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# Minutes - Draft

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**To:** NCPA Commission  
**From:** Cary A. Padgett, Assistant Secretary to the Commission  
**Subject:** July 27, 2017, NCPA Commission Meeting

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## ***Item #1 – Call Meeting to Order and Introductions***

Vice Chair Gary Plass called the meeting to order at 9:10 am at Ironstone Vineyards, Murphys, California. A quorum was present. Introductions were made. Those in attendance are shown on the attached attendance list.

## ***Item #2 – Approve Minutes of the June 29, 2017, Regular Commission Meeting***

Motion: A motion was made by Roger Frith and seconded by Bonnie Gore to approve the Minutes of the June 29, 2017, Commission meeting. The motion carried unanimously on a voice vote of those members present.

## **PUBLIC FORUM**

Vice Chair Plass 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**

### ***Item #3 – General Manager’s Business Progress Report and Update***

General Manager Randy Howard reported:

- Thanked NCPA’s Hydro staff for their efforts and time in putting together a great tour of the hydro project.
- Gave an update on NCPA’s Support and Shared Services Agreements and provided a copy of the monthly status report.
- Gave a brief update on the State Legislative Staff Tour that took place earlier in the week. Thanked those members that hosted and were able to be part of the panel discussion in Healdsburg.
- NCPA’s Internship Tour was held this week. NCPA and Member interns participated in a two-day tour of NCPA facilities.
- Update on the Lodi Energy Center Gas issues. Met with PG&E to discuss natural gas and infrastructure concerns.
- The state’s cap and trade legislative policy passed this week. NCPA received an invite from the Governor’s office to participate in the bill signing ceremony.
- AMP (MOU) JPA regarding the advanced metering program. Delegates are meeting in Chicago on August 15 to discuss implementation details.

#### ***Item #4 – Executive Committee***

Committee Vice Chair Gary Plass reported that the Committee met once since the last Commission meeting. The Committee discussed and recommended approval of the Nominating Committee's Executive Officers, which is item 18 on today's Agenda.

Nominating Committee Member Roger Frith provided an update on the Nominating Committee's appointment for the following NCPA Committees: Legislative and Regulatory Affairs Committee Chair Teresa O'Neill and Vice Chair Bonnie Gore. The Finance Committee Chair was discussed, but an appointment was not recommended at this time.

Committee appointments will take office at the NCPA Annual Conference in September.

#### ***Item #5 – Facilities Committee***

Assistant General Manager Dave Dockham reported the Committee met once since the last Commission meeting. The Committee met and discussed items 13, 14, 15, and 17 on today's Agenda. The Committee recommended Commission approval of all items.

#### ***Item #6 – Finance Committee***

Monty Hanks reported that the Committee did not meet since the last Commission meeting. A Request for Proposal for Financial Advisor Services was released in July with interviews of the selected firms scheduled on August 3 in Alameda. The next Committee meeting is on August 9.

#### ***Item #7 – Legal Committee***

General Counsel Jane Luckhardt reported that the Committee did not meet since the last Commission meeting. However, the Committee is holding a Special Meeting on Monday, July 31 to discuss item 20 on today's Agenda.

#### ***Item #8 – Legislative & Regulatory Affairs Committee***

Committee Chair Gary Plass reported that the Committee did not meet. Chair Plass reported that NCPA held its annual State Legislative Staff tour this week. Thanked the cities of Biggs, Gridley and Healdsburg for hosting. Gave an update on legislative developments. NCPA's Annual Conference will be held September 27-29 at the Silverado Resort in Napa and online registration is now open. The next Committee meeting is scheduled on August 23 at NCPA's Roseville office.

#### ***Item #9 – Members' Announcements & Meeting Reporting***

No member announcements or meeting reports discussed.

#### **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 Consent.

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

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**Item #10 – NCPA’s Financials for the Month Ended June 30, 2017** – approval by all members.

**Item #11 – Treasurer’s Report for the Month Ended June 30, 2017** – accept by all members.

**Item #12 – Sale or Disposal of Surplus Property** – note and file by all members the disposal of scrap brass impellers from the failed cooling pump, e-waste and metal.

**Fiscal Impact:** The report as no direct budget impact to the Agency

**Item #13 – Resolution 17-62, TCB Industrial, Inc. – Five Year Multi-Task General Services Agreement for service, inspection, consultation on turbines, generators, auxiliary equipment, and hydraulic systems; 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 TCB Industrial, Inc. for service, inspection, consultation on turbines, generators, auxiliary equipment, and hydraulic 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.

**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.

*Port of Oakland abstained.*

**Item #14 – Resolution 17-63, Gold Electric, Inc. – Five Year Multi-Task General Services Agreement for electrical maintenance services; Applicable to the following projects: All NCPA Facility Locations (except LEC), 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 Gold Electric, Inc. for electrical maintenance services and support, equipment rental, and maintenance of electrical communication, control and security 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 (except Lodi Energy Center), 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.

**Item #15 – Resolution 17-61, Compliance Services, Inc. – First Amendment to Five Year Multi-Task General 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 General Services Agreement with Compliance Services, Inc., with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,500,000 over five years for use at any facilities owned and/or operated by Agency, its Members, Southern California Public Power Authority (“SCPPA”) or SCPPA Members.

**Fiscal Impact:** Total cost of the agreement is not to exceed \$1,500,000 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.

*Port of Oakland abstained.*

**Item #16 – Resolution 17-66, Amendment #1 to Aon Risk Services West Inc. Consulting Services Agreement** – adopt resolution by all members approving an amendment (Amendment #1) to the Consulting Services Agreement with Aon Risk Services West, Inc.

**Fiscal Impact:** NCPA's insurance program premiums and brokerage fees are budgeted as part of the aggregate Property, Liability, and Workers Compensation insurance cap estimates, which are charged off proportionately at approximately 80% for Property Insurance and 20% for Liability Insurance based on total premiums paid. The fees and premiums in total are then allocated to projects based on insured values at each plant site, with the liability insurance charged to Administrative & General costs. The proposed cap of \$25,000 does not have an immediate impact unless there are more insurance claims for Aon to administer. For the GRC inspection services, there is a \$5,000 fee to administer this program, which is already included in the FY2017-18. No additional budget request is needed to approve these amendments.

## **DISCUSSION/ACTION ITEMS**

**Item #17 – Resolution 17-64, Delegate to the General Manager authority to enter into one or more agreements, with a total not to exceed for all agreements of \$2,500,000 for repair, restoration and/or replacement of portions of the Beaver Creek Reservoir and related facilities at the NCPA Hydroelectric Project** – adopt resolution by all members delegating the General Manager authority to enter into one or more agreements, with a total not to exceed for all agreements of \$2,500,000 for repair, restoration and/or replacement of portions of the Beaver Creek Reservoir and related facilities at the NCPA Hydroelectric Project.

**Fiscal Impact:** Annual average hydroelectric generation attributable to the Beaver Creek Dam is approximately \$1,700,000. The Project is currently estimated to cost less than \$2,500,000. As of May, 2017, the costs were estimated at \$1,000,000; however, Staff Report 159:17 noted that *“If the projected Project costs increase as the work proceeds, staff will return to the Commission for additional authorizations as may be necessary.”*

In February 2017, the NCPA Commission passed Resolution 17-16 finding and declaring a state of emergency with respect to the NCPA Calaveras Hydroelectric Generation Project and authorizing the General Manager to take such steps as necessary to obtain funds to maintain, repair, restore, or replace the project. Staff has notified the Federal Emergency Management Agency (FEMA) and NCPA's insurance broker of the 2017 loss. In a letter dated June 13, 2017 NCPA's Insurance Underwriters indicated that coverage is afforded for damages to the dam structure, tunnel, penstock, and associated equipment at the Beaver Creek Diversion dam, but that no coverage is afforded for land including the upstream creek which has built up sediment. Discussions are ongoing with the Insurance Underwriters to further clarify the extent of coverage specifically for this project. NCPA's insurance deductible is \$500,000. In similar Beaver Creek storm-related sedimentation historical losses, NCPA received FEMA reimbursements due to the 2006 flood incident, but not due to the 1997 incident. FEMA requires that the applicant demonstrates that it first pursued insurance reimbursement prior to FEMA providing funding. FEMA reimbursement looks favorable for a substantial part of the non-insurance project costs.

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

Assistant General Manager Ken Speer gave a presentation on the Beaver Creek sediment removal.

**Motion:** A motion was made by Gary Plass and seconded by Bonnie Gore to adopt resolution delegating the General Manager authority to enter into one or more agreements, with a total not to exceed for all agreements of \$2,500,000 for repair, restoration and/or replacement of portions of the Beaver Creek Reservoir and

related facilities at the NCPA Hydroelectric Project. The motion carried by a majority on a roll call vote of those members present.

*BART, Lompoc, Plumas-Sierra, Redding, Shasta Lake, and Truckee Donner were absent. Port of Oakland abstained.*

**Item #18 – Election of Officers and Executive Committee Members** – election of a chairman and vice chair of the Commission and election of 3 at large representatives to the Executive Committee. The Nominating Committee nominations for the 2018 Officers and Executive Committee members are:

Chairman	Bob Lingl
Vice Chair	Roger Frith
Executive Committee member	Mark Chandler
Executive Committee member	Teresa O'Neill
Executive Committee member	Greg Scharff

Nominating Committee member Roger Frith reported that the Nominating Committee met and recommended approval of the FY 2018 Slate of Officers and Executive Committee members as noted above. Vice Chair Plass reported the Executive Committee met and approved the Nominating Committee's recommendation of the Slate of Officers and Executive Committee members. Vice Chair Plass opened the floor for nominations. No other nominations were given. Officers will take office at the regular scheduled meeting of the Commission in September 2017.

Motion: A motion was made by Teresa O'Neill and seconded by Bonnie Gore to adopt resolution approving the FY 2018 Slate of Officers and Executive Committee Members. The motion carried by a majority on a roll call vote of those members present.

*BART, Lompoc, Plumas-Sierra, Redding, Shasta Lake, and Truckee Donner were absent.*

**Item #19 – Resolution 17-65, Approval of Resolution Commending Gary Plass** – adopt resolution by all members Commending Gary Plass.

Vice Chair Roger Frith read and presented a resolution expressing appreciation for Gary Plass' dedication to NCPA.

Motion: A motion was made by Roger Frith and seconded by Bonnie Gore to adopt Resolution 17-65, Approval of Resolution Commending Gary Plass. The motion carried by a majority on a roll call vote of those members present.

*BART, Lompoc, Plumas-Sierra, Redding, Shasta Lake, and Truckee Donner were absent.*

Non essential Members and staff left the meeting for item 20.

### **CLOSED SESSION**

**Item #20 – 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**

All meeting attendees rejoined the meeting.

### **REPORT FROM CLOSED SESSION**

*Closed Session Disclosure:* General Counsel Jane Luckhardt stated there was no reportable action taken on closed session item 20.

**NEW BUSINESS**

No new business discussed.

**ADJOURNMENT**

The July 27, 2017, Commission meeting was adjourned at 10:25 am.

Respectfully submitted,

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CARY A. PADGETT

Assistant Secretary to the Commission

Attachments

**Northern California Power Agency  
Commission Meeting of July 27, 2017  
COMMISSIONER  
Attendance List**

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

MEMBER	NAME
ALAMEDA	Rebecca Irwin Jerry Seewent
BIGGS	Roy L. Lued
GRIDLEY	Gary Davidson
HEALDSBURG	David Hagelc
LODI	Mark Chandler
LOMPOC	
PALO ALTO	ED SHIKADA
PORT OF OAKLAND	Basil W
PLUMAS-SIERRA REC	
REDDING	
ROSEVILLE	Bonnie Gore
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT	
SANTA CLARA	Teresa O'Neill
TRUCKEE DONNER	
UKIAH	DOUGLAS CRANE

**Northern California Power Agency  
Commission Meeting of July 27, 2017  
Attendance List**

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

NAME	AFFILIATION
Jane Luckhardt	NCPA
MEL GRANDI	UKIAH
Jane Cirrione	NCPA
LIZ KIRKLEY	LODI
Janice Maedich	Lodi
Ken Speer	NCPA
Dave Dockham	NCPA
Randy Bowersox	NCPA
Amber Sunnersett	NCPA
Bonnie Gore	Roseville
Paul Cummings	Roseville
GARY Davidson	Gridley
Wendy Stone	City of Santa Clara, SVP
Kathleen Hughes	City of Santa Clara, SVP
John Roarkema	City of Santa Clara, SVP
Monty Hanks	NCPA
Jehan Singh	Lompoc
Rogon Frittl	Biggs
Randy Howard	NCPA
Casey PACE	Healdsburg.



# 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: 7/27/17

Consent Items Listed on the Agenda: # 10 to # 19

Consent Items Removed from the Agenda and Approved Separately:

# 0

ROLL-CALL VOTE BY MEMBERS:

PORT / SVP

Member	Item Numbers Abstained	Vote	Absent
Alameda		Y	
BART			X
Biggs		Y	
Gridley		Y	
Healdsburg		Y	
Lodi		Y	
Lompoc			X
Palo Alto		Y	
Port of Oakland	<u>13 and 15</u>	Y	
Redding			X
Roseville		Y	
Santa Clara		Y	
Shasta Lake			X
Truckee Donner			X
Ukiah		Y	
Plumas-Sierra			X

ATTEST:

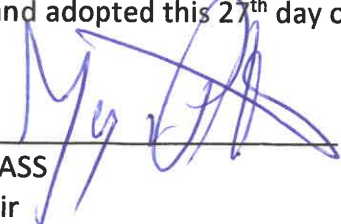
  
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 Cary A. Padgett  
 Assistant Secretary to the Commission

**Northern California Power Agency  
ROLL CALL VOTE**

**Topic:** Resolution 17-64 (Item #17)

	<u>VOTE</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Alameda	<u>Y</u>	<u>          </u>	<u>          </u>
BART	<u>          </u>	<u>          </u>	<u>X</u>
Biggs	<u>Y</u>	<u>          </u>	<u>          </u>
Gridley	<u>Y</u>	<u>          </u>	<u>          </u>
Healdsburg	<u>Y</u>	<u>          </u>	<u>          </u>
Lodi	<u>Y</u>	<u>          </u>	<u>          </u>
Lompoc	<u>          </u>	<u>          </u>	<u>X</u>
Palo Alto	<u>Y</u>	<u>          </u>	<u>          </u>
Plumas-Sierra	<u>          </u>	<u>          </u>	<u>X</u>
Port of Oakland	<u>          </u>	<u>X</u>	<u>          </u>
Redding	<u>          </u>	<u>          </u>	<u>X</u>
Roseville	<u>Y</u>	<u>          </u>	<u>          </u>
Santa Clara	<u>Y</u>	<u>          </u>	<u>          </u>
Shasta Lake	<u>          </u>	<u>          </u>	<u>X</u>
Truckee Donner	<u>          </u>	<u>          </u>	<u>X</u>
Ukiah	<u>Y</u>	<u>          </u>	<u>          </u>

Passed and adopted this 27<sup>th</sup> day of July 2017, by the above vote on roll call.

  
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 GARY PLASS  
 Vice Chair

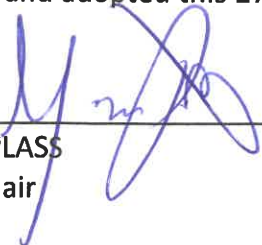
ATTEST:   
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 CARY A. PADGETT  
 Assistant Secretary

**Northern California Power Agency  
ROLL CALL VOTE**

**Topic:** item 18

	<u>VOTE</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Alameda	<u>Y</u>	<u>          </u>	<u>          </u>
BART	<u>          </u>	<u>          </u>	<u>X</u>
Biggs	<u>Y</u>	<u>          </u>	<u>          </u>
Gridley	<u>Y</u>	<u>          </u>	<u>          </u>
Healdsburg	<u>Y</u>	<u>          </u>	<u>          </u>
Lodi	<u>Y</u>	<u>          </u>	<u>          </u>
Lompoc	<u>          </u>	<u>          </u>	<u>X</u>
Palo Alto	<u>Y</u>	<u>          </u>	<u>          </u>
Plumas-Sierra	<u>          </u>	<u>          </u>	<u>X</u>
Port of Oakland	<u>Y</u>	<u>          </u>	<u>          </u>
Redding	<u>          </u>	<u>          </u>	<u>X</u>
Roseville	<u>Y</u>	<u>          </u>	<u>          </u>
Santa Clara	<u>Y</u>	<u>          </u>	<u>          </u>
Shasta Lake	<u>          </u>	<u>          </u>	<u>X</u>
Truckee Donner	<u>          </u>	<u>          </u>	<u>X</u>
Ukiah	<u>Y</u>	<u>          </u>	<u>          </u>

Passed and adopted this 27<sup>th</sup> day of July 2017, by the above vote on roll call.

  
GARY PLASS  
Vice Chair

ATTEST:   
CARY A. PADGETT  
Assistant Secretary



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# Commission Staff Report

AGENDA ITEM NO.: **5**

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**Date:** August 16, 2017  
**To:** NCPA Commission  
**Subject:** August 2, 2017 Facilities Committee Meeting Minutes

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





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# Minutes

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**To:** NCPA Facilities Committee  
**From:** Carrie Pollo  
**Subject:** August 2, 2017, Facilities Committee Meeting Minutes

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- 1. Call Meeting to Order & Roll Call** - The meeting was called to order by Committee Chair Melissa Price at 9:02am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Alan Hanger (Alameda), Mark Sorensen (Biggs), Paul Eckert (Gridley), Monica Padilla and Jim Stack (Palo Alto), Basil Wong (Port of Oakland), Steve Hance, Kathleen Hughes, and Peter Virasak (Santa Clara), Willie Manuel (Turlock). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Healdsburg, Truckee-Donner, and Ukiah were absent. A quorum of the Committee was established.

## **PUBLIC FORUM**

No public comment.

- 2. Approve Minutes from June 7, 2017 and July 5, 2017 Facilities Committee Meetings** – A motion was made by Shannon McCann and seconded by Jiayo Chiang recommending approval of the meeting minutes for the June 7, 2017 and July 5, 2017 Facilities Committee Meetings. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, and Roseville. The motion passed.
- 3. All Generation Services Facilities, Members, SCPA – Martech First Amendment** – Staff recommended approval of a First Amendment to the five year Multi-Task General Services Agreement with Martech. This Amendment would expand the not to exceed amount from \$200,000 to \$500,000 and expand for use at all facilities owned and/or operated by NCPA, its Members, SCPA and SCPA Members. Martech provides various machining services required for plant operations, including balancing, AC/DC rewind and rebuild services, and hydroelectric services. This is an enabling agreement, and no funds are being committed at this time. A draft Commission Staff Report was available for review

Motion: A motion was made by Shannon McCann and seconded by Alan Hanger recommending Commission approval of a First Amendment to Multi-Task General Services Agreement with Martech, with any non-substantial changes recommended and approved by the NCPA General Counsel, increasing the not to exceed amount to \$500,000 and expanding for use at any facilities owned and/or operated by Agency, its Members, Southern California Public Power Authority (“SCPA”) or SCPA Members. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, and Roseville. The motion passed.

- 4. All Generation Services Facilities, Members, SCPA – The Avogadro Group, LLC First Amendment** – Staff recommended approval of a First Amendment to the five year Multi-Task General Services Agreement with The Avogadro Group, LLC. This Amendment would modify

the vendor name and expand for use at all facilities owned and/or operated by NCPA, its Members, SCPPA and SCPPA Members. The Avogadro Group, LLC provides various testing services, including but not limited to source, rata, and emissions testing. This is an enabling agreement, and no funds are being committed at this time. A draft Commission Staff Report was available for review

Motion: A motion was made by Jiayo Chiang and seconded by Mike Brozo recommending Commission approval of a First Amendment to Multi-Task General Services Agreement with The Avogadro Group, LLC, with any non-substantial changes recommended and approved by the NCPA General Counsel, not to exceed \$250,000 over five years and expanding for use at any facilities owned and/or operated by Agency, its Members, Southern California Public Power Authority ("SCPPA") or SCPPA Members. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, and Roseville. The motion passed.

- 5. All Generation Services Facilities, Members, SCPPA – Summit Crane Company of Solano, Inc. dba Summit Crane** – Staff recommended approval of a five year Multi-Task General Services Agreement with Summit Crane Company of Solano, Inc. dba Summit Crane with a not to exceed amount of \$500,000. Summit Crane provides various crane services, including on-site crane safety training, crane equipment, and crane operators. NCPA has similar agreements in place with Titan Crane & Rigging and Maxim Crane Works. This is an enabling agreement, and no funds are being committed at this time. A draft Commission Staff Report was available for review

Motion: A motion was made by Shannon McCann and seconded by Mike Brozo recommending Commission approval of a Multi-Task General Services Agreement with Summit Crane Company of Solano, Inc. dba Summit Crane for crane equipment rental, safety training, and crane operators, with any nonsubstantial 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. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, and Roseville. The motion passed.

- 6. Generation Services Facilities, Members, SCPPA – Kinectrics North America, Inc.** – Staff recommended approval of a five year Multi-Task Professional Services Agreement with Kinectrics North America, Inc., with a not to exceed amount of \$1,000,000. Kinectrics North America, Inc. is based in Ontario, Canada. They provide specialized generator testing and assessment services, as well as other various technical assistance. NCPA has similar agreements in place with a number of other companies such as Adritz Hydro, HDR Engineering, Quality Generator Services and Siemens Energy. This is an enabling agreement, and no funds are being committed at this time. A draft Commission Staff Report was available for review

Motion: A motion was made by Jiayo Chiang and seconded by Shannon McCann recommending Commission approval of a Multi-Task General Services Agreement with Kinectrics North America, Inc. for generator testing and assessment services, with any nonsubstantial 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. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, and Roseville. The motion passed.

- 7. Amendment to Facilities Agreement Project Schedules** – Staff recommended approval of an amendment to the Facilities Agreement Schedule 2 to include the Antelope Expansion Phase 1 Solar Facility project as an NCPA Project. Staff shared background on the functionality of the Facilities Agreement, as well as background on the Expansion Solar Facility. This project was entered into via a Renewable Energy PPA, and was designated by the Commission as an

NCPA Project at the time of approval. Adding this project to the Facilities Agreement Schedule 2 will allow this project to be governed under the terms of PPA/Facilities Schedules.

Adding this project to the Facilities Agreement is a legal technicality which obligates the participants to cover all project and administrative costs; there is no expected impact on Power Management and Administrative Services budget with the addition of this new project.

Motion: A motion was made by Jiayo Chiang and seconded by Monica Padilla recommending Commission approval to amend the Facilities Schedule 2 of the Amended and Restated Facilities Agreement to include the Antelope Expansion Phase 1 Solar Facility as a NCPA Project. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Port of Oakland, and Roseville. The motion passed.

- 8. Discuss Hydro Shares Allocation Methodology** – Staff discussed updating the methodology used for allocating hydro shares. Shares are currently allocated based on flows from New Spicer Meadows being above 400 cfs. When flows are above this threshold, the NSM generation units are bypassed, with no additional generation being produced. If a participant changes its share of releases when the flows are above 400 cfs, then its share of generation will change, despite the fact that NSM generation is not increasing.

Staff is proposing that generation produced at NSM be allocated to participants in proportion to their water release schedules when total NSM releases are less than 400 cfs. When NSM releases are above 400 cfs, the allocation would be based on ownership shares. Staff explained that this would only apply with discretionary releases, and will not affect load following.

Staff intends to take Member feedback into account and fine tune the proposed update before bringing it forward for a formal vote in the September Facilities Committee Meeting.

- 9. Revenue Allocation Policy** – James Takehara reported that there have been no changes to the policy recommendations since the last meeting. James once again reviewed the rationale of the UD subgroup in forming their final revenue allocation recommendations. He clarified that the revenue allocation policy would apply to proceeds received for the provision of power management and administrative services to third parties and would not apply to revenues received for services that are not a part of the Nexant Cost Allocation Model structure. James reiterated the need for future policy development, as directed by the UD's and Facilities Committee members; those directives will be captured in the Staff Report and Resolution submitted to the Commission.

There was discussion on the wording of the motion, specifically the use of the term "fixed rate" to describe the pricing, as well as the definition of "revenues" (what is and is not included, dealing with the potential future issue of excess revenues, etc.). As a result of this discussion, the Facilities Committee Meeting thought it best to update the white paper with some of the details requested by members, as well as referencing those details in the Resolution. Voting on this item will be deferred until the September 2017 Facilities Committee Meeting, to give members an opportunity to review the updated white paper.

- 10. NCPA Capacity Pool Prices** – Staff recommended Commission approval of the System and Local Resource Adequacy Capacity prices for CY 2018 NCPA Capacity Pool. Staff gave background on the Resource Adequacy Program pool members, and the development of the Pooling Agreement Schedule 4. Under this agreement, the Pool has to establish and adopt prices for system and local area capacity, which must then be approved by the NCPA Committees. The FY17 prices for Local were \$2.20/kW-Month and System Capacity prices were \$1.00/kW-Month.

NCPA determines their recommended capacity prices through informal pricing surveys conducted on the open market. Staff shared the System Capacity and Local Capacity results of



this year's informal survey. NCPA strives for rates that are equitable for both buyers and sellers. Members asked about the deadline for making a final decision on whether to transact in the Pool. Tony will distribute the 2018 Balances from the CAISO for each member sometime in the next day or two. Members should expect an email from Tony shortly after the August Commission Meeting, after which Members will have roughly two weeks to make a final decision on whether to participate.

There was a discussion on whether the CAISO will be revising RA Capacities on operating reserves (how reserve value is calculated for reserve projects). Tony explained how the Flex Capacity rules are structured. James also explained that the CAISO may eliminate long-start units from supplying Flex Capacity units in the future, which could result in NCPA having to add Flex Capacity rules into the RA program (however, this is not likely to be implemented until FY19).

Motion: A motion was made by Monica Padilla and seconded by Basil Wong recommending Commission approval to establish the following as the System and Local Resource Adequacy Capacity prices to be used in the CY 2018 NCPA Capacity Pool: System Capacity - \$1.00 / kW-Month, Local Capacity - \$1.85 / kW-Month. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. The motion passed.

- 11. Extension of Natural Gas Pipeline Contract** – Staff gave background on the natural gas pipeline agreements NCPA currently has in place. Historically, NCPA has been extending these agreements yearly. Staff reviewed the benefits of renewing the NOVA/Foothills contracts. When NCPA extends these contracts for 1 year, the full tariff rates are charged. Extending beyond 1 year results in reduced tariff rates. NCPA has extended for a 5 year term in the past, however, at the end of the term the gas market was down and the pipes were not producing revenues, so the Committee began yearly renewals after that.

The Pipeline contracts work in conjunction with NCPA's Asset Management Agreement (AMA) with Noble. The AMA is evergreen, and is simply renewed on an annual basis 6 months before expiration. To date, Noble seems interested in continuing to manage the pipelines.

Melissa Price expressed an interest in viewing historical data prior to making a final decision on whether to extend beyond 1 year. Tony will distribute historical data to members and bring this item back for a formal vote in the September 2017 Facilities Committee Meeting.

- 12. Impacts of Water Delivery Disruption at the STIG** – Staff shared background on the water supply disruption that occurred at STIG/LEC last month. Staff explained the circumstances surrounding the water shortage. During the outage period, STIG was kept on a forced outage to allow available water to be used for LEC; this decision was made because STIG did not face RA fines, and LEC was already on a scheduled run.

Staff explained that there were no margin opportunity costs during the STIG outage period. Staff shared background on the current bidding strategy for STIG; because of this current bidding strategy, the unit would not have run during this period even if there had been sufficient water. NCPA did have to purchase power in the Day Ahead market since STIG was unavailable. The cost of that purchase was \$1,000.

This outage highlighted issues with the STIG/LEC cost compensation mechanism. Staff will be looking at the current compensation mechanism, and developing Facilities/PMOA schedules to address situations where shared capacity limitations are directed towards one project at the possible expense of the other. Staff will also be working on addressing water reliability issues. Once staff have developed a way to address these situations, they will bring it back before the Committee for a formal vote.

### **13. Planning and Operations Update**

- Merced: Scheduling for Merced is going well, the prescheduling group continues to work with Merced on the transition (with a focus on learning reservoir/flow level requirements)
- PCWA: Dennis continues to work with his Dispatchers to prepare operating manuals for PCWA. Tony and IS continue to focus on integration.
- TO18: The TO18 proceeding continues to advance. This is still in litigation, and NCPA continues to monitor the progress. James will be arranging a call with SOT participants to discuss TANC costs and how proceedings are going. Testimony was filed a few weeks ago, and there will be another opportunity for comment. PG&E is scheduled to submit rebuttal testimony in October, and the trial is scheduled for January 2018.
- TO19: PG&E has filed TO19. In this filing, their proposed rates for TAC seem to have gone down, while expenditures have increased by \$100,000.
- TAC Restructuring Proceedings: NCPA have filed comments. NCPA's comments focused on maintaining existing cost structure. NCPA has been meeting with PG&E twice a month with the objective of getting a Planning Process into place for all PG&E projects.
- CAISO RFP for Black Start Services: Alameda submitted as available unit; if accepted, this will be brought forward to Facilities for a formal vote.
- CAISO Newsletter: Dave reviewed some interesting articles of interest to members that appeared in the most recent CAISO Newsletter, including articles on resource adequacy mechanisms and market performance and planning.

**14. Schedule Next Meeting Date** – the next regular Facilities Committee meeting is scheduled for September 6, 2017.

### **ADJOURNMENT**

The meeting was adjourned at 12:04pm.





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# Commission Staff Report

AGENDA ITEM NO.:   6  

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**Date:** August 24, 2017  
**To:** NCPA Commission  
**Subject:** August 9, 2017 Finance Committee Meeting Minutes

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



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# Minutes

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**Date:** August 11, 2017  
**To:** NCPA Finance Committee  
**From:** Trisha Hubbard, Administrative Assistant  
**Subject:** August 9, 2017 Finance Committee Meeting Minutes

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## Finance Committee Attendees:

### Committee Members

Madeline Deaton, Chair	Alameda	attended
Ann Hatcher	Santa Clara	absent
Melissa Price	Lodi	call-in
Matt Michealis	Gridley	call-in
Philip McAvoy	Roseville	attended

### Member Staff

David Hagele	Healdsburg	call-in until 10 :30
Taran Narayan	Palo Alto	call-in

### Attended:

### Consultants in attendance-call in:

Mike Berwanger	PFM
Rian Irani	PFM
Gene Carron	Orrick
Mark Bauer	Orrick
Tyler Old	PFM
Jack Medall	PFM

### NCPA Staff in attendance:

Monty Hanks  
Sondra Ainsworth  
Randy Howard  
Jane Luckhardt  
Trisha Hubbard

## 1. Call Meeting to Order

Madeline Deaton called the meeting to order at 10:07 a.m.

## 2. Roll call – Roll call was conducted as listed above. A quorum of the Committee was established.

## 3. Approve the May 10, 2017 Meeting Minutes

Motion: a motion was made by Philip McAvoy and seconded by Melissa Price recommending approval of the May 10, 2017 Finance Committee meeting minutes. A vote was taken by roll call: YES = Madeline Deaton (Alameda), Melissa Price (Lodi), Matt Michaelis (Gridley), and Philip McAvoy (Roseville). The motion passed.

## PUBLIC FORUM

Ms. Deaton asked if anyone wished to address the Committee on matters within the jurisdiction of the Committee. There were no requests for public comment at the site or at any of the teleconference locations.

## **REPORTS AND COMMITTEE ACTION ITEMS**

### **4. Report on Current Financial Market Conditions or Issues**

Michael Berwanger of PFM reported that interest rates have dropped since his report during the May 10<sup>th</sup> Finance Committee meeting. After record issuance in 2016, year-to-date issuance has fallen approximately 13%, with supply in July approximately 19% lower; municipal bond funds have continued to report net cash inflows. Lack of supply is keeping rates low. Rates continue to be in a good position for NCPA's borrowing needs and financing opportunities. SIFMA and LIBOR have remained relatively flat throughout July. NCPA's variable rate portfolio continues to benefit from these low rates. Wall Street expects one more rate hike this year. Melissa Price requested a chart showing the trend in past interest rates from quarter to quarter. Mr. Berwanger will follow up with the committee with a chart as requested. The UK Financial Conduct Authority (FCA) recently announced its intention to phase out LIBOR by the end of 2021; however, there is currently no strategy to transition to a replacement index. There are unanswered questions regarding whether the change will impact existing debt or only new debt. More information will be forthcoming as developments occur. No action is necessary at this time.

Based on the time it takes to prepare for a refunding, the committee asked PFM to discuss in more detail NCPA's refunding opportunities. The Hydro Project No. 1 Revenue Bonds, 2008 Refunding Series C is callable on July 1, 2018. A current refunding can be executed as early as April 3, 2018. Committee members recommended that staff move forward with looking into this Hydro refunding opportunity and directed staff to begin the underwriter RFP process. Staff will provide an update to the Commission at the August 24<sup>th</sup> Commission meeting.

### **5. Debt and Interest Rate Management Report**

Monty Hanks reported on the Debt and Interest Rate Management Report for period ending June 30, 2017. Key highlights that were presented and discussed with the committee are as follows:

Fixed Rate Debt: No new fixed rate debt has been issued. Staff continues to receive refunding opportunities for the Hydro Project No. One Revenue Bonds, 2008 Refunding Series C. Staff plans to continue monitoring the savings and will most likely explore a refunding. The bond insurer for the 1992 Hydro bonds, National Public Finance Guarantee, was downgraded by S&P. However, the debt issue is not subject to Rule 15c2-12 because of their issuance date prior to the effective date of such provisions.

Variable Rate Debt: The Agency has a total of \$86.7 million of outstanding variable rate debt. The reset rates continue to trade at or better than SIFMA for the Series A bonds (tax-exempt) and one month LIBOR for Series B bonds (taxable) despite the recent Moody's downgrade of the BMO on May 10<sup>th</sup>.

Interest Rate Swaps: As of June 30, 2017, NCPA had \$86.7 million of outstanding swaps, all related to the Hydro Project bonds which act as a hedge against the variable rate debt. The total fair value of the interest rate swaps was a net liability of \$15.2 million. This amount has improved from the June 30, 2016 net liability of \$22.3 million due to a rise in interest rates and time value.

Motion: A motion was made by Madeline Deaton and seconded by Matt Michaelis recommending that the Commission accept the Debt and Interest Rate Management Report for period ending June 30, 2017. A vote was taken by roll call: YES = Madeline Deaton (Alameda), Melissa Price (Lodi), Matt Michaelis (Gridley), and Philip McAvoy (Roseville). The motion passed.

### **6. NCPA's Investment Policy and Guidelines**

Staff is seeking a recommendation for the Committee to recommend that the Commission approve changes to the NCPA Investment Policy and Guidelines No. 200-100 as follows: 1)

minor language clean up 2) updates to the Permitted Investments attachment 3) changes to the Investment Fund Objectives attachment and 4) removal of the Authorized Financial Institutions attachments. Monty Hanks reported that the Investment Policy and Guidelines were last updated in November 2016. He is recommending further changes based on observations he has made since joining NCPA in February this year. The main objective with the recommended changes is to create an Investment Policy that more closely matches the State Code which will allow the Treasurer-Controller to create a balanced portfolio managing a modest amount of default risk through diversification, duration, and adequate liquidity while respecting the goals and constraints dictated by the Policy. Staff believes by implementing the recommends changes to the Investment Policy, there is a potential of adding approximately \$500,000 annually of additional interest income and member savings through a reduction of current liquidity and implementing a diversified portfolio of investments.

Motion: A motion was made by Philip McAvoy and seconded by Madeline Deaton recommending Commission approval of the changes to the NCPA Investment Policy No. 200-100 as follows: 1) minor language clean-up; 2) updates to the Permitted Investments attachment; 3) changes to the Investment Fund Objectives attachment; and 4) remove the Authorized Financial Institutions attachment. A vote was taken by roll call: YES = Madeline Deaton (Alameda), Philip McAvoy (Roseville) Melissa Price (Lodi), and Matt Michaelis (Gridley). The motion passed.

The Committee directed staff to review, develop and bring forth a new investment strategy for the Committee's review at the next regular Finance Committee meeting in November.

## **7. Finance Committee Charter**

Staff is seeking a recommendation for Commission approval of a Finance Committee Charter in order to better define the roles and responsibilities of the Finance Committee as described in the Agency Bylaws. In accordance with the Amended and Restated Commission Rules of Procedure (aka – NCPA Bylaws) the Finance Committee's role is to provide financial oversight for the Agency and is described as reviewing and reporting all financial, accounting, or auditing matters referred to it by the Commission, Executive Committee, the Chair, the Chief Financial Officer of the Agency, or by the General Manager. The purpose of the Finance Committee Charter is to better define the Finance Committee's purpose, responsibilities and duties, structure and operations, and frequency of meetings and requirements that will provide assistance to the Commission in fulfilling their responsibility in respect to the policies, practices and strategies that relate to the management of the financial affairs of the Agency.

The Committee members recommended further edits to the draft Charter including removal of the Nominating Committee statement, update the alternate language, add language stating that an alternate Committee Chair may be designated and call special meetings. Staff will make the recommended changes, distribute to the Committee and bring back to the next Finance Committee meeting for final review and approval. No action taken.

## **8. Finance Committee Chair Appointment**

Staff is seeking a recommendation to approve and ratify the appointment of David Hagele, Council Member for the City of Healdsburg, as a member and Chairperson of the Finance Committee. Current Chair Madeline Deaton requested to end her term on the Finance Committee effective at the end of August 2017 due to her personal schedule. The Nominating Committee discussed David Hagele as a potential replacement for Madeline as he will bring a wealth of financial experience to the Finance Committee. However, the Nominating Committee didn't have an official recommendation for Madeline's replacement due to not knowing the timing of her stepping down as the Chair. The members of the

Finance Committee as well as NCPA staff thanked Madeline for her time, effort and contributions during her time with the committee.

Motion: A motion was made by Melissa Price and seconded by Philip McAvoy recommending that the Commission approve and ratify the appointment of David Hagele, Council Member for the City of Healdsburg, as a member and Chairperson of the Finance Committee. A vote was taken by roll call: YES = Madeline Deaton (Alameda), Melissa Price (Lodi), Matt Michaelis (Gridley) and Philip McAvoy (Roseville). The motion passed.

#### **9. Selection of Financial Advisor Firm and Award of Contract**

*(NOTE: Representatives from PFM as well as Orrick excused themselves from the call at 12:30)*

Three firms were interviewed on August 3<sup>rd</sup> by a panel consisting of Monty Hanks, Sondra Ainsworth, Philip McAvoy, Ann Hatcher, and Madeline Deaton. Of the three firms, two were considered very qualified, however, PFM's overall pricing was the lowest. The interview panel felt that continuity was an important factor as well due to the impending Hydro debt refunding. Staff is recommending award of the contract to PFM; however, a meeting has been scheduled for August 16 to discuss and review terms and conditions. Following that meeting, staff will prepare the Financial Advisor Agreement and distribute to the committee for review. A Special Finance Committee meeting will be held early September to seek the committee's recommendation of Commission approval of the agreement. The Agreement will be taken to the September 29<sup>th</sup> Commission meeting for approval.

### **NEW BUSINESS**

#### **10. NCPA FY2017 Audit**

Sondra Ainsworth reported that the NCPA FY2017 audit is underway. She reviewed a letter that Baker Tilly Virchow Krause (Baker Tilly) requested be provided to the Committee members for their review and acknowledgement. The letter covers Baker Tilly's auditing standards, requirements, and responsibilities as well as those of the committee. Sondra indicated that she could ask for an acknowledgement of the committee members' responsibilities related to the audit process during the September special meeting.

#### **11. Other Items of Interest to the Finance Committee**

No other items were discussed.

#### **12. Next Finance Committee Meeting**

The next regular Finance Committee meeting is scheduled for November 8, 2017 at 10am.

A Special Meeting will be held early September to address the Financial Advisor Agreement.

### **ADJOURNMENT**

The meeting was adjourned at 12:57 p.m.





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# Commission Staff Report

AGENDA ITEM NO.: 8

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**Date:** August 17, 2017  
**To:** NCPA Commission  
**Subject:** April 19, 2017, Legislative & Regulatory Affairs Committee Meeting Minutes

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



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# Minutes

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**Date:** August 14, 2017  
**To:** NCPA Legislative & Regulatory Affairs Committee  
**From:** Carrie Pollo, Legislative and Regulatory Program Assistant  
**Subject:** April 19, 2017 Legislative & Regulatory Affairs Committee Meeting Minutes

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## ***Item #1 – Opening Remarks & Introductions***

Chair Gary Plass, Council Member, City of Healdsburg, called the meeting to order at 12:03 pm, followed by introductions of all in attendance. Those in attendance are shown on the attached attendance list. Participating via teleconference were Barry Leska and Ann McCormick from Alameda Municipal Power; Elizabeth Kirkley, Lodi Electric; Monica Padilla and Debbie Lloyd, City of Palo Alto; Michelle Bertolino, City of Roseville; and Susie Berlin from The Law Offices of Susie Berlin.

## **PUBLIC FORUM**

No members of the public were present.

## ***Item #2 – Approval of Minutes***

Motion: A motion was made by Roger Frith, City of Biggs, and seconded by Madeline Deaton, City of Alameda, to approve the minutes from the February 22, 2017 regular meeting. All were in favor. The motion passed unanimously.

## ***Item #3 – State Legislative Report***

Mario De Bernardo, State Government Relations Manager, reviewed state legislative issues including: SB 100 (de León); other renewable energy bills; cap and trade; other clean energy proposals, small cell, data collection, and two bills sponsored by The Utility Reform Network (TURN).

He provided background and analysis on SB 100, which would establish a 60% RPS by 2030 and a 100% clean energy standard by 2045. Mario explained the work that NCPA is engaged in to develop amendments that address the potential challenges created by the bill. NCPA's initial reactions to the bill include concerns related to increased ratepayer costs, stranded investments,

reliability, and over generation.

Mr. De Bernardo discussed two other renewable energy related bills. AB 920 (Aguiar-Curry) would create an RPS procurement requirement for baseload energy. AB 1070 (Gonzalez Fletcher) would establish consumer protections related to rooftop solar panels.

Regarding cap and trade, he provided analysis on the various bills in play: the Governor's budget trailer bill, AB 378 (C. Garcia), and AB 151 (Burke). Mario discussed how NCPA's legislative strategy is generally focused on protecting investments in natural gas plants and preserving the direct allocations of electric utility allowances.

He also discussed other bills focused on clean energy issues. There are two bills that would establish utility subsidies for energy storage: AB 1030 (Ting) and SB 700 (Wiener). AB 1088 (Eggman) would establish various state clean energy goals for multifamily residential units. Both AB 1405 (Mullin) and SB 338 (Skinner) would require utilities to take action to serve net peak load with more clean energy resources.

Lastly, Mr. De Bernardo provided background and legislative strategy on bills regarding small cell permit streamlining (AB 649, Hueso); increased data collection (AB 1293, Irwin; AB 1431, Arambula; and SB 356, Skinner); and two TURN sponsored bills: AB 79 (Levine) and SB 520 (Mitchell). AB 78 would require more accurate greenhouse gas emission accounting of unspecified resources on a utility's power content label. AB 520 would require POUs to pay intervenor funding for transmission related proceedings at the ISO, CEC, and FERC.

#### ***Item #4 – Regulatory Affairs Update***

Scott Tomashefsky, Regulatory Affairs Manager, gave updates to the committee including: 1) Developments being undertaken by the State to establish utility-specific greenhouse gas (GHG) goals; 2) An update on the California Air Resources Board's Scoping Plan, and; 3) A status report surrounding CARB's proposed cap and trade regulation amendments. It was noted that the Scoping Plan continues to be the State's overarching document that outlines policy direction for carbon emissions. It is scheduled to be adopted in June 2017.

Mr. Tomashefsky explained that NCPA's key policy objective on climate is to continue the cap and trade program beyond 2020 and secure the direct allocation of allowances to NCPA members and electric utilities, and that the agency will continue to work closely with the Joint Utility Group, its public power partners, as well as the CEC and CARB to shape policies and refine tools.

#### ***Item #5 – Member Services***

Jonathan Changus, Member Services Manager & Regulatory Affairs, updated the committee regarding energy efficiency. In the 2016 Annual Energy Efficiency Report, POUs spent \$154 million, resulting in 825 GWh of energy savings. He provided the committee with important upcoming regulatory reporting dates, including:

##### **June 1**

- Power Source Disclosure/Power Content Label
- Annual SF<sub>6</sub> Emissions Report
- GHG Emissions Data (AB 32)

**June 19**

- CEC Workshop on Proposal for 2030 Doubling of EE
- Annual Targets, including POU portion

**June 30**

- Use of GHG Allowances Report (AB 32)
- RPS Triennial Compliance Report (SBx1 2)

**July 1**

- Solar Program Status Report (SB 1)

**October 1**

- 2020 Energy Storage Procurement Target Update

***Item #6 – Western Area Power Administration***

Maury Kruth updated the committee on several Western issues including: 1) the CVPIA Restoration Fund Credits; 2) Western's 2025 CVP Power Marketing Plan; 3) Reclamation's CVP Cost Allocation Study; and, 4) Governor Brown's California WaterFix project.

***Item #7 – NCPA/NWPPA Federal Policy Conference Issues Briefing***

Marty Kanner, President of Kanner and Associates, gave an update on the political climate in Washington, DC, stating that tax reform, regulatory reform, and the budget are key policy issues. He also provided an extensive issue briefing for committee members in preparation for the upcoming NCPA/NWPPA Federal Policy Conference. Key issues reviewed included tax-exempt financing, hydropower licensing reform, workforce development, wildfire funding reform, and the long-term viability of CVP power. He explained that legislative meetings are scheduled in both the House and Senate with key committee staff as well as with Senators and Representatives, and that regulatory meetings are also scheduled with FERC and NERC.

Brent ten Pas, Federal Government Relations Representative, discussed the logistics of the upcoming Federal Policy Conference in Washington, DC, going over the featured speakers for the program, the Commissioner advocacy training, and the policy conference app. As well, he also passed out the most current meeting schedule.

**ADJOURNMENT**

The Legislative and Regulatory Affairs Committee meeting moved to adjournment by Vice Chair, Teresa O'Neill, City of Santa Clara, at 4:14 pm. All were in favor.




# Commission Staff Report

August 16, 2017

**COMMISSION MEETING DATE:** August 24, 2017

**SUBJECT:** July 2017 Financial Report (Unaudited)

**AGENDA CATEGORY:** Consent

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

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

**RECOMMENDATION:**

Approval by all members.

**NOTICE:**

The disbursements of the Northern California Power Agency for the month reported herein, will be approved at the August 24, 2017 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 July 2017 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  
 REPORT OF BUDGET VS. ACTUAL COST  
 FOR THE PERIOD ENDED JULY 31, 2017

PERCENT OF YEAR ELAPSED 8%
----------------------------------

	This Month	Actual Year To-Date	FY 2018 Budget	% Used	
<b>GENERATION RESOURCES</b>					
<b>NCPA Plants</b>					
Hydroelectric					
Other Plant Cost	\$ 1,328,351	\$ 1,328,351	\$ 15,603,994	9%	
Debt Service (Net)	3,188,179	3,188,179	38,258,150	8%	
Annual Budget Cost	4,516,530	4,516,530	53,862,144	8%	
Geothermal					
Other Plant Cost	1,770,248	1,770,248	27,184,263	7%	
Debt Service (Net)	411,312	411,312	4,935,743	8%	
Annual Budget Cost	2,181,560	2,181,560	32,120,006	7%	
Combustion Turbine No. 1	254,600	254,600	2,626,932	10%	
Combustion Turbine No. 2 (Stig)					
Fuel and Pipeline Transport Charges	57,170	57,170	834,641	7%	
Other Plant Cost	123,474	123,474	2,095,083	6%	
Debt Service (Net)	474,410	474,410	5,692,922	8%	
Annual Budget Cost	655,054	655,054	8,622,646	8%	
Lodi Energy Center					
Fuel	1,492,526	1,492,526	14,877,170	10%	
Other Plant Cost	1,296,069	1,296,069	19,794,554	7%	
Debt Service (Net)	2,201,387	2,201,387	26,416,640	8%	
Annual Budget Cost	4,989,982	4,989,982	61,088,364	8%	
Member Resources - Energy	5,550,692	5,550,692	53,389,034	10%	
Member Resources - Natural Gas	302,615	302,615	3,457,156	9%	
Western Resources	2,329,601	2,329,601	30,119,880	8%	
Market Power Purchases	1,496,987	1,496,987	19,318,025	8%	
Load Aggregation Costs - CAISO	5,179,673	5,179,673	233,822,294	2%	
Net GHG Obligations	-	-	445,917	0%	
	<b>27,457,294</b>	<b>27,457,294</b>	<b>498,872,398</b>	<b>6%</b>	
<b>TRANSMISSION</b>					
<b>Independent System Operator</b>					
Grid Management Charge	315,189	315,189	2,466,609	13%	(a)
Wheeling Access Charge	8,645,781	8,645,781	96,760,295	9%	
Ancillary Services	164,792	164,792	2,639,380	6%	
Other Charges	-	-	1,058,438	0%	
	<b>9,125,762</b>	<b>9,125,762</b>	<b>102,924,722</b>	<b>9%</b>	

NORTHERN CALIFORNIA POWER AGENCY  
 REPORT OF BUDGET VS. ACTUAL COST  
 FOR THE PERIOD ENDED JULY 31, 2017

PERCENT OF YEAR ELAPSED 8%
----------------------------------

	This Month	Actual Year To-Date	FY 2018 Budget	% Used
<b>MANAGEMENT SERVICES</b>				
<b>Legislative &amp; Regulatory</b>				
Legislative Representation	110,557	110,557	1,976,008	6%
Regulatory Representation	17,385	17,385	837,639	2%
Western Representation	16,879	16,879	829,636	2%
Member Services	26,133	26,133	436,078	6%
Judicial Action	-	-	625,000	0%
<b>Power Management</b>				
System Control & Load Dispatch	410,331	410,331	5,864,452	7%
Forecasting, Planning, Prescheduling & Trading	166,954	166,954	2,647,017	6%
Industry Restructuring & Regulatory Affairs	27,232	27,232	424,174	6%
Contract Admin, Interconnection Svcs & External Affairs	55,283	55,283	1,151,828	5%
Green Power Project	176	176	17,746	1%
Gas Purchase Program	4,008	4,008	88,131	5%
Market Purchase Project	6,302	6,302	130,141	5%
<b>Energy Risk Management</b>	5,815	5,815	206,836	3%
<b>Settlements</b>	39,941	39,941	774,377	5%
<b>Integrated Systems Support</b>	32,856	32,856	318,562	10%
<b>Participant Pass Through Costs</b>	86,112	86,112	1,525,907	6%
<b>Support Services</b>	1,894	1,894	-	N/A
	<b>1,007,858</b>	<b>1,007,858</b>	<b>17,853,532</b>	<b>6%</b>
<b>TOTAL ANNUAL BUDGET COST</b>	<b>37,590,914</b>	<b>37,590,914</b>	<b>619,650,652</b>	<b>6%</b>
<b>LESS: THIRD PARTY REVENUE</b>				
Plant ISO Energy Sales	9,484,569	9,484,569	70,367,243	13%
Load Aggregation Energy Sales	1,832,601	1,832,601	151,018,772	1%
Ancillary Services Sales	280,469	280,469	2,731,442	10%
Western Resource Energy Sales	-	-	18,026,100	N/A
Transmission Sales	9,198	9,198	110,376	8%
Western Credits, Interest and Other Income	1,677,820	1,677,820	15,712,788	11%
	<b>13,284,657</b>	<b>13,284,657</b>	<b>257,966,721</b>	<b>5%</b>
<b>NET ANNUAL BUDGET COST TO PARTICIPANTS</b>	<b>\$ 24,306,257</b>	<b>\$ 24,306,257</b>	<b>\$ 361,683,931</b>	<b>7%</b>

(a) Variance due to increased generation from the hydroelectric plant.



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

**Schedule of Disbursements  
(Unaudited)**

**For the Month of July 2017**

**Operations:**

<b>Geothermal</b>	<b>\$ 1,089,696</b>
<b>Hydroelectric</b>	<b>4,988,253</b>
<b>CT#1 Combustion Turbines</b>	<b>301,385</b>
<b>CT#2 STIG</b>	<b>414,690</b>
<b>Lodi Energy Center</b>	<b>3,655,903</b>
<b>NCPA Operating</b>	<b>21,859,097</b>
<b>Total</b>	<b><u>\$ 32,309,024</u></b>

**COMBINED STATEMENTS OF NET POSITION**

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

**UNAUDITED**

	July 31,	
	2017	2016
	(in thousands)	
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 45,567	\$ 38,618
Investments	30,032	29,755
Accounts receivable		
Participants	2,907	345
Other	3,193	969
Interest receivable	114	106
Inventory and supplies	9,764	9,162
Prepaid expenses	1,073	451
TOTAL CURRENT ASSETS	<u>92,650</u>	<u>79,406</u>
<b>RESTRICTED ASSETS</b>		
Cash and cash equivalents	45,393	43,640
Investments	152,925	143,916
Interest receivable	342	335
TOTAL RESTRICTED ASSETS	<u>198,660</u>	<u>187,891</u>
<b>ELECTRIC PLANT</b>		
Electric plant in service	1,501,737	1,500,756
Less: accumulated depreciation	(945,294)	(914,536)
	<u>556,443</u>	<u>586,220</u>
Construction work-in-progress	821	212
TOTAL ELECTRIC PLANT	<u>557,264</u>	<u>586,432</u>
<b>OTHER ASSETS</b>		
Regulatory assets	235,789	248,968
Other deposits and prepaids	233	44
TOTAL ASSETS	<u>1,084,596</u>	<u>1,102,741</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Excess cost on refunding of debt	47,407	53,676
Pension deferrals	13,506	9,093
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>60,913</u>	<u>62,769</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,145,509</u>	<u>\$ 1,165,510</u>

COMBINED STATEMENTS OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS

UNAUDITED

	July 31,	
	2017	2016
LIABILITIES	(in thousands)	
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 30,327	\$ 20,562
Member advances	993	993
Operating reserves	20,225	18,810
Current portion of long-term debt	41,635	39,350
Accrued interest payable	4,965	5,265
TOTAL CURRENT LIABILITIES	<u>98,145</u>	<u>84,980</u>
NON-CURRENT LIABILITIES		
Net pension liability	64,589	57,774
Operating reserves and other deposits	143,062	132,542
Interest rate swap liability	15,173	22,261
Long-term debt, net	709,993	751,708
TOTAL NON-CURRENT LIABILITIES	<u>932,817</u>	<u>964,285</u>
TOTAL LIABILITIES	<u>1,030,962</u>	<u>1,049,265</u>
DEFERRED INFLOWS OF RESOURCES		
Regulatory credits	72,097	74,227
Pension deferrals	4,460	6,599
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>76,557</u>	<u>80,826</u>
NET POSITION		
Net investment in capital assets	(41,355)	(42,330)
Restricted	50,716	50,992
Unrestricted	28,629	26,757
TOTAL NET POSITION	<u>37,990</u>	<u>35,419</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 1,145,509</u>	<u>\$ 1,165,510</u>

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

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

**UNAUDITED**

	One Month Ended July 31,	
	2017	2016
	(in thousands)	
OPERATING REVENUES		
Participants	\$ 31,951	\$ 27,559
Other Third-Party	26,539	19,869
TOTAL OPERATING REVENUES	<u>58,490</u>	<u>47,428</u>
OPERATING EXPENSES		
Purchased power	31,229	22,340
Operations	4,319	4,432
Transmission	11,076	8,872
Depreciation	2,581	2,560
Maintenance	1,009	837
Administrative and general	1,013	712
TOTAL OPERATING EXPENSES	<u>51,227</u>	<u>39,753</u>
NET OPERATING REVENUES	<u>7,263</u>	<u>7,675</u>
OTHER (EXPENSES) REVENUES		
Interest expense	(3,371)	(3,530)
Interest income	1,781	(989)
Other	355	4,693
TOTAL OTHER EXPENSES	<u>(1,235)</u>	<u>174</u>
FUTURE RECOVERABLE AMOUNTS	(705)	(551)
REFUNDS TO PARTICIPANTS	<u>(1,645)</u>	<u>158</u>
INCREASE (DECREASE) IN NET POSITION	3,678	7,456
NET POSITION, Beginning of year	<u>34,312</u>	<u>27,963</u>
NET POSITION, Period ended	<u>\$ 37,990</u>	<u>\$ 35,419</u>

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

July 31, 2017

	GENERATING & TRANSMISSION RESOURCES										Other Agency	Combined
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission No. One	Purchased Power & Transmission	Associated Member Services				
<b>ASSETS</b>												
<b>CURRENT ASSETS</b>												
Cash and cash equivalents	\$ 1	\$ -	\$ 1	\$ 1	\$ 72	\$ -	\$ -	\$ 39	\$ -	\$ 45,453	\$ 30,032	\$ 45,567
Investments	-	-	-	-	-	-	-	-	-	-	-	30,032
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-
Participants	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-	-	-	-	-
Inventory and supplies	4,527	1,079	642	1,405	2,111	-	-	-	-	-	-	-
Prepaid expenses	255	222	19	27	208	-	-	-	-	-	-	-
Due from Agency and other programs*	19,071	17,051	2,596	(665)	13,489	-	-	-	-	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>23,854</b>	<b>18,352</b>	<b>3,258</b>	<b>768</b>	<b>15,880</b>	<b>-</b>	<b>-</b>	<b>5,355</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>92,650</b>
<b>RESTRICTED ASSETS</b>												
Cash and cash equivalents	6,617	3,562	317	-	1,611	-	-	-	-	29,353	-	45,393
Investments	17,757	31,580	5,930	-	26,016	-	-	-	-	52,962	-	152,925
Interest receivable	51	84	2	-	77	-	-	-	-	128	-	342
<b>TOTAL RESTRICTED ASSETS</b>	<b>24,425</b>	<b>35,226</b>	<b>6,249</b>	<b>-</b>	<b>27,704</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,443</b>	<b>-</b>	<b>198,660</b>
<b>ELECTRIC PLANT</b>												
Electric plant in service	568,994	394,274	64,826	36,245	423,641	7,736	-	663	-	5,358	-	1,501,737
Less: accumulated depreciation	(532,241)	(253,373)	(46,341)	(34,310)	(68,159)	(7,736)	-	(365)	-	(2,769)	-	(945,294)
	36,753	140,901	18,485	1,935	355,482	-	-	298	-	2,589	-	556,443
Construction work-in-progress	670	-	-	-	107	-	-	-	-	44	-	821
<b>TOTAL ELECTRIC PLANT</b>	<b>37,423</b>	<b>140,901</b>	<b>18,485</b>	<b>1,935</b>	<b>355,589</b>	<b>-</b>	<b>-</b>	<b>298</b>	<b>-</b>	<b>2,633</b>	<b>-</b>	<b>557,264</b>
<b>OTHER ASSETS</b>												
Regulatory assets	556	145,452	11,320	-	21,833	-	-	-	-	56,628	-	255,789
Other deposits and prepaids	14	-	-	-	-	-	-	-	-	10	-	233
<b>TOTAL ASSETS</b>	<b>86,272</b>	<b>339,931</b>	<b>39,312</b>	<b>2,703</b>	<b>421,006</b>	<b>-</b>	<b>-</b>	<b>5,862</b>	<b>-</b>	<b>146,714</b>	<b>-</b>	<b>1,084,596</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>												
Excess cost on refunding of debt	1,831	43,543	2,033	-	-	-	-	-	-	-	-	47,407
Pension deferrals	-	-	-	-	-	-	-	-	-	-	-	13,506
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,831</b>	<b>43,543</b>	<b>2,033</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,913</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 88,103</b>	<b>\$ 383,474</b>	<b>\$ 41,345</b>	<b>\$ 2,703</b>	<b>\$ 421,006</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,862</b>	<b>\$ -</b>	<b>\$ 160,220</b>	<b>\$ -</b>	<b>\$ 1,145,509</b>

\* Eliminated in Combination

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

July 31, 2017

	GENERATING & TRANSMISSION RESOURCES										Other Agency	Combined
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services				
<b>LIABILITIES</b>												
<b>CURRENT LIABILITIES</b>												
Accounts payable and accrued expenses	\$ 269	\$ 717	\$ -	\$ 1	\$ 1,739	\$ -	\$ 22,358	\$ 251	\$ 4,992	\$ 30,327		
Member advances	791	-	-	-	-	-	-	202	-	993		
Operating reserves	6,213	250	513	677	12,572	-	-	-	-	20,225		
Current portion of long-term debt	4,910	22,610	3,760	-	10,355	-	-	-	-	41,635		
Accrued interest payable	58	1,315	918	-	2,674	-	-	-	-	4,965		
<b>TOTAL CURRENT LIABILITIES</b>	<b>12,241</b>	<b>24,892</b>	<b>5,191</b>	<b>678</b>	<b>27,340</b>	<b>-</b>	<b>22,358</b>	<b>453</b>	<b>4,992</b>	<b>98,145</b>		
<b>NON-CURRENT LIABILITIES</b>												
Net pension liability	-	-	-	-	-	-	-	-	-	-		
Operating reserves and other deposits	17,906	16,026	-	-	1,716	-	24,933	39	64,589	143,062		
Interest rate swap liability	-	15,173	-	-	-	-	-	-	82,442	15,173		
Long-term debt, net	24,520	310,184	34,388	-	340,901	-	-	-	-	709,993		
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>42,426</b>	<b>341,383</b>	<b>34,388</b>	<b>-</b>	<b>342,617</b>	<b>-</b>	<b>24,933</b>	<b>39</b>	<b>147,031</b>	<b>932,817</b>		
<b>TOTAL LIABILITIES</b>	<b>54,667</b>	<b>366,275</b>	<b>39,579</b>	<b>678</b>	<b>369,957</b>	<b>-</b>	<b>47,291</b>	<b>492</b>	<b>152,023</b>	<b>1,030,962</b>		
<b>DEFERRED INFLOWS OF RESOURCES</b>												
Regulatory credits	19,482	3,981	987	2,095	42,185	-	-	298	3,069	72,097		
Pension deferrals	-	-	-	-	-	-	-	-	4,460	4,460		
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>19,482</b>	<b>3,981</b>	<b>987</b>	<b>2,095</b>	<b>42,185</b>	<b>-</b>	<b>-</b>	<b>298</b>	<b>7,529</b>	<b>76,557</b>		
<b>NET POSITION</b>												
Net investment in capital assets	(3,375)	(16,307)	(7,252)	-	(14,421)	-	-	-	-	(41,355)		
Restricted	5,581	29,852	5,330	-	12,229	-	(2,276)	-	-	50,716		
Unrestricted	11,748	(327)	2,701	(70)	11,056	-	(2,219)	5,072	668	28,629		
<b>TOTAL NET POSITION</b>	<b>13,954</b>	<b>13,218</b>	<b>779</b>	<b>(70)</b>	<b>8,864</b>	<b>-</b>	<b>(4,495)</b>	<b>5,072</b>	<b>668</b>	<b>37,990</b>		
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 88,103</b>	<b>\$ 383,474</b>	<b>\$ 41,345</b>	<b>\$ 2,703</b>	<b>\$ 421,006</b>	<b>\$ -</b>	<b>\$ 42,796</b>	<b>\$ 5,862</b>	<b>\$ 160,220</b>	<b>\$ 1,145,509</b>		

**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 One Month Ended July 31, 2017**

	GENERATING & TRANSMISSION RESOURCES										Other Agency/ Combined
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency/	Combined	
<b>OPERATING REVENUES</b>											
Participants	\$ 443	\$ (277)	\$ 563	\$ (55)	\$ 4,515	\$ -	\$ 25,263	\$ 1,489	\$ 10	\$ 31,951	
Other Third-Party	2,509	3,986	68	155	3,055	-	16,733	33	-	26,539	
<b>TOTAL OPERATING REVENUES</b>	<b>2,952</b>	<b>3,709</b>	<b>631</b>	<b>100</b>	<b>7,570</b>	<b>10</b>	<b>41,996</b>	<b>1,522</b>	<b>10</b>	<b>58,490</b>	
<b>OPERATING EXPENSES</b>											
Purchased power	-	-	-	-	317	-	30,912	-	-	31,229	
Operations	1,050	212	80	67	2,003	-	303	604	-	4,319	
Transmission	36	212	5	29	26	-	10,768	-	-	11,076	
Depreciation	322	810	184	15	1,217	-	-	8	25	2,581	
Maintenance	249	385	34	92	245	-	-	4	-	1,009	
Administrative and general	456	497	58	62	347	-	-	362	(769)	1,013	
Intercompany (sales) purchases, net*	(43)	17	3	3	19	-	-	-	1	-	
<b>TOTAL OPERATING EXPENSES</b>	<b>2,070</b>	<b>2,133</b>	<b>364</b>	<b>268</b>	<b>4,174</b>	<b>-</b>	<b>41,983</b>	<b>978</b>	<b>(743)</b>	<b>51,227</b>	
<b>NET OPERATING REVENUES</b>	<b>882</b>	<b>1,576</b>	<b>267</b>	<b>(168)</b>	<b>3,396</b>	<b>-</b>	<b>13</b>	<b>544</b>	<b>753</b>	<b>7,263</b>	
<b>OTHER (EXPENSES) REVENUES</b>											
Interest expense	(58)	(1,866)	(146)	-	(1,301)	-	-	-	-	(3,371)	
Interest income	338	117	(47)	-	164	-	208	2	999	1,781	
Other	-	1	87	-	216	-	-	-	51	355	
<b>TOTAL OTHER EXPENSES</b>	<b>280</b>	<b>(1,748)</b>	<b>(106)</b>	<b>-</b>	<b>(921)</b>	<b>-</b>	<b>208</b>	<b>2</b>	<b>1,050</b>	<b>(1,235)</b>	
<b>FUTURE RECOVERABLE AMOUNTS</b>											
	(178)	(557)	(151)	-	181	-	-	-	-	(705)	
<b>REFUNDS TO PARTICIPANTS</b>											
INCREASE (DECREASE) IN NET POSITION	(103)	150	3	(2)	-	-	(948)	34	(779)	(1,645)	
	881	(579)	13	(170)	2,656	-	(727)	580	1,024	3,678	
<b>NET POSITION, Beginning of year</b>	<b>13,073</b>	<b>13,797</b>	<b>766</b>	<b>100</b>	<b>6,208</b>	<b>-</b>	<b>(3,768)</b>	<b>4,492</b>	<b>(356)</b>	<b>34,312</b>	
<b>NET POSITION, Period ended</b>	<b>\$ 13,954</b>	<b>\$ 13,218</b>	<b>\$ 779</b>	<b>\$ (70)</b>	<b>\$ 8,864</b>	<b>\$ -</b>	<b>\$ (4,495)</b>	<b>\$ 5,072</b>	<b>\$ 668</b>	<b>\$ 37,990</b>	

\* Eliminated in Combination

**NORTHERN CALIFORNIA POWER AGENCY & ASSOCIATED POWER CORPORATIONS**  
**AGED ACCOUNTS RECEIVABLE**  
**July 31, 2017**

<u>Status</u>	<u>Participant / Customer</u>	<u>Description</u>	<u>Amount</u>
CURRENT			\$ 6,098,230
PAST DUE:			
1 - 30	Lodi	Support Services Training	1,041
31 - 60			
61 - 90			
91 - 120			
Over 120 Days			
<b>PARTICIPANT and OTHER RECEIVABLES (net)</b>			<u><u>\$ 6,099,270</u></u>

**NOTE: All amounts invoiced or credited to members and others are project/program specific.  
NCPA does not apply any credits issued to outstanding invoices unless directed.**





11

# Commission Staff Report

August 16, 2017

**COMMISSION MEETING DATE:** August 24, 2017

**SUBJECT:** Treasurer's Report for Month Ended July 31, 2017

**AGENDA CATEGORY:** Consent

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

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

**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 \$27,537,780 of which approximately \$7,192 was applicable to Special and Reserve Fund Deposits, \$318,162 to Debt Service and \$27,212,426 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 \$246,131,343 at month end. The current market value of the portfolio totaled \$244,895,645.

The overall portfolio had a combined weighted average interest rate of 1.141% with a bond equivalent yield (yield to maturity) of 1.156%. Investments with a maturity greater than one year totaled \$152,366,000. July maturities totaled \$3.5 million and monthly receipts totaled \$39 million. During the month \$22 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 11 basis points (from 1.02% to 1.13%) and rates on one year T-Bills increased 1 basis point (from 1.22% to 1.23%).

To the best of my knowledge and belief, all securities held by NCPA as of July 31, 2017 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: 190:17**

# NORTHERN CALIFORNIA POWER AGENCY

## TREASURER'S REPORT

JULY 31, 2017

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**Northern California Power Agency  
Treasurer's Report  
Cash & Investment Balance  
July 31, 2017**

	<b>CASH</b>	<b>INVESTMENTS</b>	<b>TOTAL</b>	<b>PERCENT</b>
<b>NCPA FUNDS</b>				
Operating	\$ 24,830,464	\$ 71,960,606	96,791,070	35.37%
Special Deposits	1,417,705	0	1,417,705	0.52%
Construction	964,257	3,976,122	4,940,379	1.81%
Debt Service	318,162	12,210,458	12,528,620	4.58%
Special & Reserve	7,192	157,984,157	157,991,349	57.73%
	<b>\$ 27,537,780</b>	<b>\$ 246,131,343</b>	<b>\$ 273,669,123</b>	<b>100.00%</b>

Portfolio Investments at Market Value

\$ 244,895,645

NOTE A -Investment amounts shown at book carrying value.

**Northern California Power Agency  
Treasurer's Report  
Cash Activity Summary  
July 31, 2017**

	RECEIPTS			EXPENDITURES			CASH INCREASE / (DECREASE)
	OPS/CONSTR	INTEREST (NOTE B)	INVESTMENTS (NOTE A)	OPS/CONSTR	INVESTMENTS (NOTE B)	INTER-COMPANY/ FUND TRANSFERS	
<b>NCPA FUNDS</b>							
Operating	\$ 33,906,587	\$ 118,946	\$ 10,000	\$ (18,013,806)	\$ (11,164,808)	\$ (11,198,876)	\$ (6,341,957)
Special Deposits	4,956,703	7	-	(8,392,472)	-	3,850,411	414,649
Construction	-	15,231	-	-	-	-	15,231
Debt Service	-	39	1,053	(32,014,146)	(5,609,561)	5,884,773	(31,737,842)
Special & Reserve	-	303,892	3,497,317	-	(5,531,920)	1,463,692	(267,019)
	<b>\$ 38,863,290</b>	<b>\$ 438,115</b>	<b>\$ 3,508,370</b>	<b>\$ (58,420,424)</b>	<b>\$ (22,306,289)</b>	<b>\$ -</b>	<b>\$ (37,916,938)</b>

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  
July 31, 2017**

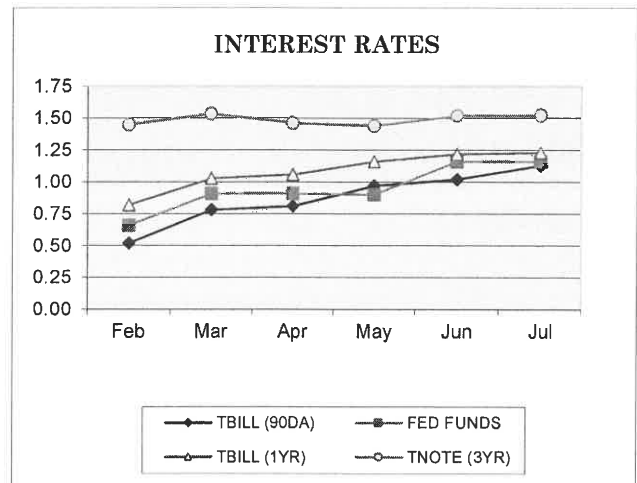
	PURCHASED	SOLD OR MATURED	(NON-CASH) DISC/(PREM) AMORT	(NON-CASH) GAIN/(LOSS) ON SALE	INVESTMENTS	
					TRANSFERS	INCREASE / (DECREASE)
<b>NCPA FUNDS</b>						
Operating	\$ 11,164,808	\$ (10,000)	\$ (3,102)	\$ -	\$ -	\$ 11,151,706
Special Deposits	-	-	-	-	-	-
Construction	-	-	(594)	-	-	(594)
Debt Service	5,609,561	(1,053)	5,353	-	-	5,613,861
Special & Reserve	5,531,920	(3,497,317)	(4,154)	-	-	2,030,449
	<u>\$ 22,306,289</u>	<u>\$ (3,508,370)</u>	<u>\$ (2,497)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>18,795,422</u>
<b>Less Non- Cash Activity</b>						
Disc/(Prem) Amortization & Gain/(Loss) on Sale						<u>2,497</u>
<b>Net Change in Investment --Before Non-Cash Activity</b>						<u>\$ 18,797,919</u>

NOTE A -Investment amounts shown at book carrying value.

**Northern California Power Agency  
Interest Rate/Yield Analysis  
July 31, 2017**

	<u>WEIGHTED AVERAGE INTEREST RATE</u>	<u>BOND EQUIVALENT YIELD</u>
<b>OVERALL COMBINED</b>	<u>1.141%</u>	<u>1.156%</u>
<b><u>OPERATING FUNDS:</u></b>	1.100%	1.065%
<b><u>PROJECTS:</u></b>		
Geothermal	1.346%	1.361%
Capital Facilities	1.125%	1.125%
Hydroelectric	1.419%	1.375%
Lodi Energy Center	1.613%	1.300%

<b>KEY INTEREST RATES</b>		
	<u>CURRENT</u>	<u>PRIOR YEAR</u>
Fed Fds (Ovrnight)	1.16%	0.40%
T-Bills (90da.)	1.13%	0.29%
Agency Disc (90da.)	1.05%	0.33%
T-Bills (1yr.)	1.23%	0.53%
Agency Disc (1yr.)	1.19%	0.62%
T-Notes (3yr.)	1.52%	0.83%



**Northern California Power Agency  
Total Portfolio  
Investment Maturities Analysis  
July 31, 2017**

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	\$ 4,379	\$ 4,170	\$7,925	\$ 4,637	\$ 3,993	\$ 152,366	\$ -	\$ 177,470	65.57%
US Bank Trust Money Market	7							7	0.00%
Commercial Paper	5,000							5,000	1.85%
Investment Trusts (LAIF)	63,046							63,046	23.29%
U.S.Treasury Market Acct. *	25,143							25,143	9.29%
U.S.Treasury Bill									0.00%
Certificates of Deposit		10						10	0.00%
<b>Total Dollars</b>	<b>\$ 97,575</b>	<b>\$4,180</b>	<b>\$7,925</b>	<b>\$4,637</b>	<b>\$3,993</b>	<b>\$152,366</b>	<b>\$0</b>	<b>\$ 270,676</b>	<b>100.00%</b>
<b>Total Percents</b>	<b>36.05%</b>	<b>1.54%</b>	<b>2.93%</b>	<b>1.71%</b>	<b>1.48%</b>	<b>56.29%</b>	<b>0.00%</b>	<b>100.00%</b>	

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**  
**07/31/2017**

**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	5,000,000	0.100	11/26/2014	5,000,000		1	0.100	5,000,000	SYST0101	70101	5,000,000
Local Agency Investm	LAIF	20,432,915	0.923	07/01/2013	20,432,915		1	0.923	20,432,915	SYST0000	70000	20,432,915
Union Bank of Califo	UBOC	115,106	0.002	07/01/2013	115,106		1	0.002	115,106	SYST0014	70014	115,106
US Bank	USB	24,830,462	0.001	06/30/2013	24,830,462		1	0.001	24,830,462	SYST0050	70050	24,830,462
US Bank	USB	10,000	0.050	07/07/2017	10,000	10/07/2017	67	0.050	10,000	SYST00304	30304	10,000
Federal Farm Credit	UBOC	3,626,000	1.290	12/21/2015	3,624,948	11/19/2018	475	1.300	3,624,042	3133EFPJ0	26280	3,625,530
Federal Home Loan Mt	UBOC	9,870,000	1.750	06/09/2015	9,983,900	05/30/2019	667	1.450	9,938,597	3137EADG1	26231	9,922,453
Federal Home Loan Ba	UBOC	7,785,000	1.400	07/19/2016	7,781,108	01/19/2021	1,267	1.411	7,653,278	3130A8P80	26355	7,782,001
Federal Home Loan Mt	UBOC	3,500,000	1.500	11/23/2016	3,500,000	08/23/2021	1,483	1.500	3,435,845	3134GAVH4	26385	3,500,000
Federal Home Loan Mt	UBOC	202,000	2.200	01/30/2017	202,000	01/26/2022	1,639	2.200	202,006	3134GAV92	26403	202,000
<b>Fund Total and Average</b>		<b>\$ 75,371,483</b>	<b>0.770</b>		<b>\$ 75,480,439</b>		<b>315</b>	<b>0.732</b>	<b>\$ 75,242,251</b>			<b>\$ 75,420,467</b>

**MPP GHG Auction Acct**

Local Agency Investm		39,114	0.923	07/01/2013	39,114		1	0.923	39,114	SYST0045	70045	39,114
<b>Fund Total and Average</b>		<b>\$ 39,114</b>	<b>0.924</b>		<b>\$ 39,114</b>		<b>1</b>	<b>0.924</b>	<b>\$ 39,114</b>			<b>\$ 39,114</b>

**SCPA Balancing Account**

Local Agency Investm	LAIF	2,545,265	0.923	07/01/2013	2,545,265		1	0.923	2,545,265	SYST0022	70022	2,545,265
Union Bank of Califo	UBOC	34,419	0.005	07/01/2013	34,419		1	0.005	34,419	SYST0023	70023	34,419
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYST0058	70058	0
Federal Home Loan Ba	UBOC	4,510,000	1.000	04/27/2015	4,510,000	04/27/2018	269	1.000	4,504,768	3130A55T2	26223	4,510,000
Federal National Mfg	UBOC	3,962,000	1.625	12/18/2014	4,000,630	11/27/2018	483	1.369	3,976,659	3135G0YT4	26187	3,974,958
Federal National Mfg	UBOC	5,098,000	1.350	04/28/2016	5,098,000	10/28/2019	818	1.350	5,074,855	3135G0J95	26330	5,098,000
Federal National Mfg	UBOC	5,097,000	1.350	07/28/2016	5,097,000	07/28/2020	1,092	1.350	4,973,958	3136G3T39	26357	5,097,000
<b>Fund Total and Average</b>		<b>\$ 21,246,684</b>	<b>1.274</b>		<b>\$ 21,285,314</b>		<b>605</b>	<b>1.226</b>	<b>\$ 21,109,924</b>			<b>\$ 21,259,642</b>

**General Operating Reserve**

Local Agency Investm	LAIF	29,199,112	0.923	07/01/2013	29,199,112		1	0.923	29,199,112	SYST0000	70002	29,199,112
Union Bank of Califo	UBOC	153,019	0.002	07/01/2013	153,019		1	0.002	153,019	SYST0019	70019	153,019
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYST0051	70051	0
Federal National Mfg	UBOC	5,970,000	1.625	12/23/2014	6,009,701	11/27/2018	483	1.450	5,992,089	3135G0YT4	26188	5,983,365
Federal National Mfg	UBOC	4,982,000	1.750	08/28/2015	5,047,364	11/26/2019	847	1.430	5,015,878	3135G0Z72	26246	5,017,719
Federal Farm Credit	UBOC	4,285,000	1.440	07/20/2016	4,280,715	01/19/2021	1,267	1.463	4,225,096	3133EGMP7	26356	4,281,697
Federal Home Loan Ba	UBOC	16,720,000	1.400	07/19/2016	16,711,640	01/19/2021	1,267	1.411	16,437,098	3130A8P80	26354	16,713,560

07/31/2017

General Operating 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
Federal National Mtg	UBOC	5,162,000	1.625	05/25/2016	5,162,000	05/25/2021	1,393	1.625	5,059,328	3136G3NLS	26332	5,162,000
Federal National Mtg	UBOC	1,300,000	1.500	08/30/2016	1,300,000	05/28/2021	1,396	1.500	1,267,864	3136G33W3	26368	1,300,000
Federal Farm Credit	UBOC	10,629,000	1.690	06/02/2016	10,629,000	06/02/2021	1,401	1.690	10,580,000	3133EGDHS	26335	10,629,000
Federal Home Loan Mt	UBOC	467,000	2.200	01/30/2017	467,000	01/26/2022	1,639	2.200	467,014	3134GAV92	26402	467,000
Federal Home Loan Mt	UBOC	3,408,000	2.150	05/25/2017	3,408,000	02/25/2022	1,669	2.150	3,408,170	3134GBMJ8	26433	3,408,000
<b>Fund Total and Average</b>		<b>\$ 82,275,131</b>	<b>1.357</b>		<b>\$ 82,367,551</b>		<b>779</b>	<b>1.328</b>	<b>\$ 81,804,668</b>			<b>\$ 82,314,472</b>
<b>GRAND TOTALS:</b>		<b>\$ 178,932,412</b>	<b>1.100</b>		<b>\$ 179,172,418</b>		<b>563</b>	<b>1.065</b>	<b>\$ 178,195,957.</b>			<b>\$ 179,033,695</b>

\*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 07/31/2017

- Investment #26330 FNMA Callable quarterly
- Investment #26332 FNMA Callable quarterly
- Investment #26335 FFCB Callable anytime
- Investment #26354 FHLB Callable anytime
- Investment #26355 FHLB Callable anytime
- Investment #26356 FFCB Callable anytime
- Investment #26357 FNMA Callable quarterly
- Investment #26368 FNMA Callable quarterly
- Investment #26385 FHLMC Callable quarterly
- Investment #26402 FHLMC Callable 1/26/18, then quarterly
- Investment #26403 FHLMC Callable 1/26/18, then quarterly
- Investment #26433 FHLMC Callable quarterly



**Northern California Power Agency**  
**Treasurer's Report**  
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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	240,000	1.080	07/28/2017	238,862	01/02/2018	154	1.100	238,850	313385RG3A	26441	238,891
<b>Fund Total and Average</b>		<b>\$ 240,000</b>	<b>1.080</b>		<b>\$ 238,862</b>		<b>154</b>	<b>1.100</b>	<b>\$ 238,850</b>			<b>\$ 238,891</b>

**Geo 2012A Debt Service**

Federal Home Loan Ba	USBT	128,000	1.080	07/28/2017	127,393	01/02/2018	154	1.100	127,387	313385RG3A	26442	127,409
<b>Fund Total and Average</b>		<b>\$ 128,000</b>	<b>1.080</b>		<b>\$ 127,393</b>		<b>154</b>	<b>1.100</b>	<b>\$ 127,387</b>			<b>\$ 127,409</b>

**Geo 2016A Debt Service**

U.S. Treasury	USBT	58,000	1.039	07/28/2017	57,744	12/28/2017	149	1.059	57,745	912796MJ5	26443	57,750
<b>Fund Total and Average</b>		<b>\$ 58,000</b>	<b>1.040</b>		<b>\$ 57,744</b>		<b>149</b>	<b>1.059</b>	<b>\$ 57,745</b>			<b>\$ 57,750</b>

**Geothermal Special Reserve**

Local Agency Investm	LAIF	0	0.356	07/01/2013	0		1	0.356	0	SYS70032	70032	0
Union Bank of Calif	UBOC	0	0.002	07/01/2013	0		1	0.002	0	SYS70015	70015	0
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYS70063	70063	0
Federal Home Loan Mt	UBOC	1,500,000	1.150	02/26/2016	1,500,000	11/26/2018	482	1.150	1,495,410	3134G8KVO	26302	1,500,000
<b>Fund Total and Average</b>		<b>\$ 1,500,000</b>	<b>1.150</b>		<b>\$ 1,500,000</b>		<b>482</b>	<b>1.150</b>	<b>\$ 1,495,410</b>			<b>\$ 1,500,000</b>

**Geo Decommissioning Reserve**

Local Agency Investm	LAIF	5,724,439	0.923	07/01/2013	5,724,439		1	0.923	5,724,439	SYS70027	70027	5,724,439
Union Bank of Calif	UBOC	10,154	0.002	07/01/2013	10,154		1	0.002	10,154	SYS70034	70034	10,154
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYS70059	70059	0
Federal National Mtg	UBOC	9,700,000	1.500	08/30/2016	9,700,000	05/28/2021	1,396	1.500	9,460,216	3136G33W3	26369	9,700,000
Federal Home Loan Mt	UBOC	941,000	2.200	01/30/2017	941,000	01/26/2022	1,639	2.200	941,028	3134GAV92	26404	941,000
<b>Fund Total and Average</b>		<b>\$ 16,375,593</b>	<b>1.338</b>		<b>\$ 16,375,593</b>		<b>921</b>	<b>1.338</b>	<b>\$ 16,135,837</b>			<b>\$ 16,375,593</b>

**GEO Debt Service Reserve Acct**

U.S. Treasury	USB	31,000	1.060	07/28/2017	30,828	02/01/2018	184	1.080	30,825	912796LJ6	26449	30,832
Federal Home Loan Mt	USBT	907,000	1.750	06/02/2015	920,886	05/30/2019	667	1.354	913,304	3137EADG1	26228	913,364
Federal Home Loan Mt	USBT	2,515,000	1.250	02/27/2015	2,483,839	10/02/2019	792	1.530	2,503,884	3137EADM8	26197	2,500,295

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GEO Debt Service Reserve 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
Fund Total and Average		\$ 3,453,000	1.381		\$ 3,435,553		753	1.480	\$ 3,448,013			\$ 3,444,491
<b>Geo 2012A DSR Account</b>												
U.S. Treasury	USB	28,000	1.040	07/28/2017	27,876	12/28/2017	149	1.059	27,877	912796MJ5	26450	27,879
Federal National Mtg	USBT	1,517,000	1.625	05/25/2016	1,517,000	05/25/2021	1,393	1.625	1,486,827	3136G3NL5	26333	1,517,000
Fund Total and Average		\$ 1,545,000	1.614		\$ 1,544,876		1371	1.615	\$ 1,514,704			\$ 1,544,879
GRAND TOTALS:		\$ 23,299,593	1.346		\$ 23,280,021		884	1.361	\$ 23,017,946.			\$ 23,289,013

\*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 07/31/2017

- Investment #26302 FHLMC Callable quarterly
- Investment #26333 FNMA Callable quarterly
- Investment #26369 FNMA Callable quarterly
- Investment #26404 FHLMC Callable 1/26/18, then quarterly



**Northern California Power Agency**  
**Treasurer's Report**  
**07/31/2017**

**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	3,472,761	0.923	07/01/2013	3,472,761		1	0.923	3,472,761	SYS70028	70028	3,472,761
Union Bank of Califo	UBOC	9	0.002	07/01/2013	9		1	0.002	9	SYS70031	70031	9
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYS70052	70052	0
Federal Home Loan Mt	UBOC	3,993,000	0.950	06/29/2016	3,993,000	06/29/2018	332	0.950	3,979,943	3134G9A80	26339	3,993,000
Federal Home Loan Mt	UBOC	3,221,000	1.150	02/29/2016	3,221,000	11/26/2018	482	1.150	3,211,144	3134G8KVO	26304	3,221,000
Federal National Mtg	UBOC	5,320,000	1.350	06/30/2016	5,320,000	12/30/2019	881	1.350	5,273,344	3136G3VHS	26340	5,320,000
<b>Fund Total and Average</b>		<b>\$ 16,006,770</b>	<b>1.118</b>		<b>\$ 16,006,770</b>		<b>473</b>	<b>1.118</b>	<b>\$ 15,937,201</b>			<b>\$ 16,006,770</b>

**Hydro Initial Facilities**

Federal National Mtg	USB	1,529,000	1.625	12/12/2014	1,539,244	11/27/2018	483	1.450	1,534,657	3135GOYT4	26189	1,532,422
Federal Farm Credit	USB	2,437,000	1.250	02/02/2016	2,450,501	01/22/2019	539	1.060	2,433,954	3133EFV07	26300	2,443,700
<b>Fund Total and Average</b>		<b>\$ 3,966,000</b>	<b>1.395</b>		<b>\$ 3,989,745</b>		<b>517</b>	<b>1.210</b>	<b>\$ 3,968,611</b>			<b>\$ 3,976,122</b>

**Hydro Debt Service**

Federal Home Loan Ba	USBT	2,994,000	1.080	07/28/2017	2,979,808	01/02/2018	154	1.100	2,979,659	313385RG3A	26444	2,980,168
<b>Fund Total and Average</b>		<b>\$ 2,994,000</b>	<b>1.080</b>		<b>\$ 2,979,808</b>		<b>154</b>	<b>1.100</b>	<b>\$ 2,979,659</b>			<b>\$ 2,980,168</b>

**Hydro Debt Service Resrv 2010A**

Federal Home Loan Ba	USB	135,000	4.375	07/28/2017	142,601	07/01/2019	699	1.400	142,547	3133XUJG6	26451	142,568
Federal Farm Credit	USB	5,528,000	1.750	08/28/2015	5,546,187	08/04/2020	1,099	1.680	5,497,817	3133EESZ9	26243	5,539,090
<b>Fund Total and Average</b>		<b>\$ 5,663,000</b>	<b>1.816</b>		<b>\$ 5,688,788</b>		<b>1089</b>	<b>1.673</b>	<b>\$ 5,640,364</b>			<b>\$ 5,681,668</b>

**Hydro 2012A Rebate Account**

Federal Home Loan Mt	USB	689,000	1.875	04/28/2017	691,391	08/09/2021	1,469	1.790	689,785	3134G93A3	26432	691,247
<b>Fund Total and Average</b>		<b>\$ 689,000</b>	<b>1.875</b>		<b>\$ 691,391</b>		<b>1469</b>	<b>1.790</b>	<b>\$ 689,785</b>			<b>\$ 691,247</b>

**Hydro Special Reserve**

Local Agency Investm	LAIF	0	0.377	07/01/2013	0		1	0.377	0	SYS70000	70003	0
Local Agency Investm	LAIF	0	0.356	07/01/2013	0		1	0.356	0	SYS70033	70033	0
Union Bank of Califo	UBOC	0	0.002	07/01/2013	0		1	0.002	0	SYS70016	70016	0
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYS70064	70064	0

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Hydro Special Reserve

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equity Yield	Market Value	CUSIP	Investment #	Carrying Value
Federal Home Loan Mt	UBOC	1,500,000	1.150	02/26/2016	1,500,000	11/26/2018	482	1.150	1,495,410	3134G8KVO	26303	1,500,000
<b>Fund Total and Average</b>		<b>\$ 1,500,000</b>	<b>1.150</b>		<b>\$ 1,500,000</b>		<b>482</b>	<b>1.150</b>	<b>\$ 1,495,410</b>			<b>\$ 1,500,000</b>

Hydro 2012 DSRA

U.S. Treasury	USB	96,000	1.060	07/28/2017	96,469	02/01/2018	184	1.080	95,458	912796LJ6	26452	95,480
Federal Farm Credit	USB	100,000	1.750	08/28/2015	100,329	08/04/2020	1,099	1.680	99,454	3133EE5Z9	26244	100,201
Federal National Mtg	USB	94,000	1.530	07/28/2016	94,000	07/28/2021	1,457	1.530	91,240	3136G3SS7	26359	94,000
Federal Home Loan Mt	USB	3,928,000	2.375	02/09/2012	3,926,232	01/13/2022	1,626	2.380	4,016,459	3137EADB2	25852	3,927,208
<b>Fund Total and Average</b>		<b>\$ 4,218,000</b>	<b>2.312</b>		<b>\$ 4,216,030</b>		<b>1577</b>	<b>2.315</b>	<b>\$ 4,302,611</b>			<b>\$ 4,216,889</b>
<b>GRAND TOTALS:</b>		<b>\$ 35,036,770</b>	<b>1.419</b>		<b>\$ 35,072,532</b>		<b>704</b>	<b>1.375</b>	<b>\$ 35,013,641.</b>			<b>\$ 35,052,854</b>

\*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 07/31/2017

- Investment #26303 FHLMC Callable quarterly
- Investment #26339 FHLMC Callable quarterly
- Investment #26340 FNMA Callable quarterly
- Investment #26359 FNMA Callable quarterly



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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 Ba	USBT	469,000	0.810	04/26/2017	467,976	08/01/2017	0	0.823	469,000	313385JW7A	26426	469,000
Federal Home Loan Ba	USBT	469,000	0.900	05/31/2017	468,273	08/01/2017	0	0.913	469,000	313385JW7A	26434	469,000
Federal Home Loan Mt	USBT	939,000	0.595	01/27/2017	936,113	08/01/2017	0	0.605	939,000	313397JW2	26397	939,000
Federal Home Loan Mt	USBT	1,093,000	0.620	02/02/2017	1,089,612	08/01/2017	0	0.630	1,093,000	313397JW2	26405	1,093,000
Federal Home Loan Mt	USBT	470,000	0.609	02/28/2017	468,774	08/01/2017	0	0.620	470,000	313397JW2	26406	470,000
Federal National Mtg	USBT	470,000	0.780	03/29/2017	468,727	08/01/2017	0	0.792	470,000	313589JW4A	26418	470,000
Federal National Mtg	USBT	469,000	0.859	06/30/2017	468,641	08/01/2017	0	0.872	469,000	313589JW4A	26435	469,000
<b>Fund Total and Average</b>		<b>\$ 4,379,000</b>	<b>0.707</b>		<b>\$ 4,368,116</b>		<b>0</b>	<b>0.718</b>	<b>\$ 4,379,000</b>			<b>\$ 4,379,000</b>

**Cap. Fac. Debt Svc Reserve**

U.S. Treasury	USB	35,000	1.040	07/28/2017	34,845	12/28/2017	149	1.059	34,846	912796MJ5	26453	34,849
Federal National Mtg	USB	71,000	1.530	07/28/2016	71,000	07/28/2021	1,457	1.530	68,915	3136G3S97	26358	71,000
Federal Home Loan Mt	USB	1,443,000	2.375	02/13/2012	1,447,430	01/13/2022	1,626	2.340	1,475,496	3137EADB2	25845	1,444,988
<b>Fund Total and Average</b>		<b>\$ 1,549,000</b>	<b>2.306</b>		<b>\$ 1,553,275</b>		<b>1585</b>	<b>2.274</b>	<b>\$ 1,579,257</b>			<b>\$ 1,550,837</b>
<b>GRAND TOTALS:</b>		<b>\$ 5,928,000</b>	<b>1.125</b>		<b>\$ 5,921,391</b>		<b>415</b>	<b>1.125</b>	<b>\$ 5,958,257.</b>			<b>\$ 5,929,837</b>

\*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 07/31/2017  
 Investment #26358 FNMA Callable quarterly





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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		71,843	0.923	07/01/2013	71,843		1	0.923	71,843	SYS70046	70046	71,843
<b>Fund Total and Average</b>		<b>\$ 71,843</b>	<b>0.924</b>		<b>\$ 71,843</b>		<b>1</b>	<b>0.924</b>	<b>\$ 71,843</b>			<b>\$ 71,843</b>

LEC Issue#1 2010A DS Fund

US Bank Trust	USB	368	0.100	07/01/2013	368		1	0.100	368	SYS79003	79003	368
Federal Home Loan Ba	USBT	701,000	1.050	06/30/2017	697,851	12/01/2017	122	1.069	698,413	313385PY6	26436	698,506
Federal Home Loan Ba	USBT	696,000	1.070	07/28/2017	693,393	12/01/2017	122	1.088	693,432	313385PY6	26445	693,476
<b>Fund Total and Average</b>		<b>\$ 1,397,368</b>	<b>1.060</b>		<b>\$ 1,391,612</b>		<b>122</b>	<b>1.079</b>	<b>\$ 1,392,213</b>			<b>\$ 1,392,350</b>

LEC Issue #1 2010B DS Fund

US Bank Trust	USB	173	0.100	07/01/2013	173		1	0.100	173	SYS79004	79004	173
Federal Home Loan Ba	USBT	732,000	1.050	06/30/2017	728,712	12/01/2017	122	1.069	729,299	313385PY6	26437	729,395
Federal Home Loan Ba	USBT	729,000	1.070	07/28/2017	726,270	12/01/2017	122	1.088	726,310	313385PY6	26446	726,357
<b>Fund Total and Average</b>		<b>\$ 1,461,173</b>	<b>1.060</b>		<b>\$ 1,455,155</b>		<b>122</b>	<b>1.079</b>	<b>\$ 1,455,782</b>			<b>\$ 1,455,925</b>

LEC Issue #2 2010A DS Fund

US Bank Trust	USB	309	0.100	07/01/2013	309		1	0.100	309	SYS79011	79011	309
Federal Home Loan Ba	USBT	442,000	1.050	06/30/2017	440,015	12/01/2017	122	1.069	440,369	313385PY6	26438	440,427
Federal Home Loan Ba	USBT	439,000	1.070	07/28/2017	437,356	12/01/2017	122	1.088	437,380	313385PY6	26447	437,408
<b>Fund Total and Average</b>		<b>\$ 881,309</b>	<b>1.060</b>		<b>\$ 877,680</b>		<b>122</b>	<b>1.079</b>	<b>\$ 878,058</b>			<b>\$ 878,144</b>

LEC Issue #2 2010B DS Fund

US Bank Trust	USB	346	0.100	07/01/2013	346		1	0.100	346	SYS79012	79012	346
Federal Home Loan Ba	USBT	353,000	1.050	06/30/2017	351,414	12/01/2017	122	1.069	351,697	313385PY6	26439	351,744
Federal Home Loan Ba	USBT	350,000	1.070	07/28/2017	348,689	12/01/2017	122	1.088	348,709	313385PY6	26448	348,731
<b>Fund Total and Average</b>		<b>\$ 703,346</b>	<b>1.059</b>		<b>\$ 700,449</b>		<b>122</b>	<b>1.079</b>	<b>\$ 700,752</b>			<b>\$ 700,821</b>

LEC Issue #1 2010 DSR Fund

US Bank Trust	USB	2,396	0.100	07/01/2013	2,396		1	0.100	2,396	SYS79005	79005	2,396
Federal National Mtg	USB	4,170,000	0.875	05/30/2014	4,171,960	08/28/2017	27	0.977	4,169,333	3135GOMZ3	26136	4,170,045
Federal Farm Credit	USB	4,360,000	1.660	06/08/2016	4,360,000	05/25/2021	1,393	1.659	4,320,237	3133EGBZ7	26337	4,360,000

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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's Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Federal Home Loan Mt	USB	150,000	1.125	07/28/2017	146,648	08/12/2021	1,472	1.699	146,292	3137EAECS	26454	146,654
<b>Fund Total and Average</b>												
		\$ 8,662,396	1.273		\$ 8,681,004	738	1.333		\$ 8,638,258			\$ 8,679,095

LEC Iss#1 2010B BABS Subs Resv

US Bank Trust	USB	1,158	0.100	07/01/2013	1,158		1	0.100	1,158	SYS79006	79006	1,158
Federal Home Loan Ba	USB	2,145,000	3.375	07/28/2017	2,255,146	06/12/2020	1,046	1.540	2,253,730	313370E38	26455	2,254,826
<b>Fund Total and Average</b>												
		\$ 2,146,158	3.373		\$ 2,256,304	1045	1.539		\$ 2,254,888			\$ 2,255,984

LEC Issue #2 2010B DSR BABS

US Bank Trust	USB	2,581	0.100	07/01/2013	2,581		1	0.100	2,581	SYS79013	79013	2,581
Federal Home Loan Ba	USB	1,025,000	4.375	07/28/2017	1,082,708	07/01/2019	699	1.400	1,082,298	31333XU3G6	26456	1,082,458
<b>Fund Total and Average</b>												
		\$ 1,027,581	4.365		\$ 1,085,289	697	1.397		\$ 1,084,879			\$ 1,085,039

LEC O & M Reserve

Local Agency Investm		1,561,023	0.923	07/01/2013	1,561,023		1	0.923	1,561,023	SYS70047	70047	1,561,023
Union Bank of Califo	UBOC	145	0.002	07/18/2013	145		1	0.002	145	SYS70041	70041	145
Federal National Mtg	UBOC	2,933,000	1.875	08/28/2015	2,998,142	02/19/2019	567	1.220	2,954,587	3135G0ZA4	26248	2,962,056
Federal Home Loan Ba	USB	3,615,000	1.540	06/30/2017	3,613,952	06/05/2020	1,039	1.550	3,610,734	3130ABJ00	26440	3,613,982
Federal National Mtg	UBOC	3,000,000	1.300	06/30/2016	3,000,000	06/30/2020	1,064	1.300	2,937,150	3136G3UJ2	26341	3,000,000
<b>Fund Total and Average</b>												
		\$ 11,109,168	1.478		\$ 11,173,262	775	1.307		\$ 11,063,639			\$ 11,137,206
<b>GRAND TOTALS:</b>												
		\$ 27,480,342	1.613		\$ 27,692,598	676	1.300		\$ 27,540,312			\$ 27,656,407

\*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 07/31/2017  
Investment #26337 FFCB Callable anytime



# Commission Staff Report

August 16, 2017

**COMMISSION MEETING DATE:** August 24, 2017

**SUBJECT:** Debt and Interest Rate Management Report – June 30, 2017

**AGENDA CATEGORY:** Consent

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

**IMPACTED MEMBERS:**

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

*If other, please specify*

\_\_\_\_\_

\_\_\_\_\_

## **RECOMMENDATION:**

It is recommended the Commission accept the Debt and Interest Rate Management Report for the period ending June 30, 2017.

## **BACKGROUND:**

In accordance with the Debt and Interest Rate Management Policy, Section 20, *Monitoring and Reporting Requirements*, approved by the Commission in May 2017, the Finance team will provide a written report regarding the status of all fixed and variable rate debt and the Agency's interest rate swaps on a semi-annual basis to the Finance Committee and to the Commission.

The report, for the period ending June 30, 2017, is attached for your information and acceptance. Listed below is a summary of the report.

Fixed Rate Debt – No new fixed rate debt was issued. However, staff continues to receive refunding opportunities for the Hydro Project Number One Revenue Bonds, 2008 Refunding Series C and this was discussed at length by the Finance Committee. NCPA staff was given direction by the committee to start putting together 'the team' for refunding these bonds. At today's rates, the bonds have a projected net present value (NPV) savings around 10% or over \$1 million per year in debt service savings, assuming the surety reserve can be replaced. The next steps are completing the financial advisory services contract and then issue an RFP for Underwriting (UW) services. The bonds are not callable until July 2018 but NCPA staff anticipates working on the refunding in late 2017 with an expected close after April 2018. Other highlights are included in the attached report.

Variable Rate Debt – The Agency has a total of \$86.7 million of outstanding variable rate debt (\$85.16 million for Hydro 2008 Series A and \$1.54 million Hydro 2008 Series B). The Agency's variable rate debt is structured with a Letter of Credit with the Bank of Montreal. The reset rates continue to trade at or better than the Securities Industry and Financial Markets Association (SIFMA) for the Series A bonds (tax-exempt) and 1-month London Interbank Offered Rate (LIBOR) for Series B bonds (taxable) despite Moody's downgrade of the bank on May 10<sup>th</sup>. The reset rates and index comparisons are included in the attached report.

Interest Rate Swaps – As of June 30, 2017, NCPA had \$86.7 million of outstanding swaps, all related to the Hydroelectric Project bonds, which act as a hedge against the variable rate debt. The total fair value of the interest rate swaps was a net liability of \$15.2 million (negative). This amount has improved from the June 30, 2016 net liability of \$22.3 million (negative) due to a rise in interest rates and time value. No new swaps or defaults have occurred in the last six months. The interest rate swaps make up approximately 25% of the outstanding Hydroelectric Project debt portfolio. The Finance Committee was also briefed on the recent news about the future termination of LIBOR. The U.K. Financial Conduct Authority (FCA) recently announced its intention to phase-out LIBOR by the end of 2021 but there will be ongoing support for LIBOR through this deadline to allow for an orderly transition to alternative reference rates. The International Swaps and Derivatives Association (ISDA) has yet to make a formal announcement regarding any alternative reference rates. However, there is some speculation an alternative rate to LIBOR could be based on the U.S. Treasury repurchase ("repo") market, called the "Broad Treasuries Repo Financing Rate" which would be based on the borrowing of short-term cash (overnight) with U.S. Treasury bonds serving as collateral, and would be published by the U.S. Federal Reserve. However, any speculation regarding alternative reference rates are merely

preliminary and it remains unclear whether current swap and loan contracts that utilize LIBOR as the reference rate will be amended or allowed to mature. Both NCPA swaps use the LIBOR reference rate as part of the net payment calculation. At this time, the only known fact is that nothing is definitive. NCPA staff will continue to monitor this and report any updates as they become available. Additional details of the swap agreements are provided in the attached report.

Counterparties – The counterparty for both interest rate swaps is Citibank, N.A. The credit ratings for Citibank, N.A., are A+/A1/A+ by S&P, Moody's, and Fitch, respective. There have been no changes since the last report. NCPA's swap payments and the 1992 Hydro bonds are insured by National Public Finance Guarantee, formerly MBIA. On June 26, 2017, S&P Global Ratings lowered its financial strength rating on National Public Finance Guarantee Corp. (National) to 'A' from 'AA-' and its long-term counterparty credit rating on MBIA Inc. to 'BBB' from 'A-'. For the swaps, minimum credit ratings and thresholds are found in the ISDA and Credit Support Annex documents. Under the ISDA agreement, an Additional Termination Event (ATE) occurs if the Insurer (National) doesn't have a rating of at least A3/A- and NCPA's debt ratings fall below Baa3 or BBB-. Since NCPA's underlying credit rating is A1/A+, no collateral posting is required.

#### **FISCAL IMPACT:**

The total projected savings over the life of the interest rate swaps was \$13.9 million at the inception of these agreements. Total projected savings through June 30, 2017 was \$5.3 million with actual results at \$9.1 million. The difference between expected savings and actual savings is due to "basis risk", or the difference between what NCPA pays on the variable rate bonds and the index rate used in the swap transaction. Total basis risk to date is positive, resulting in additional savings over those expected of \$3.8 million. Staff continues to monitor the potential for refinancing these bonds and terminating the swaps, however, with rates still near historical lows, this is causing a large mark-to-market payment due to Citibank, N.A. of over \$15.2 million (net) making a potential refund not a feasible option at this time.

#### **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 item was reviewed by the Finance Committee on August 9, 2017 and was recommended for the Commission to accept the informational report.

Respectfully submitted,



RANDY S. HOWARD  
General Manager

Attachments:

Debt and Interest Rate Management Report, as of June 30, 2017



# **Debt and Interest Rate Management Report**

**As of June 30, 2017**

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# Key Highlights

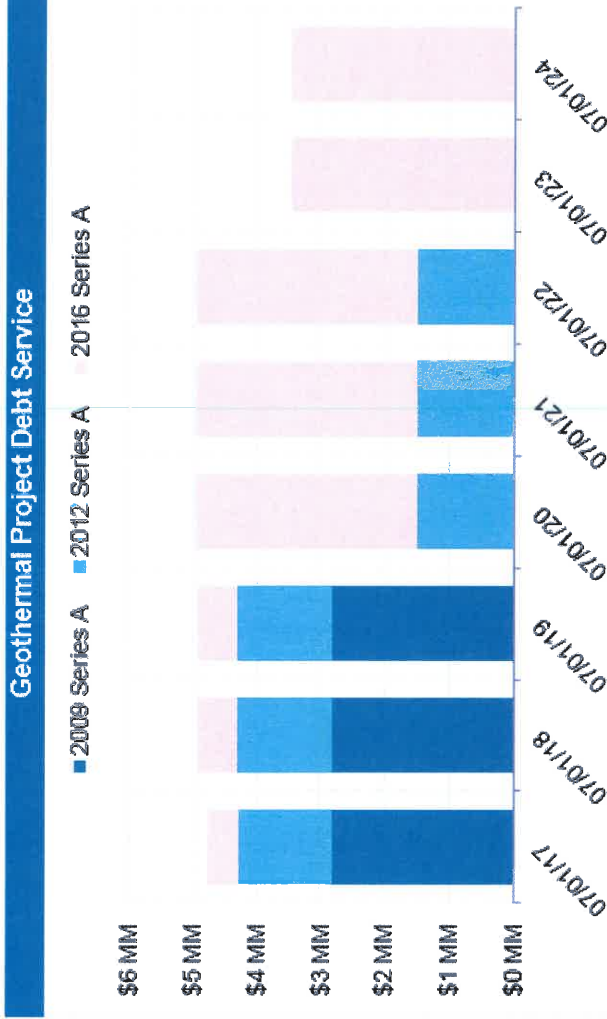
- No fixed or variable rate debt or interest rate swaps were issued, refinanced or terminated since the last report.
- No material changes to any fixed or variable rate debt or outstanding swap agreements occurred since the last report.
- On May 10, 2017, Moody's Investor Services downgraded the Bank of Montreal (BOM) from Aa3 to A1 who acts as the Letter of Credit provider for the 2008 Hydro bonds Series A and B.
- On June 26, 2017, S&P Global Ratings lowered its financial strength rating on National Public Finance Guarantee Corp. (National) to 'A' from 'AA-' and its long-term counterparty credit rating on MBIA Inc. to 'BBB' from 'A-'. National (formerly MBIA) is the bond insurer for the 1992 Hydroelectric bonds.
- No defaults under the above swap agreements, fixed rate or variable rate debt have occurred.
- Counterparty rating remained the same; no collateral posting by the counterparty has been required and the counterparty remains highly rated.
- The Fair Value on the outstanding swaps changed from a negative value of \$22.3 million on June 30, 2016 to a negative value of \$15.2 million on June 30, 2017.



# DEBT OVERVIEW BY PROJECT

# Geothermal Project Debt Overview

Geothermal Project Participation Percentages		
Member	Entitlement Share (%)	Beneficiary Share (%)
Alameda	16.8825	16.8825
Biggs	0.2270	0.2270
Gridley	0.3950	0.3360
Healdsburg	3.6740	3.6740
Lodi	10.2800	10.2800
Lompoc	3.6810	3.6810
Palo Alto	6.1580	0.0000
Plumas-Sierra	0.8145	0.7010
Roseville	7.8830	7.8830
Santa Clara	44.3905	44.3905
TID	0.0000	6.3305
Ukiah	5.6145	5.6145



## Summary of Outstanding Geothermal Project Debt

Series	Tax Status	Coupon Type	Ratings (M/S/F): A1/A-/A+, Stable Outlooks		
			Issue Size	Outstanding Par	Coupon Range
2009 Series A	Tax-Exempt	Fixed-Rate	\$35,610,000	\$7,640,000	5.000%
2012 Series A	Tax-Exempt	Fixed-Rate	\$12,910,000	\$7,595,000	2.289%
2016 Series A	Tax-Exempt	Fixed-Rate	\$17,530,000	\$17,530,000	1.670%

Series	Coupon Range	Call Date	Final Maturity
2009 Series A	5.000%	-	7/1/2019
2012 Series A	2.289%	7/1/2017	7/1/2022
2016 Series A	1.670%	-	7/1/2024

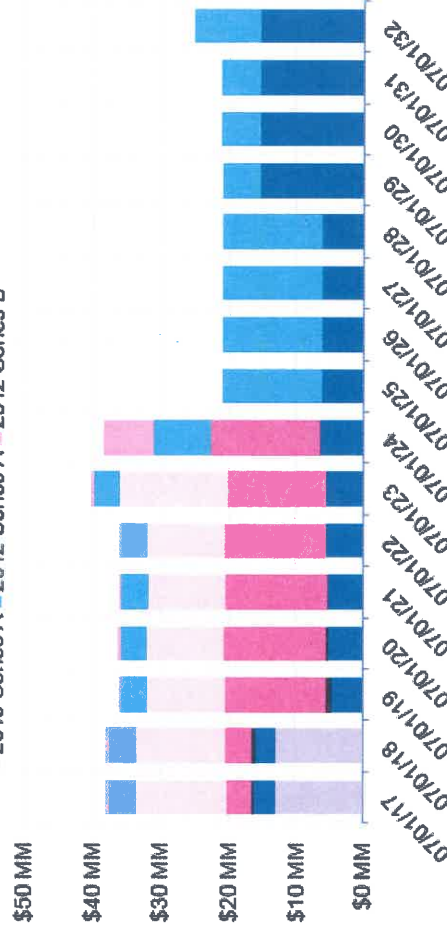
# Hydroelectric Project Debt Overview

## Hydroelectric Project Participation Percentages

Member	Entitlement Share (%)
Alameda	10.000
Biggs	0.100
Gridley	1.060
Healdsburg	1.660
Lodi	10.370
Lompoc	2.300
Palo Alto	22.920
Roseville	12.000
Santa Clara	35.860
Ukiah	2.040
Plumas-Sierra	1.690

## Hydroelectric Project Debt Service

■ 1992 Series A 
 ■ 2008 Series A 
 ■ 2008 Series B 
 ■ 2008 Series C 
 ■ 2010 Series A 
 ■ 2012 Series A 
 ■ 2012 Series B



## Summary of Outstanding Hydroelectric Project Debt

Ratings (M/S/F): A1/A+/A+, Stable Outlooks

Series	Tax Status	Coupon Type	Issue Size	Outstanding Par	Coupon Range	Call Date	Final Maturity
1992 Series A	Tax-Exempt	Fixed-Rate	\$195,610,000	\$23,595,000	6.300%	Non-Callable	7/1/2018
2008 Series A	Tax-Exempt	Variable-Rate	\$85,160,000	\$85,160,000	Var. (3.819%) <sup>(S)</sup>	Current	7/1/2032
2008 Series B	Taxable	Variable-Rate	\$3,165,000	\$1,540,000	Variable <sup>(M)</sup>	Current	7/1/2020
2008 Series C	Tax-Exempt	Fixed-Rate	\$128,005,000	\$77,130,000	5.000%	7/1/2018	7/1/2024
2010 Series A	Tax-Exempt	Fixed-Rate	\$101,260,000	\$72,615,000	5.000%	7/1/2019	7/1/2023
2012 Series A	Tax-Exempt	Fixed-Rate	\$76,665,000	\$76,665,000	5.000%	7/1/2022	7/1/2032
2012 Series B	Taxable	Fixed-Rate	\$7,120,000	\$7,120,000	4.320%	Make-Whole	7/1/2024

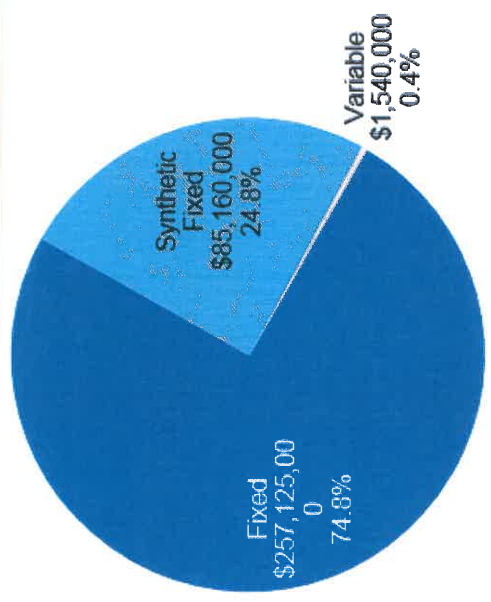
# Hydroelectric Project Debt Overview

Hydroelectric Project Swap Summary									
Series	NCPA Pays	NCPA Receives	Trade Date	Effective Date	Maturity Date	MTM Value (As of 06/30/17)	Initial Notional	Current Notional	Bank Counterparty
2008 Series A	3.8190%	54% of USD-LIBOR + 0.54%	11/24/04	11/24/04	7/1/32	(\$18,558,743)	\$85,160,000	\$85,160,000	Citibank, N.A., New York (A1/A+/A+)
2008 Series B	USD-LIBOR	5.2910%	11/24/04	11/24/04	7/1/32	\$246,521	\$1,574,000	\$1,142,014	Citibank, N.A., New York (A1/A+/A+)

## Hydroelectric Project Liquidity Summary

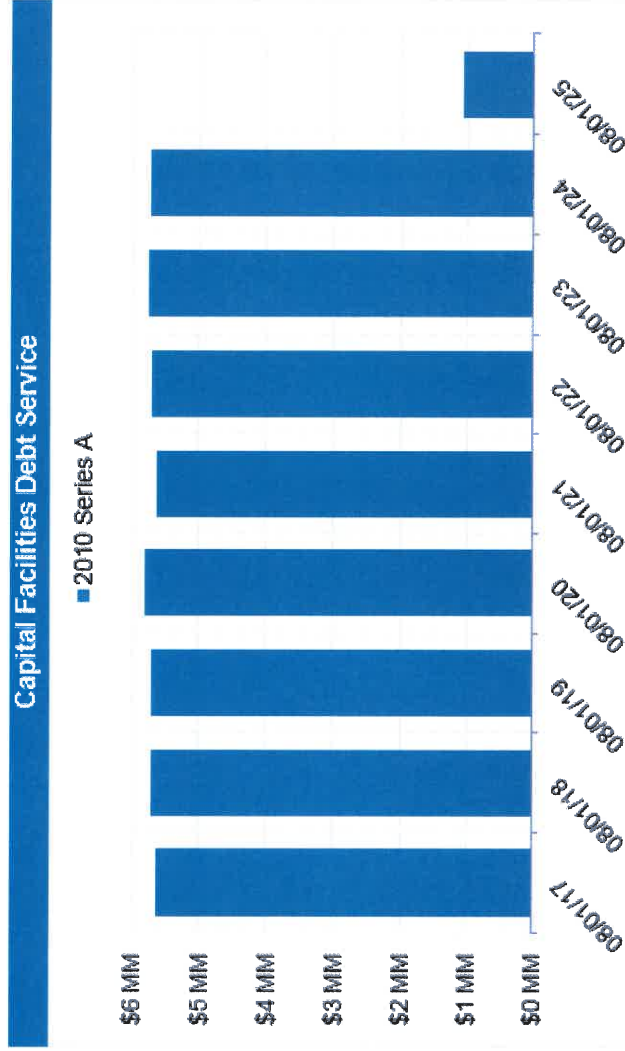
Series	LOC Provider	LOC Expiry	Last Reset
2008 Series A	Bank of Montreal (A1/A+/AA-)	September 09, 2019	0.78%
2008 Series B	Bank of Montreal (A1/A+/AA-)	September 09, 2019	1.20%

## Breakdown of Hydroelectric Project Debt Type



# Capital Facilities Debt Overview

Capital Facilities Participation Percentages	
Member	Entitlement Share (%)
Alameda	19.00
Lodi	39.50
Lompoc	5.00
Roseville	36.50



## Summary of Outstanding Capital Facilities Debt

Ratings (WIS/F): A2/A-1, Stable Outlooks

Series	Tax Status	Coupon Type	Issue Size	Outstanding Par	Coupon Range	Call Date	Final Maturity
2010 Series A	Tax-Exempt	Fixed-Rate	\$55,120,000	\$37,400,000	3.600% - 5.250%	2/1/2020	8/1/2025

# Lodi Energy Center Debt Overview

## LEC Participation Percentages

Member	Entitlement Share (%)	Ind. Group A Cost Share (%)
CDWR	33.5000	-
Azusa	2.7857	4.9936
Biggs	0.2679	0.4802
Gridley	1.9643	3.5212
Healdsburg	1.6428	2.9448
Lodi	9.5000	17.0295
Lompoc	2.0357	3.6491
Santa Clara	25.7500	46.1588
Ukiah	1.7857	3.2010
MID	10.7143	-
Plumas-Sierra	0.7857	1.4084
PWRPA	2.6679	4.7824
SFBART	6.6000	11.8310

## Lodi Energy Center Debt Service

■ Indenture Group A Debt Service Net of BAB Subsidy (adjusted for 6.9% reduction)  
■ Indenture Group B Debt Service Net of BAB Subsidy (adjusted for 6.9% reduction)



## Summary of Outstanding Lodi Energy Center Debt

Series	Tax Status	Coupon Type	Issue Size	Outstanding Par	Coupon Range	Next Call	Final Maturity
2010 Series A	Tax-Exempt	Fixed-Rate	\$78,330,000	\$53,775,000	5.000%	6/1/2020	6/1/2025
2010 Series B	Taxable BABs	Fixed-Rate	\$176,625,000	\$176,625,000	7.311% <sup>(1)</sup>	Make-Whole	6/1/2040
<b>Indenture Group B—CADWR   Ratings (M/SF): Aa2/AAA, Stable Outlooks</b>							
2010 Series A	Tax-Exempt	Fixed-Rate	\$30,540,000	\$9,685,000	5.000%	Non-Callable	6/1/2019
2010 Series B	Taxable BABs	Fixed-Rate	\$110,225,000	\$110,225,000	4.630%-5.679% <sup>(1)</sup>	Make-Whole	6/1/2035

<sup>(1)</sup> Taxable Build America Bonds; Interest rate gross of BAB subsidy

# FIXED RATE DEBT OVERVIEW

## Fixed Rate Debt Overview

- No new or refunded debt issued
- 1992 Hydroelectric Bonds were downgraded due to S&P lowering the credit rating on bond insurer National Public Finance Guarantee (formerly MBIA)
- Refunding opportunities
  - 2008 Hydroelectric Refunding Bonds, Series C
    - Callable July 1, 2018, refunded as early as April 3, 2018
    - Refunding candidate late 2017 / early 2018
  - 2010 Lodi Energy Center, Series A
    - Callable June 1, 2020 (Advanced Refunding)
    - About \$22m meet targeted 5% savings or more
    - Continue to monitor



# VARIABLE RATE DEBT OVERVIEW

# Variable Rate Debt Overview

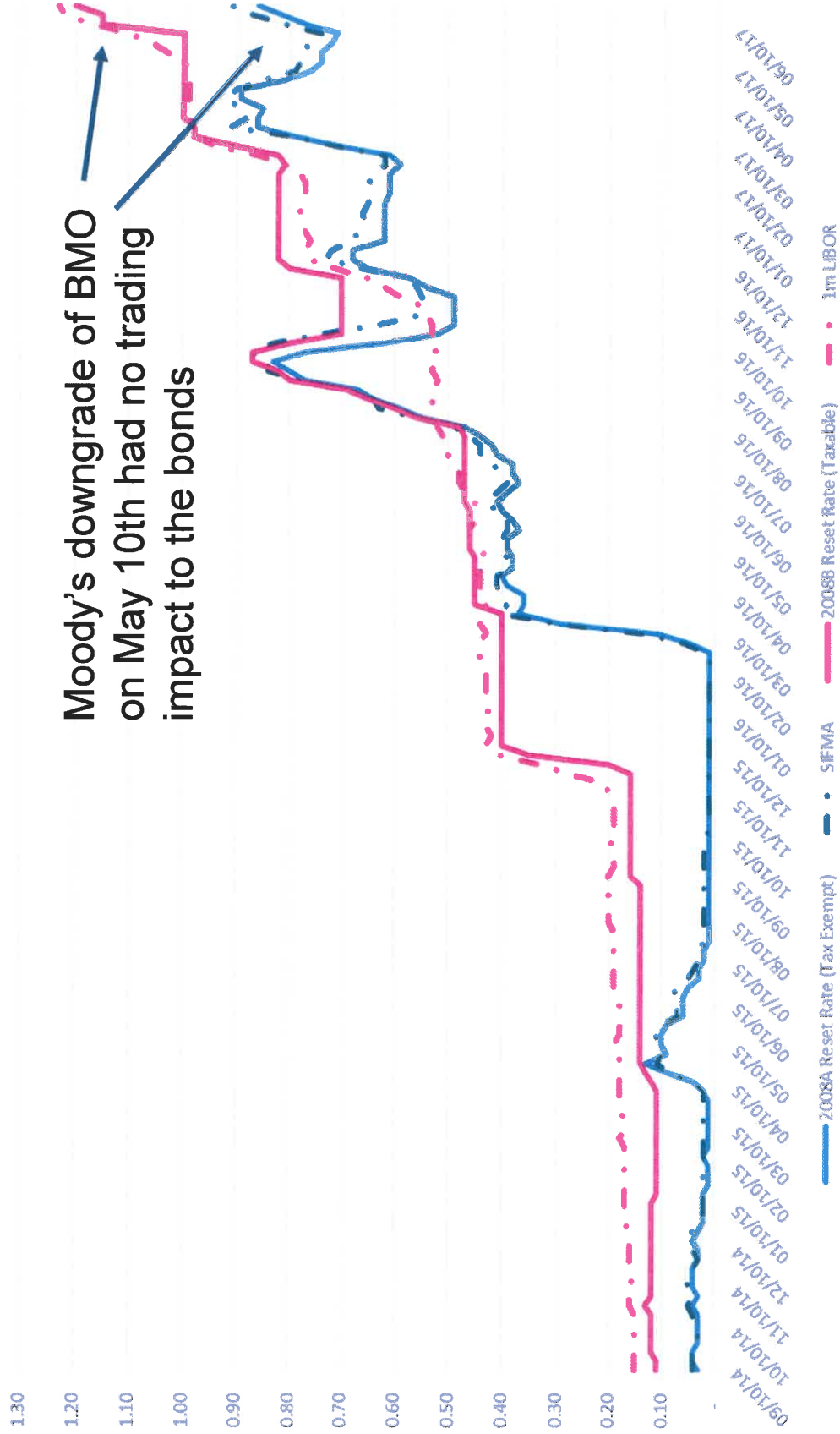
	Hydro 2008A	Hydro 2008B
<b>Variable Rate Debt Amount Priced Payment</b>	\$85,160,000 Weekly Monthly	\$1,574,000 Weekly Monthly
<b>Swap Counter-party:</b>	Citigroup	Citigroup
<b>Payments</b>	<b>NCPA Pays</b> Fixed @ 3.819%	<b>NCPA Receives</b> Fixed @ 5.291%
<b>From/To: Counterparty</b>	<b>NCPA Receives</b> Floating rate (based on 54% of monthly Libor+.54%)	<b>NCPA Pays</b> Floating rate (based on monthly Libor)
<b>Payment terms:</b>	Semi-Annual (net) Counterparty	Semi-Annual (net) Counterparty
<b>Liquidity/Letter of Credit Provider<sup>1</sup></b>	Bank of Montreal	Bank of Montreal
<b>Annual Fee</b>	39.0 bp	39.0 bp
<b>Expiration Date</b>	9/9/2019	9/9/2019
<b>Credit Ratings<sup>2</sup></b>	A1/A+/AA-	A1/A+/AA-

<sup>1</sup> Effective 9/10/14 Citibank N.A. was replaced as the LOC provider with Bank of Montreal.

<sup>2</sup> Effective 5/10/17 Moody's downgraded the Bank of Montreal from Aa3 to A1

# Variable Rate Debt Overview

## NCPA Variable Rate Debt Performance Versus Indices

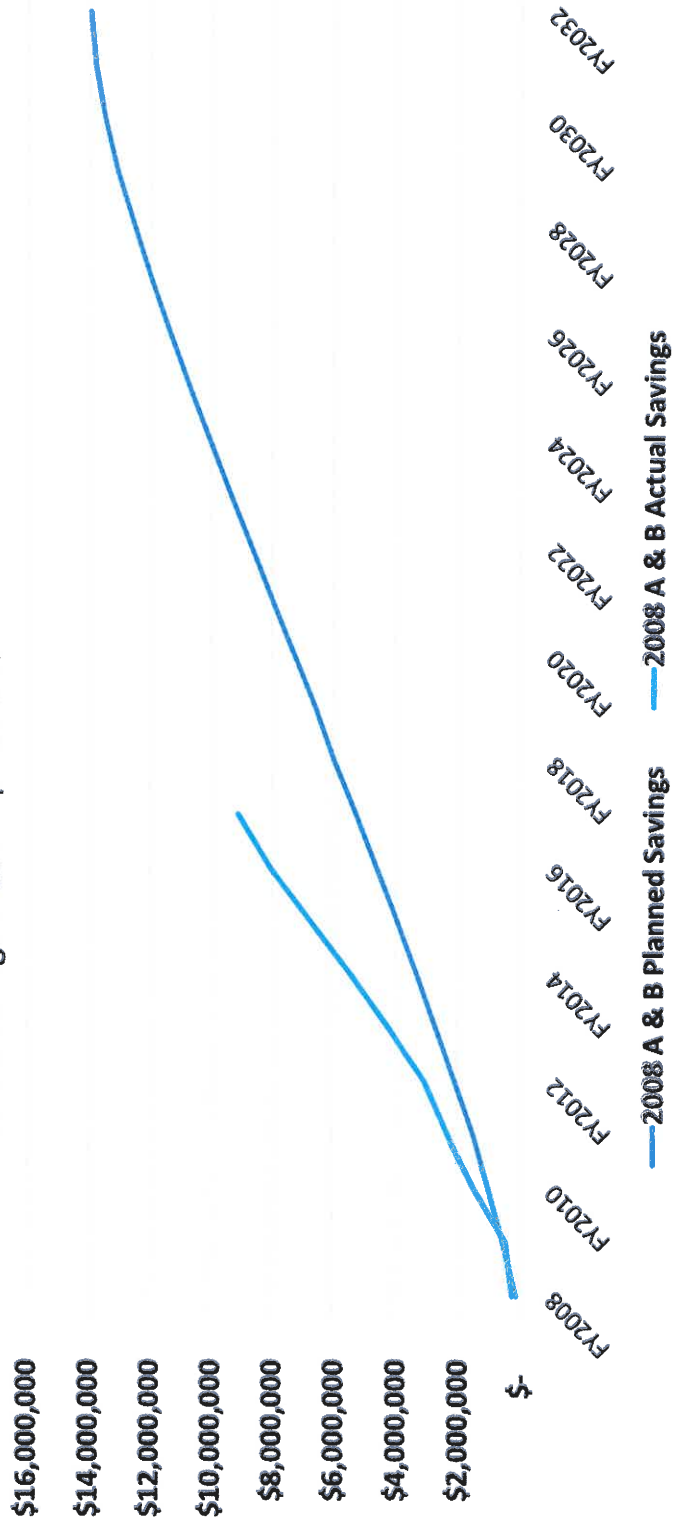


# INTEREST RATE SWAPS OVERVIEW

# Interest Rate Swaps Overview

## Northern California Power Agency Hydroelectric Project Swaps Performance to Date June 30, 2016

Total Projected Savings over life of bonds: \$13.9 million  
 Total Project Savings to date: \$5.3 million  
 Actual Savings to date: \$9.1 million





# Interest Rate Swaps Overview



PFM Swap Advisers LLC

Phone: 215-567-6100  
Fax: 215-567-4180

Transaction Type	Name	Associated Bonds	Client Pay	Client Receives	Trade Date	Effective Date	Maturity Date	Remaining Life
Swap	NCPA 200411240001	Series 2008A	3.8190%	54% of USD-LIBOR + 0.54%	11/24/2004	4/2/2008	7/1/2032	16 years
Swap	NCPA 200411240002	Series 2008B	USD-LIBOR	5.2910%	11/24/2004	11/24/2004	7/1/2032	16 years
Initial Notional	Current Notional	Bank Counterparty	Counterparty Ratings Moody's / S&P / Fitch	MTM Value	Impact on MTM Value - 50 bp swing			
\$85,160,000	\$85,160,000	Citibank, N.A., New York	A1 / A+ / A+	(\$18,558,743)	\$2,769,715			
\$1,574,000	\$1,142,014	Citibank, N.A., New York	A1 / A+ / A+	\$246,521	(\$38,324)			
\$86,734,000	\$86,302,014			(\$18,312,222)	\$2,731,391			

# Interest Rate Swaps Overview



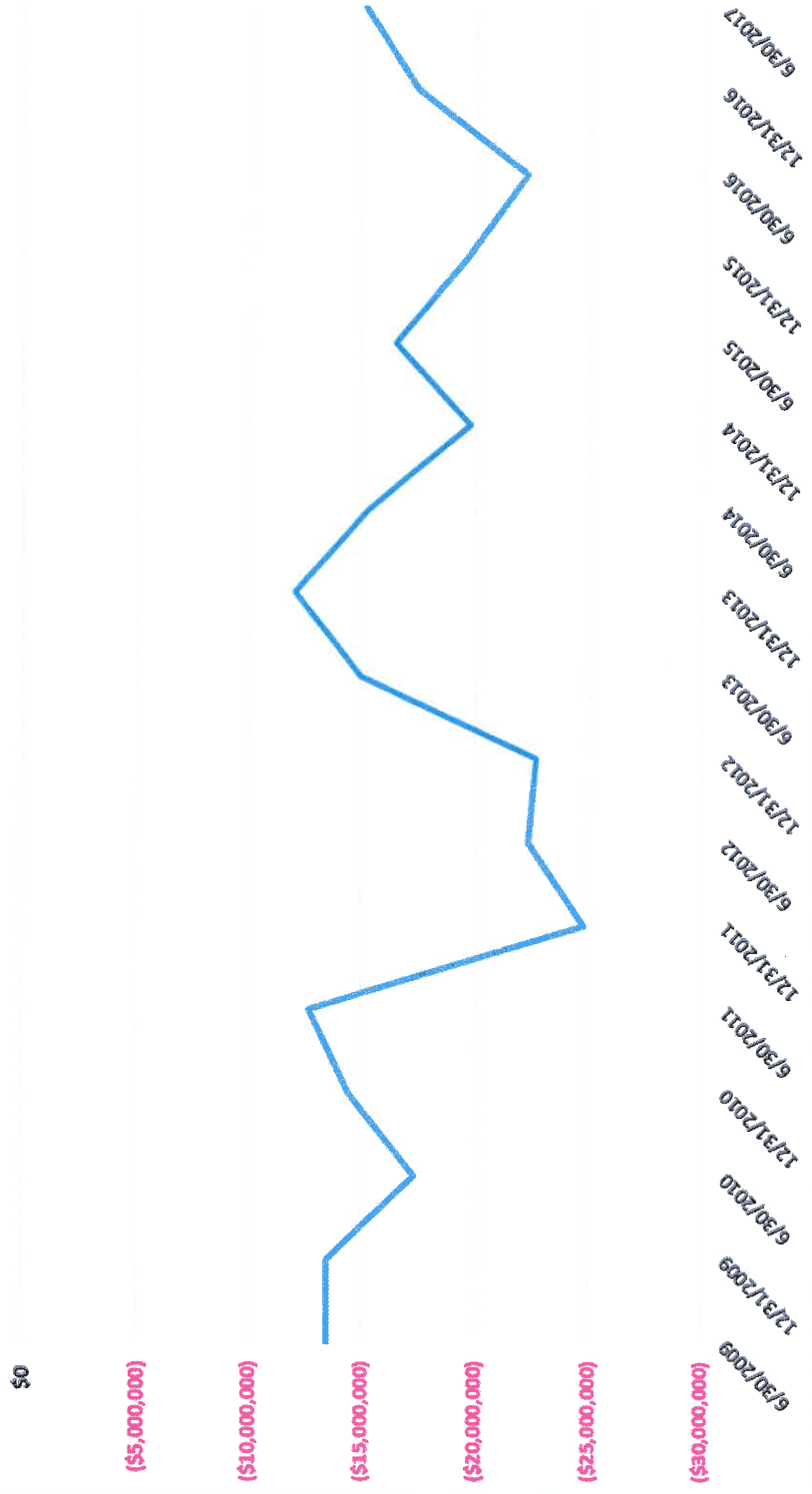
PFM Swap Advisors LLC

Phone: 215-567-5100  
Fax: 215-567-4100

Transaction Type	Name	Associated Bonds	Client Pay	Client Receives	Trade Date	Maturity Date	Current Notional	
Swap	NCPA 200411240001	Series 2008A	3.8190%	54% of USD-LIBOR + 0.54%	11/24/2004	7/1/2032	\$85,160,000	
Swap	NCPA 200411240002	Series 2008B	USD-LIBOR	5.2910%	11/24/2004	7/1/2032	\$1,142,014	
							<b>\$86,302,014</b>	
<b>Total MTM Value</b>	<b>Alameda 10%</b>	<b>Healdsburg 1.66%</b>	<b>Lodi 10.37%</b>	<b>Lompoc 2.30%</b>	<b>Plumas-Sierra 1.69%</b>	<b>Roseville 12.00%</b>	<b>Santa Clara 37.02%</b>	<b>Ukiah 2.04%</b>
(\$18,558,743)	(\$1,855,874)	(\$308,075)	(\$1,924,542)	(\$426,851)	(\$313,643)	(\$2,227,049)	(\$6,870,447)	(\$378,598)
\$246,521	\$4,652	\$4,092	\$25,564	\$5,670	\$4,166	\$29,583	\$91,262	\$5,029
(\$18,312,222)	(\$1,831,222)	(\$303,983)	(\$1,898,977)	(\$421,181)	(\$309,477)	(\$2,197,467)	(\$6,779,165)	(\$373,569)
<b>Total Impact on MTM Value - 50 bp swing</b>	<b>Alameda 10%</b>	<b>Healdsburg 1.66%</b>	<b>Lodi 10.37%</b>	<b>Lompoc 2.30%</b>	<b>Plumas-Sierra 1.69%</b>	<b>Roseville 12.00%</b>	<b>Santa Clara 37.02%</b>	<b>Ukiah 2.04%</b>
\$2,769,715	\$276,971	\$45,977	\$287,219	\$63,703	\$46,808	\$332,366	\$1,025,348	\$56,502
(\$38,324)	(\$3,832)	(\$636)	(\$3,974)	(\$881)	(\$648)	(\$4,599)	(\$14,187)	(\$782)
\$2,731,391	\$273,139	\$45,341	\$283,245	\$62,822	\$46,161	\$327,767	\$1,011,161	\$55,720

# Interest Rate Swaps Overview

**Northern California Power Agency  
Hydroelectric Project Swaps Fair Value Trend**







# Commission Staff Report

August 16, 2017

**COMMISSION MEETING DATE:** August 24, 2017

**SUBJECT:** Appointment to the NCPA Finance Committee

**AGENDA CATEGORY:** Consent

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

**IMPACTED MEMBERS:**

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

*If other, please specify*

\_\_\_\_\_

\_\_\_\_\_

## **RECOMMENDATION:**

It is recommended the Commission approve Resolution 17-73 ratifying the appointment of David Hagele, Council Member for the City of Healdsburg, as a member and Chairperson of the Finance Committee.

## **BACKGROUND:**

The NCPA Amended and Restated Commission Rules of Procedure (a.k.a. By-Laws) provides for a standing Committee, known as the Finance Committee. The Finance Committee considers all financial, accounting or auditing matters referred to it by the Commission, its Chairman, the Executive Committee, the General Manager or the Chief Financial Officer of the Agency. Appointment to this Committee is made by the Commission Chairman, subject to ratification by the Commission and is presently comprised of five members.

Current ratified members of the Finance Committee are as follows:

Madeline Deaton, PUC Board Member, Alameda Municipal Power, Committee Chair  
Melissa Price, Rates & Resources Manager, Lodi  
Philip McAvoy, Electric Finance & Administration Manager, Roseville  
Ann Hatcher, Assistant Electric Director, Silicon Valley Power  
Matt Michaelis, Finance Director, Gridley

Madeline Deaton requested to end her term on the Finance Committee effective at the end of August 2017 due to her personal schedule. However, she will continue her role as a Commissioner and as a member for the Legislative & Regulatory Affairs Committee. This request means that a new Chairperson needs to be appointed and it has been customary for the position of Chairperson to be a member of the NCPA Commission and not a staff person. On June 14, 2017, the Nominating Committee discussed David Hagele, Council Member for the City of Healdsburg, as a potential replacement for Madeline, but did not officially recommend him. At the time, the committee was unaware of Madeline's timeframe to resign from her role as Chairperson.

David Hagele will bring a wealth of financial experience to the Finance Committee. He has been in commercial real estate for the 20+ years and was president of an in-house property management firm that managed and leased 3 million square feet from Anchorage, Alaska to Las Vegas, NV. He started his own commercial real estate financing firm in 2004 and performed work on everything from small business administration loans to commercial mortgage-backed security (CMBS) debt.

Members of the Finance Committee and NCPA staff want to send our appreciation for Madeline's time, effort and contributions to the Finance Committee.

## **FISCAL IMPACT:**

This report has no direct fiscal 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.

**COMMITTEE REVIEW:**

The Finance Committee discussed David Hagele as Madeline's replacement and all Finance Committee members are recommending his appointment. David has confirmed his acceptance of this recommendation pending ratification of the Commission.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Randy S. Howard".

RANDY S. HOWARD  
General Manager

Attachment: Resolution 17-73

RESOLUTION 17-73

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY  
APPOINTMENT TO THE NCPA FINANCE COMMITTEE

(reference Staff Report #187:17)

WHEREAS, the Amended and Restated Rules of Procedure for the Commission of the Northern California Power Agency provides for a standing Committee, known as the Finance Committee; and

WHEREAS, the Finance Committee shall consider and report upon all financial, accounting, or auditing matters referred to it by the Commission, the Executive Committee, the Chair, the Chief Financial Officer of the Agency, or by the General Manager; and

WHEREAS, members of the Finance Committee, who may be either Commission members or other staff or officers of Members, shall be appointed by the Chair, which appointment shall be ratified by the Commission; and

WHEREAS, current ratified members of the Finance Committee include Madeline Deaton (Alameda), Melissa Price (Lodi), Philip McAvoy (Roseville), Matt Michaelis (Gridley) and Ann Hatcher (SVP); and

WHEREAS, on August 9, 2017, the Finance Committee considered the Chair's recommendation of David Hagele, Council Member for the City of Healdsburg, and concurred that he be appointed as a member and Chairperson to the NCPA Finance Committee replacing Madeline Deaton; 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 appointment of David Hagele as a member and Chairperson of the NCPA Finance Committee.

PASSED, ADOPTED and APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2017 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	_____	_____	_____

\_\_\_\_\_  
BOB LINGL  
CHAIR

ATTEST: \_\_\_\_\_  
CARY A. PADGETT  
ASSISTANT SECRETARY



# Commission Staff Report

August 16, 2017

**COMMISSION MEETING DATE:** August 24, 2017

**SUBJECT:** Review and Approve Amendments to NCPA's Investment Policy and Guidelines Policy 200-100

**AGENDA CATEGORY:** Consent

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

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

## **RECOMMENDATION:**

It is recommended that the Commission approve Resolution 17-74. The resolution includes changes to the NCPA Investment Policy No. 200-100 as follows: 1) minor language clean-up; 2) updates to the Permitted Investments attachment; 3) changes to the Investment Fund Objectives attachment; and 4) removal to the Authorized Financial Institutions attachment.

## **BACKGROUND:**

The purpose of the Investment Policy is to establish cash management and investment guidelines for the Treasurer-Controller, who is responsible for the stewardship of NCPA's investment program. Each transaction and the entire portfolio must comply with the California Government Code Sections 53600 and 53635 et seq., or the respective Bond Indentures pertaining to the Agency's outstanding debt, and the Investment Policy. The Investment Policy conforms to the customary standards of prudent investment management and any changes to the policy must be approved by the Commission.

The main objective with these proposed changes is creating an Investment Policy that closely matches the State code which will allow the Treasurer-Controller to create a balanced portfolio managing a modest amount of default risk through diversification, duration and adequate liquidity while respecting the goals and constraints dictated by the policy.

The Investment Policy being submitted for approval includes some recommended changes – both substantive and non-substantive – with the goal of meeting our current needs.

A brief summary of the changes are as follows:

### **Substantive changes:**

Staff is proposing to add medium-term corporate notes, rated A or its equivalent, as a permitted investment to the portfolio with a limitation of no more than 30% of the total portfolio in this category. This amendment will match the language that is allowed per State code and provide the Treasurer-Controller with additional investment options to diversify risk. A second investment option being recommended to the Permitted Investments is the California Asset Management Program (CAMP). The CAMP Pool is considered a permitted investment for all local agencies under State code 53601(p) and is a short-term, money market portfolio rated AAAM that can provide the Treasurer-Controller with an additional investment option that is similar to the State of California Local Agency Investment Fund (LAIF).

Staff is also proposing a few changes to the maximum term of an investment within the Investment Fund Objectives attachment. For the Operating Account, staff is proposing updating the limitation from one year to five years. This change will allow the Treasurer-Controller to slightly extend the duration of this portfolio which will increase the overall yield while maintaining sufficient liquidity to meet current obligations. For the Geo Decommissioning Account, staff is proposing to increase the maximum maturity from five to ten years. This request is allowed by the Government Code as long as the Commission has granted express authority as a part of the investment program. The funds being collected for this account are not projected to be used until 2030-2034 (at the earliest) and allowing this change will also increase the duration and yield without impacting liquidity requirements.

**Non-substantive changes:**

There were several, minor language changes and updates made throughout the policy that were related to formatting, duplicative statements, or footnotes that needed to be updated to reflect the most current information. In addition, the previous Attachment 4 'Authorized Financial Institutions' is being recommended for removal. All financial institutions are discussed at the Finance Committee and approval by the Commission through an RFP process or new bond offering or refinancing. The purpose of this removal would require staff to update the Investment Policy each time a financial institution was added or removed after Commission approval.

**FISCAL IMPACT:**

Staff believes with the proposed amendments to the Investment Policy, there is the potential of adding approximately \$500,000 annually of additional interest income and member savings through a reduction of current liquidity (determining what is adequate and matched with current cash flow requirements) and implementing a diversified portfolio of investments.

**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 August 9<sup>th</sup> and was recommended for Commission approval. The Committee requested staff return and discuss the investment strategy plan that will be implemented within each individual portfolio.

Respectfully submitted,



RANDY S. HOWARD  
General Manager

Attachments:

Resolution 17-74

NCPA's Investment Policy and Guidelines \_redline

NCPA's Investment Policy and Guidelines \_clean

## RESOLUTION 17-74

### RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVE REVISIONS TO THE NCPA INVESTMENT POLICY AND GUIDELINES (Policy 200-100)

(reference Staff Report #188:17)

WHEREAS, Chapter 4 of the California Government Code, section 53600 et, seq., deals with the financial affairs of local government agencies, including cities; and

WHEREAS, the Northern California Power Agency Joint Powers Agreement specifies the laws regulating general law cities as being the law that applies to the Agency; and

WHEREAS, Government Code section 53607 provides that “the authority of the legislative body to invest or reinvest funds of a local agency, or to sell or exchange securities so purchased may be delegated for a period of one year by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the authority is revoked or expires, and shall make a report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year”; and

WHEREAS, staff has performed a review of policies related to the investment of NCPA funds and recommends revisions to a resolution reference, adding medium-term corporate notes, rated A or its equivalent, and California Asset Management Program (CAMP) as a permitted investments, adjusting the maximum maturity of an investment from one to five years for the Operating Fund and five to ten years for the Geo Decommissioning Reserve Fund, and modifying minor language changes and updates related to formatting, duplicative statements, or footnotes including removal of the Authorized Financial Institutions attachment; and

WHEREAS, the Finance Committee has conducted a review of the changes to the Investment Policy and Guidelines (200-100) at their meeting on August 9, 2017 and recommended the revisions to a resolution reference, adding medium-term corporate notes, rated A or its equivalent, and California Asset Management Program (CAMP) as a permitted investments, adjusting the maximum maturity of an investment from one to five years for the Operating Fund and five to ten years for the Geo Decommissioning Reserve Fund, and modifying minor language changes and updates related to formatting, duplicative statements, or footnotes including removal of the Authorized Financial Institutions attachment; 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 revisions to a resolution reference, adding medium-term corporate notes, rated A or its equivalent, and California Asset Management Program (CAMP) as a permitted investments, adjusting the maximum maturity of an investment from one to five years for the Operating Fund and five to ten years for the Geo Decommissioning Reserve Fund, and modifying minor language changes and updates related to formatting, duplicative statements, or footnotes including removal of the Authorized Financial Institutions attachment.




PASSED, ADOPTED and APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2017 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	_____	_____	_____


\_\_\_\_\_  
BOB LINGL  
CHAIR

ATTEST: \_\_\_\_\_  
CARY A. PADGETT  
ASSISTANT SECRETARY

	<b>POLICIES &amp; PROCEDURES MANUAL</b>	No. 200-100	<b>Effective: 9-1993 Updated <del>11-2016</del> 2017</b>
		<b>Owner:</b> Acctg. & Finance	
<b>SUBJECT:</b>	<b>Investment Policy and Guidelines</b>	<b>APPROVED:</b>  RANDY S. HOWARD, GENERAL MANAGER	

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**POLICY**

It is the policy of the Agency to secure, protect and manage the funds of Agency and invest surplus funds in a manner which will:

- comply with applicable California state laws and bond indenture provisions;
- ensure safety of the principal;
- provide an appropriate level of liquidity so that money is available when reasonably expected to be required for payment of obligations; and,
- attain a market yield with no undue risks taken to maximize income at the expense of safety, liquidity, or investment quality.

**PURPOSE AND SCOPE**

The purpose of this policy is to establish general guidelines for the management of cash and investments of the Agency. The policy pertains to all financial assets of the Agency and any other funds under the control of the Treasurer-Controller and concerns the deposit, investment, maintenance, and safekeeping of all such assets.

Proceeds of debt issuance and other indentured funds shall be invested in accordance with the Agency’s general investment philosophy as set forth in this policy; however, such monies are to be invested in accordance with permitted investment provisions of their specific bond indentures. See attachment 4.

This Policy does not apply to any pension moneys or deferred compensation funds.


**REFERENCE**

- California Government Code Section 53600 et seq.
- Joint Powers Agreement, Article II, Section 4.5 (as amended)
- NCPA Resolution No. 12-72, Authorized Officers for Transactions with the State of California Local Agency Investment Fund (LAIF)
- NCPA Resolution No. 83-103, Establishing the position of Treasurer-Controller

**RESPONSIBILITY**

The Treasurer-Controller is responsible for establishing proper safeguards, controls, and procedures to maintain Agency funds in a lawful, rational, and prudent manner. The Treasurer-Controller is responsible for the development of the overall investment policy as well as for the development and ongoing administration of the various portfolio strategies, tactics, performance monitoring and monthly reporting to the Commission.

The Assistant General Manager/Chief Financial Officer (CFO) is responsible for overseeing the development and implementation of investment policy review and approval of the portfolio investment strategies, and policy compliance.

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**PRUDENCE, PERSONAL RESPONSIBILITY, AND ETHICS**

*Prudence:* Management of Agency’s investments is governed by the Prudent Investor Standard as set forth in California Government Code Section 53600.3:

“...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”


*Personal Responsibility:* The Treasurer-Controller and other authorized persons responsible for managing Agency funds, acting in accordance with the ~~investment~~ Investment policy Policy and exercising due diligence, will be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided appropriate action is taken to control adverse developments.

*Ethics:* The Treasurer-Controller and other authorized persons involved in the investment process (1) will refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions and (2) shall not accept honoraria, gifts or gratuities from any advisor, broker, dealer, banker, or other person with whom the Agency conducts business, which has an aggregate value in excess of \$50.00 in any 12-month period.

**GENERAL OBJECTIVES**

The overriding objectives of the investment program are to preserve principal, provide sufficient liquidity, and ~~manage investment risks~~ achieve a reasonable rate of return. The specific objectives for the program are ranked in order of importance:

1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital.
2. **Liquidity:** The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
3. **Return on Investments:** The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles taking into account the investment risk constraints for safety and liquidity needs.

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## **PORTFOLIO RISK MANAGEMENT**

Factors that can lead to an unexpected financial loss can be broadly grouped into the following categories; credit risk, market risk, and liquidity risk.

*Mitigating credit risk in the portfolio:* Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. Agency will mitigate credit risk by adopting the following strategies:

1. Diversify the investment portfolio to mitigate losses due to failure of individual issues or issuers;
2. Limit the amount of the total portfolio that may be invested in securities of a particular type and any single issuer. Authorized investment limitations under this policy are shown in Attachment 3; and,
3. If securities owned by the Agency are downgraded by at least one Nationally Recognized Statistical Rating Organization (NRSRO) to a level below the quality required by this Investment Policy, it will be the Agency's policy to review and document the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.
  - a. The Treasurer-Controller will use discretion in determining whether to sell or hold the security based on its maturity, the economic outlook for the issuer, and other relevant factors.
  - b. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the governing board.

*Mitigating market risk in the portfolio:* Market risk, also referred to as interest rate risk, is the risk that the portfolio value will fluctuate due to changes in ~~the general level of~~ interest rates. The Agency recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility when marked ~~to~~ market. The Agency will mitigate interest rate risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. The Agency, therefore, shall adopt the following strategies to control and mitigate its exposure to market risk:

1. The Agency will maintain working capital reserves for budgeted operating expenditures in short-term investments to provide sufficient liquidity for expected disbursements;
- ~~2. The maximum percent of callable securities (does not include "make whole call" securities as defined in the Glossary) in the portfolio will be 20%;~~
- ~~3-2.~~ The maximum time from investment to maturity of individual securities in the portfolio will be five years, except as otherwise stated in this policy.

*Mitigating ~~Liquidity~~ liquidity Risk in the portfolio:* Liquidity risk is the inability to convert a security to cash on a given date prior to maturity. It refers to the inability to sell a security for its cost and therefore it may have to be sold at a loss. The Agency shall employ the following strategies to control and mitigate its exposure to liquidity risk:

1. To the extent possible, match investment maturities with anticipated cash demands.
2. Since all possible cash demands cannot be anticipated, maintain portfolios largely of securities with active secondary or resale markets.

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- The Agency will maintain working capital reserves for budgeted operating expenditures in short-term investments to provide sufficient liquidity for expected disbursements.

**AUTHORIZED INVESTMENT SECURITIES**

All investments will be made in accordance with Sections 53600 *et seq.* of the Government Code of the State of California and as described within this Investment Policy. Authorized investments under this policy are shown in Attachment 3.

**AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

The Treasurer-Controller shall establish a list of approved brokers, dealers, banks and direct issuers of commercial paper to provide investment services to the Agency. The Agency shall conduct security transactions only with approved institutions and firms.

To be eligible for approval all broker/dealer firms must 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 and institutions shall have one or more of the following attributes:

- be recognized as a primary government dealer as designated by the Federal Reserve Bank;
- be a regional broker/dealer headquartered in the State of California; or
- be a national or state chartered bank which is a member of the FDIC; or
- be a direct issuer of securities eligible for purchase by the Agency.


Deposits will be made only in qualified public depositories within the state of California as established by State law. Deposits will be insured by the Federal Deposit Insurance Corporation, or, to the extent the amount exceeds the insured maximum, will be collateralized in accordance with State law.

A pool of qualified financial institutions and dealers will be maintained by the Treasurer-Controller using criteria based upon capitalization, credit worthiness, experience, reference checks and services offered. Selection of financial institutions and broker/dealers authorized to engage in transactions with the Agency will be at the sole discretion of the Agency.

**INTERNAL CONTROL AND ACCOUNTING**

Authority to manage Agency's investment program is derived from the California Government Code Sections 53600 *et seq.* Management responsibility for the investment program is delegated to the Treasurer-Controller by Agency Commission Resolution No. 83-103. Pursuant to Government Code section 53607 such delegation may be granted for a period of one-year and must be renewed annually. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer-Controller or his/her designee.

The Treasurer-Controller shall establish and maintain a system of internal controls, designed to: ensure adherence to this investment policy, the prevention and detection of errors and fraud, the accuracy and completeness of accounting records and the timely preparation of reliable financial information.

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The Agency maintains its records on the basis of Plant/Program account groups, each of which may include one or more investment funds. All investment transactions shall be recorded in the various funds of the Agency in accordance with Generally Accepted Accounting Principles as promulgated by the Government Accounting Standards Board.

**SAFEKEEPING AND COLLATERALIZATION**

All security transactions, including collateral for repurchase agreements, entered into by the Agency shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held in the name of the Agency by a third party custodian designated by the Treasurer-Controller and evidenced by trade confirmations and safekeeping holdings report.

Collateralization will be required on two types of investments: certificates of deposit and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, a minimum collateralization level measured at specified times is required.

**REPORTING REQUIREMENTS**

*Monthly Reports:* A monthly report will be provided to the ~~Agency~~ Commission by the Treasurer-Controller. The report shall state compliance of the investment portfolio to the investment policy and a statement that the Agency has adequate cash flow and investment maturities to meet next month's cash requirements and such other information as may be required by State law.

The report will disclose, at a minimum, the following information:


1. An asset listing showing par value, cost adjusted for amortization of premiums and accretion of discounts and market value of each security, type of investment, issuer, and interest rate;
2. The Treasurer-Controller's report shall also provide:
  - a. an analysis of investment maturities;
  - b. a summary of cash and investment activity; and,
  - c. an analysis of interest rates/yields with a comparison to benchmark interest rates.

*Annually:* The Treasurer-Controller shall annually submit to the Commission a statement of ~~investment~~ Investment policy and any recommended changes to the policy.

**INVESTMENT OPERATIONS GUIDELINES**

The following general operating guidelines shall be used in performing all investment functions:

- All investments will be made in the name of the Northern California Power Agency.
- All investments will be made in compliance with the NCPA Investment Fund Objectives (Attachment 2) and the NCPA Table of Authorized Investments (Attachment 3) unless otherwise required by bond indenture.
- Investments or collateral for all outside trustee accounts must be delivered to the trustee.
- Investments or collateral for all accounts held by NCPA will be delivered to and held in the safekeeping of an authorized financial institution.
- All investment transactions will be recorded in the accounts of the Agency in accordance with Generally Accepted Accounting Principles as promulgated by the Government Accounting Standards Board.

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- All accrued interest on purchased securities will be charged to the appropriate interest income account.
- Funds deposited in banks or savings and loan associations must be held under a written contract between the Agency and the institution, which requires collateralization as prescribed by law and/or this investment policy.
- Whenever practical Agency cash is to be consolidated and invested on a pooled concept basis. Interest earnings are allocated monthly according to monthly weighted average balance for each fund.
- Unless otherwise restricted, all holdings will be of sufficient size and held in issues which are actively traded to facilitate transactions at a minimum cost and accurate market valuation.
- Passive management portfolio strategies are preferred for all operating projects or other Agency programs, unless otherwise prohibited or restricted.
- When practicable, competitive bidding will be utilized for all investment and reinvestment activities not involving escrowed or other funds covered by a separate contract or agreement.

*Prohibited investment vehicles and practices:*

1. Notwithstanding that any such investment is permitted under State Law, any investment not specifically described herein is prohibited, including, but not limited to derivatives, futures and options.
2. In accordance with California Government Code Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
3. ~~Purchasing securities with a final maturity longer than five years from the time of investment, unless approved by the Commission.~~
4. Investment in any security that could result in a zero interest accrual if held to maturity is prohibited.
5. Trading securities for the sole purpose of speculating, whether on the future direction of interest rates or otherwise, is prohibited.
6. Purchasing or selling securities on margin is prohibited.
7. The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
8. The purchase of foreign currency denominated securities is prohibited.

**ATTACHMENTS**

Attachment 1 - Glossary

Attachment 2 - Investment Fund Objectives

Attachment 3 - Table of Authorized Investments

Attachment 4 - Table of Bond Indenture Permitted Investments

~~Attachment 5 - Table of Authorized Financial Institutions and Dealers~~

Attachment ~~6-5~~ - Credit Rating Comparison



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**VERSION HISTORY**

<b>No.</b>	<b>Explanation</b>	<b>Date</b>	<b>Author</b>
<b>6</b>	<u>Minor language clean-up; updates to the Permitted Investments; and changes to the Investment Fund Objectives</u>	<u>8/17</u>	<u>MH</u>
<b>5</b>	Revised a resolution reference Updated maximum investment permitted by LAIF Added Authorized Financial Institution	11/16	SA
<b>4</b>	Annual review, no changes	11/15	SA
<b>3</b>	Annual review, no changes	11/14	KWW
<b>2</b>	Combined prior policies 200-97 and 200-98; updated to include more information on allowable investments, delegations, authorized financial institutions, and operations practices, Includes expanded attachments and glossary.	11/13	KWW
<b>1</b>	Updated	9/95	DBL
<b>0</b>	Original Policy	9/93	DBL

## **GLOSSARY OF INVESTMENT TERMS**

**Agencies** - Shorthand market terminology for any obligation issued by a *government sponsored enterprise (GSE)*, or a *federally related institution*. Most obligations of GSEs are **not guaranteed** by the full faith and credit of the US government. Examples are:

- FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.
- FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.
- FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called "Freddie Mac" issues discount notes, bonds and mortgage pass-through securities.
- FNMA. Like FHLB and Freddie Mac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as "Fannie Mae," issues discount notes, bonds and mortgage pass-through securities.

Certain GSE obligations are **guaranteed** by the full faith and credit of the US government. An example is:

- GNMA. The Government National Mortgage Association, known as "Ginnie Mae," issues mortgage pass-through securities.

**Callable** - A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline since an issuer issues securities, it will likely call its current securities and reissue them at a lower rate of interest. Callable securities have reinvestment risk as the investor may receive its principal back when interest rates are lower than when the investment was initially made.

**Certificate of Deposit (CD)** - A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

**Collateral** - Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

**Commercial paper** - Short-term unsecured debt of corporations.

**Coupon** - The rate of return at which interest is paid on a bond.

**Current yield** - The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

**Dealer** - A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position

**Delivery vs. payment (DVP)** - A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

**Demand Deposit** - Sometimes referred to as a sight or on call deposit, can be withdrawn at any time (on demand) without notice or penalty; e.g., deposits into checking or savings accounts.

**Derivative** - Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial

instrument the value of which is totally or partially derived from the value of another instrument, interest rate or index.

**Discount** - The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as **discount securities**. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

**Diversification** - Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

**Duration** - The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

**Federal funds rate** - The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

**Financial Industry Regulatory Authority (FINRA)** - A self-regulatory organization for brokerage firms doing business in the United States. FINRA operates under the supervision of the SEC. The organization's objectives are to protect investors and ensure market integrity.

**Liquidity** - refers to the requirement that some portion of cash assets be invested in securities readily convertible into cash without loss of capital.

**Make whole call** - A type of call provision on a bond allowing the issuer to pay off remaining debt early. The issuer has to make a lump sum payment derived from a formula based on the net present value (NPV) of future coupon payments that will not be paid because of the call. Investors will be compensated, or "made whole."

**Market value** - The price at which a security can be traded.

**Mark to market** - The process of posting current market values for securities in a portfolio.

**Maturity** - The final date upon which the principal of a security becomes due and payable.

**Money market** - The market in which short term debt instruments (Tbills, discount notes, commercial paper and banker's acceptances) are issued and traded.

**Nationally Recognized Statistical Rating Organization (NSRSO)** - Is a credit rating agency (CRA) that issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes. The largest NSROs are Moody's, Standard and Poor's and Fitch.

**Portfolio Re-Optimization** - Refers to the process wherein investment broker(s) re-evaluate a given dedicated investment portfolio using sophisticated computer programs based on the updated program or project estimated cash flows. This is usually done to increase or protect the portfolio's overall rate of return as a result of changing liability amounts or dates, changing market or credit risk condition, or a change in investment policy restrictions, etc.

**Portfolio Strategy** - Determining investment practices to best achieve the investors' primary goals. Strategies may be either passive or active. Passive strategies include: buy and hold, which includes the laddering of maturities; and bullet structure, which is designed to invest to a particular date or portfolio horizon; and benchmarking, which is done to mirror a particular segment of the market. Active strategies employ additional risk to take advantage of conditions in the fixed income markets that change as economic and financial conditions change.

**Premium** - The difference between the par value of a bond and the cost of the bond, when the cost is above par.

**Primary Dealer** - a firm that buys government securities directly from a government, with the intention of reselling them to others, thus acting as a market maker of government securities. The government may regulate the behavior and numbers of its primary dealers and impose conditions of entry.

**Repurchase agreement (RP, Repo)** - Short term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a **reverse repurchase agreement**.

**Risk** - refers to the degree of probability of incurring a monetary loss as a result of investing in a particular security. Three general kinds of investment risks are:

- *Credit Risk* - risk that an issuer of a security cannot meet its obligations.
- *Market Risk* - risk from fluctuations in the market prices for individual securities over a period of time.
- *Liquidity Risk* - risk of an inability to sell a security at its fair market value.

**Safety** - refers to the varying degrees and types of risks associated with different types of investment securities and individual issues. Safety is a matter of degree, not an absolute.

**Safekeeping** - A service to bank customers whereby securities are held by the bank (as custodian) in the customer's name.

**Total rate of return** - A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

**U.S. Treasury obligations** - Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

**Treasury bills** - All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

**Treasury notes** - All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

**Treasury bonds** - All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

**Uniform Net Capital Rule** - An SEC rule that requires broker-dealers to maintain sufficient liquidity to protect securities customers, counterparties, and creditors. Broker-dealers must maintain net capital (net worth adjusted by certain deductions for illiquid assets and reserves against possible market losses on securities positions) such that the liabilities incurred by the broker-dealer (aggregate indebtedness) do not exceed certain specified levels.

**Volatility** - The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

**Yield to Maturity** - The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

### INVESTMENT FUND OBJECTIVES

Fund Type	Primary Investment Objective	Maximum Term of Investment <sup>1</sup>
<b>Bond Financed Project Funds: <sup>2</sup></b>		
Construction Fund (Geo)	C	1 year
Construction Revolving Acct (LEC)	A	90 days
Debt Service Fund	C	1 year
Debt Service Reserve	B, D	15 years
Reserve Fund	B, C, D	5 years
Rebate Fund	C	5 years
O&M Reserve (LEC)	A, B, D	5 years
Revenue Fund	A, B, C	1 year
<b>Additional Operating Funds:</b>		
Operating Account	A, C	1-5 year
General Operating Reserve	A, B, C	5 years
SCPA Balancing Account	A, B	5 years
Capital Development Account (Hydro)	A, C	5 years
Decommissioning Account (Geo)	C, D	5-10 years

Notes:

- A. Provide liquidity
- B. Provide reserves against uncertain liabilities
- C. Match prescribed cash flow
- D. Maximize long-term return on investment

- <sup>1</sup> Investments shall mature not later than such times as shall be necessary to provide monies when reasonably expected to be needed for payments to be made from such fund.
- <sup>2</sup> Proceeds of debt issuance and other funds held under a bond indenture shall be invested in accordance with the Agency's general investment philosophy as set forth in this policy; however, such moneys are to be invested in accordance with permitted investment provisions of their specific bond indentures.

**TABLE OF AUTHORIZED PERMITTED INVESTMENTS**

Type of Investment	Maximum % of Portfolio	Rating Requirement	Maximum Maturity	Other Restrictions
US Treasury Securities	100%	n/a	5 years	
Federal Agencies	100%	n/a	5 years	No more than 25% of portfolio from a single issuer. Callable securities limited to 20% of portfolio.
Local Agency Investment Fund (LAIF)	Up to maximum permitted by LAIF, currently \$65,000,000	n/a	n/a	n/a
Medium-term Corporate Notes	30%	By a NRSRO; A or its equivalent or better	5 years	
California Asset Management Program (CAMP)	100%	n/a	n/a	n/a
Time Deposits (Non-negotiable CDs)	20%	By 2-a NRSROs; Long-term of A or short-term of A-1 or better	5 years	No more than 5% per issuer
Negotiable CDs	30%	By 2-a NRSROs; Long-term of A or short-term of A-1 or better	5 years	No more than 5% per issuer
Bankers Acceptances	40%	By 2-a NRSROs; Long-term of A or short-term of A-1 or better	180 days	No more than 5% per issuer
Commercial Paper	40%	By 2-a NRSROs; Long-term of A or short-term of A-1 or better	270 days	Assets >\$500MM No more than 5% per issuer
Money Market Funds	20%	By 2-a NRSROs; Highest ranking or highest letter/numerical rating		Must be registered with SEC; Assets > \$500MM; No more than 5% per fund
Repurchase Agreements	100%		1 year	Collateral of at least 102% of market value required
Municipal Bonds	10%	By 2-a NRSROs; Highest ranking or highest letter/numerical rating		Fully secured as to principal and interest by an escrow consisting of cash or direct obligations of the US government

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**TABLE OF BOND INDENTURE PERMITTED INVESTMENTS**

Project	Geo/Hydro <sup>2</sup>			Cap Facilities/LEC <sup>3</sup>		
	Debt Service Acct.	Debt Service Reserve Acct.	All Other	Debt Service Acct.	Debt Service Reserve Acct.	All Other
Securities <sup>1</sup>						
Direct obligations of the United States of America.	x	x	x	x	x	x
Bonds issued or guaranteed by federal Agencies, which are backed by the full faith and credit of the United States of America.	x	x	x	x	x	x
Bonds issued or guaranteed by federal Agencies, which are not backed by the full faith and credit of the United States of America.	x	x	x	x	x	x
New Housing Authority bonds or notes of public agencies or municipalities secured by a pledge of annual contributions to be paid by the United States or agency thereof.	x	x	x			x
Direct and general obligations of the State of California or political subdivision rated A or higher.	x		x			
General obligation of any state rated A2 or higher.						x
Time deposits, FDIC insured or collateralized.			x			x
Repurchase agreements, insured or collateralized.			x			x
Money Market Funds rated AAAM G or AAAM or better.						x
Commercial Paper rated P-1 or A1+.						x
UD dollar denominated deposit accounts, federal funds or bankers' acceptances with ratings of A-1, A-1+ or P-1.						x
Prefunded municipal obligations rated highest rating category by S&P or Moody's, based on an irrevocable escrow.						x
Investment Agreements & GICS, supported by opinion of counsel.				x	x	x
California LAIF.						x
Shares in a California common law trust which invests exclusively in investment permitted under CA Code section 56635.						x
Any other form of investment.						x

<sup>1</sup> Investment types are detailed in each project bond Indenture of Trust. Generally, investment securities include those listed above, if and to the extent the same are legal for investment of Agency funds. The securities, as listed above, are summarized and may have additional limitations as to specific issuers, ratings, term of investment, or other requirements.

<sup>2</sup> The Geothermal Project bond indenture dated November 1, 1983 and the Hydroelectric Project bond indenture dated March 1, 1985 have the same definition for investment securities.

<sup>3</sup> The Capital Facilities Project bond indenture dated January 1, 2010 and the Lodi Energy Center Issues One and Two, dated June 1, 2010 have the same definition for investment securities.

**AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

Authorized Financial Institutions/Dealers	Banking	Trust	Investment /Brokerage	Custodian
U.S. Bank N.A.	X	X		
Union Bank of California				X
UBS Financial Services Inc.			X	
Local Agency Investment Fund (LAIF)	X			
Citibank N.A. <sup>1,2</sup>				
Well Fargo & Company <sup>1</sup>				
Bank of America N.A. <sup>1,3</sup>				
Bank of America Merrill Lynch <sup>1,4</sup>				

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The Treasurer/Controller may add or delete institutions from this list from time to time. However, generally only financial institutions among the 100 largest in the world (based on assets) or among the 50 largest in the nation, and only nationally recognized primary broker/dealers of government securities or regional broker/dealers headquartered in the State of California will be considered for reinvestment purposes.

<sup>1</sup> Companies are not currently performing banking, trust, investment or safekeeping services for the Agency.

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<sup>2</sup> Citibank N.A. is the liquidity provider for the Agency's variable rate Hydroelectric Project No. One, 2008 Series A and Series B bonds.

<sup>3</sup> Banc of America Public Capital Corp, a subsidiary of Bank of America N.A., has purchased all of NCPA's Geothermal Project No. Three Revenue Bonds, Series 2012A, totaling \$12,910,000 under a Contract of Purchase dated September 12, 2012.

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<sup>4</sup> Bank of America N.A. has purchased all of NCPA's Geothermal Project No. Three Revenue Bonds, Series 2016A, totaling \$17,530,000 under a Bond Purchase Agreement dated October 1, 2016.



**CREDIT RATINGS COMPARISON**

Description	Moody's		Standard & Poors		Fitch	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
<b>Prime:</b>						
Extremely Strong	Aaa	P-1	AAA	A-1+	AAA	F1+
<b>High Grade:</b>						
Very Strong	Aa1		AA+		AA+	
	Aa2		AA		AA	
	Aa3		AA-	AA-		
<b>Upper Medium Grade:</b>						
Strong	A1	P-2	A+	A-1	A+	F1
	A2		A		A	
	A3		A-		A-	
<b>Lower Medium Grade:</b>						
Adequate	Baa1	P-2	BBB+	A-2	BBB+	F2
	Baa2		BBB		BBB	
	Baa3	P-3	BBB-	A-3	BBB-	F3
<b>Non-investment Grade speculative:</b>						
Vulnerable	Ba1	Not Prime	BB+	B	BB+	B
	Ba2		BB		BB	
	Ba2		BB-		BB-	


Credit ratings are opinions about credit risk published by a rating agency. They express opinions about the ability and willingness of an issuer, such as a corporation, state or city government, to meet its financial obligations in accordance with the terms of those obligations. Credit ratings are also opinions about the credit quality of an issue, such as a bond or other debt obligation, and the relative likelihood that it may default.

The Agency shall not invest in ~~non-investment grade securities~~ any security rated less than single A.

	<b>POLICIES &amp; PROCEDURES MANUAL</b>	<b>No. 200-100</b>	<b>Effective: 9-1993 Updated 08-2017</b>
		<b>Owner:</b> Acctg. & Finance	
<b>SUBJECT:</b>	<b>Investment Policy and Guidelines</b>	<b>APPROVED:</b>  RANDY S. HOWARD, GENERAL MANAGER	

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**POLICY**

It is the policy of the Agency to secure, protect and manage the funds of Agency and invest surplus funds in a manner which will:

- comply with applicable California state laws and bond indenture provisions;
- ensure safety of the principal;
- provide an appropriate level of liquidity so that money is available when reasonably expected to be required for payment of obligations; and,
- attain a market yield with no undue risks taken to maximize income at the expense of safety, liquidity, or investment quality.

**PURPOSE AND SCOPE**

The purpose of this policy is to establish general guidelines for the management of cash and investments of the Agency. The policy pertains to all financial assets of the Agency and any other funds under the control of the Treasurer-Controller and concerns the deposit, investment, maintenance, and safekeeping of all such assets.

Proceeds of debt issuance and other indentured funds shall be invested in accordance with the Agency’s general investment philosophy as set forth in this policy; however, such monies are to be invested in accordance with permitted investment provisions of their specific bond indentures. See attachment 4.

This Policy does not apply to any pension moneys or deferred compensation funds.


**REFERENCE**

- California Government Code Section 53600 et seq.
- Joint Powers Agreement, Article II, Section 4.5 (as amended)
- NCPA Resolution No. 12-72, Authorized Officers for Transactions with the State of California Local Agency Investment Fund (LAIF)
- NCPA Resolution No. 83-103, Establishing the position of Treasurer-Controller

**RESPONSIBILITY**

The Treasurer-Controller is responsible for establishing proper safeguards, controls, and procedures to maintain Agency funds in a lawful, rational, and prudent manner. The Treasurer-Controller is responsible for the development of the overall investment policy as well as for the development and ongoing administration of the various portfolio strategies, tactics, performance monitoring and monthly reporting to the Commission.

The Assistant General Manager/Chief Financial Officer (CFO) is responsible for overseeing the development and implementation of investment policy review and approval of the portfolio investment strategies, and policy compliance.

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**PRUDENCE, PERSONAL RESPONSIBILITY, AND ETHICS**

*Prudence:* Management of Agency’s investments is governed by the Prudent Investor Standard as set forth in California Government Code Section 53600.3:

“...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”


*Personal Responsibility:* The Treasurer-Controller and other authorized persons responsible for managing Agency funds, acting in accordance with the Investment Policy and exercising due diligence, will be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided appropriate action is taken to control adverse developments.

*Ethics:* The Treasurer-Controller and other authorized persons involved in the investment process (1) will refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions and (2) shall not accept honoraria, gifts or gratuities from any advisor, broker, dealer, banker, or other person with whom the Agency conducts business, which has an aggregate value in excess of \$50.00 in any 12-month period.

**GENERAL OBJECTIVES**

The overriding objectives of the investment program are to preserve principal, provide sufficient liquidity, and achieve a reasonable rate of return. The specific objectives for the program are ranked in order of importance:

1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital.
2. **Liquidity:** The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
3. **Return on Investments:** The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles taking into account the investment risk constraints for safety and liquidity needs.

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## **PORTFOLIO RISK MANAGEMENT**

Factors that can lead to an unexpected financial loss can be broadly grouped into the following categories; credit risk, market risk, and liquidity risk.

*Mitigating credit risk in the portfolio:* Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. Agency will mitigate credit risk by adopting the following strategies:


1. Diversify the investment portfolio to mitigate losses due to failure of individual issues or issuers;
2. Limit the amount of the total portfolio that may be invested in securities of a particular type and any single issuer. Authorized investment limitations under this policy are shown in Attachment 3; and,
3. If securities owned by the Agency are downgraded by at least one Nationally Recognized Statistical Rating Organization (NRSRO) to a level below the quality required by this Investment Policy, it will be the Agency's policy to review and document the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.
  - a. The Treasurer-Controller will use discretion in determining whether to sell or hold the security based on its maturity, the economic outlook for the issuer, and other relevant factors.
  - b. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the governing board.

*Mitigating market risk in the portfolio:* Market risk, also referred to as interest rate risk, is the risk that the portfolio value will fluctuate due to changes in interest rates. The Agency recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility when marked-to-market. The Agency will mitigate interest rate risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. The Agency, therefore, shall adopt the following strategies to control and mitigate its exposure to market risk:

1. The Agency will maintain working capital reserves for budgeted operating expenditures in short-term investments to provide sufficient liquidity for expected disbursements;
2. The maximum time from investment to maturity of individual securities in the portfolio will be five years, except as otherwise stated in this policy.

*Mitigating liquidity risk in the portfolio:* Liquidity risk is the inability to convert a security to cash on a given date prior to maturity. It refers to the inability to sell a security for its cost and therefore it may have to be sold at a loss. The Agency shall employ the following strategies to control and mitigate its exposure to liquidity risk:

1. To the extent possible, match investment maturities with anticipated cash demands.
2. Since all possible cash demands cannot be anticipated, maintain portfolios largely of securities with active secondary or resale markets.
3. The Agency will maintain working capital reserves for budgeted operating expenditures in short-term investments to provide sufficient liquidity for expected disbursements.

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**AUTHORIZED INVESTMENT SECURITIES**

All investments will be made in accordance with Sections 53600 *et seq.* of the Government Code of the State of California and as described within this Investment Policy. Authorized investments under this policy are shown in Attachment 3.

**AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

The Treasurer-Controller shall establish a list of approved brokers, dealers, banks and direct issuers of commercial paper to provide investment services to the Agency. The Agency shall conduct security transactions only with approved institutions and firms.

To be eligible for approval all broker/dealer firms must 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 and institutions shall have one or more of the following attributes:

- be recognized as a primary government dealer as designated by the Federal Reserve Bank;
- be a regional broker/dealer headquartered in the State of California; or
- be a national or state chartered bank which is a member of the FDIC; or
- be a direct issuer of securities eligible for purchase by the Agency.


Deposits will be made only in qualified public depositories within the state of California as established by State law. Deposits will be insured by the Federal Deposit Insurance Corporation, or, to the extent the amount exceeds the insured maximum, will be collateralized in accordance with State law.

A pool of qualified financial institutions and dealers will be maintained by the Treasurer-Controller using criteria based upon capitalization, credit worthiness, experience, reference checks and services offered. Selection of financial institutions and broker/dealers authorized to engage in transactions with the Agency will be at the sole discretion of the Agency.

**INTERNAL CONTROL AND ACCOUNTING**

Authority to manage Agency's investment program is derived from the California Government Code Sections 53600 *et seq.* Management responsibility for the investment program is delegated to the Treasurer-Controller by Agency Commission Resolution No. 83-103. Pursuant to Government Code section 53607 such delegation may be granted for a period of one-year and must be renewed annually. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer-Controller or his/her designee.

The Treasurer-Controller shall establish and maintain a system of internal controls, designed to: ensure adherence to this investment policy, the prevention and detection of errors and fraud, the accuracy and completeness of accounting records and the timely preparation of reliable financial information.

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The Agency maintains its records on the basis of Plant/Program account groups, each of which may include one or more investment funds. All investment transactions shall be recorded in the various funds of the Agency in accordance with Generally Accepted Accounting Principles as promulgated by the Government Accounting Standards Board.

**SAFEKEEPING AND COLLATERALIZATION**

All security transactions, including collateral for repurchase agreements, entered into by the Agency shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held in the name of the Agency by a third party custodian designated by the Treasurer-Controller and evidenced by trade confirmations and safekeeping holdings report.

Collateralization will be required on two types of investments: certificates of deposit and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, a minimum collateralization level measured at specified times is required.

**REPORTING REQUIREMENTS**

*Monthly Reports:* A monthly report will be provided to the Commission by the Treasurer-Controller. The report shall state compliance of the investment portfolio to the investment policy and a statement that the Agency has adequate cash flow and investment maturities to meet next month’s cash requirements and such other information as may be required by State law.

The report will disclose, at a minimum, the following information:


1. An asset listing showing par value, cost adjusted for amortization of premiums and accretion of discounts and market value of each security, type of investment, issuer, and interest rate;
2. The Treasurer-Controller’s report shall also provide:
  - a. an analysis of investment maturities;
  - b. a summary of cash and investment activity; and,
  - c. an analysis of interest rates/yields with a comparison to benchmark interest rates.

*Annually:* The Treasurer-Controller shall annually submit to the Commission a statement of Investment Policy and any recommended changes to the policy.

**INVESTMENT OPERATIONS GUIDELINES**

The following general operating guidelines shall be used in performing all investment functions:

- All investments will be made in the name of the Northern California Power Agency.
- All investments will be made in compliance with the NCPA Investment Fund Objectives (Attachment 2) and the NCPA Table of Authorized Investments (Attachment 3) unless otherwise required by bond indenture.
- Investments or collateral for all outside trustee accounts must be delivered to the trustee.
- Investments or collateral for all accounts held by NCPA will be delivered to and held in the safekeeping of an authorized financial institution.
- All investment transactions will be recorded in the accounts of the Agency in accordance with Generally Accepted Accounting Principles as promulgated by the Government Accounting Standards Board.

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- All accrued interest on purchased securities will be charged to the appropriate interest income account.
- Funds deposited in banks or savings and loan associations must be held under a written contract between the Agency and the institution, which requires collateralization as prescribed by law and/or this investment policy.
- Whenever practical Agency cash is to be consolidated and invested on a pooled concept basis. Interest earnings are allocated monthly according to monthly weighted average balance for each fund.
- Unless otherwise restricted, all holdings will be of sufficient size and held in issues which are actively traded to facilitate transactions at a minimum cost and accurate market valuation.
- Passive management portfolio strategies are preferred for all operating projects or other Agency programs, unless otherwise prohibited or restricted.
- When practicable, competitive bidding will be utilized for all investment and reinvestment activities not involving escrowed or other funds covered by a separate contract or agreement.


*Prohibited investment vehicles and practices:*

1. Notwithstanding that any such investment is permitted under State Law, any investment not specifically described herein is prohibited, including, but not limited to derivatives, futures and options.
2. In accordance with California Government Code Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
3. Investment in any security that could result in a zero interest accrual if held to maturity is prohibited.
4. Trading securities for the sole purpose of speculating, whether on the future direction of interest rates or otherwise, is prohibited.
5. Purchasing or selling securities on margin is prohibited.
6. The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
7. The purchase of foreign currency denominated securities is prohibited.

**ATTACHMENTS**

- Attachment 1 - Glossary
- Attachment 2 - Investment Fund Objectives
- Attachment 3 - Table of Authorized Investments
- Attachment 4 - Table of Bond Indenture Permitted Investments
- Attachment 5 – Credit Rating Comparison



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**VERSION HISTORY**

<b>No.</b>	<b>Explanation</b>	<b>Date</b>	<b>Author</b>
<b>6</b>	Minor language clean-up; updates to the Permitted Investments; and changes to the Investment Fund Objectives	8/17	MH
<b>5</b>	Revised a resolution reference Updated maximum investment permitted by LAIF Added Authorized Financial Institution	11/16	SA
<b>4</b>	Annual review, no changes	11/15	SA
<b>3</b>	Annual review, no changes	11/14	KWW
<b>2</b>	Combined prior policies 200-97 and 200-98; updated to include more information on allowable investments, delegations, authorized financial institutions, and operations practices, Includes expanded attachments and glossary.	11/13	KWW
<b>1</b>	Updated	9/95	DBL
<b>0</b>	Original Policy	9/93	DBL

## GLOSSARY OF INVESTMENT TERMS

**Agencies** - Shorthand market terminology for any obligation issued by a *government sponsored enterprise (GSE)*, or a *federally related institution*. Most obligations of GSEs are **not guaranteed** by the full faith and credit of the US government. Examples are:

- FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.
- FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.
- FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called “Freddie Mac” issues discount notes, bonds and mortgage pass-through securities.
- FNMA. Like FHLB and Freddie Mac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as “Fannie Mae,” issues discount notes, bonds and mortgage pass-through securities.

Certain GSE obligations are **guaranteed** by the full faith and credit of the US government. An example is:

- GNMA. The Government National Mortgage Association, known as “Ginnie Mae,” issues mortgage pass-through securities.

**Callable** - A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline since an issuer issues securities, it will likely call its current securities and reissue them at a lower rate of interest. Callable securities have reinvestment risk as the investor may receive its principal back when interest rates are lower than when the investment was initially made.

**Certificate of Deposit (CD)** - A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

**Collateral** - Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

**Commercial paper** - Short-term unsecured debt of corporations.

**Coupon** - The rate of return at which interest is paid on a bond.

**Current yield** - The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

**Dealer** - A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position

**Delivery vs. payment (DVP)** - A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

**Demand Deposit** – Sometimes referred to as a sight or on call deposit, can be withdrawn at any time (on demand) without notice or penalty; e.g., deposits into checking or savings accounts.

**Derivative** - Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components (“Stripped” coupons and principal). A derivative is also defined as a financial

instrument the value of which is totally or partially derived from the value of another instrument, interest rate or index.

**Discount** - The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as **discount securities**. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

**Diversification** - Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

**Duration** - The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

**Federal funds rate** - The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

**Financial Industry Regulatory Authority (FINRA)** - A self-regulatory organization for brokerage firms doing business in the United States. FINRA operates under the supervision of the SEC. The organization's objectives are to protect investors and ensure market integrity.

**Liquidity** - refers to the requirement that some portion of cash assets be invested in securities readily convertible into cash without loss of capital.

**Make whole call** - A type of call provision on a bond allowing the issuer to pay off remaining debt early. The issuer has to make a lump sum payment derived from a formula based on the net present value (NPV) of future coupon payments that will not be paid because of the call. Investors will be compensated, or "made whole."

**Market value** - The price at which a security can be traded.

**Mark to market** - The process of posting current market values for securities in a portfolio.

**Maturity** - The final date upon which the principal of a security becomes due and payable.

**Money market** - The market in which short term debt instruments (Tbills, discount notes, commercial paper and banker's acceptances) are issued and traded.

**Nationally Recognized Statistical Rating Organization (NSRSO)** - Is a credit rating agency (CRA) that issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes. The largest NSROs are Moody's, Standard and Poor's and Fitch.

**Portfolio Re-Optimization** - Refers to the process wherein investment broker(s) re-evaluate a given dedicated investment portfolio using sophisticated computer programs based on the updated program or project estimated cash flows. This is usually done to increase or protect the portfolio's overall rate of return as a result of changing liability amounts or dates, changing market or credit risk condition, or a change in investment policy restrictions, etc.

**Portfolio Strategy** – Determining investment practices to best achieve the investors' primary goals. Strategies may be either passive or active. Passive strategies include: buy and hold, which includes the laddering of maturities; and bullet structure, which is designed to invest to a particular date or portfolio horizon; and benchmarking, which is done to mirror a particular segment of the market. Active strategies employ additional risk to take advantage of conditions in the fixed income markets that change as economic and financial conditions change.

**Premium** - The difference between the par value of a bond and the cost of the bond, when the cost is above par.

**Primary Dealer** - a firm that buys government securities directly from a government, with the intention of reselling them to others, thus acting as a market maker of government securities. The government may regulate the behavior and numbers of its primary dealers and impose conditions of entry.

**Repurchase agreement (RP, Repo)** - Short term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a **reverse repurchase agreement**.

**Risk** - refers to the degree of probability of incurring a monetary loss as a result of investing in a particular security. Three general kinds of investment risks are:

- *Credit Risk* - risk that an issuer of a security cannot meet its obligations.
- *Market Risk* - risk from fluctuations in the market prices for individual securities over a period of time.
- *Liquidity Risk* - risk of an inability to sell a security at its fair market value.

**Safety** - refers to the varying degrees and types of risks associated with different types of investment securities and individual issues. Safety is a matter of degree, not an absolute.

**Safekeeping** - A service to bank customers whereby securities are held by the bank (as custodian) in the customer's name.

**Total rate of return** - A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

**U.S. Treasury obligations** - Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

**Treasury bills** - All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

**Treasury notes** - All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

**Treasury bonds** - All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

**Uniform Net Capital Rule** - An SEC rule that requires broker-dealers to maintain sufficient liquidity to protect securities customers, counterparties, and creditors. Broker-dealers must maintain net capital (net worth adjusted by certain deductions for illiquid assets and reserves against possible market losses on securities positions) such that the liabilities incurred by the broker-dealer (aggregate indebtedness) do not exceed certain specified levels.

**Volatility** - The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

**Yield to Maturity** - The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

## INVESTMENT FUND OBJECTIVES

Fund Type	Primary Investment Objective	Maximum Term of Investment <sup>1</sup>
<b>Bond Financed Project Funds: <sup>2</sup></b>		
Construction Fund (Geo)	C	1 year
Construction Revolving Acct (LEC)	A	90 days
Debt Service Fund	C	1 year
Debt Service Reserve	B, D	15 years
Reserve Fund	B, C, D	5 years
Rebate Fund	C	5 years
O&M Reserve (LEC)	A, B, D	5 years
Revenue Fund	A, B, C	1 year
<b>Additional Operating Funds:</b>		
Operating Account	A, C	5 years
General Operating Reserve	A, B, C	5 years
SCPA Balancing Account	A, B	5 years
Capital Development Account (Hydro)	A, C	5 years
Decommissioning Account (Geo)	C, D	10 years

**Notes:**

- A. Provide liquidity
- B. Provide reserves against uncertain liabilities
- C. Match prescribed cash flow
- D. Maximize long-term return on investment

- <sup>1</sup> Investments shall mature not later than such times as shall be necessary to provide monies when reasonably expected to be needed for payments to be made from such fund.
- <sup>2</sup> Proceeds of debt issuance and other funds held under a bond indenture shall be invested in accordance with the Agency's general investment philosophy as set forth in this policy; however, such moneys are to be invested in accordance with permitted investment provisions of their specific bond indentures.

## TABLE OF PERMITTED INVESTMENTS

<b>Type of Investment</b>	<b>Maximum % of Portfolio</b>	<b>Rating Requirement</b>	<b>Maximum Maturity</b>	<b>Other Restrictions</b>
US Treasury Securities	100%	n/a		
Federal Agencies	100%	n/a		
Local Agency Investment Fund (LAIF)	Up to maximum permitted by LAIF, currently \$65,000,000	n/a	n/a	n/a
Medium-term Corporate Notes	30%	By a NRSRO; A or its equivalent or better	5 years	
California Asset Management Program (CAMP)	100%	n/a	n/a	n/a
Time Deposits (Non-negotiable CDs)	20%	By a NRSRO; Long-term of A or short-term of A-1 or better	5 years	No more than 5% per issuer
Negotiable CDs	30%	By a NRSRO; Long-term of A or short-term of A-1 or better	5 years	No more than 5% per issuer
Bankers Acceptances	40%	By a NRSRO; Long-term of A or short-term of A-1 or better	180 days	No more than 5% per issuer
Commercial Paper	40%	By a NRSRO; Long-term of A or short-term of A-1 or better	270 days	Assets >\$500MM No more than 5% per issuer
Money Market Funds	20%	By a NRSRO; Highest ranking or highest letter/numerical rating		Must be registered with SEC; Assets > \$500MM; No more than 5% per fund
Repurchase Agreements	100%		1 year	Collateral of at least 102% of market value required
Municipal Bonds	10%	By a NRSRO; Highest ranking or highest letter/numerical rating		Fully secured as to principal and interest by an escrow consisting of cash or direct obligations of the US government

**TABLE OF BOND INDENTURE PERMITTED INVESTMENTS**

Project  Securities <sup>1</sup>	Geo/Hydro <sup>2</sup>			Cap Facilities/LEC <sup>3</sup>		
	Debt Service Acct.	Debt Service Reserve Acct.	All Other	Debt Service Acct.	Debt Service Reserve Acct.	All Other
Direct obligations of the United States of America.	x	x	x	x	x	x
Bonds issued or guaranteed by federal Agencies, which are backed by the full faith and credit of the United States of America.	x	x	x	x	x	x
Bonds issued or guaranteed by federal Agencies, which are not backed by the full faith and credit of the United States of America.	x	x	x	x	x	x
New Housing Authority bonds or notes of public agencies or municipalities secured by a pledge of annual contributions to be paid by the United States or agency thereof.	x	x	x			x
Direct and general obligations of the State of California or political subdivision rated A or higher.	x		x			
General obligation of any state rated A2 or higher.						x
Time deposits, FDIC insured or collateralized.			x			x
Repurchase agreements, insured or collateralized.			x			x
Money Market Funds rated AAAM G or AAAM or better.						x
Commercial Paper rated P-1 or A1+.						x
UD dollar denominated deposit accounts, federal funds or bankers' acceptances with ratings of A-1, A-1+ or P-1.						x
Prefunded municipal obligations rated highest rating category by S&P or Moody's, based on an irrevocable escrow.						x
Investment Agreements & GICS, supported by opinion of counsel.				x	x	x
California LAIF.						x
Shares in a California common law trust which invests exclusively in investment permitted under CA Code section 56635.						x
Any other form of investment.						x

<sup>1</sup> Investment types are detailed in each project bond Indenture of Trust. Generally, investment securities include those listed above, if and to the extent the same are legal for investment of Agency funds. The securities, as listed above, are summarized and may have additional limitations as to specific issuers, ratings, term of investment, or other requirements.

<sup>2</sup> The Geothermal Project bond indenture dated November 1, 1983 and the Hydroelectric Project bond indenture dated March 1, 1985 have the same definition for investment securities.

<sup>3</sup> The Capital Facilities Project bond indenture dated January 1, 2010 and the Lodi Energy Center Issues One and Two, dated June 1, 2010 have the same definition for investment securities.

## CREDIT RATINGS COMPARISON

Description	Moody's		Standard & Poors		Fitch			
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term		
<b>Prime:</b>								
Extremely Strong	Aaa	P-1	AAA	A-1+	AAA	F1+		
<b>High Grade:</b>								
Very Strong	Aa1		AA+		AA+			
	Aa2		AA		AA			
	Aa3		AA-		AA-			
<b>Upper Medium Grade:</b>								
Strong	A1	P-2	A+	A-1	A+	F1		
	A2		A		A			
	A3		A-		A-			
<b>Lower Medium Grade:</b>								
Adequate	Baa1		BBB+		BBB+			
	Baa2	P-3	BBB	A-3	BBB	F3		
	Baa3		BBB-		BBB-			
<b>Non-investment Grade speculative:</b>								
Vulnerable	Ba1	Not Prime	BB+	B	BB+	B		
	Ba2		BB		BB			
	Ba2		BB-		BB-			

Credit ratings are opinions about credit risk published by a rating agency. They express opinions about the ability and willingness of an issuer, such as a corporation, state or city government, to meet its financial obligations in accordance with the terms of those obligations. Credit ratings are also opinions about the credit quality of an issue, such as a bond or other debt obligation, and the relative likelihood that it may default.

The Agency shall not invest in any security rated less than single A.






# Commission Staff Report

Date: August 16, 2017

**COMMISSION MEETING DATE: August 24, 2017**

**SUBJECT: Approval of CY 2018 NCPA Capacity Pool Rates**

**AGENDA CATEGORY: Consent**

<b>FROM:</b>	David Dockham 	<b>METHOD OF SELECTION:</b>
	AGM, Power Management	N/A
<b>Division:</b>	Power Management	<i>If other, please describe:</i>
<b>Department:</b>	Industry Restructuring	

**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"/>
Bay Area Rapid Transit	<input type="checkbox"/>	City of Palo Alto	<input checked="" 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 checked="" type="checkbox"/>
City of Gridley	<input checked="" type="checkbox"/>	City of Roseville	<input type="checkbox"/>	Truckee Donner PUD	<input type="checkbox"/>
City of Healdsburg	<input checked="" type="checkbox"/>	City of Santa Clara	<input type="checkbox"/>	Other	<input type="checkbox"/>

*If other, please specify*

\_\_\_\_\_

\_\_\_\_\_

## **RECOMMENDATION:**

NCPA staff recommends that the Commission approve and adopt the Local Area and System Resource Adequacy capacity rates proposed herein for use in the NCPA Capacity Pool, as described in Pooling Schedule 4 of the Second Amended and Restated Pooling Agreement, during the 2018 Resource Adequacy compliance year.

## **BACKGROUND:**

The NCPA Capacity Pool was developed and incorporated into the Second Amended and Restated Pooling Agreement to provide a mechanism for Pool members<sup>1</sup> to voluntarily transact Local Area and System Resource Adequacy capacity in an efficient manner through the NCPA All Resources Bill. In accordance with Pooling Schedule 4, Section 3.8, an ad hoc group of Pool members is to be organized to develop and propose Local Area and System Resource Adequacy capacity rates to the Commission for approval, and pending such approval will be used to price Local Area and System Resource Adequacy capacity transactions executed in the NCPA Capacity Pool.

## **DISCUSSION:**

An ad hoc group of Pool members has been organized to develop Local Area and System Resource Adequacy capacity rates to be used in the NCPA Capacity Pool during the 2018 Resource Adequacy compliance year<sup>2</sup>. The ad hoc group of Pool members organized to develop Local Area and System Resource Adequacy capacity rates used a combination of formal and informal market price surveys to develop a negotiated rate for Local Area and System Resource Adequacy capacity to be used within the NCPA Capacity Pool. NCPA, on behalf of the Pool members, is seeking Commission approval of the developed Local Area and System Resource capacity rates for use in the NCPA Capacity Pool during the 2018 Resource Adequacy compliance year.

## **CAPACITY RATES:**

The following Local Area and System Resource Adequacy capacity rates have been developed for use in the NCPA Capacity Pool during the 2018 Resource Adequacy compliance year:

- Local Area Capacity Rate - \$1.85 / kW-Month
- System Capacity Rate - \$1.00 / kW-Month

## **FISCAL IMPACT:**

Work associated with development of the NCPA Capacity Pool Local Area and System Resource Adequacy capacity rates has been undertaken pursuant to approved Power Management budget categories, and costs associated with this effort are allocated in

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<sup>1</sup> NCPA Pool members include the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Ukiah, the Port of Oakland, and Plumas-Sierra Rural Electric Cooperative.

<sup>2</sup> The 2018 Resource Adequacy compliance year encompasses the period of January 2018 through December 2018.

accordance with approved cost allocation methodologies as described in the NCPA annual budget.

**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 provided herein was reviewed by the Facilities Committee on August 2, 2017, and was recommended for Commission approval.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Randy S. Howard".

RANDY S. HOWARD  
General Manager

Attachments: Resolution 17-67

## RESOLUTION 17-67

### RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVAL OF CY 2018 NCPA CAPACITY POOL RATES

(reference Staff Report #191:17)

WHEREAS, the NCPA Capacity Pool was developed and incorporated into the Second Amended and Restated Pooling Agreement to provide a mechanism for Pool members<sup>1</sup> to voluntarily transact Local Area and System Resource Adequacy capacity in an efficient manner through the NCPA All Resources Bill; and

WHEREAS, in accordance with Pooling Schedule 4, Section 3.8, an ad hoc group of Pool members is to be organized to develop and propose Local Area and System Resource Adequacy capacity rates to the Commission for approval, and pending such approval will be used to price Local Area and System Resource Adequacy capacity transactions executed in the NCPA Capacity Pool; and

WHEREAS, an ad hoc group of Pool members has been organized to develop Local Area and System Resource Adequacy capacity rates to be used in the NCPA Capacity Pool during the 2018 Resource Adequacy compliance year<sup>2</sup>; and

WHEREAS, the ad hoc group of Pool members organized to develop Local Area and System Resource Adequacy capacity rates used a combination of formal and informal market price surveys to develop a negotiated rate for Local Area and System Resource Adequacy capacity to be used within the NCPA Capacity Pool; and

WHEREAS, the following Local Area and System Resource Adequacy capacity rates have been developed for use in the NCPA Capacity Pool during the 2018 Resource Adequacy compliance year: (1) Local Area Capacity Rate of \$1.85/kW-month, and (2) System Capacity Rate of \$1.00/kW-month; and

WHEREAS, work associated with development of the NCPA Capacity Pool Local Area and System Resource Adequacy capacity rates has been undertaken pursuant to approved Power Management budget categories, and costs associated with this effort are allocated in accordance with approved cost allocation methodologies as described in the NCPA annual budget; 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 and approves the Local Area and System Resource Adequacy capacity rates proposed herein for use in the NCPA Capacity Pool, as further described in Pooling Schedule 4 of the Second Amended and Restated Pooling Agreement, during the 2018 Resource Adequacy compliance year.

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<sup>1</sup> NCPA Pool members include the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Ukiah, the Port of Oakland, and Plumas-Sierra Rural Electric Cooperative.

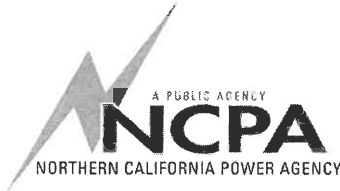
<sup>2</sup> The 2018 Resource Adequacy compliance year encompasses the period of January 2018 through December 2018.

PASSED, ADOPTED and APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2017 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	_____	_____	_____

\_\_\_\_\_  
BOB LINGL  
CHAIR

ATTEST: \_\_\_\_\_  
CARY A. PADGETT  
ASSISTANT SECRETARY



# Commission Staff Report

Date: August 16, 2017

**COMMISSION MEETING DATE: August 24, 2017**

**SUBJECT: Approval of Amendment to Facilities Agreement Schedule 2**

**AGENDA CATEGORY: Consent**

<b>FROM:</b>	David Dockham <sup>DD</sup>	<b>METHOD OF SELECTION:</b>
	AGM, Power Management	N/A
Division:	Power Management	<i>If other, please describe:</i>
Department:	Industry Restructuring	

**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"/>
Bay Area Rapid Transit	<input checked="" type="checkbox"/>	City of Palo Alto	<input checked="" 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 checked="" 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 type="checkbox"/>

*If other, please specify*

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**RECOMMENDATION:**

NCPA staff recommends that the Commission adopt and approve an amendment to Facilities Schedule 2 of the Amended and Restated Facilities Agreement, to include the Antelope Expansion Phase 1 Solar Facility as a NCPA Project.

**BACKGROUND:**

Northern California Power Agency (“NCPA”) recently entered into a renewable energy power purchase agreement under which NCPA, on behalf of certain participating Members, will purchase renewable energy output produced by the Antelope Expansion Phase 1 Solar Facility. When the Commission authorized NCPA to enter into said power purchase agreement, the Commission also officially deemed the power purchase agreement to be a NCPA Project. Pursuant to Section 6.2 of the Amended and Restated Facilities Agreement, all NCPA Projects shall be listed in Facilities Schedule 2.

**AMENDMENT:**

To ensure the Facilities Schedule 2 of the Amended and Restated Facilities Agreement is consistent with Commission action, Facilities Schedule 2 needs to be amended to include the Antelope Expansion Phase 1 Solar Facility in the list of NCPA Projects. NCPA staff propose to amend the Facilities Schedule 2 to include the Antelope Expansion Phase 1 Solar Facility.

For your reference, please find attached an amended Facilities Schedule 2, which includes the Antelope Expansion Phase 1 Solar Facility.

**FISCAL IMPACT:**

Costs associated with development of this amendment are included as part of the NCPA annual budget, and such costs shall be allocated in accordance with the NCPA annual budget.

**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 Facilities Committee on August 2, 2017, and was recommended for Commission approval.

Respectfully submitted,



RANDY S. HOWARD  
General Manager

Attachments: Resolution 17-68  
Facilities Schedule 2, NCPA Projects

**SR: 192:17**

**RESOLUTION 17-68**

**RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY  
APPROVAL OF AMENDMENT TO FACILITIES AGREEMENT SCHEDULE 2**

**(reference Staff Report #192:17)**

WHEREAS, Northern California Power Agency (“NCPA”) recently entered into a renewable energy power purchase agreement under which NCPA, on behalf of certain participating Members, will purchase renewable energy output produced by the Antelope Expansion Phase 1 Solar Facility; and

WHEREAS, when the Commission authorized NCPA to enter into said power purchase agreement, the Commission also officially deemed the power purchase agreement to be a NCPA Project; and

WHEREAS, pursuant to Section 6.2 of the Amended and Restated Facilities Agreement, all NCPA Projects shall be listed in Facilities Schedule 2; and

WHEREAS, to ensure the Facilities Schedule 2 of the Amended and Restated Facilities Agreement is consistent with Commission action, Facilities Schedule 2 needs to be amended to include the Antelope Expansion Phase 1 Solar Facility in the list of NCPA Projects; and

WHEREAS, NCPA staff propose to amend the Facilities Schedule 2 to include the Antelope Expansion Phase 1 Solar Facility, and such amendment is attached to Staff Report #192:17 for reference (the “Amendment”); and

WHEREAS, costs associated with development of this amendment are included as part of the NCPA annual budget, and such costs shall be allocated in accordance with the NCPA annual budget; 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 and approves the Amendment to Facilities Schedule 2 of the Amended and Restated Facilities Agreement, to include the Antelope Expansion Phase 1 Solar Facility as a NCPA project.



PASSED, ADOPTED and APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2017 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	_____	_____	_____

\_\_\_\_\_  
BOB LINGL  
CHAIR

ATTEST: \_\_\_\_\_  
CARY A. PADGETT  
ASSISTANT SECRETARY

## **FACILITIES SCHEDULE 2**

### **NCPA PROJECTS**

Each of the following Projects have been designated by the Commission as a NCPA Project, therefore subject to the terms and conditions of this Agreement:

North Fork Stanislaus River Hydroelectric Development Project

Combustion Turbine Project Number One

Combustion Turbine Project Number Two-Unit One

NCPA Geothermal Generating Unit #2 Project

Geothermal Generating Project Number 3

Seattle City Light Capacity and Energy Exchange Third Phase Agreement

Amended NCPA Green Power Project Third Phase Agreement

- NCPA Solar PV Project

Antelope Expansion Phase 1 Solar Facility



# Commission Staff Report

Date: August 15, 2017

**COMMISSION MEETING DATE:** August 24, 2017

**SUBJECT:** Kinectrics North America, Inc. – Five Year Multi-Task Professional Services Agreement for generator testing and assessment services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA and SCPPA Members

**AGENDA CATEGORY:** Consent

<b>FROM:</b>	Ken Speer <i>KS</i>	<b>METHOD OF SELECTION:</b>
	Assistant General Manager	N/A
<b>Division:</b>	Generation Services	<i>If other, please describe:</i>
<b>Department:</b>	Hydroelectric	

<b>IMPACTED MEMBERS:</b>		
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"/>
<i>If other, please specify</i>		
_____		
_____		

**RECOMMENDATION:**

Approval of Resolution 17-69 authorizing the General Manager or his designee to enter into a Multi-Task Professional Services Agreement with Kinectrics North America, Inc. for generator testing and assessment 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.

**BACKGROUND:**

Generator testing and assessment services are required from time to time related to project support at 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.

**SELECTION PROCESS:**

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 other agreements with similar service providers including Andritz Hydro, HDR Engineering, Quality Generator Services, and Siemens Energy. NCPA seeks bids from multiple qualified providers whenever services are needed. 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

**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 above was reviewed by the Facilities Committee on August 2, 2017 and was recommended for Commission approval on consent calendar.

The recommendation above was reviewed by the Lodi Energy Center Project Participant Committee on August 14, 2017 and was approved.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Randy S. Howard".

RANDY S. HOWARD  
General Manager

Attachments (2):

- Resolution
- Multi-Task Professional Services Agreement with Kinectrics North America, Inc.

**RESOLUTION 17-69**

**RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY  
APPROVING A MULTI-TASK PROFESSIONAL SERVICES AGREEMENT WITH  
KINETRICS NORTH AMERICA, INC.**

**(reference Staff Report #193:17)**

WHEREAS, generator testing and assessment services are periodically required at the facilities owned and/or operated by Northern California Power Agency (NCPA), its members, the Southern California Public Power Authority (SCPPA), and SCPPA members; and

WHEREAS, Kinectrics North America, Inc. is a provider of these services; and

WHEREAS, on August 14, 2017, the LEC Project Participant Committee approved the agreement with Kinectrics North America, Inc., in an 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 Professional Services Agreement with Kinectrics North America, Inc., with any non-substantial changes as approved by the NCPA General Counsel, which shall not exceed \$1,000,000 over five years for engineering consulting services related to project support and plant operations 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.

PASSED, ADOPTED and APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2017 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	_____	_____	_____

\_\_\_\_\_  
BOB LINGL  
COMMISSION VICE CHAIR

ATTEST: \_\_\_\_\_  
CARY A. PADGETT  
ASSISTANT SECRETARY

**MULTI-TASK PROFESSIONAL SERVICES AGREEMENT BETWEEN  
THE NORTHERN CALIFORNIA POWER AGENCY AND  
KINETRICS NORTH AMERICA, INC.**

This agreement for professional services ("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 Kinectrics North America, Inc., a corporation with its office located at 800 Kipling Avenue, Unit 2, Toronto, Ontario, M8Z 5G5 Canada ("Consultant") (together sometimes referred to as the "Parties") as of \_\_\_\_\_, 201\_ ("Effective Date") in Roseville, California.

**Section 1. SERVICES.** Subject to the terms and conditions set forth in this Agreement, Consultant shall provide to Agency the services described in the Scope of Work attached hereto as Exhibit A and incorporated herein ("Services"), at the time and place and in the manner specified therein.

**1.1 Term of Agreement.** The term of this Agreement shall begin on the Effective Date and shall end when Consultant completes the Services, or no later than five (5) years from the date this Agreement was signed by Agency, whichever is shorter.

**1.2 Standard of Performance.** Consultant shall perform the Services in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged and for which Consultant is providing the Services. Consultant represents that it is licensed, qualified and experienced to provide the Services set forth herein.

Consultant warrants that the Services, excluding any as may be performed under the direction or supervision of the Agency, performed pursuant to this Agreement will be performed in a professional manner consistent with the standards of quality and care typical within the industry at the time of performance for similar work. Such warranty will be effective for a period of one (1) year from the date of completion of the Service. Any such Services performed by Consultant which do not conform with Consultant's above-stated warranty obligation will be re-performed by Consultant at Consultant's expense upon any reasonable written notice from Agency; or if in Consultant's reasonable judgment re-performance is impracticable or impossible, Consultant will refund to Agency the price paid to Consultant for the non-conforming Services. The warranties and remedies set forth herein are exclusive, and no other warranty or remedy of any kind, whether statutory, written, oral, express, or implied, including without limitation warranties of performance, merchantability and fitness for a particular purpose, shall apply.

**1.3 Assignment of Personnel.** Consultant shall assign only competent personnel to perform the Services. 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, Consultant shall,

immediately upon receiving written notice from Agency of such request, reassign such personnel.

- 1.4 Services Provided.** Services provided under this Agreement by Consultant may include Services directly to the Agency or, as requested by the Agency and consistent with the terms of this Agreement, to Agency members, Southern California Public Power Authority ("SCPPA") or SCPPA members.
- 1.5 Request for Services.** At such time that Agency determines to use Consultant's Services under this Agreement, Agency shall issue a Purchase Order. The Purchase Order shall identify the specific services to be performed ("Requested Services"), may include a not-to-exceed monetary cap on Requested Services and expenditures authorized by that Purchase Order, and a time by which the Requested Services shall be completed. Consultant shall have seven calendar days from the date of the Agency's issuance of the Purchase Order in which to respond in writing that Consultant chooses not to perform the Requested Services. If Consultant agrees to perform the Requested Services, begins to perform the Requested Services or does not respond within the seven day period specified, then Consultant will have agreed to perform the Requested Services on the terms set forth in the Purchase Order, this Agreement and its Exhibits.

**Section 2.** **COMPENSATION.** Agency hereby agrees to pay Consultant an amount **NOT TO EXCEED** One Million dollars (\$1,000,000) for the Services, which shall include all fees, costs, expenses and other reimbursables, as set forth in Consultant'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 Consultant, but is merely a limit of potential Agency expenditures under this Agreement.

- 2.1 Invoices.** Consultant 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;
  - Services performed;
  - The Purchase Order number authorizing the Services;
  - At Agency's option, the total number of hours of work performed under the Agreement by Consultant and each employee, agent, and subcontractor of Consultant performing services hereunder where work is performed on a time & materials basis only; and
  - At Agency's option, when the Consultant's Scope of Work identifies tasks, for each work item in each task, a copy of the applicable time entries 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, for work performed on a time & materials basis only.

Invoices shall be sent to:

Northern California Power Agency  
651 Commerce Drive  
Roseville, California 95678  
Attn: Accounts Payable  
[AcctsPayable@ncpa.com](mailto:AcctsPayable@ncpa.com)

- 2.2 **Monthly Payment.** Agency shall make monthly payments, based on invoices received, for services 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 Consultant.
- 2.3 **Payment of Taxes.** Consultant 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 Services.** The Consultant is not authorized to perform any Services or incur any costs whatsoever under the terms of this Agreement until receipt of written authorization from the Contract Administrator.
- 2.5 **Timing for Submittal of Final Invoice.** Consultant shall have ninety (90) days after completion of its Services to submit its final invoice. In the event Consultant fails to submit an invoice to Agency for any amounts due within the ninety (90) day period, Consultant is deemed to have waived its right to collect its final payment from Agency.

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

**Section 4. INSURANCE REQUIREMENTS.** Before beginning any work under this Agreement, Consultant, 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 Consultant employs any person, Consultant shall maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Consultant with limits of not less than one million dollars (\$1,000,000.00) per accident. Consultant shall ensure that any Statutory Workers' Compensation Insurance and Employer's Liability Insurance (or similar, non-U.S. coverage) maintained by Consultant covers any and all persons employed directly or indirectly to perform Services under this Agreement, no matter where such persons perform the Services.

## **4.2 Commercial General and Automobile Liability Insurance.**

**4.2.1 Commercial General Insurance.** Consultant 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 Consultant. 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.** Consultant 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 Consultant, 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.** Consultant shall maintain professional liability insurance appropriate to Consultant's profession performing work in connection with this Agreement in an amount not less than one million dollars (\$1,000,000.00) and two million dollars (\$2,000,000) aggregate covering the Consultant's errors and omissions. Any deductible or self-insured retention shall not exceed two hundred fifty thousand dollars (\$250,000) per claim. Such insurance shall be on a "claims-made" basis, subject to the following conditions: (1) the retroactive date of the policy shall be on or before the Effective Date of this Agreement; (2) the policy shall be maintained for at least five (5) years after completion of the Services and, if requested by Agency, evidence of coverage shall be provided during this period; and (3) if, within five (5) years of completion of the Services, coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Effective Date of this Agreement, Consultant shall purchase "extended reporting" coverage for a minimum of five (5) years after completion of the Services and, if requested by Agency, provide evidence of coverage during this period.

#### **4.4 All Policies Requirements.**

**4.4.1 Verification of coverage.** Prior to beginning any work under this Agreement, Consultant 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, adding the Agency as an additional insured and declaring such insurance primary in regard to work performed pursuant to this Agreement.

**4.4.2 Notice of Reduction in or Cancellation of Coverage.** Consultant 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.

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

**4.4.4 Additional Certificates and Endorsements.** If Consultant provides services to Agency members, SCPPA and/or SCPPA members, Agency shall have the right to require the Consultant to provide certificates of insurance and/or policy endorsements, as referenced in Section 4.4.1, naming the specific Agency member, SCPPPA or Agency member for which the Services are to be performed.

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

**4.6 Consultant's Obligation.** Consultant shall be solely responsible for ensuring that all equipment, vehicles and other items utilized in the performance of Services are operated, provided or otherwise utilized in a manner that ensues they are and remain covered by the policies referenced in Section 4 during this Agreement. Consultant shall also ensure that all workers involved in the provision of Services 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 CONSULTANT'S RESPONSIBILITIES.**

**5.1 Effect of Insurance.** Agency's acceptance of insurance certificates and endorsements required under this Agreement does not relieve Consultant 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, Consultant acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

- 5.2** **Scope.** Consultant shall indemnify, defend with counsel reasonably acceptable to the Agency, and hold harmless the Agency and its officials, commissioners, officers, employees, and volunteers from and against any and all claims that arise out of, pertain to or relate to the negligence, recklessness or willful misconduct of the Consultant in its performance of Services under this Agreement. Consultant shall bear all 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 ("Liabilities"). Such obligations to defend, hold harmless and indemnify the Agency shall not apply to the extent that such Liabilities are caused by the sole negligence, active negligence, or willful misconduct of the Agency.

Notwithstanding the above, Consultant's total aggregate liability for damages arising from any cause or action whatsoever shall be limited to the applicable policy limit amounts detailed in Section 4 above (as long as Consultant maintains in effect and applicability the required insurance, including but not limited to the amounts, deductibles, and scope referenced herein) or, for claims not covered by insurance, one million dollars (\$1 million). In no event shall Consultant at any time be liable to the Agency for any indirect, incidental or consequential damages which may be sustained by them, including but not limited to loss of revenue, profit, business reputation or opportunity whether such liability arises out of contract, tort, strict liability, warranty or other legal theory whether at law, in equity or otherwise.

## **Section 6. STATUS OF CONSULTANT.**

- 6.1** **Independent Contractor.** Consultant is an independent contractor and not an employee of Agency. Agency shall have the right to control Consultant only insofar as the results of Consultant's Services and assignment of personnel pursuant to Section 1; otherwise, Agency shall not have the right to control the means by which Consultant accomplishes Services rendered pursuant to this Agreement. Notwithstanding any other Agency, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Consultant 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.

Consultant shall indemnify, defend, and hold harmless Agency for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant 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. Consultant and Agency acknowledge and agree that compensation paid by Agency to Consultant under this Agreement is based upon Consultant's estimated costs of providing the Services, including salaries and benefits of employees, agents and subcontractors of Consultant.

Consultant 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 Consultant's failure to secure workers' compensation insurance for its employees, agents, or subcontractors.

Consultant agrees that for any U.S. employees, 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, Consultant 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 Consultant

- 6.2 Consultant Not Agent.** Except as Agency may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of Agency in any capacity whatsoever as an agent. Consultant 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 Consultant and is based upon a determination of Consultant'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 Consultant. Consultant may not assign this Agreement or any interest therein without the prior written approval of the Agency. Consultant 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, Consultant shall supervise all work subcontracted by Consultant in performing the services and shall be responsible for all work performed by a subcontractor as if Consultant itself had performed such work. The subcontracting of any work to subcontractors shall not relieve Consultant from any of its obligations under this Agreement with respect to the services and Consultant is obligated to ensure that any and all subcontractors performing any services 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, Consultant shall, at the same time it executes this Agreement, execute Exhibit C.

**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.** Consultant 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.** Consultant represents and warrants to Agency that Consultant 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.

**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 Consultant.

In the event of termination, Consultant shall be entitled to compensation for Services satisfactorily completed as of the effective date of termination, as well as Consultant's actual, direct, unavoidable direct costs resulting from such termination. "Actual, direct, unavoidable costs" means the cost of any preapproved uncancellable commitments incurred prior to the date of termination and similar costs, but shall not include profit or overhead expenses of Consultant. Consultant shall make every reasonable effort to minimize such costs upon termination. In no event shall the compensation of Consultant provided for in this Section exceed the cost of the applicable Purchase Order(s); Agency, however, may condition payment of such compensation upon Consultant 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 all 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 Consultant shall survive the termination of this Agreement.
- 8.4 **Options upon Breach by Consultant.** If Consultant 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 Consultant pursuant to this Agreement;
- 8.4.3 Retain a different consultant to complete the Services not finished by Consultant; and/or
- 8.4.4 Charge Consultant the difference between the costs to complete the Services that is unfinished at the time of breach and the amount that Agency would have paid Consultant pursuant hereto if Consultant had completed the Services.

**Section 9. KEEPING AND STATUS OF RECORDS.**

- 9.1 **Records Created as Part of Consultant'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 Consultant prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the Agency. Consultant hereby agrees to deliver those documents to the Agency upon termination of the Agreement. Agency and Consultant agree that, unless approved by Agency in writing, Consultant shall not release to any non-parties to this Agreement any data, plans, specifications, reports and other documents.

Notwithstanding any provisions in this Agreement to the contrary, Consultant will own the entire right, title and interest to its own background intellectual property and nothing in this Agreement is intended to diminish that ownership interest and/or transfer, grant or bestow any right, title or interest in the Agency or any other party, including any ownership or license interest therein.

- 9.2 **Consultant's Books and Records.** Consultant shall maintain any and all records or other documents evidencing or relating to charges for Services 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 Consultant to this Agreement.
- 9.3 **Inspection and Audit of Records.** Any records or documents that this Agreement requires Consultant 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 the Agreement. Notwithstanding the above, Agency shall not audit

the cost or pricing components of any fixed price work. Note: Agency makes no guarantees or representations concerning the scope of an audit by the State Auditor pursuant to California law.

#### **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, consultants, 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. MISCELLANEOUS PROVISIONS.**

- 10.1 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.
- 10.2 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.
- 10.3 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.
- 10.4 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.
- 10.5 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.
- 10.6 Conflict of Interest.** Consultant may serve other clients, but none whose activities within the corporate limits of Agency or whose business, regardless of location, would place Consultant in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*

Consultant 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.*

**10.7 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.

**10.8 Notices.** Any written notice to Consultant shall be sent to:

Kinectrics Inc.  
Attn: Jeff Lewis, Legal Counsel  
800 Kipling Avenue, Unit 2  
Toronto, Ontario M8Z 5G5  
Canada

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:

General Counsel  
Northern California Power Agency  
651 Commerce Drive  
Roseville, CA 95678

**10.9 Professional Seal.** Where applicable in the determination of the Agency, for engineering work, 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.

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

- 10.11 Alternative Dispute Resolution.** If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Agency and Consultant agree to resolve the dispute in accordance with the following:
- 10.11.1** Each party shall designate a senior management or executive level representative to negotiate any dispute;
  - 10.11.2** The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.
  - 10.11.3** 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.
  - 10.11.4** 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.
  - 10.11.5** The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.
  - 10.11.6** The alternative dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative 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.*
- 10.12 Controlling Provisions.** In the case of any conflict between the terms of this Agreement and the Exhibits hereto, a Purchase Order, or Consultant's Proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and a Purchase Order or the Consultant's Proposal, the Exhibits shall control. In the case of any conflict between the terms of a Purchase Order and the Consultant's Proposal, the Purchase Order shall control.
- 10.13 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.
- 10.14 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.

**10.15 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. However, should Consultant provide services to an Agency member, SCPPA or SCPPA member (collectively for the purpose of this Section only "Member") pursuant to Section 1.4, the parties recognize that such Member may be a third party beneficiary solely as to the Purchase Order and Requested Services relating to such Member.

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

NORTHERN CALIFORNIA POWER AGENCY

KINECTRICS NORTH AMERICA, INC.

Date \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
**RANDY HOWARD, General Manager**

\_\_\_\_\_  
**SHAHROKH ZANGENEH, VP of Sales**

Attest:

\_\_\_\_\_  
Assistant Secretary of the Commission

Approved as to Form:

\_\_\_\_\_  
Assistant General Counsel

## EXHIBIT A

### SCOPE OF SERVICES

Kinectrics North America, Inc. ("Contractor") as requested by Northern California Power Agency ("Agency"), Agency Members, SCPPA, or SCPPA Members, shall perform the following services including, without limitation:

I.     **Standard Generator Testing and Assessment;**

Perform limited visual inspection and off-line diagnostic testing of one generator stator winding, includes the following:

II.    **Stator Winding Insulation Resistance and Polarization Index:**

Both single phase (A, B, C) and three phase testing (ABC) are required for assessment of the condition of the insulation system at 5 kV.

Testing is a requirement to ensure a minimum insulation condition prior to proceeding with diagnostic testing in accordance with the requirements of IEEE 43. Table 4 of this standard indicates the minimum recommended insulation resistance, in M $\Omega$  at 40°C, of the entire machine winding (ABC) of 100 M $\Omega$  as a prerequisite for further testing.

III.   **Stator Winding Capacitance and Dissipation Factor (tan  $\delta$ ) Test:**

Typically single phase testing (A, B, C) is required for assessment of the condition of the insulation system.

**Note:** An advance Capacitance & Dissipation Factor measurements between phase to phase can also be performed to obtain additional information of the insulation condition. However, in order to perform this test a higher capacity power supply may be required to energize the winding with additional cost.

Tan  $\delta$  testing evaluates various factors that influence the performance of the overall electrical insulation. Bridge techniques will be employed to properly measure and assess the extent of pulseless and pseudo glow discharge activity. Testing is performed in accordance with the requirements of IEEE 286 on each phase at up to rated line to neutral voltage.

IV.    **Stator Winding Off-Line Partial Discharge Testing:**

Measurement of the partial discharge quantities  $Q_{IEC}$  and  $Q_M$ , as well as PDEV and PDIV are required, in the single phase (A, B, C) configuration with coupling capacitors installed at both the line end and neutral end of the winding for simultaneous measurements.

Note: An advance PD measurements for additional cost can also be performed by connecting all three phases together so as to distinguish between the slot and endwinding discharges; however in this case a higher capacity power supply is normally required due to high capacitance of the complete machine.

Two different methods of measuring PD will be performed with instrumentation using different frequency ranges and sensitivities to different types of PD activity. Measurements of  $Q_{IEC}$  will be performed first, followed by measurements of  $Q_M$ .

Off-line partial discharge testing evaluates various factors that influence the performance of electrical insulation associated with electrical discharges near the Line End of the stator winding. Testing is normally performed in accordance with the requirements of IEEE 1434 and/or IEC 60034-27-1.

#### V. **Stator Winding Electromagnetic (Corona or TVA) Test**

Single phase (A, B, C) testing is required. During testing of each phase, all slots containing a stator coil in either the top or bottom of the slot are scanned. The slots are divided into at least two sections, to allow differentiation of PD originating from each end of the core.

It is recommended that an AC overvoltage voltage test in accordance with IEEE 62.2 7.1.5 of at least 1.10 to 1.25 times the rated line-to-neutral voltage of the machine is performed prior to performing a TVA probe test (for safety). This overvoltage test provides some assurance of the integrity of the winding being tested.

#### VI. **Stator Winding Ultrasonic Inspection and/or Corona Camera/Corona Scope Inspection of Winding Connection End**

Testing is used to identify locations of PD within the end arm region of a stator winding. A scan of the end arm region of the connection end of the stator is performed using the ultrasonic detector to identify locations of partial discharge. An audio scans can localize areas of partial discharge which are not within line of sight

A corona scope and/or daylight corona camera, can be used to perform limited localization of PD in end winding region and requires direct line of sight.

#### VII. **Stator Winding Resistance**

Winding resistance testing can detect the presence of any high resistance joints, corrosion, or fractures of the conductors. The DC winding resistance of each phase (A1, A2, B1, B2, C1, C2) is measured using a Kelvin bridge in accordance with the requirements of IEEE 62.2.

## VIII. **Stator AC Overvoltage Withstand Test**

AC testing results in the highest stress levels on the insulation system within the slot section of the stator core. Acceptance test levels for new machines are  $2E+1$ , while typical maintenance levels are  $1.25$  to  $1.50E$  ( $E$  = Rated line to line voltage). Withstand testing provides some assurance that the winding insulation has a minimum level of electrical strength required to successfully operate for the expected design life or certain period of time. Testing is performed on each phase in accordance with the requirements of IEEE 62.2 on each phase for one minute, with the remaining phases grounded. Partial discharge measurements are performed at the withstand voltage level during the test.

## IX. **Stator Winding DC Ramped Overvoltage Test**

DC testing results in the highest stress levels on the insulation system in the end arm region. Typical maintenance levels are  $1.25$  to  $1.50E$  ( $E$  = Rated line to line voltage,  $AC \times 1.7 = DC$ ). Ramp testing provides some assurance that the winding insulation has a minimum level of electrical strength required for continued operation. Testing is performed in accordance with the requirements of IEEE 95 on each phase using a  $2$  KV/min ramping rate, with the remaining phases grounded.

## X. **Stator Winding Limited Stator Winding Inspection**

Visual Inspection of the stator winding assembly in accordance with the requirements of IEEE 62.2

## XI. **Additional Generator Tests;**

### 1. **Stator Slot Wedge Tightness**

The stator Slot Wedge Tightness of the machine will be checked, and areas of concern would be noted. Testing is performed in accordance with the requirements of IEEE 62.2

### 2. **Stator Core Low Energy (EICID) Test**

The condition of the interlaminar resistance between stator punchings of the machine core is evaluated. Testing is performed in accordance with the requirements of IEEE 62.2 using a digital EICID test set and findings are recorded.

### 3. **Isolated Phase Bus Test**

Perform an AC Hipot of  $27$  kV for  $1$  minute ( $15$  kV Class Iso-Phase Bus), followed by measurement of Partial discharge activity at  $10.5$  kV. Testing is amenable to detecting cracked insulators, moisture, loose connections and mounting hardware, and foreign materials.

## **II. Failure Analysis and Other Miscellaneous Technical Assistance**

Perform document review for NCPA on an as requested basis.

## **III. Qualification Testing of 13.8kV stator bars and coils in accordance with IEEE 1310, IEEE 1043 and IEEE 1553.**

The following qualification testing consisting of Thermal Cycling Test (TCT) in accordance with IEEE 1310 followed by Voltage Endurance Test (VET) in accordance with IEEE 1043 and 1553 is performed on newly manufactured stator bars and coils.:

Note: In case of bars normally five bars are required to perform the qualification test and in case of coils normally three coils are required.

### **THERMAL CYCLING TEST:**

The thermal cycling work to be performed on stator bars/coils consists of:

- 1.** Uncrating and performance of an incoming inspection of the stator bars/coils to ensure that no transit damage has occurred.
- 2.** Perform an initial diagnostic sub-cycle on each stator bar/coil consisting of
  - A)** Tap tests on the coils.
  - B)** Slot corona protection surface resistance measurement.
  - C)** Capacitance, dissipation factor at 0.2, 0.4, 0.6, 0.8, 1.0 Un of rated line to line voltage.
  - D)** Partial discharge measurements up to 8 kV or 13.8kV ac rms.
  - E)** Dimensional measurements in accordance with IEEE 1310
  - F)** Surge testing (coils only): The initial surge testing of the turn insulation will be performed at 40 kV (3.5 p.u.), 100ns as per IEEE 522. The final surge testing will be performed on completion of 500 cycles on thermal cycling. The final turn insulation will be performed at 75% i.e. 30kV on each coil.
- 3.** Performance of thermal cycling test on stator bars/coils as per the requirements of IEEE 1310-1996. Control bar/coil will be used to provide copper temperature measurements and hence to control the thermal cycling process. The thermal cycle profile will be 40°C-155°C-40°C with an average rate of increase/decrease as permitted by IEEE 1310-1996. The number of thermal cycles shall be 500.
- 4.** Perform a diagnostic sub-cycle after 100, 250 and 500 thermal cycles on each bar/coil that has been subjected to thermal cycling. The measurements to be performed as per clause 2 above.

### **VOLTAGE ENDURANCE TEST:**

The voltage endurance test will be performed on bars/coils on successful completion of Thermal Cycling and surge testing in case of coils in accordance to IEEE 1043 and 1553.



The test conditions shall be as follows:

- Bars/coils at 30kV (Schedule 'A') for 400 hours or (Schedule 'B') for 250 hours as per IEEE 1553. Temperature between 90 °C and 130°C (TBD).

**Pass/Fail Criteria:**

**Surge Test (Coils Only):**

This is a pass or fail test with no failures permitted.

The waveform from this test is to be compare with the original test to ensure no shorts have developed between turns. A waveshape resulting from any applied surge voltage on any coil that does not match the waveshape on the master coil is considered a fail.

If a failure occurs, the entire lot of bars/coils will be rejected.

**The additional expense for dissection and failure analysis will be mutually discussed and agreed upon between Kinectrics and Agency.**

**Thermal Cycling Test:**

During the thermal cycling process, the diagnostic testing of the bars/coils at the 100, 250 and 500 cycle mark will assist in determining how any one bar/coil is performing as the test is progressing and how any one bar/coil performed when the test is completed. Based on experience with these diagnostic tests, it will determine if the testing of any said bar/coil should continue through to the voltage endurance test or not. Utility and Vendor shall discuss, in detail, precisely what constitutes a failed thermal cycled bar/coil before testing begins.

**Voltage Endurance Testing:**

The bars/coils shall be subject to the acceptance criteria as outline in IEEE 1553, Section 5.

**Note 1:** Failure of the insulation system anywhere on the bar/coil, including the semi-con / grading interface is not permitted, this will be considered a fail.

**Note 2:** The area of the bar/coil that encompasses the semiconducting to grading tape interface shall not show any signs of physical erosion of the grading or semiconducting tape of any kind such as but not limited to, cracking, abrading, flaking, burn through, etc. The interface area shall be defined as the area where the grading tape overlaps the semi-conducting tape, plus up to 3.0 linear inches towards the end winding as followed along the grading tape surface.

Physical erosion of this interface area shall be considered a failure for this bar/coil. Discoloration of this interface area is permitted. There are no exceptions to this qualifying point.

**Dissections:** Upon completion of the thermal cycling and post-TC testing, a minimum of one bar/coil per lab test shall be dissected and microscopically examined to determine the failure mechanism or to confirm the winding quality. Any delamination within the ground-wall insulation or de-bonding between the conductor strands and the ground-wall insulation and/or turn insulation as well as discoloration in the insulation structure shall result in rejection of the bars/coils.

- a. Delamination is defined as the separation of the ground-wall tape layers due to loss of bonding strength and/or impregnating compound.
- b. De-bonding is defined as the lack of adhesion between the layers in an insulation system due to improperly cured resins or lack of resin or a fracturing of the crystalline resin in the insulation matrix.
- c. Discoloration is defined as a change in the colour of the insulation structure from the normal translucent brown colour (securely bonded regions) to an opaque white colour (poorly bonded or delaminated regions).

## EXHIBIT B

### COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all tasks, including hourly fees and expenses, shall not exceed \$1,000,000 subject to Section 2 of the Agreement. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:

I. Standard Generator Testing and Assessment: \$39,000

II. Advance Generator Testing and Assessment: TBD

III. Additional Generator Tests

1. Wedge Test: \$9,500

2. ELCID Test: \$11,500

3. Iso-Phase Bus Test: \$4,500

Additional Day (Mon-Fri): \$6,000

Additional Day (Sat-Sun): \$8,000

IV. Technical Assistance and Document Review:

1. Hourly Rate: \$200/Hour

2. Expenses: Expenses + 15% Handling Fee

V. Qualification Testing of 13.8kV stator bars/coils: \$55,000 (Does not include any failure analysis and/or repeat testing in case of any failure of the samples)

#### NOTES:

- Pricing is valid to December 31, 2018 and is subject to a 3% per year escalation for following years.
- Reimbursable expenses will be billed as separate line items.
- As a public agency, NCPA shall not reimburse Consultant for travel, food and related costs in excess of those permitted by the Internal Revenue Service.

**EXHIBIT C**

**CERTIFICATION**

**Affidavit of Compliance for Contractors**

I,

\_\_\_\_\_

(Name of person signing affidavit)(Title)

do hereby certify that background investigations to ascertain the accuracy of the identity and employment history of all employees of

\_\_\_\_\_

(Company name)

for contract work at

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

have been conducted as required by the California Energy Commission Decision for the above-named project.

\_\_\_\_\_

(Signature of officer or agent)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

2830776.3



# Commission Staff Report

August 16, 2017

**COMMISSION MEETING DATE:** August 24, 2017

**SUBJECT:** Mechanical Analysis/Repair, Inc. dba Martech – First Amendment to Five Year Multi-Task General Services Agreement; Applicable to the following projects: All NCPA Generation Plant Facilities, Members, Southern California Public Power Authority (“SCPPA”) or SCPPA members

**AGENDA CATEGORY:** Consent

<b>FROM:</b>	Ken Speer <i>KS</i>	<b>METHOD OF SELECTION:</b>
	Assistant General Manager	N/A
<b>Division:</b>	Generation Services	<i>If other, please describe:</i>
<b>Department:</b>	Combustion Turbines	

<b>IMPACTED MEMBERS:</b>		
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"/>
<i>If other, please specify</i>		
_____		
_____		

**RECOMMENDATION:**

Approval of Resolution 17-70 authorizing the General Manager or his designee to enter into a First Amendment to Multi-Task General Services Agreement with Mechanical Analysis/Repair, Inc., dba Martech, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$550,000 over five years for use at any facilities owned and/or operated by Agency, its Members, SCPPA or SCPPA members.

**BACKGROUND:**

Various machining services are required at the NCPA, member, SCPPA and SCPPA member locations from time to time. Mechanical Analysis/Repair, Inc. dba Martech is a provider of these services. NCPA entered into a Five Year Multi-Task General Services Agreement with Mechanical Analysis/Repair, Inc. dba Martech effective June 9, 2014 for an amount not to exceed \$200,000. The Agency has utilized this vendor more often than originally estimated and the agreement has run low on funds. This amendment will increase the not to exceed amount from \$200,000 to \$550,000 and add additional facility locations. This agreement will be for use at any facility owned and/or operated by the Agency, its Members, SCPPA or SCPPA Members.

**FISCAL IMPACT:**

Total cost of the agreement is not to exceed \$550,000 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.

**SELECTION PROCESS:**

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. 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.

**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 above was reviewed by the Facilities Committee on August 2, 2017 and was recommended for Commission approval on consent calendar.

The recommendation above was reviewed by the Lodi Energy Center Project Participant Committee on August 14, 2017 and was approved.

Respectfully submitted,



RANDY S. HOWARD  
General Manager

Attachments (3):

- Resolution
- Multi-Task General Services Agreement for with Mechanical Analysis/Repair, Inc. dba Martech
- First Amendment to Multi-Task General Services Agreement for with Mechanical Analysis/Repair, Inc. dba Martech

**RESOLUTION 17-70**

**RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY  
APPROVING A FIRST AMENDMENT TO MULTI-TASK GENERAL SERVICES AGREEMENT  
WITH MECHANICAL ANALYSIS/REPAIR, INC. DBA MARTECH  
(reference Staff Report #194:17)**

WHEREAS, Northern California Power Agency (NCPA) facilities, its Members, Southern California Public Power Authority ("SCPPA") and SCPPA Members require machining services at its various locations; and

WHEREAS, Mechanical Analysis/Repair, Inc. dba Martech is a provider of these services; and

WHEREAS, NCPA and Mechanical Analysis/Repair, Inc. dba Martech entered into a five year Multi-Task General Services Agreement effective June 9, 2014; and

WHEREAS, NCPA seeks to increase the not to exceed amount from \$200,000 to \$550,000; and add additional delivery facility locations including all NCPA facilities, its Members, SCPPA, and SCPPA Members; 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 First Amendment to Multi-Task General Services Agreement with Mechanical Analysis/Repair, Inc. dba Martech, with any non-substantial changes as approved by the NCPA General Counsel, which shall not exceed \$550,000 over five years.

PASSED, ADOPTED and APPROVED this \_\_\_ day of \_\_\_\_\_, 2017 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	_____	_____	_____

\_\_\_\_\_  
BOB LINGL  
CHAIR

ATTEST: \_\_\_\_\_  
CARY A. PADGETT  
ASSISTANT SECRETARY





**MULTI-TASK  
GENERAL SERVICES AGREEMENT BETWEEN  
THE NORTHERN CALIFORNIA POWER AGENCY AND  
MECHANICAL ANALYSIS/REPAIR, INC. dba MARTECH**

This agreement for general services ("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 Mechanical Analysis/Repair, Inc. dba Martech, a CA corporation with its office located at 142 N. Cluff Avenue, Lodi, CA 95240 ("Contractor") (together sometimes referred to as the "Parties") as of 6/9/ 2014 ("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 **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.

**Section 2. COMPENSATION.** Agency hereby agrees to pay Contractor an amount **NOT TO EXCEED TWO HUNDRED THOUSAND** dollars (\$200,000.00) 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;
- 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

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.** Intentionally left blank.

**4.4 All Policies Requirements.**

**4.4.1 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, adding the

Agency as an additional insured and declaring such insurance primary in regard to work performed pursuant to this Agreement.

**4.4.2 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.

**4.4.3 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 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. 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 ensues 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.

**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.

**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** **Work Requiring Payment of Prevailing Wages.** If applicable, in accordance with California Labor Code Section 1771, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which these services are to be performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in the California Labor Code shall be paid to all workers engaged in performing the services under this Agreement.

**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 all 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 to 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 the 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, 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.** Conclusion of Agreement. Receiving Party shall return to Disclosing Party or destroy Confidential Information (including all copies thereof) upon termination of this Agreement, 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, Contractors, 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 Agency's operations and the operations of 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. Agency will not 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. Agency may assume that anything left on the Project site an unreasonable length of time after the Work is completed has been abandoned. Any transportation furnished by Agency shall be solely as an accommodation and Agency shall have no 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 Agency owned equipment and property provided by Agency 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 Agency site programs.

- 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 to 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:

Martech  
Attention: Rick Leddy  
142 N. Cluff Avenue  
Lodi, CA 95240

Any written notice to Agency shall be sent to:

James H. Pope  
General Manager  
Northern California Power Agency  
651 Commerce Drive  
Roseville, CA 95678

With a copy to:

Michael F. Dean  
General Counsel  
Northern California Power Agency  
Meyers Nave  
555 Capitol Mall, Suite 1200  
Sacramento, CA 95814

- 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 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, and Contractor's Proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and the Contractor's Proposal, the Exhibits 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.

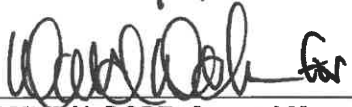
The Parties have executed this Agreement as of the date signed by the Agency.

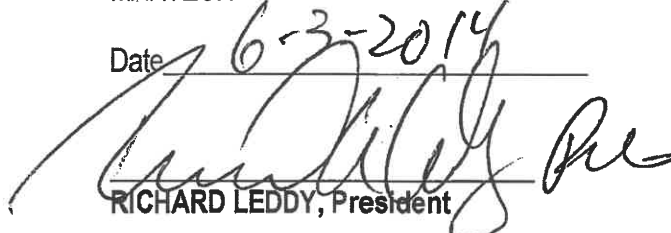
NORTHERN CALIFORNIA POWER AGENCY

MECHANICAL ANALYSIS/REPAIR, INC. dba  
MARTECH

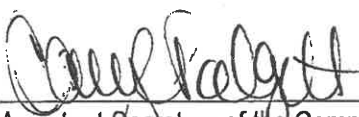
Date 6/9/14

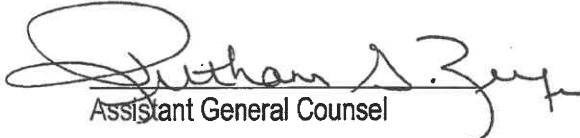
Date 6-3-2014

  
\_\_\_\_\_  
JAMES H. POPE, General Manager

  
\_\_\_\_\_  
RICHARD LEDDY, President

Attest:

  
\_\_\_\_\_  
Assistant Secretary of the Commission  
Approved as to Form:

  
\_\_\_\_\_  
Assistant General Counsel

## EXHIBIT A

### SCOPE OF WORK

Martech ("Contractor") shall provide machining services as requested by the Northern California Power Agency ("Agency").

Services to include, but not be limited to the following:

- Machining
- Balancing
- Hydroelectric Services
- AC/DC Motor Rewind and Rebuild
- Rebuild or re-manufacturing of equipment
- Maintenance

## EXHIBIT B

### COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all work, including hourly fees and expenses, shall not exceed amount as set forth in Section 2 of this Agreement. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:

#### Prevailing Wage Rate Sheet by County – 2014

##### **San Joaquin County**

###### Electrician/Wireman

- Straight Time \$ 108.00
- Overtime \$ 130.50
- Double Time \$ 153.00

###### Millwright

- Straight Time \$ 118.00
- Overtime \$ 141.50
- Double Time \$ 165.00

###### Laborer

- Straight Time \$ 94.00
- Overtime \$ 110.50
- Double Time \$ 128.00

##### **Calaveras County**

###### Electrician/Wireman

- Straight Time \$ 105.00
- Overtime \$ 130.50
- Double Time \$ 156.00

###### Millwright

- Straight Time \$ 116.00
- Overtime \$ 139.00
- Double Time \$ 161.50

###### Laborer

- Straight Time \$ 93.00
- Overtime \$ 110.50
- Double Time \$ 128.00



**Alameda County**

Electrician/Wireman

- Straight Time \$ 135.00
- Overtime \$ 167.50
- Double Time \$ 200.00

Millwright

- Straight Time \$ 123.00
- Overtime \$ 139.00
- Double Time \$ 162.00

Laborer

- Straight Time \$ 94.50
- Overtime \$ 112.50
- Double Time \$ 130.50

**Lake County**

Electrician/Wireman

- Straight Time \$ 112.00
- Overtime \$ 142.50
- Double Time \$ 173.00

Millwright

- Straight Time \$ 116.00
- Overtime \$ 139.00
- Double Time \$ 161.50

Laborer

- Straight Time \$ 93.00
- Overtime \$ 110.50
- Double Time \$ 128.00

NOTE: As a public agency, NCPA shall not reimburse Contractor for travel, food and related costs in excess of those permitted by the Internal Revenue Service.

EXHIBIT C  
CERTIFICATION

Affidavit of Compliance for Contractors

I, Richard A. Leiby, President  
(Name of person signing affidavit)(Title)

do hereby certify that background investigations to ascertain the accuracy of the identity and employment history of all employees of Mechanical Analysis/Repair, Inc  
(Company name)

for contract work at \_\_\_\_\_  
(Project name and location)

have been conducted as required by the California Energy Commission Decision for the above-named project.  
[Signature]  
(Signature of officer or agent)

Dated this 3 day of June, 2014.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.



**FIRST AMENDMENT TO MULTI-TASK GENERAL SERVICES AGREEMENT BETWEEN  
THE NORTHERN CALIFORNIA POWER AGENCY AND MECHANICAL ANALYSIS/REPAIR, INC. DBA  
MARTECH**

This First Amendment ("Amendment") to Multi-Task General Services Agreement is entered into by and between the Northern California Power Agency ("Agency") and Mechanical Analysis/Repair, Inc, dba Martech ("Contractor") (collectively referred to as "the Parties") as of \_\_\_\_\_, 2017.

WHEREAS, the Parties entered into a five year Multi-Task General Services Agreement dated effective June 9, 2014, (the "Agreement") for Contractor to provide machining services ("Work"), as more specifically detailed in the Agreement to NCPA; and

WHEREAS, the Agency now desires to amend the Agreement to increase the total compensation authorized by the Agreement from a "NOT TO EXCEED" amount of \$200,000.00 to a 'NOT TO EXCEED amount of \$550,000.00; and

WHEREAS, the Agency now desires to amend the Agreement to allow Contractor to provide Work to Agency members, Southern California Public Power Authority ("SCPPA"), and/or SCPPA members on the terms and conditions set forth in the Agreement, as amended herein; and

WHEREAS, the Agency now desires to amend the Agreement to add miscellaneous provisions as set forth below; and

WHEREAS, the Parties have agreed to modify the Agreement as set forth above; and

WHEREAS, in accordance with Section 8.2 all changes to the Agreement must be in writing and signed by all the Parties;

NOW, THEREFORE, the Parties agree as follows:

**A. Section 1.4-Work Provided** is replaced in its entirety by the following Section 1.4.

**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, to Agency members, Southern California Public Power Authority ("SCPPA") or SCPPA members.

**B. Section 1.5-Request for Work to be Performed** is added to the Agreement as follows:

**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.

C. **Section 2—Compensation** of the Agreement is amended and restated to read as follows:

Agency hereby agrees to pay Contractor an amount **NOT TO EXCEED FIVE HUNDRED FIFTY THOUSAND** dollars (\$550,000.00) 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.

D. **Section 4.5.4-Additional Certificates and Endorsements** is added to the Agreement as follows:

**4.5.4 Additional Certificates and Endorsements.** If Contractor performs Work for Agency members, SCPPA and/or SCPPA members pursuant to this Agreement, Agency shall the right to require Contractor to provide the certificates of insurance and/or policy endorsements, as referenced in Section 4.5.1, naming the specific Agency member, SCPPA and/or SCPPA member for which the Work is to be performed.

E. **Section 6.1-Independent Contractor** is amended to add the following to that section:

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.

F. **Section 6.5-Maintenance Labor Agreement** is added to the Agreement as follows:

**6.5 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.

G. Section 7-LEGAL REQUIREMENTS of the Agreement is amended and restated to read as follows:

**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.** The Work is subject to compliance monitoring and enforcement by the Department of Industrial Relations.
- 7.5 **Registration with DIR.** During the term of this Agreement, Contractor warrants that it is registered with the Department of Industrial Relations and qualified to perform Work consistent with Labor Code section 1725.5.
- 7.6 **Prevailing Wage Rates.** In accordance with California Labor Code Section 1771, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the Work is to be performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work as provided in the California Labor Code must be paid to all workers engaged in performing the Work. In accordance with California Labor Code Section 1770 and following, the Director of Industrial Relations has determined the general prevailing wage per diem rates for the locality in which the Work is to be performed; the Agency has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in the locality in which the Work is to be performed for each craft, classification or type of worker needed to perform the project; and copies of the prevailing rate of per diem wages are on file at the Agency and will be made available on request. Throughout the performance of the Work, Contractor must comply with all applicable laws and regulations that apply to wages earned in performance of the Work. Contractor assumes all responsibility for such payments and shall defend, indemnify and hold the Agency harmless from any and all claims made by the State of California, the Department of Industrial Relations, any subcontractor, any worker or any other third party with regard thereto.

Additionally, in accordance with the California Administrative Code, Title 8, Group 3, Article 2, Section 16000, Publication of Prevailing Wage Rates by Awarding Bodies, copies of the applicable determination of the Director can be found on the web at: <http://www.dir.ca.gov/DLSR/PWD/> and may be reviewed at any time.

Contractor shall be required to submit to the Agency during the contract period, copies of Public Works payroll reporting information per California Department of Industrial Relations, Form A- 1-131 (New 2-80) concerning work performed under this Agreement.

Contractor shall comply with applicable law, including Labor Code Sections 1774 and 1775. In accordance with Section 1775, Contractor shall forfeit as a penalty to Agency \$50.00 for each calendar day or portion thereof, for each worker paid less than the prevailing rates as determined by the Director of Industrial Relations for such work or craft in which such worker is employed for any Work done under the Agreement by Contractor or by any subcontractor under Contractor in violation of the provisions of the Labor Code and in particular, Labor Code Sections 1770 *et seq.* In addition to the penalty and pursuant to Section 1775, the difference between such prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the Contractor.

H. **Section 10-PROJECT SITE** of the Agreement is amended and restated to read as follows:

**Section 10. PROJECT SITE.**

- 10.1 Project Site Locations.** The Project site at which Contractor may perform Work under this Agreement shall include any facilities owned and/or operated by the Agency, by the Agency's members, by SCPPA, or by SCPPA members.
- 10.2 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 Agency's operations; if applicable, the entity for which Contractor is performing the Work as referenced in Section 1.4, and the operations of 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.
- 10.3 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. Agency and, if applicable, the entity for which Contractor is performing the work as referenced in Section 1.4, may assume that anything left on the Project site an unreasonable length of time after the Work is completed has been abandoned. Any transportation furnished by Agency and, if applicable, by the entity for which Contractor is performing the work as referenced in Section 1.4, shall be solely as an accommodation without any liability therefor to Contractor or other party.

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.

**10.4 Use of Agency Equipment.** Contractor shall assume the risk and is solely responsible for its use of any equipment and property owned and/or provided by Agency, its members, SCPPA, or SCPPA members for the performance of Work.

I. **Section 12.10** is added to the Agreement to read as follows:

**12.10** If Contractor is providing Work to an Agency Member, SCPPA or SCPPA member (collectively "Member" solely for the purpose of this section) pursuant to Section 1.4 hereof, then that Member shall have the same rights as the Agency under Sections 12.1, 12.2, 12.4, 12.5, and 12.6 hereof. In addition, Contractor's actions under the initial paragraph of Section 12 shall comply with all site programs established by Member if Contractor is performing Work for that Member.

J. **Section 13.8-Notices** is amended to specify, as to NCPA only, the following:

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:

General Counsel  
Northern California Power Agency  
651 Commerce Drive  
Roseville, CA 95678

K. **Section 13.12-Controlling Provisions** is replaced in its entirety by the following:

**13.12 Controlling Provisions.** In the case of any conflict between the terms of this Amendment and the Agreement, the Amendment shall control. 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.

L. **Section 13.15-No Third Party Beneficiaries** is replaced in its entirety by the following:

**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. However, should Contractor provide Work to an Agency member, SCPPA or SCPPA member (collectively for the purpose of this section only "Member") pursuant to Section 1.4, the parties recognize that such Member may be a third party beneficiary solely as to the Purchase Order and Requested Work relating to such Member.

**M.** **Exhibit A – SCOPE OF SERVICES** is amended and restated to read in full as set forth in the attached Exhibit A.

**N.** This Amendment in no way alters the terms and conditions of the Agreement except as specifically set forth herein.

NORTHERN CALIFORNIA POWER AGENCY

MECHANICAL ANALYSIS/REPAIR, INC.  
DBA MARTECH

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
**RANDY S. HOWARD, General Manager**

\_\_\_\_\_  
**RICHARD LEDDY, President**

Attest:

\_\_\_\_\_  
Assistant Secretary of the Commission

Approved as to Form:

\_\_\_\_\_  
Ruthann G. Ziegler, Assistant General Counsel

2698437.3



**EXHIBIT A**  
**SCOPE OF WORK**

Mechanical Analysis/Repair, Inc. dba Martech ("Contractor") shall provide machining services as requested by the Northern California Power Agency ("Agency") at any facilities owned or operated by Agency, its Members, Southern California Public Power Authority (SCPPA) or SCPPA members.

Services to include, but not be limited to the following:

- Machining
- Balancing
- Hydroelectric Services
- AC/DC Motor Rewind and Rebuild
- Rebuild or Re-Manufacturing of Equipment
- Maintenance

Contractor may provide services at all Project Site Locations.

Pricing for services to be performed at NCPA Member or SCPPA locations will be quoted at the time services are requested.

**EXHIBIT E**

**ATTACHMENT A [from MLA]  
AGREEMENT TO BE BOUND**

**MAINTENANCE LABOR AGREEMENT ATTACHMENT  
LODI ENERGY CENTER PROJECT**

The undersigned hereby certifies and agrees that:

- 1) It is an Employer as that term is defined in Section 1.4 of the Lodi Energy Center Project Maintenance Labor Agreement ("Agreement" solely for the purposes of this Exhibit E) because it has been, or will be, awarded a contract or subcontract to assign, award or subcontract Covered Work on the Project (as defined in Section 1.2 and 2.1 of the Agreement), or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.
- 2) In consideration of the award of such contract or subcontract, and in further consideration of the promises made in the Agreement and all attachments thereto (a copy of which was received and is hereby acknowledged), it accepts and agrees to be bound by the terms and condition of the Agreement, together with any and all amendments and supplements now existing or which are later made thereto.
- 3) If it performs Covered Work, it will be bound by the legally establishes trust agreements designated in local master collective bargaining agreements, and hereby authorizes the parties to such local trust agreements to appoint trustees and successor trustee to administer the trust funds, and hereby ratifies and accepts the trustees so appointed as if made by the undersigned.
- 4) It has no commitments or agreements that would preclude its full and complete compliance with the terms and conditions of the Agreement.
- 5) It will secure a duly executed Agreement to be Bound, in form identical to this documents, from any Employer(s) at any tier or tiers with which it contracts to assign, award, or subcontract Covered Work, or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.

DATED: \_\_\_\_\_ Name of Employer \_\_\_\_\_

\_\_\_\_\_  
(Authorized Officer & Title)

\_\_\_\_\_  
(Address)



# Commission Staff Report

Date: August 15, 2017

**COMMISSION MEETING DATE:** August 24, 2017

**SUBJECT:** Summit Crane Company of Solano Inc. dba Summit Crane – Five Year Multi-Task General Services Agreement for crane services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA and SCPPA Members

**AGENDA CATEGORY:** Consent

<b>FROM:</b>	Ken Speer <i>KS</i>	<b>METHOD OF SELECTION:</b>
	Assistant General Manager	N/A
<b>Division:</b>	Generation Services	<i>If other, please describe:</i>
<b>Department:</b>	Combustion Turbines	

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

**RECOMMENDATION:**

Approval of Resolution 17-71 authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with Summit Crane Company of Solano Inc. dba Summit Crane. for crane 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, its members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA members.

**BACKGROUND:**

Crane services are required from time to time related to project support at 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.

**SELECTION PROCESS:**

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 other agreements with similar service providers including Titan Crane & Rigging and Maxim Crane Works. NCPA seeks bids from multiple qualified providers whenever services are needed. 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.

**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 above was reviewed by the Facilities Committee on August 2, 2017 and was recommended for Commission approval on consent calendar.

The recommendation above was reviewed by the Lodi Energy Center Project Participant Committee on August 14, 2017 and was approved.

Respectfully submitted,



RANDY S. HOWARD  
General Manager

Attachments (2):

- Resolution
- Multi-Task General Services Agreement with Summit Crane Company of Solano Inc. dba Summit Crane

**RESOLUTION 17-71**

**RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY  
APPROVING A MULTI-TASK GENERAL SERVICES AGREEMENT WITH SUMMIT  
CRANE COMPANY OF SOLANO INC. DBA SUMMIT CRANE**

**(reference Staff Report #195:17)**

WHEREAS, crane services are periodically required at the facilities owned and/or operated by Northern California Power Agency (NCPA), its members, the Southern California Public Power Authority (SCPPA), and SCPPA members; and

WHEREAS, Summit Crane Company of Solano Inc. dba Summit Crane is a provider of these services; 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 Summit Crane Company of Solano Inc. dba Summit Crane, with any non-substantial changes as approved by the NCPA General Counsel, which shall not exceed \$500,000 over five years for crane services 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.

PASSED, ADOPTED and APPROVED this \_\_\_ day of \_\_\_\_\_, 2017 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	_____	_____	_____

\_\_\_\_\_  
BOB LINGL  
CHAIR

ATTEST:

\_\_\_\_\_  
CARY A. PADGETT  
ASSISTANT SECRETARY



**MULTI-TASK  
GENERAL SERVICES AGREEMENT BETWEEN  
THE NORTHERN CALIFORNIA POWER AGENCY AND  
SUMMIT CRANE COMPANY OF SOLANO, INC. DBA SUMMIT CRANE**

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 Summit Crane Company of Solano, Inc. dba Summit Crane, a corporation with its office located at 892 Aldridge Road, Vacaville, CA 95688 ("Contractor") (together sometimes referred to as the "Parties") as of \_\_\_\_\_, 2017 ("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, to Agency members, Southern California Public Power Authority ("SCPPA") or SCPPA members.
- 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 FIVE HUNDRED THOUSAND** dollars (\$500,000.00) 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](mailto: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.** If Contractor performs Work for Agency members, SCPPA and/or SCPPA members pursuant to this Agreement, Agency shall have the right to require Contractor to provide the certificates of insurance and/or policy endorsements, as referenced in Section 4.5.1, naming the specific Agency member, SCPPA and/or SCPPA member for which the Work is to be performed.

**4.6 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. 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.

**4.7 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.
- 5.3 Transfer of Title.** Not Applicable.

**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.** The Work is subject to compliance monitoring and enforcement by the Department of Industrial Relations.
- 7.5 **Registration with DIR.** During the term of this Agreement, Contractor warrants that it is registered with the Department of Industrial Relations and qualified to perform Work consistent with Labor Code section 1725.5.
- 7.6 **Prevailing Wage Rates.** In accordance with California Labor Code Section 1771, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the Work is to be performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work as provided in the California Labor Code must be paid to all workers engaged in performing the Work. In accordance with California Labor Code Section 1770 and following, the Director of Industrial Relations has determined the general prevailing wage per diem rates for the locality in which the Work is to be performed; the Agency has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in the locality in which the Work is to be performed for each craft, classification or type of worker needed to perform the project; and copies of the prevailing rate of per diem wages are on file at the Agency and will be made available on request. Throughout the performance of the Work, Contractor must comply with all applicable laws and regulations that apply to wages earned in performance of the Work. Contractor assumes all responsibility for such payments and shall defend, indemnify and hold the Agency harmless from any and all claims made by the State of California, the Department of Industrial Relations, any subcontractor, any worker or any other third party with regard thereto.

Additionally, in accordance with the California Administrative Code, Title 8, Group 3, Article 2, Section 16000, Publication of Prevailing Wage Rates by Awarding Bodies, copies of the applicable determination of the Director can be found on the web at: <http://www.dir.ca.gov/DLSR/PWD/> and may be reviewed at any time.

Contractor shall be required to submit to the Agency during the contract period, copies of Public Works payroll reporting information per California Department of Industrial Relations, Form A- 1-131 (New 2-80) concerning work performed under this Agreement.

Contractor shall comply with applicable law, including Labor Code Sections 1774 and 1775. In accordance with Section 1775, Contractor shall forfeit as a penalty to Agency \$50.00 for each calendar day or portion thereof, for each worker paid less than the prevailing rates as determined by the Director of Industrial Relations for such work or craft in which such worker is employed for any Work done under the Agreement by Contractor or by any subcontractor under Contractor in violation of the provisions of the Labor Code and in particular, Labor Code Sections 1770 *et seq.* In addition to the penalty and pursuant to Section 1775, the difference between such prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the Contractor.

## **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.
- 12.10** If Contractor is providing Work to an Agency Member, SCPPA or SCPPA member (collectively "Member" solely for the purpose of this section) pursuant to Section 1.4 hereof, then that Member shall have the same rights as the Agency under Sections 12.1, 12.2, 12.4, 12.5, and 12.6 hereof.

### **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:

Summit Crane Company of Solano, Inc. dba Summit Crane  
Attention: Curt Posthuma  
P.O. Box 6714  
Vacaville, CA 95696

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:

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. However, should Contractor provide Work to an Agency member, SCPPA or SCPPA member (collectively for the purpose of this section only "Member") pursuant to Section 1.4, the parties recognize that such Member may be a third party beneficiary solely as to the Purchase Order and Requested Work relating to such Member.

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

NORTHERN CALIFORNIA POWER AGENCY

SUMMIT CRANE COMPANY OF SOLANO,  
INC. dba SUMMIT CRANE

Date \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
**RANDY S. HOWARD,**  
General Manager

\_\_\_\_\_  
**CURT POSTHUMA,** President

Attest:

\_\_\_\_\_  
Assistant Secretary of the Commission

Approved as to Form:

\_\_\_\_\_  
General Counsel

## **EXHIBIT A**

### **SCOPE OF WORK**

Summit Crane Company of Solano, Inc. dba Summit Crane (“Contractor”) shall provide crane services as requested by the Northern California Power Agency (“Agency”) at any facilities owned or operated by Agency, its Members, Southern California Public Power Authority (SCPPA) or SCPPA members.

Services to include, but not be limited to the following:

- Crane Equipment
- Crane Operators
- On-Site Safety Training
- Operate crane and related equipment, including all necessary mobilization and demobilization

## **EXHIBIT B**

### **COMPENSATION SCHEDULE AND HOURLY FEES**

Compensation for all work, including hourly fees and expenses, shall not exceed the amount set forth in Section 2 hereof. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:



<u>CAPACITY</u>	<u>BOOM</u>	<u>CREW SIZE</u>	<u>JIB</u>	<u>HOURLY HAULING REQUIREMENTS</u>
18-19 Ton Boom Truck with trailer	57'-83'	1	n/a	\$170.00 self contained
26 Ton Boom Truck	106'	1	47'	\$180.00 self contained
40 Ton Boom Truck	126'	1	31'	\$200.00 self contained
40 Ton TC	94'	1	49'	\$205.00 self contained
55 Ton RT	113'	1	50'	\$220.00 lowbed haul required
65-70 Ton	110'	1	56'	\$240.00 self contained
75 Ton (LB)	126'	1	57'	\$265.00 self contained
90 Ton (9k)	142'	1	56'	\$315.00 self contained
75 Ton (15k)	126'	2	57'	\$325.00 1 c/w load
100 Ton (36k)	142'	2	88'	\$355.00 1 c/w load
110 Ton (48k)	142'	2	88'	\$365.00 1 c/w load
120 Ton	197'	2	47'	\$385.00 1 c/w load
160 Ton	197'	2	47'	\$415.00 2 c/w loads
200 Ton	197'	2	121'	\$445.00 2 c/w loads
240 Ton	223'	2	121'	\$475.00 3 c/w loads
275 Ton	223'	2	121'	\$495.00 4 c/w loads
350 Ton	262'	2	121'	\$595.00 6 c/w loads

**CREW CHARGES**

One Man Crew	\$115.00	hr
Two Man Crew	\$225.00	hr

<u>OVERTIME</u>	<u>DOUBLETIME</u>
(add to st rates)	(add to st rates)
\$38.00 hr	\$76.00 hr
\$76.00 hr	\$152.00 hr

**HAULING CHARGES**

Trctr/Flatbed	\$120.00	hr st
Trctr/8 tire lowbed	\$130.00	hr st
Trctr/16 tire lowbed	\$140.00	hr st
Pilot Car	\$65.00	hr st
Permits	\$60.00	each

**RIGGING SERVICES**

Rigger Foreman w/truck	\$150.00	hr st
	\$188.00	hr ot
	\$226.00	hr dt
Rigger (ea)	\$125.00	hr st
	\$163.00	hr ot
	\$201.00	hr dt

Notes:  
 (LB denotes long boom self contained unit)  
 (RT denotes Rough Terrain Hyd Crane)  
 (C/W denotes counterweight)  
 (9k, 15k, 36k, 48k denotes counterweight configuration)  
 (5% fuel & insurance surcharge on all trucking & crane invoices, unless provided by others)  
 (all terms & conditions governed by Operating Engineers local # 3 crane rental master agreement)

Pricing for services to be performed at NCPA Member or SCPPA locations will be quoted at the time services are requested.

NOTE: As a public agency, NCPA shall not reimburse Contractor for travel, food and related costs in excess of those permitted by the Internal Revenue Service.

**EXHIBIT C**

**CERTIFICATION**

**Affidavit of Compliance for Contractors**

I,

---

(Name of person signing affidavit)(Title)

do hereby certify that background investigations to ascertain the accuracy of the identity and employment history of all employees of

SUMMIT CRANE COMPANY OF SOLANO, INC. DBA SUMMIT CRANE

(Company name)

for contract work at:

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

have been conducted as required by the California Energy Commission Decision for the above-named project.

---

(Signature of officer or agent)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

**EXHIBIT D – NOT APPLICABLE**

**CERTIFICATION**

**Affidavit of Compliance for Hazardous Materials Transport Vendors**

I, \_\_\_\_\_,

(Name of person signing affidavit)(Title)

do hereby certify that the below-named company has prepared and implemented security plans in conformity with 49 CFR 172, subpart I and has conducted employee background investigations in conformity with 49 CFR 172.802(a), as the same may be amended from time to time,

\_\_\_\_\_

(Company name)

for hazardous materials delivery to:

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI, CA 95242

(Project name and location)

as required by the California Energy Commission Decision for the above-named project.

\_\_\_\_\_

(Signature of officer or agent)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

**EXHIBIT E**

**ATTACHMENT A [from MLA]  
AGREEMENT TO BE BOUND**

**MAINTENANCE LABOR AGREEMENT ATTACHMENT  
LODI ENERGY CENTER PROJECT**

The undersigned hereby certifies and agrees that:

- 1) It is an Employer as that term is defined in Section 1.4 of the Lodi Energy Center Project Maintenance Labor Agreement (“Agreement” solely for the purposes of this Exhibit E) because it has been, or will be, awarded a contract or subcontract to assign, award or subcontract Covered Work on the Project (as defined in Section 1.2 and 2.1 of the Agreement), or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.
- 2) In consideration of the award of such contract or subcontract, and in further consideration of the promises made in the Agreement and all attachments thereto (a copy of which was received and is hereby acknowledged), it accepts and agrees to be bound by the terms and condition of the Agreement, together with any and all amendments and supplements now existing or which are later made thereto.
- 3) If it performs Covered Work, it will be bound by the legally established trust agreements designated in local master collective bargaining agreements, and hereby authorizes the parties to such local trust agreements to appoint trustees and successor trustee to administer the trust funds, and hereby ratifies and accepts the trustees so appointed as if made by the undersigned.
- 4) It has no commitments or agreements that would preclude its full and complete compliance with the terms and conditions of the Agreement.
- 5) It will secure a duly executed Agreement to be Bound, in form identical to this documents, from any Employer(s) at any tier or tiers with which it contracts to assign, award, or subcontract Covered Work, or to authorize another party to assign, award or subcontract Covered Work, or to perform Covered Work.

DATED: \_\_\_\_\_ Name of Employer \_\_\_\_\_  
\_\_\_\_\_  
(Authorized Officer & Title)  
\_\_\_\_\_  
(Address)  
\_\_\_\_\_



# Commission Staff Report

August 15, 2017

**COMMISSION MEETING DATE:** August 24, 2017

**SUBJECT:** THE AVOGADRO GROUP, LLC – First Amendment to Five Year Multi-Task General Services Agreement; Applicable to the following projects: All NCPA Generation Services Plant Locations, Members, SCPPA, and SCPPA Members

**AGENDA CATEGORY:** Consent

<b>FROM:</b>	Ken Speer <i>KS</i>	<b>METHOD OF SELECTION:</b>
	Assistant General Manager	N/A
<b>Division:</b>	Generation Services	<i>If other, please describe:</i>
<b>Department:</b>	Combustion Turbines	

<b>IMPACTED MEMBERS:</b>		
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"/>
<i>If other, please specify</i>		
_____		
_____		

**RECOMMENDATION:**

Approval of Resolution 17-72 authorizing the General Manager or his designee to enter into a First Amendment to Multi-Task General Services Agreement with The Avogadro Group, LLC, 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 any facilities owned and/or operated by Agency, its Members, Southern California Public Power Authority (“SCPPA”) or SCPPA Members.

**BACKGROUND:**

Various testing services are required at the NCPA locations as well as its Members, SCPPA and SCPPA Member facilities from time to time. The Avogadro Group, LLC is a provider of these services. NCPA and The Avogadro Group, LLC entered into a Multi-Task General Services Agreement dated effective October 25, 2013.

Effective June 30, 2017, The Avogadro Group, LLC merged with Montrose Air Quality Services, LLC. The parties now desire to amend the Agreement and accept the assignment.

In addition, the original agreement was for services at NCPA locations only. This amendment will open up the agreement for use at NCPA Members, SCPPA and SCPPA Member facilities as well.

**FISCAL IMPACT:**

Total cost of the agreement is not-to-exceed \$250,000 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.

**SELECTION PROCESS:**

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 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.

**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 above was reviewed by the Facilities Committee on August 2, 2017 and was recommended for Commission approval on consent calendar.

The recommendation above was reviewed by the Lodi Energy Center Project Participant Committee on August 14, 2017 and was approved.

Respectfully submitted,



RANDY S. HOWARD  
General Manager

Attachments (3):

- Resolution
- Multi-Task General Services Agreement with The Avogadro Group, LLC
- First Amendment to Multi-Task General Services Agreement with The Avogadro Group, LLC



**RESOLUTION 17-72**

**RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY  
APPROVING A FIRST AMENDMENT TO MULTI-TASK GENERAL SERVICES AGREEMENT  
WITH THE AVOGADRO GROUP, LLC**

**(reference Staff Report #196:17)**

WHEREAS, Northern California Power Agency (NCPA) facilities, its Members, Southern California Public Power Authority ("SCPPA") and SCPPA Members require testing services at its various locations; and

WHEREAS, The Avogadro Group, LLC is a provider of these services; and

WHEREAS, NCPA and The Avogadro Group, LLC entered into a five year Multi-Task General Services Agreement effective October 25, 2013; and

WHEREAS, NCPA seeks to modify the vendor name as well as amend Exhibit A to include for use at Members, SCPPA and SCPPA Member facilities; 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 First Amendment to Multi-Task General Services Agreement with The Avogadro Group, LLC., with any non-substantial changes as approved by the NCPA General Counsel, which shall not exceed \$250,000 over five years.

PASSED, ADOPTED and APPROVED this \_\_\_ day of \_\_\_\_\_, 2017 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	_____	_____	_____

\_\_\_\_\_  
BOB LINGL  
CHAIR

ATTEST: \_\_\_\_\_  
CARY A. PADGETT  
ASSISTANT SECRETARY



**MULTI-TASK  
GENERAL SERVICES AGREEMENT BETWEEN  
THE NORTHERN CALIFORNIA POWER AGENCY AND  
THE AVOGADRO GROUP, LLC**

This agreement for general services ("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 The Avogadro Group, LLC, a limited liability company, with its office located at 2825 Verne Roberts Circle, Antioch, CA 94509 ("Contractor") (together sometimes referred to as the "Parties") as of 10/25/, 2013 ("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 **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.

**Section 2. COMPENSATION.** Agency hereby agrees to pay Contractor an amount **NOT TO EXCEED TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000)** 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;
- 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

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.** Intentionally left blank.

**4.4 All Policies Requirements.**

**4.4.1 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, adding the

Agency as an additional insured and declaring such insurance primary in regard to work performed pursuant to this Agreement.

**4.4.2 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.

**4.4.3 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 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. 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 ensues 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.

- 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.

**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 **Work Requiring Payment of Prevailing Wages.** If applicable, in accordance with California Labor Code Section 1771, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which these services are to be performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in the California Labor Code shall be paid to all workers engaged in performing the services under this Agreement.

**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 all 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 to 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 the 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, 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.** Conclusion of Agreement. Receiving Party shall return to Disclosing Party or destroy Confidential Information (including all copies thereof) upon termination of this Agreement, 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, Contractors, 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 Agency's operations and the operations of 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. Agency will not 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. Agency may assume that anything left on the Project site an unreasonable length of time after the Work is completed has been abandoned. Any transportation furnished by Agency shall be solely as an accommodation and Agency shall have no 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 Agency owned equipment and property provided by Agency 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 Agency site programs.

- 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 to 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:

The Avogadro Group, LLC  
2825 Verne Roberts Circle  
Antioch, CA 94509

Any written notice to Agency shall be sent to:

James H. Pope  
General Manager  
Northern California Power Agency  
651 Commerce Drive  
Roseville, CA 95678

With a copy to:

Michael F. Dean  
General Counsel  
Northern California Power Agency  
Meyers Nave  
555 Capitol Mall, Suite 1200  
Sacramento, CA 95814

- 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 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, and Contractor's Proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and the Contractor's Proposal, the Exhibits 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

THE AVOGADRO GROUP, LLC


Date 10/25/13

Date 9/27/13

  
\_\_\_\_\_  
JAMES H. POPE, General Manager

  
\_\_\_\_\_  
KEVIN CROSBY,  
Vice President, Technical

Attest:

  
\_\_\_\_\_  
Assistant Secretary of the Commission  
Approved as to Form:

  
\_\_\_\_\_  
General Counsel



## EXHIBIT A

### SCOPE OF WORK

The Avogadro Group, LLC. ("Contractor") shall provide testing services as requested by the Northern California Power Agency ("Agency"). Services to include, but not be limited to the following:

- Source Testing
- Rata Testing
- Emissions Testing

## EXHIBIT B

### COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all work, including hourly fees and expenses, shall not exceed the amount as set forth in Section 2 of this Agreement. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:

<u>Field Testing Personnel</u>	<u>Hourly Rate (\$)</u>
Consultant.....	225
Senior Project Manager.....	185
Project Manager.....	145
Test Team Leader.....	125
Senior Technician.....	125
Field Technician.....	85

<u>Support Personnel</u>	<u>Hourly Rate (\$)</u>
Senior Office Worker.....	125
Office Worker.....	85

<u>Overtime Rate for Hourly Employees</u>	<u>Hourly Rate (\$)</u>
Over 8 hours per day or between 40 and 60 hours per week.....	Standard Rate x 1.5
Over 12 hours per day or over 60 hours per week.....	Standard Rate x 2.0
<i>Note: Avogadro also accounts for overtime meeting the "consecutive day" rules.</i>	

<u>Overhead Direct Costs</u>	<u>Unit Rate (\$)</u>
Per Diem.....	145/day
Mobile Lab Vehicle Mileage.....	1.50/mile
Other Overhead Direct Costs, including analytical costs.....	Cost Plus 15%

<u>Testing Equipment Fees</u>	<u>Daily Rate (\$)</u>
Mobile Laboratory, no CEMS – (mileage not included).....	350
Chase vehicle - (mileage charged separately).....	120
Portable Sampling System.....	200
Data Acquisition System.....	100
Strip Chart Recorders.....	100
O <sub>2</sub> Analyzer (calibration gases charged separately for all analysers).....	125
CO <sub>2</sub> Analyzer.....	125
CO Analyzer.....	175
NO <sub>x</sub> Analyzer.....	175
SO <sub>2</sub> Analyzer.....	200
THC Analyzer.....	300
FTIR Analyzer (on site).....	750
Gas Chromatograph (on site).....	750
Heated sample line, 50 or 100 Ft.....	100
Isokinetic Sampling System - Complete.....	250
Non-Isokinetic Pump & Meter.....	175
VOST Meter Box.....	225
201A / OTM-027 Cyclone / Cascade Impactor.....	125
Impinger Set.....	100
Midget Impinger Assembly.....	150
Lung Sampler.....	100
Tedlar Bags (each).....	35

NOTE: As a public agency, NCPA shall not reimburse Contractor for travel, food and related costs in excess of those permitted by the Internal Revenue Service.

EXHIBIT C  
CERTIFICATION

Affidavit of Compliance for Contractors

1. Kevin J. Crosby

(Name of person signing affidavit)(Title)

do hereby certify that background investigations to ascertain the accuracy of the identity and employment history of all employees of

The Avogadro Group, LLC

(Company name)

for contract work at

NCPA Facilities

(Project name and location)

have been conducted as required by the California Energy Commission Decision for the above-named project.

*Kevin J. Crosby*

(Signature of officer or agent)

Dated this 27th day of September, 2013.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.



**FIRST AMENDMENT TO MULTI-TASK GENERAL SERVICES AGREEMENT BETWEEN  
THE NORTHERN CALIFORNIA POWER AGENCY AND THE AVOGADRO GROUP, LLC ACCEPTING  
ASSIGNMENT TO MONTROSE AIR QUALITY SERVICES, LLC**

This First Amendment (“Amendment”) to Multi-Task General Services Agreement (“Agreement”) is entered into by and between the Northern California Power Agency (“Agency”) and The Avogadro Group, LLC (collectively referred to as “the Parties”) as of \_\_\_\_\_, 2017.

WHEREAS, the Parties entered into a five year Multi-Task General Services Agreement dated effective October 25, 2013, (the “Agreement”) for The Avogadro Group, LLC to provide testing services (“Work”), as more specifically detailed in the Agreement to Agency; and

WHEREAS, effective June 30, 2017, The Avogadro Group, LLC was merged into Montrose Air Quality Services, LLC (“Montrose”); and

WHEREAS, The Avogadro Group, LLC and the Agency desire to agree to the assignment of the Agreement to Montrose , and Montrose desires to agree to the assignment; and

WHEREAS, the Agency now desires to amend the Agreement to allow Montrose to provide Work to Agency members, Southern California Public Power Authority (“SCPPA”), and/or SCPPA members on the terms and conditions set forth in the Agreement, as amended herein; and

WHEREAS, the Agency now desires to amend the Agreement to add miscellaneous provisions as set forth below; and

WHEREAS, the Parties have agreed to modify the Agreement as set forth above; and

WHEREAS, in accordance with Section 8.2 all changes to the Agreement must be in writing and signed by all the Parties;

WHEREAS, consistent with the intent of this Amendment, the term “Contractor” in the Agreement and in the Amendment shall hereafter refer to Montrose;

NOW, THEREFORE, the Parties agree as follows:

**A. Section 1.4-Work Provided** is replaced in its entirety by the following Section 1.4.

**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, to Agency members, Southern California Public Power Authority (“SCPPA”) or SCPPA members.

**B. Section 1.5-Request for Work to be Performed** is added to the Agreement as follows:

**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 fourteen (14) 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 fourteen-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.

**C. Section 4.4.4-Additional Certificates and Endorsements** is added to the Agreement as follows:

**4.4.4 Additional Certificates and Endorsements.** If Contractor performs Work for Agency members, SCPPA and/or SCPPA members pursuant to this Agreement, Agency shall have the right to require Contractor to provide the certificates of insurance and/or policy endorsements, as referenced in Section 4.4.1, naming the specific Agency member, SCPPA and/or SCPPA member for which the Work is to be performed.

**D. Section 6.1-Independent Contractor** is amended to add the following to that section:

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.

**E. Section 7-LEGAL REQUIREMENTS** of the Agreement is amended and restated to read as follows:

**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 [Intentionally deleted.]**

F. Section 10-PROJECT SITE of the Agreement is amended and restated to read as follows:

**Section 10. PROJECT SITE.**

**10.1 Project Site Locations.** The Project site at which Contractor may perform Work under this Agreement shall include any facilities owned and/or operated by the Agency, by the Agency's members, by SCPPA, or by SCPPA members.

**10.2 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 Agency's operations; if applicable, the entity for which Contractor is performing the Work as referenced in Section 1.4, and the operations of 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.

**10.3 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. Agency and, if applicable, the entity for which Contractor is performing the work as referenced in Section 1.4, may assume that anything left on the Project site an unreasonable length of time after the Work is completed has been abandoned. Any transportation furnished by Agency and, if applicable, by the entity for which Contractor is performing the work as referenced in Section 1.4, shall be solely as an accommodation without any liability therefor to Contractor or other party. 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.

**10.4 Use of Agency Equipment.** Contractor shall assume the risk and is solely responsible for its use of any equipment and property owned and/or provided by Agency, its members, SCPPA, or SCPPA members for the performance of Work.

**G. Section 12.10** is added to the Agreement to read as follows:

**12.10** If Contractor is providing Work to an Agency Member, SCPPA or SCPPA member (collectively "Member" solely for the purpose of this section) pursuant to Section 1.4 hereof, then that Member shall have the same rights as the Agency under Sections 12.1, 12.2, 12.4, 12.5, and 12.6 hereof. In addition, Contractor's actions under the initial paragraph of Section 12 shall comply with all site programs established by Member if Contractor is performing Work for that Member.

**H. Section 13.8-Notices** is amended to read the following:

Any written notice to Contractor shall be sent to:

Montrose Air Quality Services, LLC  
2825 Verne Roberts Circle  
Antioch, CA 94509  
Attn: Shane Mascitelli

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:

General Counsel  
Northern California Power Agency  
651 Commerce Drive  
Roseville, CA 95678

**I. Section 13.12-Controlling Provisions** is replaced in its entirety by the following:

**13.12 Controlling Provisions.** In the case of any conflict between the terms of this Amendment and the Agreement, the Amendment shall control. 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.

J. **Section 13.15-No Third Party Beneficiaries** is replaced in its entirety by the following:

**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. However, should Contractor provide Work to an Agency member, SCPPA or SCPPA member (collectively for the purpose of this section only "Member") pursuant to Section 1.4, the parties recognize that such Member may be a third party beneficiary solely as to the Purchase Order and Requested Work relating to such Member.

K. **Exhibit A – SCOPE OF SERVICES** is amended and restated to read in full as set forth in the attached Exhibit A.

L. This Amendment in no way alters the terms and conditions of the Agreement except as specifically set forth herein.

NORTHERN CALIFORNIA POWER AGENCY

MONTROSE AIR QUALITY SERVICES, LLC

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
**RANDY S. HOWARD, General Manager**

\_\_\_\_\_  
**SHANE MASCITELLI, Interim Regional Vice President**

Attest:

**THE AVOGADRO GROUP, LLC  
Consents to the foregoing:**

\_\_\_\_\_  
Assistant Secretary of the Commission

**By:**

Approved as to Form:

\_\_\_\_\_  
**KEVIN CROSBY, Vice President, Technical**

\_\_\_\_\_  
Ruthann G. Ziegler, Assistant General Counsel

Date: \_\_\_\_\_

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**EXHIBIT A**  
**SCOPE OF WORK**

Montrose Air Quality Services, LLC ("Contractor") shall provide testing services as requested by the Northern California Power Agency ("Agency"), at any facilities owned or operated by Agency, its Members, Southern California Public Power Authority (SCPPA) or SCPPA members. Services to include, but not be limited to the following:

- Source Testing
- Rata Testing
- Emissions Testing

Contractor may provide services at all Project Site Locations.

Pricing for services to be performed at NCPA Member or SCPPA locations will be quoted at the time services are requested.

# **NCPA Commission Meeting Agenda**

**No Staff Report included for Item 21 – staff will provide an oral report.**

***New Hometown Connections, Inc.***, – Northern California Power Agency membership in a new nonprofit corporation, new Hometown Connections, Inc., that will provide advanced metering systems and data management services to public power entities. The corporation may also provide access to reduced cost vendor services, and public power management and strategic consulting.