written notice of claims in accordance with the provisions of the Bylaws.

(d) A member shall not enter into any settlement involving liability of the Authority without the advance written consent of the Authority.

(e) The Authority, at its own election and expense, shall have the right to participate with a member in the settlement, defense, or appeal of any claim, suit or proceeding which, in the judgment of the Authority, may involve liability of the Authority.

ARTICLE 19 NEW MEMBERS

Any California public entity may become a party to this Agreement and participate in any insurance program in which it is not presently participating upon approval of the Board of Directors, by a majority vote of the members, or by majority vote of the Executive Committee.

ARTICLE 20 WITHDRAWAL

(a) A member may withdraw as a party to this Agreement upon thirty (30) days advance written notice to the Authority if it has never become a participant in any insurance program pursuant to Article 14, or if it has previously withdrawn from all insurance programs in which it was a participant.

(b) After becoming a participant in an insurance program, a member may withdraw from that program only at the end of a policy year for the program, and only if it gives the Authority at least sixty (60) days advance written notice of such action.

ARTICLE 21 CANCELLATION

(a) Notwithstanding the provisions of Article 20, the Board of Directors may:

(1) Cancel any member from this Agreement and membership in the Authority, on a majority vote of the Board members. Such action shall have the effect of canceling the member's participation in all insurance programs of the Authority as of the date that all membership is canceled.

(2) Cancel any member's participation in an insurance program of the Authority, without canceling the member's membership in the Authority or participation in other programs, on a vote of two-thirds of the Board members present and voting who represent participants in the program.

The Board shall give sixty (60) days advance written notice of the effective date of any cancellation under the foregoing provisions. Upon such effective date, the member shall be treated the same as if it had voluntarily withdrawn from this Agreement, or from the insurance program, as the case may be.

(b) A member that does not enter one or more of the insurance programs developed and implemented by the Authority within the member's first year as a member of the Authority shall be considered to have withdrawn as a party to this Agreement at the end of such period, and its membership in the Authority shall be automatically canceled as of that time, without action of the Board of Directors.

(c) A member which withdraws from all insurance programs of the Authority in which it was a participant and does not enter any program for a period of six (6) months thereafter shall be considered to have withdrawn as a party to the Agreement at the end of such period, and its membership in the Authority shall be automatically canceled as of that time, without action of the Board of Directors.

(d) A member county that terminates its membership in CSAC shall be considered to have thereby withdrawn as a party to this Agreement, and its membership in the Authority and participation in any insurance program of the Authority shall be automatically canceled as of that time, without the action of the Board of Directors.

ARTICLE 22
EFFECT OF WITHDRAWAL OR CANCELLATION

(a) If a member's participation in an insurance program of the Authority is canceled under Article 21, with or without cancellation of membership in the Authority, and such cancellation is effective before the end of the policy year for that program, the Authority shall promptly determine and return to that member the amount of any unearned premium payment from the member for the policy year, such amount to be computed on a pro-rata basis from the effective date of cancellation.

(b) Except as provided in (a) above, a member which withdraws or is canceled from this Agreement and membership in the Authority, or from any program of the Authority, shall not be entitled to the return of any premium or other payment to the Authority, or of any property contributed to the Authority. However, in the event of termination of this Agreement, such member may share in the distribution of assets of the Authority to the extent provided in Article 23 provided; however, that any withdrawn or canceled member which has been assessed a premium surcharge pursuant to Article 14 (b) (3) (ii) shall be entitled to return of said member's unused surcharge, plus interest accrued thereon, at such time as the Board of Directors declares that a surplus exists in any insurance fund for which a premium surcharge was assessed.

(c) Except as provided in (d) below, a member shall pay any premium charges which the Board of Directors determines are due from the member for losses and costs incurred during the entire coverage year in which the member was a participant in such program regardless of the date of entry into such program. Such charges may include any deficiency in a premium previously paid by the member, as determined by audit under Article 14 (b) (2); any premium surcharge assessed to the member under Article 14 (b) (3); and any additional amount of premium which the Board determines to be due from the member upon final disposition of all claims arising from losses under the program during the entire coverage year in which the member was a participant regardless of date of entry into such program. Any such premium charges shall be payable by the member in accordance with the Authority's invoice and payment policy.

(d) Those members which who have withdrawn or been canceled pursuant to Articles 20 and 21 from any program of the Authority during a coverage year shall pay any premium charges which the Board of Directors determines are due from the members for losses and costs which were incurred during the county's participation in any program.

ARTICLE 23
TERMINATION AND DISTRIBUTION OF ASSETS

(a) A three-fourths vote of the total voting membership of the Authority, consisting of member counties, acting through their boards of supervisors, and the voting Board members from the member public entities, is required to terminate this Agreement; provided, however, that this Agreement and the

Authority shall continue to exist after such election for the purpose of disposing of all claims, distributing all assets, and performing all other functions necessary to conclude the affairs of the Authority.

(b) Upon termination of this Agreement, all assets of the Authority in each insurance program shall be distributed among those members which participated in that program in proportion to their cash contributions, including premiums paid and property contributed (at market value when contributed). The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending claim or other liability covered by the program.

(c) Following termination of this Agreement, any member which was a participant in an insurance program of the Authority shall pay any additional amount of premium, determined by the Board of Directors in accordance with a loss allocation formula, which may be necessary to enable final disposition of all claims arising from losses under that program during the entire coverage year in which the member was a participant regardless of the date of entry into such program.

ARTICLE 24

LIABILITY OF BOARD OF DIRECTORS, OFFICERS, COMMITTEE MEMBERS AND LEGAL ADVISORS

The members of the Board of Directors, Officers, committee members and legal advisors to any Board or committees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. They shall not be liable for any mistake of judgment or any other action made, taken or omitted by them in good faith, nor for any action taken or omitted by any agent, employee or independent contractor selected with reasonable care, nor for loss incurred through investment of Authority funds, or failure to invest.

No Director, Officer, committee member, or legal advisor to any Board or committee shall be responsible for any action taken or omitted by any other Director, Officer, committee member, or legal advisor to any committee. No Director, Officer, committee member or legal advisor to any committee shall be required to give a bond or other security to guarantee the faithful performance of their duties pursuant to this Agreement.

The funds of the Authority shall be used to defend, indemnify and hold harmless the Authority and any Director, Officer, committee member or legal advisor to any committee for their actions taken within the scope of the authority of the Authority. Nothing herein shall limit the right of the Authority to purchase insurance to provide such coverage as is hereinabove set forth.

**ARTICLE 25
BYLAWS**

The Board may adopt Bylaws consistent with this Agreement which shall provide for the administration and management of the Authority.

**ARTICLE 26
NOTICES**

The Authority shall address notices, billings and other communications to a member as directed by the member. Each member shall provide the Authority with the address to which communications are to be sent. Members shall address notices and other communications to the Authority to the Chief Executive Officer of the Authority, at the office address of the Authority as set forth in the Bylaws.

**ARTICLE 27
AMENDMENT**

A two-thirds vote of the total voting membership of the Authority, consisting of member counties, acting through their boards of supervisors, and the voting Board members from member public entities, is required to amend this Agreement.

**ARTICLE 28
PROHIBITION AGAINST ASSIGNMENT**

No member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any member shall have any right, claim or title to any part, share, interest, fund, premium or asset of the Authority.

**ARTICLE 29
AGREEMENT COMPLETE**

This Agreement constitutes the full and complete Agreement of the parties.

ARTICLE 30
EFFECTIVE DATE OF AMENDMENTS

Any amendment of this Agreement shall become effective upon the date specified by the Board and upon approval of any Amended Agreement as required in Article 27. Approval of any amendment by the voting boards of supervisors and public entity board member's must take place no later than 30 days from the effective date specified by the Board.

ARTICLE 31
DISPUTE RESOLUTION

When a dispute arises between the Authority and a member, the following procedures are to be followed:

(a) Request for Reconsideration. The member will make a written request to the Authority for the appropriate Committee to reconsider their position, citing the arguments in favor of the member and any applicable case law that applies. The member can also, request a personal presentation to that Committee, if it so desires.

(b) Committee Appeal. The committee responsible for the program or having jurisdiction over the decision in question will review the matter and reconsider the Authority's position. This committee appeal process is an opportunity for both sides to discuss and substantiate their positions based upon legal arguments and the most complete information available. If the member requesting reconsideration is represented on the committee having jurisdiction, that committee member shall be deemed to have a conflict and shall be excluded from any vote.

(c) Executive Committee Appeal. If the member is not satisfied with the outcome of the committee appeal, the matter will be brought to the Executive Committee for reconsideration upon request of the member. If the member requesting reconsideration is represented on the Executive Committee, that Executive Committee member shall be deemed to have a conflict and shall be excluded from any vote.

(d) Arbitration. If the member is not satisfied with the outcome of the Executive Committee appeal, the next step in the appeal process is arbitration. The arbitration, whether binding or non-binding, is to be mutually agreed upon by the parties. The matter will be submitted to a mutually agreed arbitrator or panel of arbitrators for a determination. If Binding Arbitration is selected, then of course the decision of the arbitrator is final. Both sides agree to abide by the decision of the arbitrator. The cost of arbitration will be shared equally by the involved member and the Authority.

(e) Litigation. If, after following the dispute resolution procedure paragraphs a-d, either party is not satisfied with the outcome of the non-binding arbitration process, either party may consider litigation as a possible remedy to the dispute.

ARTICLE 32
FILING WITH SECRETARY OF STATE

The Chief Executive Officer of the Authority shall file a notice of this Agreement with the office of California Secretary of State within 30 days of its effective date, as required by Government Code Section 6503.5 and within 70 days of its effective date as required by Government Code Section 53051.

IN WITNESS WHEREOF, the undersigned party hereto has executed this Agreement on the date indicated below.

DATE: _____

MEMBER: _____

(Print Name of Member)

BY: _____

(Authorized signature of Member)

Seal:

APPENDIX A
JOINT POWERS AGREEMENT
CSAC EXCESS INSURANCE AUTHORITY

(AS OF JANUARY 1, 2016)

ALAMEDA COUNTY
ALPINE COUNTY
AMADOR COUNTY
BUTTE COUNTY
CALAVERAS COUNTY
COLUSA COUNTY
CONTRA COSTA COUNTY
DEL NORTE COUNTY
EL DORADO COUNTY
FRESNO COUNTY
GLENN COUNTY
HUMBOLDT COUNTY
IMPERIAL COUNTY
INYO COUNTY
KERN COUNTY
KINGS COUNTY
LAKE COUNTY
LASSEN COUNTY
MADERA COUNTY
MARIN COUNTY
MARIPOSA COUNTY
MENDOCINO COUNTY
MERCED COUNTY
MODOC COUNTY
MONO COUNTY
MONTEREY COUNTY
NAPA COUNTY
NEVADA COUNTY
ORANGE COUNTY
PLACER COUNTY
PLUMAS COUNTY
RIVERSIDE COUNTY
SACRAMENTO COUNTY
SAN BENITO COUNTY
SAN BERNARDINO COUNTY
SAN DIEGO COUNTY
SAN JOAQUIN COUNTY
SAN LUIS OBISPO COUNTY
SANTA BARBARA COUNTY
SANTA CLARA COUNTY
SANTA CRUZ COUNTY
SHASTA COUNTY
SIERRA COUNTY
SISKIYOU COUNTY
SOLANO COUNTY
SONOMA COUNTY
STANISLAUS COUNTY
SUTTER COUNTY
TEHAMA COUNTY
TRINITY COUNTY

TULARE COUNTY
TUOLUMNE COUNTY
VENTURA COUNTY
YOLO COUNTY
YUBA COUNTY
ACCEL
ALAMEDA HEALTH SYSTEM
AMADOR TRANSIT
BAHARMA (Bay Area Housing Authority RMA)
BAY AREA AIR QUALITY MGMT DISTRICT
BERKELEY UNIFIED SCHOOL DISTRICT
BICEP
CADA
CALIFORNIA FAIR SERVICES AUTHORITY
CA MENTAL HEALTH SERVICES AUTHORITY
CALIFORNIA STATE LEGISLATURE
CALIFORNIA STATE UNIVERSITY RISK
MANAGEMENT AUTHORITY (CSURMA)
CAMPBELL UNION HIGH SCHOOL DISTRICT
CAMPBELL UNION SCHOOL DISTRICT
CAPRI
CASITAS MUNICIPAL WATER DISTRICT
CATALINA ISLAND MEDICAL CENTER
CENTRAL COUNTY FIRE DEPARTMENT
CENTRAL SIERRA CHILD SUPPORT AGENCY
CITY OF ALAMEDA
CITY OF ATASCADERO
CITY OF ATWATER
CITY OF BAKERSFIELD
CITY OF BEAUMONT
CITY OF BELL
CITY OF BELMONT
CITY OF BERKELEY
CITY OF BUENA PARK
CITY OF BURLINGAME
CITY OF CALABASAS
CITY OF CALEXICO
CITY OF CAPITOLA
CITY OF CARLSBAD
CITY OF CARMEL BY THE SEA
CITY OF CHICO
CITY OF CHULA VISTA
CITY OF CLAREMONT
CITY OF CONCORD
CITY OF CORONA
CITY OF COSTA MESA
CITY OF COVINA
CITY OF CUPERTINO
CITY OF CYPRESS
CITY OF DALY CITY

CITY OF DEL MAR
CITY OF DOWNEY
CITY OF EL CAJON
CITY OF EL CENTRO
CITY OF EL MONTE
CITY OF ELK GROVE
CITY OF ESCALON
CITY OF ESCONDIDO
CITY OF FAIRFIELD
CITY OF FOLSOM
CITY OF FONTANA
CITY OF FREMONT
CITY OF FRESNO
CITY OF GALT
CITY OF GARDEN GROVE
CITY OF GOLETA
CITY OF HANFORD
CITY OF HAWTHORNE
CITY OF HAYWARD
CITY OF HEMET
CITY OF HUNTINGTON BEACH
CITY OF IMPERIAL BEACH
CITY OF IONE
CITY OF IRVINE
CITY OF LANCASTER
CITY OF LEMON GROVE
CITY OF LIVE OAK
CITY OF LIVERMORE
CITY OF LOMPOC
CITY OF LOS ALTOS
CITY OF MAYWOOD
CITY OF MENLO PARK
CITY OF MERCED
CITY OF MILL VALLEY
CITY OF MILLBRAE
CITY OF MISSION VIEJO
CITY OF MONTEBELLO
CITY OF MORENO VALLEY
CITY OF MURRIETA
CITY OF NAPA
CITY OF NATIONAL CITY
CITY OF NEEDLES
CITY OF NEWPORT BEACH
CITY OF NOVATO
CITY OF OAKLAND
CITY OF OCEANSIDE
CITY OF OROVILLE
CITY OF PACIFICA
CITY OF PASO ROBLES
CITY OF PERRIS
CITY OF PLEASANTON
CITY OF POMONA
CITY OF PORT HUENEME
CITY OF RANCHO CORDOVA
CITY OF RANCHO SANTA MARGARITA

CITY OF REDDING
CITY OF REDWOOD CITY
CITY OF RIALTO
CITY OF RICHMOND
CITY OF RIDGECREST
CITY OF ROSEVILLE
CITY OF SACRAMENTO
CITY OF SAN BERNARDINO
CITY OF SAN BRUNO
CITY OF SAN BUENAVENTURA
CITY OF SAN CLEMENTE
CITY OF SAN DIEGO
CITY OF SAN JACINTO
CITY OF SAN LEANDRO
CITY OF SANTA CLARA
CITY OF SANTA ROSA
CITY OF SIMI VALLEY
CITY OF SOLANA BEACH
CITY OF SOUTH PASADENA
CITY OF SOUTH SAN FRANCISCO
CITY OF STANTON
CITY OF STOCKTON
CITY OF SUNNYVALE
CITY OF TORRANCE
CITY OF TWENTYNINE PALMS
CITY OF VACAVILLE
CITY OF VISALIA
CITY OF WALNUT CREEK
CITY OF WATSONVILLE
CITY OF WEST SACRAMENTO
CITY OF WHITTIER
CITY OF YUBA CITY
COMMUNITY DEVELOPMENT COMMISSION
OF L.A. COUNTY
CONTRA COSTA CO IHSS PUBLIC AUTHORITY
COUNCIL OF SAN BENITO CO. GOVERNMENTS
CSAC EIA
CSRM
CVAG
DEL NORTE IHSS PUBLIC AUTHORITY
DUBLIN SAN RAMON SERVICES DISTRICT
EAST BAY REGIONAL PARK DISTRICT
EAST SAN GABRIEL VALLEY ROP
ERMAC
EVERGREEN SCHOOL DISTRICT
FIRST FIVE CONTRA COSTA CHILDREN &
FAMILIES COMMISSION
FIRST FIVE SACRAMENTO COMMISSION
GOLD COAST TRANSIT DISTRICT
GOLDEN EMPIRE TRANSIT DISTRICT
GREAT BASIN UNIFIED AIR POLLUTION
CONTROL DISCTRICT
GSRMA
GSRMA JPA
HOUSING AUTHORITY OF RIVERSIDE COUNTY

HUMBOLDT IHSS PUBLIC AUTHORITY	SAN JOSE UNIFIED SCHOOL DISTRICT
HUMBOLDT TRANSIT AUTHORITY	SAN LUIS OBISPO RTA
HUNTINGTON BEACH UNION HSD	SAN MATEO COUNTY SCHOOLS INS. GROUP
IMPERIAL COUNTY IHSS PUBLIC AUTHORITY	SANDPIPA
INLAND EMPIRE HEALTH PLAN	SANTA BARBARA METRO TRANSIT DISTRICT
INLAND EMPIRE UTILITIES AGENCY	SANTA CLARA CO. LIBRARY DISTRICT JPA
IRVINE RANCH WATER DISTRICT	SANTA CLARA CO. OFFICE OF EDUCATION
KERN HEALTH SYSTEMS	SANTA CLARA CO VECTOR CONTROL DISTRICT
KERN IHSS PUBLIC AUTHORITY	SANTA CRUZ COUNTY FIRE AGENCIES
KINGS CO. AREA PUBLIC TRANSIT AGENCY	INSURANCE GROUP
KINGS WASTE & RECYCLING AUTHORITY	SANTA CRUZ METRO TRANSIT DISTRICT
LAKE ELSINORE UNIFIED SCHOOL DISTRICT	SCHOOLS EXCESS LIABILITY FUND (SELF)
LAWCX	SDRMA
MADERA IHSS PUBLIC AUTHORITY	SHASTA IHSS PUBLIC AUTHORITY
MARIN COUNTY TRANSIT DISTRICT	SIRMA
MENDOCINO COAST DISTRICT HOSPITAL	SOLANO TRANSPORTATION AUTHORITY
MILITARY DEPT. OF THE STATE OF CA	SONOMA COUNTY ERA
MONTEREY BAY AREA SELF INSURANCE	SOUTH BAY AREA SCHOOLS INS AUTHORITY
AUTHORITY (MBASIA)	SOUTH COUNTY AREA TRANSIT
MONTEREY SALINAS TRANSIT	SUCCESSOR TO THE SAN FRANCISCO
MORONGO BASIN TRANSIT AUTHORITY	REDEVELOPMENT AGENCY
MOUNTAIN COMMUNITIES HEALTHCARE DIST	SUPERIOR COURT OF CA, ALPINE COUNTY
MT. DIABLO USD	SUPERIOR COURT OF CA, AMADOR COUNTY
MUNICIPAL POOLING AUTHORITY (MPA)	SUPERIOR COURT OF CA, BUTTE COUNTY
NAPA SANITATION DISTRICT	SUPERIOR COURT OF CA, CALAVERAS CO.
NCCSIF	SUPERIOR COURT OF CA, COLUSA COUNTY
NCSDIA	SUPERIOR COURT OF CA, CONTRA COSTA CO
OMNITRANS	SUPERIOR COURT OF CA, DEL NORTE COUNTY
ORANGE COUNTY FIRE AUTHORITY	SUPERIOR COURT OF CA, EL DORADO COUNTY
ORANGE COUNTY SANITATION DISTRICT	SUPERIOR COURT OF CA, LAKE COUNTY
ORANGE COUNTY TRANSPORTATION AUTH.	SUPERIOR COURT OF CA, LASSEN COUNTY
OTAY WATER DISTRICT	SUPERIOR COURT OF CA, MERCED COUNTY
PALO VERDE VALLEY HEALTH CARE	SUPERIOR COURT OF CA, ORANGE COUNTY
DISTRICT HOSPITAL	SUPERIOR COURT OF CA, PLACER COUNTY
PARSAC	SUPERIOR COURT OF CA, SAN BENITO CO.
PASADENA UNIFIED SCHOOL DISTRICT	SUPERIOR COURT OF CA, SAN LUIS OBISPO
PASIS – SAN DIEGO	COUNTY
PERMA	SUPERIOR COURT OF CA, SANTA BARBARA
PLACER COUNTY WATER AGENCY	COUNTY
PLEASANT HILL RECREATION & PARK DIST	SUPERIOR COURT OF CA, SANTA CRUZ CO.
PORT OF OAKLAND	SUPERIOR COURT OF CA, SHASTA COUNTY
REDONDO BEACH UNIFIED SCHOOL DIST	SUPERIOR COURT OF CA, SONOMA COUNTY
RIVERSIDE IHSS PUBLIC AUTHORITY	SUPERIOR COURT OF CA, STANISLAUS CO.
RIVERSIDE TRANSIT AGENCY	SUPERIOR COURT OF CA, TRINITY COUNTY
SACRAMENTO – YOLO MOSQUITO AND	SUPERIOR COURT OF CA, TUOLUMNE COUNTY
VECTOR CONTROL DISTRICT	SUPERIOR COURT OF CA, YOLO COUNTY
SACRAMENTO COUNTY CONTRACTS	SUPERIOR COURT OF CA, YUBA COUNTY
SAFCA	SUTTER IHSS PUBLIC AUTHORITY
SAN BENITO IHSS PUBLIC AUTHORITY	THE SPORTS AND OPEN SPACE AUTHORITY
SAN BERNARDINO DEPARTMENTS	OF THE CITY OF SANTA CLARA
SAN BERNARDINO IHSS PUBLIC AUTHORITY	TORRANCE USD
SAN DIEGO IHSS PUBLIC AUTHORITY	TOWN OF COLMA
SAN DIEGO HOUSING COMMISSION	TOWN OF YOUNTVILLE
SAN DIEGO METROPOLITAN TRANSIT SYS	TRANSPORTATION CORRIDOR AGENCIES
SAN DIEGO UNIFIED SCHOOL DISTRICT	TRINDEL INSURANCE FUND

TURLOCK IRRIGATION DISTRICT
UC HASTINGS COLLEGE OF LAW
UPLAND UNIFIED SCHOOL DISTRICT
VAN HORN REGIONAL TREATMENT FACILITY
WEST SAN GABRIEL LIABILITY & PROPERTY JPA
WEST SAN GABRIEL WC JPA
WESTERN RIVERSIDE COUNCIL OF
GOVERNMENTS (WRCOG)
YOLO PARMIA



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Commission Staff Report

October 17, 2018

COMMISSION MEETING DATE: October 25, 2018

SUBJECT: Overview of Budget Process and Approach – Request for Guidance of
FY2019/20 NCPA Operating Budget Directions

AGENDA CATEGORY: Discussion/Action

FROM: Monty Hanks *MH*
Assistant General
Manager/CFO

Division: Administrative Services

Department: Accounting & Finance

METHOD OF SELECTION:

N/A

IMPACTED MEMBERS:

All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of Shasta Lake <input type="checkbox"/>
Alameda Municipal Power <input type="checkbox"/>	City of Lompoc <input type="checkbox"/>	City of Ukiah <input type="checkbox"/>
San Francisco Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Plumas-Sierra REC <input type="checkbox"/>
City of Biggs <input type="checkbox"/>	City of Redding <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Gridley <input type="checkbox"/>	City of Roseville <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Healdsburg <input type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	Other <input type="checkbox"/>

If other, please specify

RECOMMENDATION:

Staff recommends the Commission provide guidance and direct staff to prepare the FY2019/20 Operating Budget in accordance with the accepted directions.

BACKGROUND:

As part of the budget process, staff is seeking Commission guidance of budget directions prior to budget preparation for the next fiscal year (FY2019/20). Staff discussed the budget review process and specific budget directions/targets with the Utility Directors at their meeting on October 9, 2018. No changes were suggested by the Utility Directors.

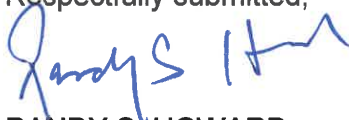
FISCAL IMPACT:

Direction provided in this presentation will provide budget guidance for FY2019/20. Specific fiscal impact is not known at this time. Actual fiscal impact will be presented at the time of final approval of the FY2019/20 Operating Budget, currently scheduled for April 2019.

ENVIRONMENTAL ANALYSIS:

The requested Commission direction 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 the California Environmental Quality Act. No environmental review is necessary.

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachments: Operating Budget for FY2019/20 Proposed Process and Recommendations



Operating Budget for FY20 Proposed Process and Recommendations

Monty Hanks
Commission Meeting
October 25, 2018



NORTHERN CALIFORNIA POWER AGENCY

Strategic Plan 2016-2021

■ Mission

- To provide our members cost effective wholesale power, energy-related services, and advocacy on behalf of public power consumers through joint action.

■ Vision

- To be the premier provider of energy services to public entities.

■ Strategies

- Attract, develop and retain professional, high quality staff.
- Maintain position as credible, solution-oriented coalition builder and leader in state and federal legislative and regulatory policy arenas.
- Develop and maintain diverse generation resource portfolio in accordance with renewable portfolio standard and capacity obligations.
- Protect, utilize and build on the strengths and unique aspects of JPA structure to benefit NCPA's members.
- Develop/maintain strategies to control costs and minimize risks while maximizing the value of assets.
- Grow new revenue and/or reduce member costs by exploring new members/participants and expansion of current services.
- Help articulate and promote the value of NCPA and public power utilities to member communities.

Proposed Budget Process

- Continued approach to review draft budgets through Facilities and L&R Committees, UD Meetings, etc.
- Budget is prepared on a project/program basis.
- Allocation for all allocated costs (Power Management, Legislative & Regulatory, Judicial Action, Administrative and General and direct allocations) will use previously approved methods – no changes proposed.
- Continued focus on NCPA controllable costs and additional sharing of costs (economies of scale).

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Issues Impacting FY2019/20 Budget

- Union contracts end December 2018
 - Looking to control future OPEB and benefit costs for new hires
 - Full year impact for any salary adjustments
- Pension and OPEB Costs
 - Should be relatively flat/small growth
- CPI Index as of August 2018 was 2.7%
- Reduced transmission costs?

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Issues Impacting FY2019/20 Budget (continued)

- Capital & Maintenance of Assets
 - Purpose to keep assets in great, working condition
- FY18 results are not the norm
 - Refund due to: salary vacancies, insurance premium savings, interest income, FEMA/insurance reimbursements, reduced debt service, additional PM services revenue, staff being prudent with their budgets
- Additional PM business?
 - South Feather? CCAs?
 - Update to the control room?
 - Additional Staff?

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Power Management Services Revenue Detail

	FY18 Actual	FY19 Budget	FY20 Est. Budget
Merced Irrigation District	\$ 390,000	\$ 399,750	\$ 409,744
Placer County Water Agency	205,000	415,125	425,503
Pioneer Community Energy	177,083	429,250	437,835
East Bay Community Energy	53,333	642,133	654,976
San Jose Clean Energy	-	-	640,500
Total	\$ 825,417	\$ 1,886,258	\$ 2,568,558

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Budget Recommendations for 2019/20

- Pass-throughs
 - All of the following will be based on information from outside entities:
 - Membership dues, subscriptions, transmission services, WREGIS, and other member services projects, etc.
- Legal
 - Judicial action and all other legal expenses will be rolled over based on previous year budget
- Capital Outlay
 - Capital projects for plants and Headquarters/Information Services to be specifically reviewed by Facilities Committee/LEC Participants

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Budget Recommendations for 2019/20

- Plant costs
 - Debt service as scheduled plus trustee & administrative costs
 - Fuel, as required for estimated plant operations
 - Regular operating & maintenance – target **2.7%** increase
 - Special maintenance projects – reviewed specifically with participants (Facilities Committee & LEC Participants)
- Salaries and Benefits
 - Based on negotiated contracts, amortization schedules
 - Requesting new positions but subject to future PM services
- All other operating expenses
 - Target no more than **2.7%** increase from previous year base budget

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Recommendation

- Commission approval of the budget guidelines for FY2019/20 as outlined in this report