A PUBLIC AGENCY
NCPA
NORTHERN CALIFORNIA POWER AGENCY

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Minutes - DRAFT

To: NCPA Commission

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

Subject: September 29, 2017, NCPA Commission Meeting

Item #1 – Call Meeting to Order and Introductions

Chair Bob Lingl called the meeting to order at 10:25 am at the Silverado Resort, 1600 Atlas Peak Road, Napa, California. A quorum was present. Introductions were made. Those in attendance are shown on the attached attendance list.

Item #2 – Approve Minutes of the August 24, 2017, Regular Commission Meeting

Motion: A motion was made by Madeline Deaton and seconded by Teresa O'Neill to approve the Minutes of the August 24, 2017, Commission meeting. The motion carried unanimously on a voice vote of those members present.

PUBLIC FORUM

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

REPORTS AND COMMITTEE UPDATES

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

General Manager Randy Howard reported:

- Brief overview of the Annual Conference Program. Next year's meeting will be held in Monterey, California.
- Thanked NCPA staff for their efforts during the state legislative end of session.
- Gave an update on the Hometown Connections discussions. Meeting was held last week with interested parties.
- Gave an update on the 2018 Executive Leadership Program – A brochure was provided to the Utility Directors. For more information on the program, contact NCPA HR Manager Vicki Cichocki.
- Lodi Energy Center update: Signed gas distribution agreement with PG&E effective September 1, 2017. LEC online and running during September.

Item #4 – Executive Committee

Committee Chair Bob Lingl reported that the Committee did not meet since the last Commission meeting.

Item #5 – Facilities Committee

Assistant General Manager Dave Dockham reported the Committee met twice since the last Commission meeting. The Committee met and discussed items 13, 14, 18, and 21 on today's Agenda at the regular scheduled meeting. The Committee recommended Commission approval of all items. The Committee met under a special meeting agenda on September 20 and discussed item 22 on today's Agenda. A quorum of the Committee was not established, but those members in attendance supported staff's recommendation.

Item #6 – Finance Committee

Committee Chair David Hagele reported that the Committee met once under a Special meeting Agenda since the last Commission meeting. The Committee met and discussed items 15, 17 and 19 on today's Agenda. The Committee recommended Commission approval of all items. The next Committee meeting is on November 8.

Item #7 – Legal Committee

General Counsel Jane Luckhardt reported that the Committee met once since the last Commission meeting in closed session. No reportable action was taken on the closed session items.

Item #8 – Legislative & Regulatory Affairs Committee

Committee Chair Teresa O'Neill reported the Committee met once since the last Commission meeting. The Committee heard from a policymaker panel of staff members from the State Legislature, California Energy Commission, California Air Resources Board, and the California Independent System Operator. The next Committee meeting is scheduled on November 29 at NCPA's office in Roseville.

Item #9 – Members' Announcements & Meeting Reporting

Brent Weaver, **Redding**, announced the appointment of Dan Beans as the new Utility Director at Redding Electric.

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 for discussion.

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, 19, 20, and 21. The motion carried by a majority of those members present on a roll call vote with the abstentions noted below for each item. *BART was absent.*

Item #10 – NCPA's Financials for the Months Ended August 30, 2017 – approval by all members.

Item #11 – Treasurer's Report for the Months Ended August 30, 2017 – accept by all members.

Item #12 – Sale or Disposal of Surplus Property – note and file by all members the disposal of insulation materials, safety relief valve spare parts, Rosemount housings, surveying equipment, 24 volt battery load tester, key cabinet, and Yokogawa totalizers.
Fiscal Impact: This report has no direct fiscal impact to the Agency.

Item #13 – Resolution 17-76, Ethos Energy Power Plant Services, LLC – Five Year Multi-Task General Services Agreement and Agreement for Purchase of Equipment, Material and Supplies; 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 and Agreement for Purchase of Equipment, Material and Supplies with Ethos Energy Power Plant Services, LLC, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed $1,500,000 over five years and to issue purchase orders associated with the contract. 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 $1,500,000 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 #14 – Resolution 17-77, Ford Construction Company, Inc. – Five Year Multi-Task General Services Agreement for maintenance tasks including earthwork, asphalt patch and paving, minor concrete patching and tunnel maintenance; Applicable to the following projects: All NCPA Facility Locations (with exception of the Lodi Energy Center), NCPA 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 Ford Construction Company, Inc., for maintenance services to include earthwork, asphalt patching, utility easement work, minor road maintenance and tunnel maintenance, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed $3,000,000 over five years. This contract would be available for use at all facilities owned and/or operated by NCPA (with exception of the Lodi Energy Center), NCPA 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 $3,000,000 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 #15 – Resolution 17-78, Agreement for Banking Services between U.S. Bank N.A. and NCPA – adopt resolution by all members authorizing the General Manager or his designee to enter into an Agreement for Banking Services with U.S. Bank, N.A. for a three-year term with an option of two, one-year renewals. The agreement includes fixed pricing for the term (up to five years).
Fiscal Impact: The three-year term will include a fixed pricing structure and most of the savings (or new interest income) will be due to an increase in the ECR, the setting of a PEG balance, a decrease in pricing of various expense items, and the creation of a money market 'Sweep' account. The result of these actions is estimated to add at least $10,000 per month or $120,000 per year in new interest income to Members and Non-Members and still offset the U.S. Bank banking fees.

Item #16 – Resolution 17-79, Approval of Revisions to NCPA's Energy Risk Management Policy – adopt resolution by all members approving implementing and establishing a revised Northern California Power Agency Energy Risk Management Policy.
Fiscal Impact: There is no fiscal impact as a result of the annual review or proposed revision to the Energy Risk Management Policy.

Item #17 – Resolution 17-80, Approval of Finance Committee Charter – adopt resolution by all members approving establishing a Finance Committee Charter, which will better define the roles and responsibilities for the Finance Committee as described in the NCPA By-Laws.
Fiscal Impact: There is no direct dollar impact to approve a Finance Committee Charter.

Item #18 – Resolution 17-81, NCPA Headquarters Perimeter Security Fence and Gates Project – adopt resolution by all members authorizing the General Manager or his designee to enter into a Public Works Agreement with FenceCorp, Inc., and to issue Purchase Orders associated with the Project for a total not-to-exceed cost of $401,648 for construction of the NCPA Headquarters Perimeter Security Fence and Gates Project.
Fiscal Impact: Staff's initial Project cost estimate in 2015 was $285,000. The cost of the Project is now estimated to be $386,648, which includes the sum of $30,471 expended to date for review by the City of Roseville, design and engineering costs, and related printing and title expenses. Based on the results of the formal bidding process, which included two rounds of public bidding and subsequent negotiations, the Project cost includes the cost for the fence construction of $323,467, electrical work, landscaping alterations, permitting, and additional engineering work. Staff recommends adding a contingency of approximately 4% for the remaining work in the amount of $15,000, bringing the Project cost to a total not-to-exceed amount of $401,648. All funding necessary for this project has been budgeted for and no new budgeted dollars are being requested.

Item #19 – Resolution 17-82, NCPA Financial Advisory Services – Three year Multi-Task Consulting Services Agreement with PFM Financial Advisors LLC for Ongoing Financial Structure and Debt Management Tasks; and Three year Multi-Task Consulting Services Agreement with PFM Swap Advisors LLC for Swap Advisory Services – authorizing the General Manager or his designee to enter into a Multi-Task Consulting Services Agreement with PFM Financial Advisors LLC (PFM) for financial advisory services including ongoing financial structure and debt management tasks for not to exceed $500,000 over three years; and to enter into a separate Multi-Task Consulting Services Agreement with PFM Swap Advisors LLC for additional financial advisory services in connection with the issuance or proposed issuance of swaps or derivatives for not to exceed $150,000 over three years; both agreements with any non-substantive changes recommended and approved by the NCPA General Counsel, and including the option of two, two-year renewals for a maximum term of seven years.
Fiscal Impact: PFM agreed to maintain the existing annual cost at the 2006 pricing level of a not-to-exceed amount of $55,000 for financial structure and debt management tasks. That annual cost is to be apportioned $50,000 to PFM Financial Advisors LLC for the financial structure and debt management tasks and $5,000 to PFM Swap Advisors LLC. In addition, unlimited use of the SwapViewer valuation tool software will be provided by PFM Swap Advisors LLC at an annual cost of $7,500. Both agreements also include a not to exceed amount for annual travel expense costs.

The resulting cost for the agreement with PFM Financial Advisors LLC for the ongoing financial structure and specific debt management tasks is not to exceed $168,000 for the initial three-year term. The first year services in the amount of not to exceed $56,000 is included in the approved budget for fiscal year 2017-18. Should the Agency exercise the option to extend the agreement, both renewal periods would be at the same annual cost as the initial three year term. In addition, the agreement's not to exceed amount of $500,000 allows for utilization of the vendor's services by NCPA Members as needed. This dollar amount is not a guarantee that Agency will pay that full amount to PFM, but is merely a limit of potential expenditures under the enabling agreement.

The resulting cost for the agreement with PFM Swap Advisors LLC for the continuing review of and recommendations concerning the Agency's overall financial structure as related to swaps and derivatives, as well as identifying areas which can be improved upon or enhanced and unlimited use of the Swap Viewer valuation tool software, is not to exceed $37,500 for the initial three year term. The first year services in the amount of not to exceed $12,500 is included in the approved budget for fiscal year 2017-18. Should the Agency exercise the option to extend the agreement, both renewal periods would be at the same annual cost as the initial three year term. Further, the agreement's not to exceed amount of $150,000 also allows for utilization of the vendor's services by NCPA Members as needed. This dollar amount is not a guarantee that Agency will pay that full amount to PFM Swap Advisors, but is merely a limit of potential expenditures under the enabling agreement.

Transaction specific services including bond issuance transaction costs will be determined as such services are needed and are typically paid from bond proceeds.

Item #20 – Resolution 17-83, Approve Appointment of Retired Annuitant to Serve In a Limited Duration Assignment as Field Office Administrator at the Geothermal Facility – adopt resolution by all members approving the interim and limited term appointment of retired annuitant, Pamela Bordi, to serve as the Field Office Administrator at the Geothermal Facility, without reinstatement from retirement or loss or interruption of benefits provided by the Public Employees' Retirement System under Government Code Section 21221(h).
Fiscal Impact: There is no fiscal impact for the appointment of retired annuitant, Pamela Bordi, to serve as the Field Office Administrator at the Geothermal Facility, because the costs are included in the approved budget for FY 2017-18.

Item #21 – Resolution 17-84, Approval of Extension of Natural Gas Pipeline Transportation Contracts for the NGTL and Foothills BC Pipeline Transportation Systems – adopt resolution by all members authorizing the General Manager, on behalf of NCPA, to extend the natural gas pipeline transportation contracts to maintain NCPA's natural gas pipeline transport volume rights on the NOVA and Foothills transportation systems for five (5) years through October 31, 2023.
Fiscal Impact: Based on current transportation rates, the cost for acquiring natural gas pipeline transportation capacity on the NOVA system is approximately $145,000 per year, and acquiring natural gas pipeline transportation capacity on the Foothills system is approximately $70,000 per year. All costs associated with acquiring natural gas pipeline transportation capacity on the NOVA and Foothills system are included in the NCPA annual budget, and are treated as Project Costs and allocated to the STIG project participants based on their respective project participation percentages.
Palo Alto, Port of Oakland, Redding, and Truckee Donner abstained.

DISCUSSION/ACTION ITEMS

Item #22 – Resolution 17-85, Provision of Services to Pioneer Community Energy – adopt resolution by all members approving and authorizing: (i) NCPA to enter into a Services Agreement with Pioneer Community Energy under which NCPA may supply certain scheduling and portfolio management services to Pioneer Community Energy, including any non-substantive modification to the Services Agreement approved by NCPA's General Counsel, and (ii) delegated authority to the General Manager of NCPA to negotiate the amount of compensation to be charged to Pioneer Community Energy for NCPA's provision of Services within a defined range, as further set forth herein.
Fiscal Impact: NCPA staff recommends that the Commission delegate authority to the General Manager of NCPA to negotiate an amount of compensation for NCPA's provision of services to PCCE within the following range: $362,000 to $488,000.

The proposed compensation range stated herein was developed using the NCPA Power Management Cost Allocation Spreadsheet Model (commonly known and the "Nexant Model") as a reference. The cost of service developed using the Nexant Model is based on a set of modeling assumptions that were presented to and reviewed by both the Utility Directors and the Facilities Committee, including action requested by the Facilities Committee to allocate certain directly assigned costs in proportion to how such costs are allocated in the model.

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

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

Tony Zimmer, NCPA staff, provided a presentation on the Provision of Services to Pioneer Community Energy.

Motion: A motion was made by Bob Marshall and seconded by Liz Kirkley to adopt resolution approving and authorizing: (i) NCPA to enter into a Services Agreement with Pioneer Community Energy under which NCPA may supply certain scheduling and portfolio management services to Pioneer Community Energy, including any non-substantive modification to the Services Agreement approved by NCPA's General Counsel, and (ii) delegated authority to the General Manager of NCPA to negotiate the amount of compensation to be charged to Pioneer Community Energy for NCPA's provision of Services within a defined range. The motion carried by a majority on a roll call vote of those members present.
BART was absent.

CLOSED SESSION

Non-essential Members and staff left the meeting for the closed session discussion.

Item #23 – Conference with Legal Counsel existing litigation pursuant to California Government Code Section 54956.9(d)(1): Three cases:

a) *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.

b) PG&E TO19 Rate Case, *Pacific Gas & Electric Company*, Federal Energy Regulatory Commission, Docket No. ER17-2154-000.

c) PG&E TO18 Rate Case, *Pacific Gas & Electric Company*, Federal Energy Regulatory Commission, Docket No. ER16-2320-000.

RECONVENED TO OPEN SESSION

All meeting attendees rejoined the meeting.

REPORT FROM CLOSED SESSION

Closed Session Disclosure: General Counsel Jane Luckhardt stated no reportable action was taken on closed session items 23a, 23b and 23c.

NEW BUSINESS

Chair Lingl recognized those Members and staff that have a September birthday.

ADJOURNMENT

The August 24, 2017, Commission meeting was adjourned at 11:55 am.

Respectfully submitted,
//
CARY A. PADGETT
Assistant Secretary to the Commission

Attachments

Northern California Power Agency
Commission Meeting of September 29, 2017
COMMISSIONER
Attendance List

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

MEMBER	NAME
ALAMEDA	Madeline E Deaton
BIGGS	[illegible]
GRIDLEY	
HEALDSBURG	[illegible]
LODI	[illegible]
LOMPOC	[illegible]
PALO ALTO	[illegible]
PORT OF OAKLAND	Basil Wong
PLUMAS-SIERRA REC	Dan King
REDDING	[illegible]
ROSEVILLE	[illegible]
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT (BART)	
SANTA CLARA	Teresa O'neill
SHASTA LAKE	[illegible]
TRUCKEE DONNER	Stephen Hollabaugh
UKIAH	Mel Grandi

Northern California Power Agency
Commission Meeting of September 29, 2017
Attendance List

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

NAME	AFFILIATION
David Hagele	Healdsburg
TERRY CROWLEY	~~[illegible]~~ HEALDSBURG
Kathleen Hughes	City of Santa Clara
John Roukema	City of Santa Clara
Tony Zimmer	NCPA
Dave Dockham	NCPA
Bob Caracristi	NCPA
Joe Horvath	TDPUD
Stephen HOLLABAUGH	TDPUD
Katharine Mapes	Spiegel & McDiarmid
Mike Brozo	PSREC
Bob Marshall	PSREC
DAN KENNEY	PSREC
Todd White	Roseville
Bill Forsythe	Roseville
Brian Zard	Roseville
Randy Bowersox	NCPA
PAUL ECKERT	CITY OF GRIDLEY
Ken Speer	NCPA
Michelle Bertolino	Roseville
Joe Mandell	Roseville
DAVID RALSTON	COUNSEL FOR NCPA / FOLEY & LARDNER
Jane Cirrincione	NCPA

Northern California Power Agency
Commission Meeting of September 29, 2017
Attendance List

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

NAME	AFFILIATION
Liz Kirkley	Lodi
Janice Magdich, CA	Lodi
Dan Beans	Redding
Brent Weaver	Redding
TIKAN SINGH	Lompoc
Cindy Sauers	Ukiah
Duann Lucchetti	Ukiah
Vicki Cichocki	NCPA
Monty Hanks	NCPA
Roger Frith	Biggs
ED SHIKADA	PALO ALTO
MONICA PADILLA	PALO ALTO
Bob Lingl	Lompoc
TRISHA ZIMMER	NCPA
Nico Procos	Alameda
Jane Luckhardt	NCPA

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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.

Moved: Bosel
2nd Teresa

CONSENT CALENDAR ROLL-CALL APPROVAL

Commission Meeting Date: 9-29-17

Consent Items Listed on the Agenda: #10 to #21

Consent Items Removed from the Agenda and Approved Separately:

Ø

ROLL-CALL VOTE BY MEMBERS:

Member	Item Numbers Abstained	Vote	Absent
Alameda		Y	
BART			✓
Biggs		Y	
Gridley		Y	
Healdsburg		Y	
Lodi		Y	
Lompoc		Y	
Palo Alto	21	Y	
Port of Oakland	13, 14, 21	Y	
Redding	21	Y	
Roseville		Y	
Santa Clara		Y	
Shasta Lake		Y	
Truckee Donner	21	Y	
Ukiah		Y	
Plumas-Sierra		Y	

ATTEST: Cary Padgett
Cary A. Padgett
Assistant Secretary to the Commission

Northern California Power Agency
ROLL CALL VOTE

Topic: item 22

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

Passed and adopted this 29th day of September 2017, by the above vote on roll call.

Bob Lingl/cp
BOB LINGL
Commission Chair

ATTEST: Cary Padgett
CARY A. PADGETT
Assistant Secretary

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Commission Staff Report

AGENDA ITEM NO.: **5**

Date: October 19, 2017

To: NCPA Commission

Subject: September 20, 2017 Facilities Committee Special Meeting Minutes and October 4, 2017 Facilities Committee Meeting Minutes

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

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Minutes - Draft

To: NCPA Facilities Committee

From: Carrie Pollo

Subject: September 20, 2017, Facilities Committee Special Meeting Minutes

1. **Call Meeting to Order & Roll Call -** The meeting was called to order by Committee Vice Chair Mike Brozo at 2:02 pm. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Alan Hanger (Alameda), Mark Sorensen (Biggs), Jiayo Chiang (Lodi), Monica Padilla (Palo Alto), Shannon McCann (Roseville) Steve Hance and Kathleen Hughes (Santa Clara). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Gridley, Healdsburg, Lompoc, Port of Oakland, Turlock, and Ukiah were absent. A quorum of the Committee was not established.

   PUBLIC FORUM
   No public comment.

2. **Approval of Provision of Services to Pioneer Community Energy –** Staff discussed the opportunity to seek extension of authority to engage in negotiations with Pioneer Community Energy (PCCE) (formally known as Sierra Valley Energy Authority) to develop a Services Agreement under which NCPA may supply certain scheduling and portfolio management services to PCCE, and to modify previously granted authority delegated to the General Manager of NCPA to negotiate the amount of compensation to be charged to PCCE for NCPA's provision of services.

   Placer County has formed a JPA, PCCE, for the purpose of establishing and managing a Community Choice Energy (CCE) program. PCCE has expressed an interest in taking certain scheduling and portfolio management services from NCPA. NCPA is working on a draft Services Agreement for PCCE, which is similar to the PCWA and MEID agreements. Due to the possibility of the California Legislature passing certain legislation that may impact CCA formation, PCCE would like to proceed with serving load within its service area as soon as possible. PCCE is working to begin providing service to its customers January or February 2018.

   The proposed scope of services includes (i) scheduling coordination services for submission of bids, outage coordination, and meter data validation, (ii) control center services, including real-time monitoring and coordination, and (iii) portfolio management and optimization, with pre-scheduling, forecasting, resource management, and risk management. The initial term of services would be two years with an automatic extension.

NCPA staff have identified three (3) different options for providing services to PCCE, which include: 1) NCPA to act as Scheduling Coordinator, 2) NCPA temporarily act as Scheduling Coordinator, then transfer SC obligations to PCCE Scheduling Coordinator when fully registered, and 3) NCPA act as SC agent on behalf of PCCE. NCPA staff recommended option 2, and indicated that the draft Services Agreement has been updated to include the proper level of protection to NCPA's liability associated with PCCE CAISO transactions.

Based on NCPA's further refinement of the scope of services contemplated in the Services Agreement, staff are now recommending the cost of services to be approximately $425,000, with a 2% escalation per year, and to grant the General Manager of NCPA authority to negotiate a final amount of compensation within the range of plus or minus 15% of the recommended amount.

Key integration activities include registration of new NCPA SCID in early October, coordinated development of RA load forecast, submission of PCCE RA demonstration by November 15, with an executed service contract, load registration, assignment and association, by December 2017, and the scheduling services beginning in January 2018.

Since a quorum was not established, the committee asked those in attendance if they supported NCPA's recommendation of (i) enabling NCPA to develop and negotiate a Services Agreement under which NCPA may supply certain scheduling and portfolio management services to PCCE, as further described herein; and (ii) to delegate authority to the General Manager of NCPA to negotiate the amount of compensation to be charged to PCCE for NCPA's provision of Services, within a defined range as determined by the Commission, and as further described herein. Those in attendance that support NCPA's recommendation are: Alameda, Biggs, Lodi, Plumas-Sierra, Roseville, and Santa Clara. A staff report and resolution will be taken to the next Commission Meeting for approval on September, 29, 2017.

ADJOURNMENT

The meeting was adjourned at 3:25 pm.

Northern California Power Agency
September 20, 2017 Special Facilities Committee Meeting
Attendance List

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

NAME	AFFILIATION
Carrie Pollo	NCPA
James Takehara	NCPA
Michael Bragg	PSREC
Tony Zimmer	NCPA
Monty Hanks	NCPA
Robert Caracristi	"
Jane Luckhardt	NCPA
Randy Howard	NCPA
Dave Dockham	NCPA

Northern California Power Agency
September 20, 2017 Special Facilities Committee Meeting
Attendance List

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

MEMBER	NAME
ALAMEDA	
BART	
BIGGS	
GRIDLEY	
HEALDSBURG	
LODI	
LOMPOC	
PALO ALTO	
PLUMAS-SIERRA REC	Michael Brozzo
PORT OF OAKLAND	
ROSEVILLE	
SANTA CLARA	
TID	
UKIAH	

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Minutes - Draft

Date: October 5, 2017

To: NCPA Facilities Committee

From: Carrie Pollo

Subject: October 4, 2017, Facilities Committee Meeting Minutes

1. **Call meeting to order & Roll Call -** The meeting was called to order by Committee Chair Melissa Price at 9:04 am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Debbie Whiteman and Alan Hanger (Alameda), Mark Sorensen (Biggs), Monica Padilla (Palo Alto), Khaly Nguyen and Steve Hance (Santa Clara), and Willie Manuel (TID). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Gridley, Healdsburg, Plumas-Sierra, Port of Oakland, and Ukiah were absent. A quorum of the Committee was not established.

   PUBLIC FORUM
   No public comment.

2. **Approve Minutes from the September 6, 2017, Facilities Committee Meeting and September 20, 2017, Special Facilities Committee Meeting Minutes –** These two sets of minutes will be voted on at the next Facilities Committee Meeting, since there was not a quorum established.

3. **Geothermal Facilities – Sunshine Metal Clad First Amendment –** Staff is seeking a recommendation for Commission approval of a First Amendment to the five-year Multi-Task General Services Agreement with Sunshine Metal Clad, Inc. for insulation services, increasing the not to exceed amount from $300,000 to $550,000, for use at NCPA Geothermal facilities. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets. *(Commission Category: Consent; Sponsor: Geo)*

   ** This item was pulled, and will be presented at the next Facilities Committee Meeting. **

4. **Geothermal Facilities – EGS Consulting, Inc. Multi-Task Consulting Services Agreement –** Staff recommended Commission approval of a five-year Multi-Task Consulting Services Agreement with EGS Consulting, Inc., for engineering and geologic services, including conducting water injection studies, monitoring and reporting seismic activity, and well testing, with a not to exceed amount of $500,000, for use at NCPA Geothermal facilities. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets. A draft Commission Staff Report was available for review.

   An informal motion was made by Shannon McCann and seconded by Jiayo Chiang recommending Commission approval authorizing the General Manager or his designee to enter into a Multi-Task Consulting Services Agreement with EGS Consulting, Inc., with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed $500,000 over five years and to issue purchase orders associated with the contract. For use at the NCPA Geysers Geothermal Facility. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Roseville, Santa Clara, and TID. ABSTAIN = Palo Alto. The Committee supports Commission approval.

5. **All Generation Services Facilities – TRB and Associates First Amendment –** Staff recommended Commission approval of a First Amendment to the five-year Multi-Task Consulting Services Agreement with TRB and Associates, for consulting services including construction inspections and engineering reviews, increasing the not to exceed amount from $200,000 to $500,000, for use at all facilities owned and/or operated by NCPA. The Facilities Committee also recommends Commission approval to increase the not to exceed amount to $1,000,000 and open this agreement up to all NCPA Members, SCPPA, and SCPPA Members, pending agreement from TRB Associates. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets. A draft Commission Staff Report was available for review.

   An informal motion was made by Shannon McCann and seconded by Jiayo Chiang recommending Commission approval authorizing the General Manager or his designee to enter into a First Amendment to Multi-Task Consulting services Agreement with TRB and Associates, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed $500,000 over five years and to issue purchase orders associated with this contract. For use at all NCPA Generation Plant facilities. The Facilities Committee also recommends Commission approval to increase the not to exceed amount to $1,000,000 and open this agreement up to all NCPA Members, SCPPA, and SCPPA Members, pending agreement from TRB and Associates. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Roseville, Santa Clara, and TID. ABSTAIN = Palo Alto. The Committee supports Commission approval.

6. **Revision to Commission Revenue Allocation Policy and Implementation Timing of Revised Policy –** Staff proposed and recommended a revision to the Commission Revenue Allocation Policy, and timing for implementation of the proposed revisions based on the policy discussion paper.

   James Takehara reviewed the recommendations to revise the Commission adopted Revenue Allocation Policy, as developed by the Utility Director sub-group, and a revised version of the discussion paper at the Committee's request. The key changes to the Interim Policy are: 1) allocate 90% of revenues received, to both members and non-member participants of NCPA Projects, using the Nexant cost allocation model; 2) allocate 10% of revenues received, exclusively to members, in proportion to their contributions to A&G expenses; and, 3) apply these changes to the entirety of FY18. James will make some clarifying edits to the revenue allocation discussion paper, per members' request, and list the recommendations clearly at the beginning of the document. A redline version will be available to the Committee for review prior to the Commission Meeting on October 26.

   An informal motion was made by Shannon McCann and seconded by Jiayo Chiang recommending Commission approval to update the existing revenue allocation policy as described in the Revised Revenue Allocation Policy. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Palo Alto, Roseville, Santa Clara, and TID. The Committee supports Commission approval.

7. **Greenhouse Gas Accounting for CT2 (STIG) –** Staff introduced a billing support file of the NCPA All Resources Bill for CT2 (STIG) Greenhouse Gas Emissions (GHG). NCPA must prepare a GHG inventory, and administer Compliance Instruments to the associated emissions.

The GHG emissions from the CT2 Project, Lodi STIG, are covered emissions under the CA Cap-and-Trade Program. Historically the emissions are very low.

NCPA Settlements plans to distribute a detailed accounting of the CT2 GHG emission in the All Resources Bill support file, starting with the November ARB. The report period will be from January 2013 to the current date, plus a 6-12 month projection, including generation (MWh), GHG obligation (MT CO2e), compliance instrument balances (MT), and compliance instruments retirements (MT).

Staff will be preparing a proposal to adopt a regularly scheduled monthly process that is financially binding using this report. The goals are to reduce legal risk to NCPA for uncovered GHG obligations, improve administrative efficiency, and conform to business practices across the covered entities.

Planning and Operations Update –

- **CT Update –** The CTs have been operating for 30 years now. The CT1 Alameda needs a 115Kv bushing replacement. Hart High Voltage was awarded the bid to conduct the electrical test, drain oil, internal inspection, and replacement of transformer bushings. While restoring from back feed, the service station transformer "A" faulted due to overcurrent on H1. A refurbished transformer has been located in Greenville, SC, and is expected to ship on October 6. There were three bids for a refurbished transformer, with the lowest being $26,820. The transformer swap will start October 23 and should be completed by October 27. The transformer was tested last January and was working fine at that time. The CT1 in Lodi needs a 60Kv bushing replacement as well. Hart High Voltage was again awarded the bid to conduct the electrical test, drain oil, internal inspection, and replacement of transformer bushings. CT1 Lodi is at 193.2 of the 200 operation hours. It can only be run during emergency situations now.
- **TO18 & TO19 –** NCPA will be a signatory on these proceedings, which will allow FERC to check the rates and make sure they are OK. If not, then FERC can change the rates, as these are managed by TANC and the CPUC.
- **PG&E Order 890 –** This is continuing along. The next meeting will be October 19, regarding the proposed tariff. NCPA is disputing the resolution process.
- **PCWA –** Services for PCWA will start January 1, 2018. Dispatch staff had training September 27-28. After these services begin, NCPA will determine whether additional staff is needed for increasing demands.
- **CAISO TAC Restructuring –** There are transmission issues with the CAISO revenue shortfalls being different than the tariff. NCPA participated in the transmission planning process for this.
- **MEID –** Merced is very happy with the services they are currently receiving from NCPA, and is exploring becoming a member.
- **PCCE –** The Commission approved and authorized NCPA to enter into a Services Agreement with Pioneer Community Energy under which NCPA may supply certain scheduling and portfolio management services to Pioneer Community Energy at the amount of $425,000. Placer County is committed and very supportive of this development.
- **NCPA Connect –** Power Management is in the process of building the reports library on NCPA Connect. Members should request any specific reports they would like to see.

8. **Schedule next meeting date –** the next regular Facilities Committee meeting is scheduled for November 1, 2017.

ADJOURNMENT

The meeting adjourned at 10:42 am.

Northern California Power Agency

October 4, 2017 Facilities Committee Meeting

Attendance List

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

NAME	AFFILIATION
Carrie Pollo	NCPA
Melissa Price	Lodi
Randy Bowersox	NCPA
Ken Speer	NCPA
Rafael Santana	NCPA
Shannon McCann	Roseville
Jiayo Chiang	Lodi
James Takehara	NCPA
Dennis Sismaet	NCPA
Tony Zimmer	NCPA
Dave Dockham	NCPA
Randy Howard	NCPA
Jane Luckhardt	NCPA

Northern California Power Agency
October 4, 2017 Facilities Committee Meeting
Attendance List

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

MEMBER	NAME
ALAMEDA	
BART	
BIGGS	
GRIDLEY	
HEALDSBURG	
LODI	[illegible], [illegible]
LOMPOC	
PALO ALTO	
PLUMAS-SIERRA REC	
PORT OF OAKLAND	
ROSEVILLE	[illegible]
SANTA CLARA	
TID	
UKIAH	

NCPA
A PUBLIC AGENCY
NORTHERN CALIFORNIA POWER AGENCY

651 Commerce Drive
Roseville, CA 95678

phone (916) 781-3636
fax (916) 783-7693
web www.ncpa.com

Commission Staff Report

AGENDA ITEM NO.: 6

Date: October 18, 2017

To: NCPA Commission

Subject: September 18 and October 17, 2017 Special Finance Committee Meeting Minutes

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

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Minutes

Date: September 22, 2017

To: NCPA Finance Committee

From: Trisha Zimmer, Administrative Assistant

Subject: September 18, 2017 Special Finance Committee Meeting Minutes

Finance Committee Attendees:

Committee Members		**Attended:**
David Hagele, Chair	Healdsburg	call-in
Ann Hatcher	Santa Clara	call-in
Melissa Price	Lodi	absent
Matt Michealis	Gridley	absent
Philip McAvoy	Roseville	call-in
Member Staff		
Tarun Narayan	Palo Alto	call-in

Consultants in attendance-call in:

Mark Bauer	Orrick
Charline Bothelo	PFM

NCPA Staff in attendance:
Monty Hanks
Sondra Ainsworth
Jane Luckhardt
Trisha Zimmer

1. **Call Meeting to Order**
   David Hagele called the meeting to order at 2:07 p.m.

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

PUBLIC FORUM

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

REPORTS AND COMMITTEE ACTION ITEMS

3. **Selection of Financial Advisor Firm and Award of Contract**
Staff is seeking a recommendation to approve an award of contract and authorization to enter into a Multi-Task Consulting Services Agreement with PFM Financial Advisors LLC for ongoing financial structure and debt management tasks for a not-to-exceed amount of $500,000 over three years; and a Multi-Task Consulting Services Agreement with PFM Swap Advisors LLC for swap advisory services for a not-to-exceed amount of $150,000 over three years. Both agreements include the option of two, two-year renewals for a maximum term of seven years. The not-to-exceed amounts of both agreements allow for utilization of the vendor's services by NCPA Members as needed.

Motion: a motion was made by David Hagele and seconded by Philip McAvoy recommending approval of the Multi-Task Consulting Services Agreements with PFM Financial Advisors LLC as well as PFM Swap Advisors LLC. A vote was taken by roll call: YES = David Hagele (Healdsburg), Ann Hatcher (Santa Clara), and Philip McAvoy (Roseville). The motion passed.

4. **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 recommended modifications were made to the Charter as directed by Finance Committee members at the August 9th Finance Committee meeting. Staff presented the redlined version of the Charter as well as a draft final version.

Motion: a motion was made by Ann Hatcher and seconded by Philip McAvoy recommending approval of the Finance Committee Charter as presented. A vote was taken by roll call: YES = David Hagele (Healdsburg), Ann Hatcher (Santa Clara), and Philip McAvoy (Roseville). The motion passed.

5. **Banking Services Agreement**
Staff is seeking a recommendation to approve an Agreement for Banking Services with U.S. Bank N.A. for a three-year term with an option of two, one-year renewals. This agreement includes fixed pricing for the term (up to five years). The Agency is currently operating under a Master Service Agreement and Deposit Account Agreement with U.S. Bank. A specific contract setting forth the pricing structure for depository services, wire transfers, ACH and related banking services did not exist. Following discussions with U.S. Bank, the bank has agreed to decrease the per item pricing of several services and increase the Earnings Credit Rate (ECR) from 0.22% to 0.60% for compensated balances in exchange for agreeing to a three-year term.

Motion: A motion was made by Philip McAvoy and seconded by David Hagele recommending that the Commission approve the Banking Services Agreement with U.S. Bank N.A.. A vote was taken by roll call: YES = David Hagele (Healdsburg), Ann Hatcher (Santa Clara), and Philip McAvoy (Roseville). The motion passed.

6. **Baker Tilly Virchow Krause Audit Letter Acknowledgement**
During the August 9, 2017 Finance Committee meeting, staff reviewed a letter from NCPA's

auditing firm, Baker Tilly Virchow Krause (Baker Tilly) covering their auditing standards, requirements, and responsibilities as well as those of the Committee's. Staff requested that the Finance Committee members acknowledge that they have received, reviewed and understand their responsibilities as the oversight Committee for the NCPA FY17 audit. Finance Committee members David Hagele, Ann Hatcher, and Philip McAvoy acknowledged receipt of the letter and that they understand their responsibility.

7. Next Finance Committee Meeting
The next regular Finance Committee meeting is scheduled for November 8, 2017 at 3pm.

ADJOURNMENT

The meeting was adjourned at 2:46 p.m.

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Minutes

Date: October 19, 2017

To: NCPA Finance Committee

From: Trisha Zimmer, Administrative Assistant

Subject: October 17, 2017 Special Finance Committee Meeting Minutes

Finance Committee Attendees:

Committee Members		**Attended:**
David Hagele, Chair	Healdsburg	call-in
Ann Hatcher	Santa Clara	absent
Melissa Price	Lodi	call-in
Philip McAvoy	Roseville	call-in

Member Staff		
Tarun Narayan	Palo Alto	call-in
Bob Orbeta	Alameda	call-in

Consultants in attendance-call in:

Mark Bauer	Orrick
Russ Hissom	Baker Tilly
Mike Berwanger	PFM

NCPA Staff in attendance:
Randy Howard
Monty Hanks
Sondra Ainsworth
Jane Luckhardt
Trisha Zimmer

1. **Call Meeting to Order**
   David Hagele called the meeting to order at 2:05 p.m.

2. **Roll call** – Roll call was conducted as listed above. Due to Brown Act posting requirements, a quorum of the Committee was not established.

REPORTS AND COMMITTEE ACTION ITEMS

3. **Review of the June 30, 2017 Audited Financial Statements and Related Reports**
Sondra Ainsworth provided a brief overview of June 30, 2017 financial statements including the Agency's combined statement of netposition and results of operation for the years ended June 30, 2017, 2016, and 2015. She then introduced Russ Hissom, partner from Baker Tilly Virchow Krause (Baker Tilly).

Mr. Hissom reviewed the firm's presentation with a report on NCPA's fiscal year 2017 financial audit. Mr. Hissom complimented NCPA staff on their preparedness and timely responses to all of Baker Tilly's audit inquires. Mr. Hissom reported that the audit revealed no areas of concern and the financial statements are free from material misstatements. Baker Tilly gave NCPA and associated corporationsfinancial statements an Unmodified Opinion.

A quorum of the Finance Committee was not established, however, the members present did not have any objections to staff's recommendations.

NEW BUSINESS

4. **Other Items of Interest to Finance Committee**
Monty Hanks informed the Committee that staff will seek approval of the appointment of Robert (Bob) Orbeta, AGM of Administration, Alameda Municipal Power, as a member of the Finance Committee. The appointment of Mr. Orbeta is due to a vacancy left by Matt Michaelis, who is no longer employed at the City of Gridley.

Mr. Hanks also informed the Committee that our financial advisors, PFM Financial, have drafted an RFP for prospective underwriters in preparation of the Hydroelectric 2008 Series C bonds. The RFP will also request that the underwriters look into the possibility of refunding the LEC and Geothermal bonds as well.

Mr. Hanks was also happy to report the recent Moody's credit rating upgrades to the Hydroelectric Revenue Bonds from A1 to Aa2 as well as the Indenture Group A (Issue One) LEC Revenue Bonds from A2 to A1.

7. **Next Finance Committee Meeting**
The next regular Finance Committee meeting is scheduled for November 8, 2017 at 3pm.

ADJOURNMENT

The meeting was adjourned at 2:34 p.m.

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A PUBLIC AGENCY
NCPA
NORTHERN CALIFORNIA POWER AGENCY

Commission Staff Report

October 18, 2017

COMMISSION MEETING DATE: October 26, 2017

SUBJECT: September 2017 Financial Report (Unaudited)

AGENDA CATEGORY: Consent

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

IMPACTED MEMBERS:

All Members	☒	**City of Lodi**	☐	**City of Shasta Lake**	☐
Alameda Municipal Power	☐	**City of Lompoc**	☐	**City of Ukiah**	☐
Bay Area Rapid Transit	☐	**City of Palo Alto**	☐	**Plumas-Sierra REC**	☐
City of Biggs	☐	**City of Redding**	☐	**Port of Oakland**	☐
City of Gridley	☐	**City of Roseville**	☐	**Truckee Donner PUD**	☐
City of Healdsburg	☐	**City of Santa Clara**	☐	**Other**	☐

If other, please specify:

SR: 212:17

RECOMMENDATION:

Approval by all members.

NOTICE:

The disbursements of the Northern California Power Agency for the month reported herein, will be approved at the October 26, 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 September 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

RANDY S. HOWARD
General Manager

Attachments: (1)

NORTHERN CALIFORNIA POWER AGENCY
and ASSOCIATED POWER CORPORATIONS

Schedule of Disbursements
(Unaudited)

For the Month of September 2017

Operations:		
Geothermal	$	1,060,537
Hydroelectric		3,926,666
CT#1 Combustion Turbines		423,143
CT#2 STIG		642,933
Lodi Energy Center		4,527,359
NCPA Operating		19,641,232
Total	$	30,221,870

NORTHERN CALIFORNIA POWER AGENCY
REPORT OF BUDGET VS. ACTUAL COST
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

PERCENT OF YEAR ELAPSED
25%

	This Month	Actual Year To-Date	FY 2018 Budget	% Used	
GENERATION RESOURCES					
NCPA Plants					
Hydroelectric					
Other Plant Cost	$ 1,670,966	$ 4,030,432	$ 15,603,994	26%	
Debt Service (Net)	3,188,179	9,564,538	38,258,150	25%	
Annual Budget Cost	4,859,145	13,594,970	53,862,144	25%	
Geothermal					
Other Plant Cost	2,185,237	6,148,232	27,184,263	23%	
Debt Service (Net)	411,312	1,233,936	4,935,743	25%	
Annual Budget Cost	2,596,549	7,382,168	32,120,006	23%	
Combustion Turbine No. 1	787,641	1,471,240	2,848,552	52%	(a)
Combustion Turbine No. 2 (Stig)					
Fuel and Pipeline Transport Charges	149,896	302,790	834,641	36%	(b)
Other Plant Cost	299,794	744,307	2,095,083	36%	(b)
Debt Service (Net)	474,410	1,423,231	5,692,922	25%	
Annual Budget Cost	924,100	2,470,328	8,622,646	29%	
Lodi Energy Center					
Fuel	2,429,887	6,021,104	14,877,170	40%	(c)
Other Plant Cost	2,097,774	4,890,241	19,794,554	25%	
Debt Service (Net)	2,201,387	6,604,160	26,416,640	25%	
Annual Budget Cost	6,729,048	17,515,505	61,088,364	29%	
Member Resources - Energy	4,557,347	15,335,440	53,389,034	29%	(d)
Member Resources - Natural Gas	295,586	901,461	3,457,156	26%	
Western Resources	1,996,567	6,658,206	30,119,880	22%	
Market Power Purchases	1,471,258	4,998,630	19,318,025	26%	
Load Aggregation Costs - CAISO	24,383,494	39,588,052	233,822,294	17%	
Net GHG Obligations	-	175,400	445,917	39%	(e)
	48,600,735	**110,091,400**	**499,094,018**	**22%**	
TRANSMISSION					
Independent System Operator					
Grid Management Charge	144,545	500,347	2,466,609	20%	
Wheeling Access Charge	9,438,078	26,132,179	96,760,295	27%	
Ancillary Services	256,274	619,627	2,639,380	23%	
Other Charges	1,954,367	1,954,367	1,058,438	185%	(f)
	11,793,264	**29,206,520**	**102,924,722**	28%	

NORTHERN CALIFORNIA POWER AGENCY
REPORT OF BUDGET VS. ACTUAL COST
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

PERCENT OF YEAR ELAPSED
25%

	This Month	Actual Year To-Date	FY 2018 Budget	% Used	
MANAGEMENT SERVICES					
Legislative & Regulatory					
Legislative Representation	197,023	486,178	1,976,008	25%	
Regulatory Representation	60,894	155,060	837,639	19%	
Western Representation	48,652	112,747	829,636	14%	
Member Services	34,135	85,539	436,078	20%	
Judicial Action	-	29,811	625,000	5%	
Power Management					
System Control & Load Dispatch	544,886	1,382,014	5,864,452	24%	
Forecasting, Planning, Prescheduling & Trading	223,208	573,860	2,647,017	22%	
Industry Restructuring & Regulatory Affairs	29,066	75,020	424,174	18%	
Contract Admin, Interconnection Svcs & External Affairs	87,667	221,006	1,151,828	19%	
Green Power Project	207	574	17,746	3%	
Gas Purchase Program	6,411	15,234	88,131	17%	
Market Purchase Project	9,141	22,317	130,141	17%	
Energy Risk Management	5,837	27,123	206,836	13%	
Settlements	50,799	138,126	774,377	18%	
Integrated Systems Support	2,878	42,534	318,562	13%	
Participant Pass Through Costs	(11,399)	118,100	1,525,907	8%	
Support Services	1,428	30,493	-	N/A	
	1,290,833	**3,515,736**	**17,853,532**	**20%**	
TOTAL ANNUAL BUDGET COST	**61,684,832**	**142,813,656**	**619,872,272**	**23%**	
LESS: THIRD PARTY REVENUE					
Plant ISO Energy Sales	14,326,673	35,203,018	70,367,243	50%	(g)
Load Aggregation Energy Sales	14,110,053	18,054,134	151,018,772	12%	
Ancillary Services Sales	349,401	741,828	2,731,442	27%	
Western Resource Energy Sales	3,500,041	3,500,041	18,026,100	19%	
Other ISO Revenue	1,661,443	1,661,443	-	N/A	
Transmission Sales	9,198	27,594	110,376	25%	
Western Credits, Interest and Other Income	941,577	3,352,960	15,712,788	21%	
	34,898,386	**62,541,018**	**257,966,721**	**24%**	
NET ANNUAL BUDGET COST TO PARTICIPANTS	**$ 26,786,446**	**$ 80,272,638**	**$ 361,905,551**	**22%**	

(a) Increase in costs due to greater than projected MWhs of generation. CT1 is at 318% of budgeted MWhs at 9/30/17. Fuel costs, CA ISO charges, and other variable costs have all increased as a result of increased generation.

(b) Increase in costs due to greater than projected MWhs of generation. CT2 is at 457% of budgeted MWhs at 9/30/17. Fuel costs and CA ISO charges have increased as a result of increased generation.

(c) Increase in costs due to greater than projected MWhs of generation. LEC is at 127% of budgeted MWhs at 9/30/17. Fuel costs and CA ISO charges have increased as a result of increased generation.

(d) Variance due primarily to increased quantities of variable intermittent renewable energy purchases by Palo Alto and Port of Oakland.

(e) Purchases made several months in advance. Percent of budget used expected to level off throughout the year.

(f) The large budget to actual variance is caused by unbudgeted CAISO costs including imbalance costs, neutrality allocations, congestion offsets, and other cost allocations. These costs are not budgeted due to their unpredictable nature.

(g) Variance due to higher than anticipated ISO energy sales for the Lodi Energy Center (LEC), CT1, CT2, and Hydro.

COMBINED STATEMENTS OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

UNAUDITED

	September 30, 2017	September 30, 2016
	(in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 20,098	$ 38,040
Investments	61,756	29,751
Accounts receivable		
Participants	431	-
Other	1,126	469
Interest receivable	247	226
Inventory and supplies	9,799	9,212
Prepaid expenses	662	165
TOTAL CURRENT ASSETS	94,119	77,863
RESTRICTED ASSETS		
Cash and cash equivalents	38,934	45,065
Investments	167,699	150,544
Interest receivable	644	478
TOTAL RESTRICTED ASSETS	207,277	196,087
ELECTRIC PLANT		
Electric plant in service	1,502,795	1,500,901
Less: accumulated depreciation	(950,449)	(919,658)
	552,346	581,243
Construction work-in-progress	151	243
TOTAL ELECTRIC PLANT	552,497	581,486
OTHER ASSETS		
Regulatory assets	235,406	248,865
Other deposits and prepaids	24	44
TOTAL ASSETS	1,089,323	1,104,345
DEFERRED OUTFLOWS OF RESOURCES		
Excess cost on refunding of debt	44,992	52,330
Pension deferrals	13,506	9,093
TOTAL DEFERRED OUTFLOWS OF RESOURCES	58,498	61,423
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,147,821	$ 1,165,768

COMBINED STATEMENTS OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

UNAUDITED

	September 30, 2017	September 30, 2016
	(in thousands)	
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 36,694	$ 23,147
Member advances	993	993
Operating reserves	20,599	19,140
Current portion of long-term debt	41,870	39,440
Accrued interest payable	9,612	10,260
TOTAL CURRENT LIABILITIES	109,768	92,980
NON-CURRENT LIABILITIES		
Net pension liability	64,589	57,774
Operating reserves and other deposits	142,280	133,735
Interest rate swap liability	15,433	23,260
Long-term debt, net	705,660	747,572
TOTAL NON-CURRENT LIABILITIES	927,962	962,341
TOTAL LIABILITIES	1,037,730	1,055,321
DEFERRED INFLOWS OF RESOURCES		
Regulatory credits	71,338	73,112
Pension deferrals	4,460	6,599
TOTAL DEFERRED INFLOWS OF RESOURCES	75,798	79,711
NET POSITION		
Net investment in capital assets	(43,767)	(44,451)
Restricted	41,332	40,211
Unrestricted	36,728	34,976
TOTAL NET POSITION	34,293	30,736
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 1,147,821	$ 1,165,768

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

UNAUDITED

	Three Months Ended September 30, 2017	2016
	(in thousands)	
OPERATING REVENUES		
Participants	$ 90,450	$ 84,275
Other Third-Party	80,612	44,865
TOTAL OPERATING REVENUES	171,062	129,140
OPERATING EXPENSES		
Purchased power	89,240	66,979
Operations	16,239	13,232
Transmission	38,719	25,040
Depreciation	7,736	7,681
Maintenance	4,274	3,154
Administrative and general	3,987	3,695
TOTAL OPERATING EXPENSES	160,195	119,781
NET OPERATING REVENUES	10,867	9,359
NON OPERATING (EXPENSES) REVENUES		
Interest expense	(11,389)	(11,589)
Interest income	2,334	(565)
Other	1,229	6,276
TOTAL NON OPERATING EXPENSES	(7,826)	(5,878)
FUTURE RECOVERABLE AMOUNTS	(839)	(654)
REFUNDS TO PARTICIPANTS	(1,969)	(54)
INCREASE (DECREASE) IN NET POSITION	233	2,773
NET POSITION, Beginning of year	34,060	27,963
NET POSITION, Period ended	$ 34,293	$ 30,736

OTHER FINANCIAL INFORMATION

COMBINING STATEMENT OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

(000's omitted)

	September 30, 2017									
	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission No. One	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents	$ 1	$ -	$ 1	$ 1	$ 72	$ -	$ -	$ 63	$ 19,960	$ 20,098
Investments	-	-	-	-	-	-	-	-	61,756	61,756
Accounts receivable										
Participants	-	-	-	-	-	-	430	-	1	431
Other	-	-	-	-	-	-	866	-	260	1,126
Interest receivable	-	-	-	-	-	-	91	-	156	247
Inventory and supplies	4,563	1,079	641	1,405	2,111	-	-	-	-	9,799
Prepaid expenses	126	117	9	13	104	-	-	18	275	662
Due from Agency and other programs*	20,584	16,236	2,836	(641)	19,619	-	14,094	5,759	(78,487)	-
TOTAL CURRENT ASSETS	25,274	17,432	3,487	778	21,906	-	15,481	5,840	3,921	94,119
RESTRICTED ASSETS										
Cash and cash equivalents	42	3,663	2	-	1,641	-	6,210	-	27,376	38,934
Investments	25,257	37,628	2,533	-	30,418	-	18,678	-	53,185	167,699
Interest receivable	101	106	8	-	119	-	-	-	310	644
TOTAL RESTRICTED ASSETS	25,400	41,397	2,543	-	32,178	-	24,888	-	80,871	207,277
ELECTRIC PLANT										
Electric plant in service	569,907	394,340	64,829	36,291	423,670	7,736	-	663	5,359	1,502,795
Less: accumulated depreciation	(532,885)	(254,990)	(46,710)	(34,340)	(70,594)	(7,736)	-	(373)	(2,821)	(950,449)
	37,022	139,350	18,119	1,951	353,076	-	-	290	2,538	552,346
Construction work-in-progress	-	-	-	-	107	-	-	-	44	151
TOTAL ELECTRIC PLANT	37,022	139,350	18,119	1,951	353,183	-	-	290	2,582	552,497
OTHER ASSETS										
Regulatory assets	200	144,599	12,035	-	22,193	-	-	-	56,379	235,406
Other deposits and prepaids	14	-	-	-	-	-	-	-	10	24
TOTAL ASSETS	87,910	342,778	36,184	2,729	429,460	-	40,369	6,130	143,763	1,089,323
DEFERRED OUTFLOWS OF RESOURCES										
Excess cost on refunding of debt	1,831	42,179	982	-	-	-	-	-	-	44,992
Pension deferrals	-	-	-	-	-	-	-	-	13,506	13,506
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,831	42,179	982	-	-	-	-	-	13,506	58,498
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 89,741	$ 384,957	$ 37,166	$ 2,729	$ 429,460	$ -	$ 40,369	$ 6,130	$ 157,269	$ 1,147,821

* Eliminated in Combination

OTHER FINANCIAL INFORMATION

COMBINING STATEMENT OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

(000's omitted)

	September 30, 2017									
	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
LIABILITIES										
CURRENT LIABILITIES										
Accounts payable and accrued expenses	$ 66	$ 306	$ -	$ 2	$ 2,543	$ -	$ 29,988	$ -	$ 3,789	$ 36,694
Member advances	791	-	-	-	-	-	-	202	-	993
Operating reserves	6,213	250	513	743	12,880	-	-	-	-	20,599
Current portion of long-term debt	4,910	22,610	3,995	-	10,355	-	-	-	-	41,870
Accrued interest payable	175	3,819	274	-	5,344	-	-	-	-	9,612
TOTAL CURRENT LIABILITIES	12,155	26,985	4,782	745	31,122	-	29,988	202	3,789	109,768
NON-CURRENT LIABILITIES										
Net pension liability	-	-	-	-	-	-	-	-	64,589	64,589
Operating reserves and other deposits	18,243	16,235	-	-	1,714	-	24,979	238	80,871	142,280
Interest rate swap liability	-	15,433	-	-	-	-	-	-	-	15,433
Long-term debt, net	24,520	309,946	30,363	-	340,831	-	-	-	-	705,660
TOTAL NON-CURRENT LIABILITIES	42,763	341,614	30,363	-	342,545	-	24,979	238	145,460	927,962
TOTAL LIABILITIES	54,918	368,599	35,145	745	373,667	-	54,967	440	149,249	1,037,730
DEFERRED INFLOWS OF RESOURCES										
Regulatory credits	19,223	3,902	974	2,065	41,914	-	-	291	2,969	71,338
Pension deferrals	-	-	-	-	-	-	-	-	4,460	4,460
TOTAL DEFERRED INFLOWS OF RESOURCES	19,223	3,902	974	2,065	41,914	-	-	291	7,429	75,798
NET POSITION										
Net investment in capital assets	(3,837)	(21,229)	(4,156)	-	(15,382)	-	-	-	837	(43,767)
Restricted	6,101	17,283	2,268	-	15,678	-	-	-	2	41,332
Unrestricted	13,336	16,402	2,935	(81)	13,583	-	(14,598)	5,399	(248)	36,728
TOTAL NET POSITION	15,600	12,456	1,047	(81)	13,879	-	(14,598)	5,399	591	34,293
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 89,741	$ 384,957	$ 37,166	$ 2,729	$ 429,460	$ -	$ 40,369	$ 6,130	$ 157,269	$ 1,147,821

OTHER FINANCIAL INFORMATION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	For the Three Months Ended September 30, 2017									
	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
OPERATING REVENUES										
Participants	$ 1,177	$ 114	$ 1,683	$ 204	$ 11,441	$ -	$ 71,324	$ 4,460	$ 47	$ 90,450
Other Third-Party	8,670	11,973	811	1,135	13,763	-	44,162	98	-	80,612
TOTAL OPERATING REVENUES	9,847	12,087	2,494	1,339	25,204		115,486	4,558	47	171,062
OPERATING EXPENSES										
Purchased power	-	-	-	-	1,283	-	87,957	-	-	89,240
Operations	3,641	792	466	575	7,672	-	901	2,192	-	16,239
Transmission	132	894	275	289	373	-	36,755	1	-	38,719
Depreciation	966	2,429	553	45	3,652	-	-	15	76	7,736
Maintenance	1,074	1,773	154	423	835	-	-	15	-	4,274
Administrative and general	1,227	553	161	163	1,207	-	-	1,455	(779)	3,987
Intercompany (sales) purchases, net*	(151)	60	15	24	68	-	-	(16)	-	-
TOTAL OPERATING EXPENSES	6,889	6,501	1,624	1,519	15,090	-	125,613	3,662	(703)	160,195
NET OPERATING REVENUES	2,958	5,586	870	(180)	10,114	-	(10,127)	896	750	10,867
NON OPERATING (EXPENSES) REVENUES										
Interest expense	(175)	(5,860)	(1,454)	-	(3,900)	-	-	-	-	(11,389)
Interest income	416	222	(37)	-	248	-	291	9	1,185	2,334
Other	2	1	336	-	668	-	-	-	222	1,229
TOTAL NON OPERATING (EXPENSES) REVENUES	243	(5,637)	(1,155)	-	(2,984)	-	291	9	1,407	(7,826)
FUTURE RECOVERABLE AMOUNTS	(534)	(1,410)	564	-	541	249	-	-	(249)	(839)
REFUNDS TO PARTICIPANTS	(140)	120	3	(1)	-	-	(994)	2	(959)	(1,969)
INCREASE (DECREASE) IN NET POSITION	2,527	(1,341)	282	(181)	7,671	249	(10,830)	907	949	233
NET POSITION, Beginning of year	13,073	13,797	765	100	6,208	(249)	(3,768)	4,492	(358)	34,060
NET POSITION, Period ended	$ 15,600	$ 12,456	$ 1,047	$ (81)	$ 13,879	$ -	$ (14,598)	$ 5,399	$ 591	$ 34,293

* Eliminated in Combination

NORTHERN CALIFORNIA POWER AGENCY & ASSOCIATED POWER CORPORATIONS
AGED ACCOUNTS RECEIVABLE
September 30, 2017

Status	Participant / Customer	Description	Amount
CURRENT			$ 1,557,165
PAST DUE:			
1 - 30			
31 - 60			
61 - 90			
91 - 120			
Over 120 Days			
	PARTICIPANT and OTHER RECEIVABLES (net)		$ 1,557,165

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.

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A PUBLIC AGENCY
NCPA
NORTHERN CALIFORNIA POWER AGENCY

Commission Staff Report

October 17, 2017

COMMISSION MEETING DATE: October 26, 2017

SUBJECT: Treasurer's Report for Month Ended September 30, 2017

AGENDA CATEGORY: Consent

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

IMPACTED MEMBERS:

All Members	☒	**City of Lodi**	☐	**City of Shasta Lake**	☐
Alameda Municipal Power	☐	**City of Lompoc**	☐	**City of Ukiah**	☐
Bay Area Rapid Transit	☐	**City of Palo Alto**	☐	**Plumas-Sierra REC**	☐
City of Biggs	☐	**City of Redding**	☐	**Port of Oakland**	☐
City of Gridley	☐	**City of Roseville**	☐	**Truckee Donner PUD**	☐
City of Healdsburg	☐	**City of Santa Clara**	☐	**Other**	☐

If other, please specify: ______________________

____

RECOMMENDATION:

Approval by all members.

BACKGROUND:

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

Cash - At month end cash totaled $3,456,923 of which approximately $13,328 was applicable to Special and Reserve Fund Deposits, $3,288 to Debt Service and $3,440,307 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 $285,023,255 at month end. The current market value of the portfolio totaled $283,526,636.

The overall portfolio had a combined weighted average interest rate of 1.172% with a bond equivalent yield (yield to maturity) of 1.188%. Investments with a maturity greater than one year totaled $164,210,000. September maturities totaled $8 million and monthly receipts totaled $36 million. During the month $27 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 5 basis points (from 1.01% to 1.06%) and rates on one year T-Bills increased 8 basis points (from 1.23% to 1.31%).

To the best of my knowledge and belief, all securities held by NCPA as of September 30, 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,

Marty Hanl / for

RANDY S. HOWARD
General Manager

Attachment

SR: 213:17

NORTHERN CALIFORNIA POWER AGENCY

TREASURER'S REPORT

SEPTEMBER 30, 2017

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CASH ACTIVITY SUMMARY	2
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INTEREST RATE/YIELD ANALYSIS	4
INVESTMENT MATURITIES ANALYSIS	5
DETAIL REPORT OF INVESTMENTS	APPENDIX

Northern California Power Agency
Treasurer's Report
Cash & Investment Balance
September 30, 2017

	CASH	INVESTMENTS	TOTAL	PERCENT
NCPA FUNDS				
Operating	$ 2,023,241	$ 103,340,028	105,363,269	36.52%
Special Deposits	1,414,236	-	1,414,236	0.49%
Construction	2,830	4,937,289	4,940,119	1.71%
Debt Service	3,288	19,973,250	19,976,538	6.92%
Special & Reserve	13,328	156,772,688	156,786,016	54.35%
	$ 3,456,923	$ 285,023,255	$ 288,480,178	100.00%

Portfolio Investments at Market Value $ 283,526,636

NOTE A -Investment amounts shown at book carrying value.

Northern California Power Agency
Treasurer's Report
Cash Activity Summary
September 30, 2017

	RECEIPTS			EXPENDITURES			CASH
	OPS/CONSTR	INTEREST (NOTE B)	INVESTMENTS (NOTE A)	OPS/CONSTR	INVESTMENTS (NOTE B)	INTER-COMPANY/ FUND TRANSFERS	INCREASE / (DECREASE)
NCPA FUNDS							
Operating	$ 31,789,305	$ 12,712	$ 2,239,511	$ (17,253,638)	$ (14,829,933)	$ (8,922,008)	$ (6,964,051)
Special Deposits	4,269,138	7	-	(6,892,889)	-	2,623,822	78
Construction	-	-	-	-	-	-	-
Debt Service	-	-	1,792	-	(6,059,291)	6,058,675	1,176
Special & Reserve	-	253	5,850,072	-	(6,089,836)	239,511	-
	$ 36,058,443	$ 12,972	$ 8,091,375	$ (24,146,527)	$ (26,979,060)	$ 0	$ (6,962,797)

NOTE A -Investment amounts shown at book carrying value.

NOTE B -Net of accrued interest purchased on investments.

Northern California Power Agency
Treasurer's Report
Investment Activity Summary
September 30, 2017

	PURCHASED	SOLD OR MATURED	(NON-CASH) DISC/(PREM) AMORT	(NON-CASH) GAIN/(LOSS) ON SALE	INVESTMENTS TRANSFERS	INVESTMENTS INCREASE / (DECREASE)
NCPA FUNDS						
Operating	$ 14,829,933	$ (2,239,511)	$ (1,604)	$ -	$ -	$ 12,588,818
Special Deposits	-	-	-	-	-	-
Construction	-	-	228	-	-	228
Debt Service	6,059,291	(1,792)	12,919	-	-	6,070,418
Special & Reserve	6,089,836	(5,850,072)	(9,957)	-	-	229,807
	$ 26,979,060	$ (8,091,375)	$ 1,586	$ -	$ -	18,889,271

Less Non- Cash Activity	
Disc/(Prem) Amortization & Gain/(Loss) on Sale	(1,586)
Net Change in Investment --Before Non-Cash Activity	$ 18,887,686

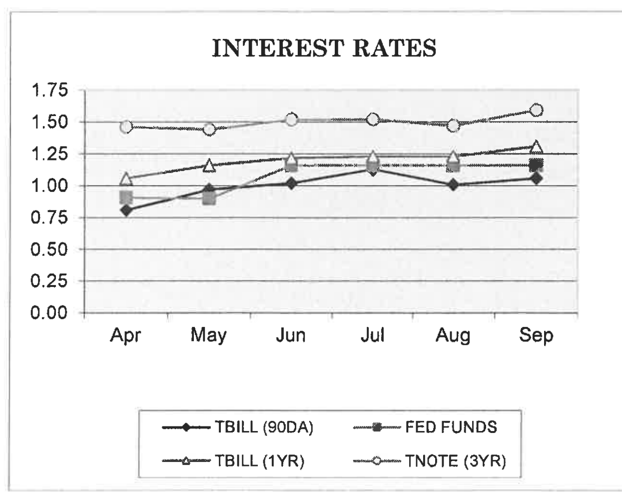
NOTE A -Investment amounts shown at book carrying value.

Northern California Power Agency
Interest Rate/Yield Analysis
September 30, 2017

	WEIGHTED AVERAGE INTEREST RATE	BOND EQUIVALENT YIELD
OVERALL COMBINED	1.241%	1.258%
OPERATING FUNDS:	1.245%	1.200%
PROJECTS:		
Geothermal	1.343%	1.362%
Capital Facilities	1.820%	1.808%
Hydroelectric	1.360%	1.325%
Lodi Energy Center	1.693%	1.365%

KEY INTEREST RATES

	CURRENT	PRIOR YEAR
Fed Fds (Ovrnight)	1.16%	0.40%
T-Bills (90da.)	1.06%	0.27%
Agency Disc (90da.)	1.01%	0.30%
T-Bills (1yr.)	1.31%	0.59%
Agency Disc (1yr.)	1.28%	0.60%
T-Notes (3yr.)	1.59%	0.87%



Northern California Power Agency
Total Portfolio
Investment Maturities Analysis
September 30, 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	$ -	$ 18,571	$11,117	$ 8,553	$ -	$ 164,210	$ -	$ 202,451	70.62%
US Bank Trust Money Market	10							10	0.00%
Commercial Paper	30,122							30,122	10.51%
Investment Trusts (LAIF)	52,046							52,046	18.16%
U.S.Treasury Market Acct. *	2,029							2,029	0.71%
U.S.Treasury Bill									0.00%
Certificates of Deposit	10							10	0.00%
Total Dollars	$ 84,217	$18,571	$11,117	$8,553	$0	$164,210	$0	$ 286,668	100.00%
Total Percents	29.38%	6.48%	3.88%	2.98%	0.00%	57.28%	0.00%	100.00%	

Investments are shown at Face Value, in thousands.

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

NORTHERN CALIFORNIA POWER AGENCY

Detail Report Of Investments

APPENDIX

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

Northern California Power Agency
Treasurer's Report
09/30/2017

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	26,625,000	0.850	11/26/2014	26,625,000		1	0.850	26,625,000	SYS70101	70101	26,625,000
Local Agency Investm	LAIF	14,404,918	0.923	07/01/2013	14,404,918		1	0.923	14,404,918	SYS70000	70000	14,404,918
Union Bank of Califo	UBOC	3,813	0.002	07/01/2013	3,813		1	0.002	3,813	SYS70014	70014	3,813
US Bank	USB	2,023,239	0.001	06/30/2013	2,023,239		1	0.001	2,023,239	SYS70050	70050	2,023,239
US Bank	USB	3,496,745	0.600	08/24/2017	3,496,745		1	0.600	3,496,745	SYS70056	70056	3,496,745
US Bank	USB	10,000	0.050	07/07/2017	10,000	10/07/2017	6	0.050	10,000	SYS30304	30304	10,000
Federal Home Loan Ba	UBOC	2,506,000	1.030	08/28/2017	2,499,404	11/28/2017	58	1.047	2,502,041	313385PV2	26464	2,501,841
Federal Farm Credit	UBOC	3,626,000	1.290	12/21/2015	3,624,948	11/19/2018	414	1.300	3,619,618	3133EFPJ0	26280	3,625,591
Federal Home Loan Mt	UBOC	9,870,000	1.750	06/09/2015	9,983,900	05/30/2019	606	1.450	9,912,935	3137EADG1	26231	9,917,677
Federal Home Loan Ba	UBOC	4,975,000	1.600	08/28/2017	4,990,373	07/17/2020	1,020	1.490	4,964,602	3130ABTW6	26466	4,989,884
Federal Home Loan Ba	UBOC	7,785,000	1.400	07/19/2016	7,781,108	01/19/2021	1,206	1.411	7,648,996	3130A8P80	26355	7,782,146
Federal Farm Credit	UBOC	2,602,000	1.720	08/28/2017	2,611,784	07/26/2021	1,394	1.620	2,592,919	3133EHSR5	26465	2,611,554
Federal Home Loan Mt	UBOC	3,500,000	1.500	11/23/2016	3,500,000	08/23/2021	1,422	1.500	3,426,115	3134GAVH4	26385	3,500,000
Federal Home Loan Mt	UBOC	202,000	2.200	01/30/2017	202,000	01/26/2022	1,578	2.200	201,271	3134GAV92	26403	202,000
	Fund Total and Average	**$ 81,629,715**	1.123		**$ 81,757,232**		**381**	**1.078**	**$ 81,432,212**			**$ 81,694,408**

MPP 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		62,729	0.923	07/01/2013	62,729		1	0.923	62,729	SYS70045	70045	62,729
	Fund Total and Average	**$ 62,729**	0.924		**$ 62,729**		**1**	**0.924**	**$ 62,729**			**$ 62,729**

SCPA Balancing Account

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Local Agency Investm	LAIF	4,855,946	0.923	07/01/2013	4,855,946		1	0.923	4,855,946	SYS70022	70022	4,855,946
Union Bank of Califo	UBOC	16	0.005	07/01/2013	16		1	0.005	16	SYS70023	70023	16
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYS70058	70058	0
Federal Home Loan Ba	UBOC	4,510,000	1.000	04/27/2015	4,510,000	04/27/2018	208	1.000	4,505,174	3130A55T2	26223	4,510,000
Federal National Mtg	UBOC	3,962,000	1.625	12/18/2014	4,000,630	11/27/2018	422	1.369	3,967,151	3135GOYT4	26187	3,973,325
Federal National Mtg	UBOC	5,098,000	1.350	04/28/2016	5,098,000	10/28/2019	757	1.350	5,061,447	3135G0J95	26330	5,098,000
Federal National Mtg	UBOC	5,097,000	1.350	07/28/2016	5,097,000	07/28/2020	1,031	1.350	4,969,371	3136G3T39	26357	5,097,000
	Fund Total and Average	**$ 23,522,962**	1.241		**$ 23,561,592**		**499**	**1.198**	**$ 23,359,105**			**$ 23,534,287**

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
Local Agency Investm	LAIF	27,375,986	0.923	07/01/2013	27,375,986		1	0.923	27,375,986	SYS70000	70002	27,375,986
Union Bank of Califo	UBOC	821	0.002	07/01/2013	821		1	0.002	821	SYS70019	70019	821
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYS70051	70051	0

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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	5,970,000	1.625	12/23/2014	6,009,701	11/27/2018	422	1.450	5,977,761	3135GOYT4	26188	5,981,680
Federal National Mtg	UBOC	4,982,000	1.750	08/28/2015	5,047,364	11/26/2019	786	1.430	5,000,932	3135G0ZY2	26246	5,015,152
Federal Farm Credit	UBOC	4,285,000	1.440	07/20/2016	4,280,715	01/19/2021	1,206	1.463	4,216,826	3133EGMP7	26356	4,281,856
Federal Home Loan Ba	UBOC	16,720,000	1.400	07/19/2016	16,711,640	01/19/2021	1,206	1.411	16,427,902	3130A8P80	26354	16,713,869
Federal National Mtg	UBOC	5,162,000	1.625	05/25/2016	5,162,000	05/25/2021	1,332	1.625	5,046,268	3136G3NL5	26332	5,162,000
Federal National Mtg	UBOC	1,300,000	1.500	08/30/2016	1,300,000	05/28/2021	1,335	1.500	1,274,299	3136G33W3	26368	1,300,000
Federal Farm Credit	UBOC	10,629,000	1.690	06/02/2016	10,629,000	06/02/2021	1,340	1.690	10,512,506	3133EGDH5	26335	10,629,000
Federal Home Loan Mt	UBOC	467,000	2.200	01/30/2017	467,000	01/26/2022	1,578	2.200	465,314	3134GAV92	26402	467,000
Federal Home Loan Ba	UBOC	3,575,000	2.125	08/28/2017	3,634,560	06/10/2022	1,713	1.760	3,597,844	313379Q69	26467	3,633,418
	Fund Total and Average	**$ 80,466,807**	1.370		**$ 80,618,787**		**765**	**1.325**	**$ 79,896,459**			**$ 80,560,782**
	GRAND TOTALS:	**$ 185,682,213**	1.245		**$ 186,000,340**		**562**	**1.200**	**$ 184,750,505.**			**$ 185,852,206**

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

Current Market Value is based on prices from Trustee/ Custodian Statements or bid prices from the Wall Street Journal as of 09/30/2017

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

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GEO 2012 Construction Fund

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Federal Home Loan Ba	USB	880,000	1.030	08/28/2017	877,633	11/30/2017	60	1.047	878,557	313385PX8	26462	878,489
	Fund Total and Average	**$ 880,000**	1.030		**$ 877,633**		**60**	**1.047**	**$ 878,557**			**$ 878,489**

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	93	1.100	239,338	313385RG3A	26441	239,330
Federal Home Loan Ba	USBT	235,000	1.021	08/28/2017	234,153	01/02/2018	93	1.039	234,351	313385RG3A	26468	234,380
Federal Home Loan Ba	USBT	234,000	1.030	09/27/2017	233,351	01/02/2018	93	1.047	233,354	313385RG3A	26476	233,377
	Fund Total and Average	**$ 709,000**	1.044		**$ 706,366**		**93**	**1.063**	**$ 707,043**			**$ 707,087**

Geo 2012A 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	128,000	1.080	07/28/2017	127,393	01/02/2018	93	1.100	127,647	313385RG3A	26442	127,643
Federal Home Loan Ba	USBT	123,000	1.030	08/29/2017	122,557	01/02/2018	93	1.048	122,661	313385RG3A	26469	122,673
Federal Home Loan Ba	USBT	123,000	1.030	09/27/2017	122,659	01/02/2018	93	1.047	122,661	313385RG3A	26477	122,673
	Fund Total and Average	**$ 374,000**	1.047		**$ 372,609**		**93**	**1.066**	**$ 372,969**			**$ 372,989**

Geo 2016A 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
U.S. Treasury	USBT	58,000	1.039	07/28/2017	57,744	12/28/2017	88	1.059	57,853	912796MJ5	26443	57,853
U.S. Treasury	USBT	55,000	0.987	08/29/2017	54,817	12/28/2017	88	1.004	54,861	912796MJ5	26470	54,867
U.S. Treasury	USBT	54,000	0.950	09/27/2017	53,869	12/28/2017	88	0.965	53,863	912796MJ5	26478	53,875
	Fund Total and Average	**$ 167,000**	0.994		**$ 166,430**		**88**	**1.011**	**$ 166,577**			**$ 166,595**

Geothermal Special 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
Local Agency Investm	LAIF	0	0.356	07/01/2013	0		1	0.356	0	SYS70032	70032	0
Union Bank of Califo	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	421	1.150	1,494,060	3134G8KVO	26302	1,500,000
	Fund Total and Average	**$ 1,500,000**	1.150		**$ 1,500,000**		**421**	**1.150**	**$ 1,494,060**			**$ 1,500,000**

Geo Decommissioning Reserve

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Local Agency Investm	LAIF	34,450	0.923	07/01/2013	34,450		1	0.923	34,450	SYS70027	70027	34,450
Union Bank of Califo	UBOC	785	0.002	07/01/2013	785		1	0.002	785	SYS70034	70034	785

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Geo Decommissioning Reserve

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
US Bank	USB	0	0.000	07/01/2013	0		1	0.000	0	SYS70059	70059	0
Federal Home Loan Ba	UBOC	6,010,000	1.025	09/22/2017	5,999,220	11/24/2017	54	1.041	6,001,165	313385PR1	26474	6,000,760
Federal National Mtg	UBOC	9,700,000	1.500	08/30/2016	9,700,000	05/28/2021	1,335	1.500	9,508,231	3136G33W3	26369	9,700,000
Federal Home Loan Mt	UBOC	941,000	2.200	01/30/2017	941,000	01/26/2022	1,578	2.200	937,603	3134GAV92	26404	941,000
	Fund Total and Average	**$ 16,686,235**	1.367		**$ 16,675,455**		**885**	**1.373**	**$ 16,482,234**			**$ 16,676,995**

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
U.S. Treasury	USB	31,000	1.060	07/28/2017	30,828	02/01/2018	123	1.080	30,888	912796LJ6	26449	30,888
Federal Home Loan Mt	USBT	907,000	1.750	06/02/2015	920,886	05/30/2019	606	1.354	910,945	3137EADG1	26228	912,784
Federal Home Loan Mt	USBT	2,515,000	1.250	02/27/2015	2,483,839	10/02/2019	731	1.530	2,500,589	3137EADM8	26197	2,501,425
	Fund Total and Average	**$ 3,453,000**	1.381		**$ 3,435,553**		**692**	**1.480**	**$ 3,442,422**			**$ 3,445,097**

Geo 2012A DSR Account

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
U.S. Treasury	USB	28,000	1.040	07/28/2017	27,876	12/28/2017	88	1.059	27,929	912796MJ5	26450	27,929
Federal National Mtg	USBT	1,517,000	1.625	05/25/2016	1,517,000	05/25/2021	1,332	1.625	1,482,989	3136G3NL5	26333	1,517,000
	Fund Total and Average	$ 1,545,000	1.614		$ 1,544,876		1310	1.615	$ 1,510,918			$ 1,544,929
	GRAND TOTALS:	$ 25,314,235	1.343		$ 25,278,922		789	1.362	$ 25,054,780.			$ 25,292,181

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Current Market Value is based on prices from Trustee/ Custodian Statements or bid prices from the Wall Street Journal as of 09/30/2017

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

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Capital Dev. Reserve Hydro

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Local Agency Investm	LAIF	3,651,936	0.923	07/01/2013	3,651,936		1	0.923	3,651,936	SYS70028	70028	3,651,936
Union Bank of Califo	UBOC	0	0.002	07/01/2013	0		1	0.002	0	SYS70031	70031	0
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	271	0.950	3,981,420	3134G9A80	26339	3,993,000
Federal Home Loan Mt	UBOC	3,221,000	1.150	02/29/2016	3,221,000	11/26/2018	421	1.150	3,208,245	3134G8KVO	26304	3,221,000
Federal National Mtg	UBOC	5,320,000	1.350	06/30/2016	5,320,000	12/30/2019	820	1.350	5,263,342	3136G3VH5	26340	5,320,000
	Fund Total and Average	**$ 16,185,936**	1.115		**$ 16,185,936**		**420**	**1.115**	**$ 16,104,943**			**$ 16,185,936**

Hydro Initial Facilities

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
U.S. Treasury	USB	84,000	0.953	08/29/2017	83,793	11/30/2017	60	0.969	83,864	912796ME6	26472	83,867
Federal National Mtg	USB	1,529,000	1.625	12/12/2014	1,539,244	11/27/2018	422	1.450	1,530,988	3135GOYT4	26189	1,531,991
Federal Farm Credit	USB	2,437,000	1.250	02/02/2016	2,450,501	01/22/2019	478	1.060	2,430,152	3133EFVQ7	26300	2,442,943
	Fund Total and Average	**$ 4,050,000**	1.385		**$ 4,073,538**		**448**	**1.205**	**$ 4,045,004**			**$ 4,058,801**

Hydro 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	2,994,000	1.080	07/28/2017	2,979,808	01/02/2018	93	1.100	2,985,737	313385RG3A	26444	2,985,647
Federal Home Loan Ba	USBT	2,965,000	1.030	08/29/2017	2,954,311	01/02/2018	93	1.048	2,956,817	313385RG3A	26471	2,957,111
Federal Home Loan Ba	USBT	2,962,000	1.030	09/27/2017	2,953,780	01/02/2018	93	1.047	2,953,825	313385RG3A	26475	2,954,119
	Fund Total and Average	**$ 8,921,000**	1.047		**$ 8,887,899**		**93**	**1.065**	**$ 8,896,379**			**$ 8,896,877**

Hydro Debt Service Resrv 2010A

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
U.S. Treasury	USB	50,000	1.159	08/29/2017	49,568	05/24/2018	235	1.183	49,616	912796MB2	26473	49,622
Federal Home Loan Ba	USB	135,000	4.375	07/28/2017	142,601	07/01/2019	638	1.400	141,599	3133XU3G6	26451	141,910
Federal Farm Credit	USB	5,528,000	1.750	08/28/2015	5,546,187	08/04/2020	1,038	1.680	5,535,960	3133EE5Z9	26243	5,538,476
	Fund Total and Average	**$ 5,713,000**	1.810		**$ 5,738,356**		**1021**	**1.669**	**$ 5,727,175**			**$ 5,730,008**

Hydro 2012A Rebate Account

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Federal Home Loan Mt	USB	689,000	1.875	04/28/2017	691,391	08/09/2021	1,408	1.790	687,312	3134G93A3	26432	691,153
	Fund Total and Average	**$ 689,000**	1.875		**$ 691,391**		**1408**	**1.790**	**$ 687,312**			**$ 691,153**

Hydro Special Reserve

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Hydro Special 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
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
Federal Home Loan Mt	UBOC	1,500,000	1.150	02/26/2016	1,500,000	11/26/2018	421	1.150	1,494,060	3134G8KVO	26303	1,500,000
	Fund Total and Average	**$ 1,500,000**	1.150		**$ 1,500,000**		**421**	**1.150**	**$ 1,494,060**			**$ 1,500,000**

Hydro 2012 DSRA

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
U.S. Treasury	USB	96,000	1.060	07/28/2017	95,469	02/01/2018	123	1.080	95,653	912796LJ6	26452	95,652
Federal Farm Credit	USB	100,000	1.750	08/28/2015	100,329	08/04/2020	1,038	1.680	100,144	3133EE5Z9	26244	100,190
Federal National Mtg	USB	94,000	1.530	07/28/2016	94,000	07/28/2021	1,396	1.530	91,030	3136G3S97	26359	94,000
Federal Home Loan Mt	USB	3,928,000	2.375	02/09/2012	3,926,232	01/13/2022	1,565	2.380	3,997,683	3137EADB2	25852	3,927,237
	Fund Total and Average	**$ 4,218,000**	2.311		**$ 4,216,030**		**1516**	**2.315**	**$ 4,284,510**			**$ 4,217,079**
	GRAND TOTALS:	**$ 41,276,936**	1.360		**$ 41,293,150**		**564**	**1.325**	**$ 41,239,383.**			**$ 41,279,854**

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Current Market Value is based on prices from Trustee/ Custodian Statements or bid prices from the Wall Street Journal as of 09/30/2017

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	495,000	1.055	08/28/2017	492,810	01/26/2018	117	1.074	493,277	313385SG2	26461	493,303
Federal Home Loan Ba	USBT	491,000	1.050	09/27/2017	489,181	02/01/2018	123	1.068	489,154	313385SN7A	26479	489,239
	Fund Total and Average	**$ 986,000**	1.053		**$ 981,991**		**120**	**1.071**	**$ 982,431**			**$ 982,542**

Cap. Fac. Debt Svc 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
U.S. Treasury	USB	35,000	1.040	07/28/2017	34,845	12/28/2017	88	1.059	34,911	912796MJ5	26453	34,911
Federal National Mtg	USB	71,000	1.530	07/28/2016	71,000	07/28/2021	1,396	1.530	68,756	3136G3S97	26358	71,000
Federal Home Loan Mt	USB	1,443,000	2.375	02/13/2012	1,447,430	01/13/2022	1,565	2.340	1,468,599	3137EADB2	25845	1,444,913
	Fund Total and Average	**$ 1,549,000**	2.306		**$ 1,553,275**		**1524**	**2.274**	**$ 1,572,266**			**$ 1,550,824**
	GRAND TOTALS:	**$ 2,535,000**	1.820		**$ 2,535,266**		**979**	**1.808**	**$ 2,554,697.**			**$ 2,533,366**

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Current Market Value is based on prices from Trustee/ Custodian Statements or bid prices from the Wall Street Journal as of 09/30/2017

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
	Fund Total and Average	**$ 71,843**	0.924		**$ 71,843**		**1**	**0.924**	**$ 71,843**			**$ 71,843**

LEC Issue#1 2010A DS Fund

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
US Bank Trust	USB	1,040	0.100	07/01/2013	1,040		1	0.100	1,040	SYS79003	79003	1,040
Federal Home Loan Ba	USBT	695,000	1.030	08/25/2017	693,071	11/30/2017	60	1.047	693,860	313385PX8	26457	693,807
Federal Home Loan Ba	USBT	701,000	1.050	06/30/2017	697,851	12/01/2017	61	1.069	699,787	313385PY6	26436	699,753
Federal Home Loan Ba	USBT	696,000	1.070	07/28/2017	693,393	12/01/2017	61	1.088	694,796	313385PY6	26445	694,738
Federal Home Loan Ba	USBT	694,000	1.015	09/27/2017	692,728	12/01/2017	61	1.030	692,799	313385PY6	26480	692,806
	Fund Total and Average	**$ 2,787,040**	1.041		**$ 2,778,083**		**61**	**1.059**	**$ 2,782,282**			**$ 2,782,144**

LEC Issue #1 2010B DS Fund

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
US Bank Trust	USB	425	0.100	07/01/2013	425		1	0.100	425	SYS79004	79004	425
Federal Home Loan Ba	USBT	727,000	1.030	08/25/2017	724,982	11/30/2017	60	1.047	725,808	313385PX8	26458	725,752
Federal Home Loan Ba	USBT	732,000	1.050	06/30/2017	728,712	12/01/2017	61	1.069	730,734	313385PY6	26437	730,698
Federal Home Loan Ba	USBT	729,000	1.070	07/28/2017	726,270	12/01/2017	61	1.088	727,739	313385PY6	26446	727,678
Federal Home Loan Ba	USBT	727,000	1.015	09/27/2017	725,668	12/01/2017	61	1.030	725,742	313385PY6	26481	725,750
	Fund Total and Average	**$ 2,915,425**	1.041		**$ 2,906,057**		**61**	**1.059**	**$ 2,910,448**			**$ 2,910,303**

LEC Issue #2 2010A DS Fund

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
US Bank Trust	USB	120	0.100	07/01/2013	120		1	0.100	120	SYS79011	79011	120
Federal Home Loan Ba	USBT	438,000	1.030	08/25/2017	436,784	11/30/2017	60	1.047	437,282	313385PX8	26459	437,248
Federal Home Loan Ba	USBT	442,000	1.050	06/30/2017	440,015	12/01/2017	61	1.069	441,235	313385PY6	26438	441,214
Federal Home Loan Ba	USBT	439,000	1.070	07/28/2017	437,356	12/01/2017	61	1.088	438,241	313385PY6	26447	438,204
Federal Home Loan Ba	USBT	439,000	1.015	09/27/2017	438,195	12/01/2017	61	1.030	438,241	313385PY6	26482	438,245
	Fund Total and Average	**$ 1,758,120**	1.041		**$ 1,752,470**		**61**	**1.059**	**$ 1,755,119**			**$ 1,755,031**

LEC Issue #2 2010B DS Fund

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
US Bank Trust	USB	148	0.100	07/01/2013	148		1	0.100	148	SYS79012	79012	148
Federal Home Loan Ba	USBT	349,000	1.030	08/25/2017	348,031	11/30/2017	60	1.047	348,428	313385PX8	26460	348,401
Federal Home Loan Ba	USBT	353,000	1.050	06/30/2017	351,414	12/01/2017	61	1.069	352,389	313385PY6	26439	352,372
Federal Home Loan Ba	USBT	350,000	1.070	07/28/2017	348,689	12/01/2017	61	1.088	349,395	313385PY6	26448	349,365

Northern California Power Agency
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09/30/2017

LEC Issue #2 2010B DS Fund

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Federal Home Loan Ba	USBT	350,000	1.015	09/27/2017	349,359	12/01/2017	61	1.030	349,395	313385PY6	26483	349,398
	Fund Total and Average	**$ 1,402,148**	1.041		**$ 1,397,641**		**61**	**1.059**	**$ 1,399,755**			**$ 1,399,684**

LEC Issue #1 2010 DSR Fund

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
US Bank Trust	USB	4,323	0.100	07/01/2013	4,323		1	0.100	4,323	SYS79005	79005	4,323
Federal Farm Credit	USB	4,360,000	1.660	06/08/2016	4,360,000	05/25/2021	1,332	1.659	4,328,477	3133EGBZ7	26337	4,360,000
Federal Home Loan Mt	USB	150,000	1.125	07/28/2017	146,648	08/12/2021	1,411	1.699	146,187	3137EAEC9	26454	146,793
Federal Home Loan Ba	USB	4,100,000	2.125	08/28/2017	4,168,306	06/10/2022	1,713	1.760	4,126,199	313379Q69	26463	4,166,997
	Fund Total and Average	**$ 8,614,323**	1.873		**$ 8,679,277**		**1516**	**1.708**	**$ 8,605,186**			**$ 8,678,113**

LEC Iss#1 2010B BABS Subs Resv

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 Trust	USB	1,493	0.100	07/01/2013	1,493		1	0.100	1,493	SYS79006	79006	1,493
Federal Home Loan Ba	USB	2,145,000	3.375	07/28/2017	2,255,146	06/12/2020	985	1.540	2,240,131	313370E38	26455	2,248,435
	Fund Total and Average	**$ 2,146,493**	3.373		**$ 2,256,639**		**984**	**1.539**	**$ 2,241,624**			**$ 2,249,928**

LEC Issue #2 2010B DSR BABS

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 Trust	USB	2,742	0.100	07/01/2013	2,742		1	0.100	2,742	SYS79013	79013	2,742
Federal Home Loan Ba	USB	1,025,000	4.375	07/28/2017	1,082,708	07/01/2019	638	1.400	1,075,102	3133XU3G6	26456	1,077,461
	Fund Total and Average	**$ 1,027,742**	4.364		**$ 1,085,450**		**636**	**1.397**	**$ 1,077,844**			**$ 1,080,203**

LEC O & M 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
Local Agency Investm		1,588,664	0.923	07/01/2013	1,588,664		1	0.923	1,588,664	SYS70047	70047	1,588,664
Union Bank of Califo	UBOC	3	0.002	07/18/2013	3		1	0.002	3	SYS70041	70041	3
Federal National Mtg	UBOC	2,933,000	1.875	08/28/2015	2,998,142	02/19/2019	506	1.220	2,949,307	3135G0ZA4	26248	2,958,932
Federal Home Loan Ba	USB	3,615,000	1.540	06/30/2017	3,613,952	06/05/2020	978	1.550	3,603,540	3130ABJQ0	26440	3,614,042
Federal National Mtg	UBOC	3,000,000	1.300	06/30/2016	3,000,000	06/30/2020	1,003	1.300	2,964,900	3136G3UJ2	26341	3,000,000
	Fund Total and Average	**$ 11,136,667**	1.477		**$ 11,200,761**		**721**	**1.306**	**$ 11,106,414**			**$ 11,161,641**
	GRAND TOTALS:	**$ 31,859,801**	1.693		**$ 32,128,221**		**768**	**1.365**	**$ 31,950,515.**			**$ 32,088,890**

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

Current Market Value is based on prices from Trustee/ Custodian Statements or bid prices from the Wall Street Journal as of 09/30/2017

Investment #26337 FFCB Callable anytime

NORTHERN CALIFORNIA POWER AGENCY

2018 Committee Meeting Calendar

Facilities/ Pooling Committees 9:00 am	LEC PPC Committee 10:00 am *at Lodi Energy Center*	Public Benefits Committee 10:00 am	Finance Committee 10:00 am	Utility Directors 9:00 am	*Legal Committee	L&R Affairs Committee 12:00 pm	Executive Committee 8:30 am & **Commission 9:30 am
January 3	January 8	January 11		January 11			January 18 *Sacramento*
January 31	February 5	February 15	February 13	February 8		February 21	February 22
February 28	March 12	March 22		March 7/9 Retreat *Healdsburg*			March 22
April 4	April 9	April 19		April 12			April 26
May 2	May 14	May 17	May 8	May 10		May 23	May 24
June 6	June 11	June 21		June 14			June 28 *Alameda*
July 5	July 9	July 19		July 12			July 26 *Murphys*
August 1	August 13	August 16	August 14	August 9		August 22	August 23
September 5	September 10	September 20		September 13	September 26 *Monterey*	September 26 *Monterey*	September 28 *Monterey*
October 3	October 8	October 18		October 11			October 25
November 7	November 12	November 15	November 13	November 15		November 28	November 29
December 5	December 10	December 13		December 13			No December Meeting

*Legal Committee meets once a year during NCPA's Annual Conference – Special Committee meetings may be held as required.
**Commission Packet mailed the Thursday or Friday prior to the meeting date.
Unless noted otherwise, Commission and Executive meetings will be held at NCPA's Roseville office.
Commission meetings highlighted in blue will be posted as an "optional" conference call meeting.

NCPA 101 Presentation: January 16, 2018, Embassy Suites, Sacramento
NCPA Strategic Issues Conference: January 16-18, 2018, Embassy Suites, Sacramento
Capitol Day: January 29, 2018
NCPA/NWPPA Federal Policy Conference: April 16-19, 2018, Washington, D.C.
NCPA Annual Conference: September 26-28, 2018, Hyatt Regency, Monterey

NORTHERN CALIFORNIA POWER AGENCY

Commission Staff Report

October 16, 2017

COMMISSION MEETING DATE: October 26, 2017

SUBJECT: EGS Consulting, Inc. – Five Year Multi-Task Consulting Services Agreement; Applicable to the following projects: NCPA Geysers Geothermal Facility

AGENDA CATEGORY: Consent

FROM:	Ken Speer KS	**METHOD OF SELECTION:**	
	Assistant General Manager	*N/A*	
Division:	Generation Services	*If other, please describe:*	
Department:	Geothermal		

IMPACTED MEMBERS:

All Members	☐	**City of Lodi**	☒	**City of Shasta Lake**	☐
Alameda Municipal Power	☒	**City of Lompoc**	☒	**City of Ukiah**	☒
Bay Area Rapid Transit	☐	**City of Palo Alto**	☐	**Plumas-Sierra REC**	☒
City of Biggs	☒	**City of Redding**	☐	**Port of Oakland**	☐
City of Gridley	☒	**City of Roseville**	☒	**Truckee Donner PUD**	☐
City of Healdsburg	☒	**City of Santa Clara**	☒	**Other**	☒

If other, please specify TID

RECOMMENDATION:

Approval of Resolution 17-87 authorizing the General Manager or his designee to enter into a Multi-Task Consulting Services Agreement with EGS Consulting, Inc., for engineering and geologic services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed $500,000 over five years. This contract would be available for use at the NCPA Geysers Geothermal facility only.

BACKGROUND:

Provide engineering and geologic services, such as conducting water injection studies, drilling program, monitoring and reporting seismic activity, steam and generation projections, well testing, development drilling programs, etc.

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 agreements with Full Circle Utility Services and Sun Technical Services for similar services and seeks bids from as many qualified providers as possible. Bids are awarded to the lowest cost provider. NCPA will issue purchase orders based on cost and availability of the services needed at the time the service is required.

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 October 4, 2017 and was recommended for Commission approval on Consent Calendar.

Respectfully submitted,

RANDY S. HOWARD
General Manager

Attachments:

- Resolution
- Multi-Task Consulting Services Agreement with EGS Consulting, Inc.

RESOLUTION 17-87

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVING A MULTI-TASK CONSULTING SERVICES AGREEMENT WITH EGS CONSULTING, INC.

(reference Staff Report #217:17)

WHEREAS, engineering and geologic consulting services, including water injection studies, drilling programs, and monitoring and reporting of seismic activity, are periodically required at the Northern California Power Agency (NCPA) Geysers Geothermal facility; and

WHEREAS, EGS Consulting, Inc., is a provider of these engineering and geologic 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 Consulting Services Agreement with EGS Consulting, Inc., with any non-substantial changes as approved by the NCPA General Counsel, which shall not exceed $500,000 over five years for engineering and geologic consulting services, for use at the NCPA Geysers Geothermal facility.

PASSED, ADOPTED and APPROVED this ____ day of _______________,2017 by the following vote on roll call:

	Vote	Abstained	Absent
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 CONSULTING SERVICES AGREEMENT BETWEEN THE NORTHERN CALIFORNIA POWER AGENCY AND EGS CONSULTING, INC.

This Consulting 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 EGS Consulting, Inc., a Delaware Corporation with its office located at Waterfall Towers, Suite A112, 2455 Bennett Valley Road, Santa Rosa, CA 95404 ("Consultant") (together sometimes referred to as the "Parties") as of ____________, 2017 ("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 Services 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) year 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.

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.

1.5 **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** FIVE HUNDRED THOUSAND dollars ($500,000) 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; 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.

Invoices shall be sent to:

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

2.2 **Monthly Payment.** Agency shall make monthly payments, based on invoices received, for 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 for the Requested Services. 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.

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.

4.5 **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. The Workers' Compensation 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.

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 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; 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.

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.

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 confident; 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:

EGS Consulting, Inc.
Waterfall Towers, Suite A112
2455 Bennett Valley Road
Santa Rosa, California 95404

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, 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.

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

NORTHERN CALIFORNIA POWER AGENCY	EGS CONSULTING, INC.
Date________________________	Date__________________________
____________________________	____________________________
RANDY S. HOWARD, General Manager	**PAUL BROPHY, President**

Attest:

____
Assistant Secretary of the Commission

Approved as to Form:

____
NCPA General Counsel

EXHIBIT A

SCOPE OF SERVICES

EGS Consulting, Inc. ("Consultant") will provide Engineering, Geologic Services and Environmental Compliance services as requested by the Northern California Power Agency ("Agency" or "NCPA") at the Geothermal facilities.

In accordance with Section 6.3 of the agreement, NCPA requests certain services be subcontracted, specifically Joe Beall for Geologic Services as outlined below, Al Pingol for Engineering Services as outlined below, and Diane Tullos for Environmental Compliance services as outlined below. NCPA will provide the work scope and direction for Consultant's services. Consultant's services shall include, but are not limited to:

Geologic Services (Joe Beall)

- Assistance in conducting water injection studies on the NCPA lease
- Advising and development of drilling programs
- Assistance in monitoring and reporting of seismic activity
- Assistance in developing software for geologic purposes

Engineering Services (Al Pingol)

- Assistance in maintaining the NCPA Geysers Numerical Model
- Reservoir engineering services
  - Steam & generation projections
  - Well testing
  - Development of drilling programs
  - Assistance in developing software or processing data for engineering purposes

Environmental Compliance Services (Diane Tullos)

- Title 5 Air Quality
- Hazardous Material Removal
- Water Disposal Reporting
- Green House Gas
- NERC, FERC and WECC Compliance

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all tasks, including hourly fees and expenses, shall not exceed the amount 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:

HOURLY RATES:

Principal (Paul Brophy)	$200/hr
Chief Geologist	$180/hr
Project Geologist	$105/hr
Field Technical Labor	$110/hr
GIS Technician - Graphics	$140/hr

DAILY RATES:

Principal (Paul Brophy)	$2000/day
Chief Geologist	$1800/day
Field Technical Labor	$1100/day
SUBCONTRACTORS:	
Al Pingol (Reservoir Engineer)	$125/hr + 10% for EGS administrative costs = $137.50/hr
Joe Beall (Geologist)	$125/hr + 10% for EGS administrative costs = $137.50/hr
Diane Tullos (EHS Consultant)	$115/hr + 15% for EGS administrative costs = $132.25/hr

EQUIPMENT:

Equipment Rental	Actual Cost + 10%

COMMUNICATIONS:

Telephone, Facsimile	No cost to client
Overnight, Delivery	Actual Cost
(OUTSIDE) COPY AND PRINT CHARGES:	Actual Cost

TRAVEL COSTS AND MILEAGE:

Mileage shall be reimbursed at the IRS Rate.	
All other travel costs	Actual Cost

Pricing for services to be performed at NCPA Member locations will be quoted at the time services are requested.

NOTE: 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 – NOT APPLICABLE

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.

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A PUBLIC AGENCY
NCPA
NORTHERN CALIFORNIA POWER AGENCY

Commission Staff Report

October 16 2017

COMMISSION MEETING DATE: October 26, 2017

SUBJECT: TRB and Associates – First Amendment to Five Year Multi-Task Consulting Services Agreement; Applicable to the following projects: All facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority ("SCPPA"), and SCPPA Members.

AGENDA CATEGORY: Consent

FROM:	Ken Speer KS	**METHOD OF SELECTION:**
	Assistant General Manager	*N/A*
Division:	Generation Services	*If other, please describe:*
Department:	Geothermal	

IMPACTED MEMBERS:

All Members	☒	**City of Lodi**	☐	**City of Shasta Lake**	☐
Alameda Municipal Power	☐	**City of Lompoc**	☐	**City of Ukiah**	☐
Bay Area Rapid Transit	☐	**City of Palo Alto**	☐	**Plumas-Sierra REC**	☐
City of Biggs	☐	**City of Redding**	☐	**Port of Oakland**	☐
City of Gridley	☐	**City of Roseville**	☐	**Truckee Donner PUD**	☐
City of Healdsburg	☐	**City of Santa Clara**	☐	**Other**	☐

If other, please specify

RECOMMENDATION:

Approval of Resolution 17-88 authorizing the General Manager or his designee to enter into a First Amendment to Multi-Task Consulting services Agreement with TRB and Associates, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed $1,000,000 over five years, and opening the agreement for use by all NCPA Members, by the Southern California Public Power Authority ("SCPPA"), or by SCPPA Members.

BACKGROUND:

NCPA entered into a five year Multi-Task Consulting Services Agreement with TRB and Associates, effective June 1, 2015, 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 First Amendment will increase the not to exceed amount from $200,000 to $1,000,000. This Agreement will be for use at all facilities owned and/or operated by NCPA, its Members, by SCPPA, or by SCPPA Members.

FISCAL IMPACT:

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. TRB and Associates provides design review, engineering review, and approval for Projects licensed and permitted by the California Energy Commission. They also act as the building inspector for projects. The CEC will select the contractor to perform this work.

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 October 4, 2017 and was recommended for Commission approval on Consent Calendar.

The recommendation above was reviewed by the Lodi Energy Center Project Participant Committee on October 9, 2017 and was approved.

Respectfully submitted,

RANDY S. HOWARD
General Manager

Attachments:

- Resolution
- Multi-Task Consulting Services Agreement with TRB and Associates
- First Amendment to Multi-Task General Services Agreement with TRB and Associates.

RESOLUTION 17-88

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVING A FIRST AMENDMENT TO MULTI-TASK CONSULTING SERVICES AGREEMENT WITH TRB AND ASSOCIATES

(reference Staff Report #218:17)

WHEREAS, Northern California Power Agency (NCPA) facilities, its Members, the Southern California Public Power Authority ("SCPPA"), and SCPPA Members periodically require consulting services, including construction inspections and engineering reviews; and

WHEREAS, TRB and Associates is a provider of these services; and

WHEREAS, NCPA and TRB and Associates entered into a five year Multi-Task Consulting Services Agreement effective June 1, 2015; and

WHEREAS, NCPA seeks to increase the not to exceed amount from $200,000 to $1,000,000; 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 Consulting services Agreement with TRB and Associates, with any non-substantial changes as 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 SCPPA, or by SCPPA Members.

PASSED, ADOPTED and APPROVED this ____ day of ________________,2017 by the following vote on roll call:

	Vote	Abstained	Absent
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

A PUBLIC AGENCY
NCPA
NORTHERN CALIFORNIA POWER AGENCY

FIRST AMENDMENT TO MULTI-TASK CONSULTING SERVICES AGREEMENT BETWEEN THE NORTHERN CALIFORNIA POWER AGENCY AND TRB AND ASSOCIATES

This First Amendment ("Amendment") to Multi-Task Consulting Services Agreement is entered into by and between the Northern California Power Agency ("Agency") and TRB and Associates ("Consultant") (collectively referred to as "the Parties") as of ___________________, 2017.

WHEREAS, the Parties entered into a five year Multi-Task Consulting Services Agreement dated effective June 1, 2015, (the "Agreement") for TRB and Associates to provide consulting services (Plan Review, Construction Inspections, Engineering Review and Special Inspector Qualifications to Verify Conformance) services at all owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority ("SCPPA"), or by SCPPA Members; 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 to a 'NOT TO EXCEED amount of $1,000,000; 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; and

NOW, THEREFORE, the Parties agree as follows:

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

   The remainder of Section 2 of the Agreement is unchanged.

2. **Exhibit B – COMPENSATION SCHEDULE** is amended and restated to read in full as set forth in the Attached Exhibit B.

3. This Amendment in no way alters the terms and conditions of the Agreement except as specifically set forth herein.

SIGNATURES ON FOLLOWING PAGE

Date:______________

NORTHERN CALIFORNIA POWER AGENCY

____
RANDY S. HOWARD, General Manager

Date:______________

TRB AND ASSOCIATES

____
TODD BAILEY, President

Attest:

____
Assistant Secretary of the Commission

Approved as to Form:

____
NCPA General Counsel

EXHIBIT B

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

Schedule of Hourly Rates and Reimbursables

Position	Rate
Principal/ Project Manager	$175.00
Building Official	$165.00
Senior Plan Review Engineer/Architect	$165.00
Plan Review Engineer/Architect	$150.00
Senior Plans Examiner	$145.00
Plans Examiner	$135.00
Permit Coordinator	$ 85.00
Clerical/Admin	$ 65.00
Civil Project Engineer	$165.00
Civil Senior Engineer	$155.00
Civil Associate Engineer	$135.00
Health Safety Engineer	$150.00
Building Inspection Task Leader	$165.00
Supervising Inspector	$145.00
Senior Inspector	$125.00
Inspector	$115.00

*Overtime will be billed at the rates shown above plus an additional 25 percent (Note that no overtime will be charged without client authorization)

- Reimbursement for direct expenses, incurred in connection with the work, will be at cost plus fifteen (15) percent.
- Reimbursement for employee-owned vehicles used in connection with the work will be at the rate of $0.60 per mile.
- Other in-house charges for prints, reproductions and equipment use, etc. will be at standard company rates.

Rates are in effect until December 31, 2017. At least thirty (30) days prior to that date, Consultant may request, in writing, to pass through any changes to Agency, its Members, or by SCPPA/Members

NOTE: 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.

MULTI-TASK
CONSULTING SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
TRB AND ASSOCIATES

This agreement for consulting 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 TRB and Associates, a California corporation with its office located at 3180 Crow Canyon Place, Suite 216, San Ramon, CA 94583 ("Consultant") (together sometimes referred to as the "Parties") as of 6/11, 2015 ("Effective Date") in Roseville, California.

Section 1. **SERVICES.** Subject to the terms and conditions set forth in this Agreement, Consultant is willing to provide to Agency the range of services described in the Scope of Work attached hereto as Exhibit A and incorporated herein ("Services").

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.

1.3 **Assignment of Personnel.** Consultant shall assign only competent personnel to perform the Services. In the event that Agency, at any time during the term of this Agreement, requests the reassignment of any such personnel for cause, Consultant shall, immediately upon receiving written notice from Agency of such request, reassign such personnel.

1.4 **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.

Section 2. **COMPENSATION.** Agency hereby agrees to pay Consultant an amount **NOT TO EXCEED** TWO HUNDRED THOUSAND dollars ($200,000.00) for the Services, which shall include all fees, costs, expenses and other reimbursables (the "Estimate"), 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 Requested 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.
- At Agency's option, 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;

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 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 a Purchase Order from the Contract Administrator.

2.5 **Timing for Submittal of Final Invoice.** Consultant shall have ninety (90) days after completion of the Requested Services to submit its final invoice for the Requested Services. 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 for the Requested Services 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.

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, on or off Agency premises, of any vehicle (symbol 1), whether or not owned by the Consultant, or, only if Consultant has no owned autos, of any hired and non-owned autos (symbols 8 and 9). 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.

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. 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.

4.5 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. The Workers' Compensation 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. Agency shall first look to Consultant's insurance policy and exhaust all available insurance proceeds prior to requiring Consultant to indemnify and hold harmless. 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 incurred by Agency that arise out of, pertain to, or relate to such claims ("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 any other provision of this Agreement, in no event shall Consultant bear consequential damages, losses, expenses, costs or liabilities.

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.

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.

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 Consultant.

In the event of termination, Consultant shall be entitled to compensation for Services satisfactorily completed as of the effective date of termination; 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 Agency reasonably incurs to engage another California Energy Commission-approved service provider comparable to Consultant to complete the Services that are unfinished at the time of breach and the amount that Agency would have paid Consultant pursuant hereto if Consultant had completed the Services. However, in no event shall Consultant be obligated to pay a difference greater than five percent (5%) of the Estimate.

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, except as required by law and pursuant to the process described in Section 9.4.3 of this Agreement.

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.

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**. 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, consultants, contractors and subcontractors who have a need to know in connection with this Agreement, except as permitted under Section 9.4.3.

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:

Todd Bailey
TRB and Associates
3180 Crow Canyon Place, Suite 216
San Ramon, CA 94583

With a copy to:

Michael Krueger
Bowles & Verna LLP
2121 North California Blvd., Suite 875
Walnut Creek, CA 94596

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:

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

10.9 **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.

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

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

NORTHERN CALIFORNIA POWER AGENCY	TRB AND ASSOCIATES
Date 6/1/15	Date MAY 18, 2015
RANDY S. HOWARD, General Manager	**TODD BAILEY, President**

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Assistant General Counsel

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EXHIBIT A

SCOPE OF SERVICES

TRB and Associates ("Consultant") shall provide consulting services as requested by the Northern California Power Agency ("Agency").

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

- Plan Review
- Construction Inspections
- Engineering Review
- Special Inspector Qualifications to Verify Conformance

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all tasks, 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:

Schedule of Hourly Rates and Reimbursables

Position	Rate
Principal/ Project Manager	$175.00
Building Official	$165.00
Senior Plan Review Engineer/Architect	$165.00
Plan Review Engineer/Architect	$150.00
Senior Plans Examiner	$145.00
Plans Examiner	$135.00
Permit Coordinator	$ 85.00
Clerical/Admin	$ 65.00
Civil Project Engineer	$165.00
Civil Senior Engineer	$155.00
Civil Associate Engineer	$135.00
Health Safety Engineer	$150.00
Building Inspection Task Leader	$165.00
Supervising Inspector	$145.00
Senior Inspector	$125.00
Inspector	$115.00

*Overtime will be billed at the rates shown above plus an additional 25 percent (Note that no overtime will be charged without client authorization)

- Reimbursement for direct expenses, incurred in connection with the work, will be at cost plus fifteen (15) percent.
- Reimbursement for employee-owned vehicles used in connection with the work will be at the rate of $0.60 per mile.
- Other in-house charges for prints, reproductions and equipment use, etc. will be at standard company rates.

Rates are in effect until December 31, 2015. At least thirty (30) days prior to that date, Consultant may request, in writing, to pass through any changes to Agency.

NOTE: 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 Consultants

I, TODD BAILEY, 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

TRB AND ASSOCIATES

(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 18TH day of MAY, 20 15.

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.

15.

Commission Staff Report

October 17, 2017

COMMISSION MEETING DATE: October 26, 2017

SUBJECT: Appointment to the NCPA Finance Committee

AGENDA CATEGORY: Consent

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

IMPACTED MEMBERS:

All Members	☒	**City of Lodi**	☐	**City of Shasta Lake**	☐
Alameda Municipal Power	☐	**City of Lompoc**	☐	**City of Ukiah**	☐
Bay Area Rapid Transit	☐	**City of Palo Alto**	☐	**Plumas-Sierra REC**	☐
City of Biggs	☐	**City of Redding**	☐	**Port of Oakland**	☐
City of Gridley	☐	**City of Roseville**	☐	**Truckee Donner PUD**	☐
City of Healdsburg	☐	**City of Santa Clara**	☐	**Other**	☐

If other, please specify ______________________

RECOMMENDATION:
It is recommended the Commission approve the resolution ratifying the appointment of Robert (Bob) Orbeta, AGM of Administration, Alameda Municipal Power, as a member 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 members of the Finance Committee are as follows:

David Hagele, Council Member, City of Healdsburg, 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

Matt Michaelis is no longer employed with the City of Gridley and this has created a vacancy within the Finance Committee members. At the October 17th Special Finance Committee meeting, the members discussed staff's recommendation of adding Bob Orbeta to the committee as a replacement for Matt Michaelis. Bob Orbeta is the AGM of Administration for Alameda Municipal Power and has been a prior member of the Finance Committee serving from 2004-2015. During his tenure on the committee, he has been involved in several debt related projects for Geo and Hydro. Bob has 39 years' experience in the utility industry working in a variety of financial and operational issues and will bring a wealth of knowledge and familiarity to the Finance Committee.

FISCAL IMPACT:
The requested action 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:
Staff's recommendation was discussed with the Finance Committee on October 17, 2017, however, no formal action was taken due to lack of a quorum. The Committee members present during the meeting voiced their support for the recommendation and no other meeting attendees had any objections.

Respectfully submitted,

Randy S Howard

RANDY S. HOWARD
General Manager

Attachment: Resolution 17-90

SR: 216:17

RESOLUTION 17-90

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

(reference Staff Report #216:17)

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 David Hagele (Healdsburg), Melissa Price (Lodi), Philip McAvoy (Roseville), Matt Michaelis (Gridley) and Ann Hatcher (SVP); and

WHEREAS, on October 17, 2017, the Finance Committee considered staff's recommendation of Robert (Bob) Orbeta, AGM of Administration, Alameda Municipal Power, and supported his appointment as a member to the NCPA Finance Committee replacing Matt Michaelis; 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 Bob Orbeta as a member of the NCPA Finance Committee.

PASSED, ADOPTED and APPROVED this ____ day of ________________, 2017 by the following vote on roll call:

	Vote	Abstained	Absent
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

16

A PUBLIC AGENCY NCPA NORTHERN CALIFORNIA POWER AGENCY

Commission Staff Report

October 13, 2017

COMMISSION MEETING DATE: October 26, 2017

SUBJECT: Approval of Revenue Allocation Policy

AGENDA CATEGORY: Consent

FROM:	Dave Dockham D.Dock	**METHOD OF SELECTION:**
	AGM, Power Management	*N/A*
Division:	Power Management	*If other, please describe:*
Department:	Industry Restructuring	N/A

IMPACTED MEMBERS:

All Members	☒	**City of Lodi**	☐	**City of Shasta Lake**	☐
Alameda Municipal Power	☐	**City of Lompoc**	☐	**City of Ukiah**	☐
Bay Area Rapid Transit	☐	**City of Palo Alto**	☐	**Plumas-Sierra REC**	☐
City of Biggs	☐	**City of Redding**	☐	**Port of Oakland**	☐
City of Gridley	☐	**City of Roseville**	☐	**Truckee Donner PUD**	☐
City of Healdsburg	☐	**City of Santa Clara**	☐	**Other**	☐

If other, please specify ______________

SR: 220:17

RECOMMENDATION:

Staff recommends the Commission adopt a Resolution that adopts the following revenue allocation policy elements, and terminates the interim revenue allocation policy[1]:

1. Allocate ten percent (10%) of revenues received, for the exclusive benefit of Members, in proportion to their contribution to A&G expenses using data from the most recent complete fiscal year (e.g. FY18 revenue allocated in proportion to final FY16 data);

2. Allocate the balance of revenues received to Members and "non-Member Participants of NCPA Projects" using the existing NCPA Power Management Cost Allocation Spreadsheet Model (otherwise commonly known as the "Nexant Model"), as such is defined in the Power Management and Administrative Services Agreement (PMASA);

3. Apply revenue allocation methods described in item 2 above to the portion of services that are not under a fixed-rate pricing structure;

4. Direct NCPA staff to review the revenue allocation methodology periodically, in the same frequency and timing that cost allocation methodologies are reviewed as such is defined in the PMASA (i.e. every 5 years), or more frequently if necessary;

5. Apply these adjustments in policy to Fiscal Year 2018 and subsequent years; and

6. Develop additional policy recommendations that will reserve a greater proportion of revenues for the exclusive benefit of Members in the event service contract proceeds exceed the cost of services provided.

BACKGROUND:

NCPA will provide certain Power Management and Administrative Services to the Placer County Water Agency ("PCWA") and the Merced Irrigation District ("MEID"), with services commencing in NCPA Fiscal Year 2018[2]. NCPA will invoice PCWA and MEID on a monthly basis throughout the term of the service agreements.

The Commission adopted an interim revenue allocation policy (Interim Policy) in December 2016, which was based on the work product of the Review Group[3], which met four (4) times on this matter; the Facilities Committee, which met twice; and the Utility Directors, which met once. This policy was established with a one-year term to allow for further discussions on two outstanding issues:

A. Determine whether a New Business Development category of costs and revenues should be established, in lieu of allocating 10% of total revenues in proportion to Members' contributions to A&G costs, as described in the Interim Policy, and

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[1] See Resolution 16-90.
[2] See Resolutions 16-50 and 16-70, respectively.
[3] See Resolution 15-37. The Review Group consisted of volunteers from Plumas Sierra Rural Electric Cooperative and the Cities of Alameda, Roseville, Santa Clara, and Palo Alto.

B. Determine whether Non-Member Participants of NCPA Project should be allocated a portion of revenues.

The Utility Directors from the Port of Oakland, and the Cities of Redding, Palo Alto, and Santa Clara (UD Sub-Group) volunteered to address the two outstanding issues. The UD Sub-Group met on four (4) occasions over six (6) months and developed policy recommendations that were presented to the balance of the Utility Directors on June 15, 2017 and were unanimously supported for Commission review.

Each recommendation is discussed at length in the attached discussion paper. A brief summary of the discussion is provided below for recommendation numbers 1, 2, and 6.

- Recommendation 1: Allocate 10% of revenues received to Members in proportion to Members' contributions toward A&G costs.

  The UD Sub-Group recommends NCPA reserve a portion of revenues for the exclusive benefit of its Members. This recommendation ensures that all Members of NCPA benefit from the expansion of Power Management and Administrative service to third parties and promotes membership in general. The UD Sub-Group explored alternative ways to meet these objectives but determined they introduced a substantial amount of complexity without demonstrating a clear benefit as compared to the recommended method.

- Recommendation 2: Allocate 90% of revenues received to both Members and Non-Member Participants of NCPA Projects using the existing NCPA Power Management Cost Allocation Spreadsheet Model.

  The Utility Directors generally support reserving revenues for the exclusive benefit of Members but unanimously support a limited exception to allow revenues to flow to Non-Member Participants of the Lodi Energy Center and NCPA Geothermal facilities. The UD Sub-Group reached this conclusion based on their analysis of the types of risks and liabilities Members vs. Non-Member Participants of NCPA Projects incur, particularly funding toward retirement benefits paid to NCPA personnel and toward Power Management and Administrative Services costs as allocated through the Nexant Model. The analysis shows the project agreements obligate all Participants, including non-Member Participants, to pay their pro-rata share of all project costs, which includes the cost of retirement benefits of plant and non-plant personnel. Moreover, Power Management and Administrative Services costs are allocated to the non-Member Participants of LEC and Geothermal using the Nexant model, in the same manner that Power Management and Administrative Services costs are allocated to Members. Based on this analysis, the UD Sub-Group, and subsequently the balance of the Utility Directors, conclude non-Member Participants of NCPA Projects incur commensurate risks as Members, and therefore should benefit from the allocation of a portion of revenues.

- Recommendation 6: Develop additional policy recommendations that will reserve a greater proportion of revenues for the exclusive benefit of Members in the event service contract proceeds exceed the cost of services provided.

Under this concept, the portion of revenue corresponding to the "cost of service," as determined by the Nexant Model, would be allocated to Members and non-Members of NCPA Projects, and the portion of revenues in excess of "cost of service" would be reserved for the exclusive benefits of Members. Members express strong interest in developing these policy elements but recognize that this condition does not apply today. Therefore, Members and staff support deferring policy development at this time.

FISCAL IMPACT:

Replacing the Interim Policy with the recommendations above will cause a budget deviation for FY18, as illustrated in the attached table. The cost associated with implementing this policy is immaterial. Staffing levels are included in the FY18 budget, and staffing levels are not expected to change from implementing this policy. Total budgeted revenues in FY18 is $595,000. Ten percent (10%) of revenues received will be allocated to Members in proportion to their contributions toward A&G costs, and the balance of revenues received will be allocated to Members and non-Member Participants of NCPA Projects using the Nexant Model.

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, September 6, and October 4. No formal action was taken due to the lack of a quorum. However, the attendees at the meeting voiced their support for the recommendation above, and no other meeting attendees had any objections.

Respectfully submitted,

RANDY S. HOWARD
General Manager

Attachments:

- Resolution 17-91
- Revised Revenue Allocation Policy
- Revenue Allocation Policy FY18 Table

RESOLUTION 17-91

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVAL OF REVENUE ALLOCATION POLICY

(reference Staff Report #220:17)

WHEREAS, pursuant to NCPA Commission Resolution 16-90, in December 2016 the Commission approved an interim policy for allocating revenues to Members resulting from NCPA's provision of Power Management and Administrative services to non-member third parties; and

WHEREAS, utility directors from a subset of members deliberated and have formed recommendations to address two outstanding issues related to (1) ensuring that all Members benefit under the revenue allocation methodology, and (2) determining whether non-Member Participants of the NCPA Projects should receive a portion of revenues allocated under the Power Management and Administrative services cost allocation spreadsheet (Nexant Model); and

WHEREAS, Members invested substantial time and effort developing revenue allocation policy elements with considerations documented in the "Revised Revenue Allocation Policy" discussion paper, as attached to Staff Report 220:17; 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.

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency adopts and approves a policy for allocating revenues resulting from NCPA's provision of Power Management and Administrative services to non-member third parties, which is based on the following elements: (i) the policy will be applied to NCPA Fiscal Year 2018; (ii) the policy will be reviewed in the same timing and frequency that Power Management and Administrative Services Costs are reviewed as defined under the Power Management and Administrative Services Agreement; (iii) ten percent (10%) of revenues received shall be allocated to Members in proportion to their contributions toward Administrative and General ("A&G") costs using data from the most recent complete fiscal year; (iv) the balance of revenues received shall be allocated to Members and non-Members Participants of NCPA Projects, using the existing Nexant Model; (v) revenue allocation methods described in item (iv) shall incorporate model inputs for the proportion to services received that are not under a fixed-rate pricing structure; and (vi) develop additional policy recommendations that will reserve a greater proportion of revenues for the exclusive benefit of Members in the event service contract proceeds exceed the cost of services provided.

PASSED, ADOPTED and APPROVED this ____ day of _______________, 2017 by the following vote on roll call:

	Vote	Abstained	Absent
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

REVISED REVENUE ALLOCATION POLICY DISCUSSION PAPER

This document contains a comprehensive set of recommendations prepared by Members that address revenue allocation policies. These recommendations include some proposed changes to existing NCPA policy, particularly in how revenue allocation methodologies are applied to non-Member Participants of NCPA Projects.

October 2017

Revised Policy Recommendations for Revenue Allocation

This document contains a number of Members' recommendations on how allocate revenues received for the provision of Power Management and Administrative Services (PM&AS) to third parties. The recommendations listed in this document are comprehensive including contributions from the Review Group[1], Facilities Committee, Utility Directors (UDs), and UD Sub-Group. These materials are intended to be a stand-alone document to serve as a replacement for the Commission's Interim Revenue Allocation Policy (Interim Policy). An itemized list of recommendations can be found in the next section "Policy Recommendations to the NCPA Commission." The "Introduction" section captures this issue in brief, and identifies high-level findings that help to form specific recommendations. All subsequent sections, starting with, "Discussion of Three Broad Findings of the Review Group," on page 4, captures the discussion of each point in detail and offer greater insight in how each group reached its recommendations.

Policy Recommendations to the NCPA Commission

1. Allocate 10% of revenues received, for the exclusive benefit of Members, in proportion to their contribution to A&G expenses using data from the most recent complete fiscal year (e.g. FY18 revenue allocated in proportion to final FY16 data);
2. Allocate the balance of revenues received to Members and "non-Member Participants of NCPA Projects[2]" using the existing NCPA Power Management Cost Allocation Spreadsheet Model (otherwise commonly known as the "Nexant Model"), as such is defined in the Power Management and Administrative Services Agreement (PMASA);
3. Apply revenue allocation methods described in item 2 above to the portion of services that are not under a fixed-rate pricing structure;
4. Direct NCPA staff to review the revenue allocation methodology periodically, in the same frequency and timing that cost allocation methodologies are reviewed as such is defined in the PMASA (i.e. every 5 years), or more frequently if necessary;
5. Apply these adjustments in policy to Fiscal Year 2018 and subsequent years; and
6. Develop additional policy recommendations that will reserve a greater proportion of revenues for the exclusive benefit of Members in the event service contract proceeds exceed the cost of services provided.

Introduction

This paper presents Members' recommendations on how to allocate service proceeds that result from expanding power management services to third party customers. In fiscal year 2018, NCPA will provide such services to Merced Irrigation District and Placer County Water Agency. The NCPA Commission approved an Interim Policy[3] on revenue allocation, which was based on the work product of a 5-

[1] The Commission formed the Review Group under Resolution 15-37, and it was comprised of volunteer representatives from Plumas Sierra, and the Cities of Alameda, Palo Alto, Roseville, and Santa Clara.

[2] The phrase, "NCPA Projects," is not used as defined in the Amended and Restated Facilities Agreement. Instead, the term is used in context to, "non-Member Participants to NCPA Projects," which is described in detail in subsequent sections of this paper.

[3]Staff Report 228:16 and Resolution 16-90, reviewed and approved at the December 1, 2016 Commission meeting.

Member Review Group, the Facilities Committee, and the Utility Directors. The Interim Policy has a one-year term and was applied to the NCPA FY18 budget.

Subsequent to the Commission's approval of the Interim Policy, a subset of Utility Directors (UD Sub-Group) convened to address two outstanding issues:

(1) Determine whether non-Member Participants of NCPA Project should be allocated a portion of revenues, and
(2) Determine whether a New Business Development category of costs and revenues should be established, in lieu of allocating 10% of total revenues in proportion to Members' contributions to A&G costs, as described in the Interim Policy.

Utility Directors from the Port of Oakland and the Cities of Redding, Santa Clara, and Palo Alto volunteered to serve on the UD Sub-Group to discuss and address these issues. The UD Sub-Group met on four occasions over six months. The UD Sub-Group's recommendations were presented to the balance of the UDs on June 15, 2017, and were supported unanimously for Commission review.

The recommendations of the Review Group, Facilities Committee, UDs, and UD Sub-Group are itemized in the section, "Policy Recommendations to the NCPA Commission" above. Members base these recommendations on a number of findings identified by the Members throughout their discussions, and are itemized below. The Members support NCPA use the Nexant cost allocation model for allocating PM&AS revenues. The rational for using the Nexant model is strong, including its many strengths in advancing several principles the Members used to help guide its analysis and recommendations. The Members support using two threshold tests to determine eligibility to receive new revenues, and support a way to address transition issues when NCPA's Membership changes. The Review Group explored several detailed cases that test its support in these areas. These include applying new revenue (a) to unfunded liabilities (personnel-related costs), (b) to NCPA Administrative and General (A&G) expenses, and (c) to facilities that have non-Member participants. The UD Sub-Group unanimously supports allocating revenues to both Members and non-Member Participants of NCPA Projects, provided that additional policy elements be developed to that will reserve a greater proportion of revenues for the exclusive benefit of Members if service proceeds exceed the cost to provide those services.

The table below describes these findings that help form specific policy recommendations for consideration by the Commission.

Finding	Rationale, in Brief
Use the Nexant cost allocation model to allocate revenues	The model maps revenues to the functions that are producing that revenue; it is objective, repeatable, auditable; there is relatively low incremental cost to implement; it uses same drivers in allocating costs and revenues.
Use membership status as a threshold test, reserving revenues for Members, with exceptions made for non-Member Participants of NCPA Projects	It is a bright-line test, it represents a clear value proposition for existing and prospective Members, and it recognizes investments of Members and non-Member Participants of NCPA Projects that have built NCPA technology and staff development.
Use pricing structure as a threshold test, reserving revenues to Members and non-Member Participants of NCPA Projects that take NCPA Power Management services under a variable-rate price structure, or portion thereof	This concept matches revenues with the type of price-risk Members take on under Power Management service contracts. Under fixed-rate price structures, Members would be shielded from price increases. Allocating revenues toward these portions of Members' portfolios create asymmetric risk/reward and does not balance equity with Members under a variable-rate structure (i.e. can change year-to-year).
Do not support the use of revenues toward unfunded liabilities (personnel-related costs)	The Review Group evaluated whether revenues should be used to offset NCPA's unfunded liabilities (i.e. OPEB). The Review Group does not recommend allocating revenue in this fashion and expressed preference to allocate revenues to Members, individually, and allow Members to direct the use of these funds.
Support an allocation of revenues toward Agency A&G expenses (beyond what is already allocated to Power Management)	An overarching principle is to ensure that all Members benefit from the expansion of power management services to third parties. Allocating a portion of these service proceeds toward Agency A&G expenses offsets costs that all Members pay. Furthermore, staff has used historic data to allocate current year revenues, and Members did not object to this practice (i.e. using FY16 A&G costs to allocate revenues received in FY18).
Develop additional policy elements to apply when service proceeds exceeds the cost of service, reserving a greater proportion of revenues for the exclusive benefit of Members	Develop additional revenue allocation methods in the future. Broadly speaking, the portion of revenues that exceed the "cost of service" would be reserved for the exclusive benefit of Members to promote new membership, support retention of existing membership, and to add a clear value proposition of membership.

The general findings above are combined to form specific policy recommendations found in section, "Policy Recommendations to the NCPA Commission." The discussion that follows describes the broad recommendations, applications in specific cases, and conclusions.

Discussion of Three Broad Findings of the Review Group

This section discusses three broad findings of the Review Group: (1) use the existing Nexant cost allocation model to allocate 90% of revenues received[4], (2) implement two threshold tests to determine eligibility for revenue allocations, and (3) address transition issues with changes in Membership status by using lagged data for revenue allocation.

Use the Existing Nexant Cost Allocation Model to Allocate Revenues

Multiple Members have expressed several concerns with the Nexant model, both in general and in the context of allocating revenues. This includes, but is not limited to, the age of the Nexant study and time in motion study that is used to translate NCPA budgeted costs into Members' allocated costs, that some Power Management activities may not be accurately captured by the Nexant model design (e.g. setup costs when adding new customers and/or resources), and the inherent challenges with allocating large fixed costs of shared resources using activity-based cost drivers. This matter was discussed at length by the membership in multiple forums.

Despite these concerns, the Members support the use of the Nexant cost allocation model to allocate revenues associated with the provision of Power Management services to new customers. This finding is based on the analysis of the Nexant cost allocation model mechanics and an analysis of cost allocation principles for revenue allocation, below.

ANALYSIS OF NEXANT COST ALLOCATION MODEL MECHANICS

The purpose of this analysis is to determine if the model's design is suitable for allocating revenue. The model was explicitly designed to allocate PM&AS costs to Members who subscribe to power management services. It was not explicitly designed to allocate costs to third parties, nor was it explicitly designed to allocate revenues.

The Nexant cost allocation model uses a multi-step process to allocate all PM&AS overhead costs to all power management service-takers, specific to services provided[5]. This model first maps budgeted costs to specific service areas (e.g. schedule coordination, real-time dispatch). Costs are then allocated to members who take services in a service area, in proportion to appropriate cost allocation factors[6].

The Nexant cost allocation model currently allocates revenue from additional services implicitly, using the same logic and methodologies used to allocate budgeted costs. To date, providing additional services to members and third parties has not changed NCPA's cost levels. However, the level of service,

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[4] The rationale for the 90% value is presented in section, "Applying the Review Group's Broad Findings to Three Specific Test Cases," under subsection, "NCPA Administrative and General Costs."

[5] Some costs are allocated to Members via a direct assignment.

[6] As determined by the Nexant study and as reviewed and approved by NCPA, Members, and/or the NCPA Commission.

or the activity represented by model inputs, has increased as services are expanded. The model is allocating the same amount of costs to a larger number of customers. This results in an allocation of costs to the new customer/service and a decrease in allocated costs to incumbents (i.e. existing members). The allocation of revenue is implicit within the Nexant model, since revenues materialize in the form of reduced allocation of costs. It is important to highlight that the allocation of cost and revenue are using the same logic and allocation factors. This means that revenues for a particular service are allocated to those who take the same service. Furthermore, it means revenues are allocated to this sub-group of Members in proportion to their cost allocation factors, a proxy for how much of that service area they draw upon.

For example, when Palo Alto and SVP brought new generation facilities to NCPA for scheduling services, the Nexant cost allocation model was used to determine the cost of all associated Power Management services. Each took a different level of service from NCPA for their respective facilities. SVP introduced the Tri-Dams facilities and are allocated costs for SCALD[7] (scheduling coordination and load dispatch), only. SVP was allocated costs for these resources, which decreased the allocated costs to all other Members who paid SCALD, which is nearly all of them. In a slightly different example, Palo Alto introduced solar PV facilities and are allocated costs for SCALD; Forecasting; Resource Planning, Optimization & Risk Analysis; Industry Restructuring and Regulatory Affairs; Contract Maintenance, Negotiation and Administration and Litigation Support[8]. Palo Alto's allocation of costs increased in all of these areas, which decreased costs for all other Members who took services in these same areas.

When services are expanded to third parties[9], the model will allocate revenues in this same manner. Suppose a new customer is added and it takes services under SCALD only. Its costs are based on the Nexant cost allocation model, and all Members who take services in SCALD will be allocated their share of revenues in proportion to the cost allocation factors associated with SCALD. Since Palo Alto and SVP contribute a substantial amount towards SCALD costs (nearly 60% combined), they would receive the most benefit to a new customer who subscribes to SCALD services.

This analysis examined the Nexant cost allocation model structure to assess if there were any major flaws if used to allocate revenues. The Members found no major flaws. In fact, the Nexant model allocates revenue today. Thus, the Members find the Nexant cost allocation model could be used to allocate revenues. To help determine if the Nexant model should be used for this purpose, the Members expanded upon this analysis to assess whether the Nexant model promotes any of the cost allocation principles, which is discussed next.

[7] SCALD includes costs associated with dispatch & real time resource management, scheduling coordination and real time portfolio balancing, system control and data acquisition, and NERC/WECC compliance.
[8] Provision of services is determined by the customer, members, and contracts with NCPA.
[9] NCPA has used the Nexant cost allocation model when preparing quotes for prospective customers. The proposed scope of services is modeled as if for a Member, and the results are subject to review and revision through NCPA's established approval process. The final contract rate may differ from the Nexant model output.

ASSESSING THE NEXANT MODEL BASED ON COST ALLOCATION PRINCIPLES

The Review Group invested substantial time in developing cost allocation principles, which serve as guideposts in assessing the numerous proposals and ideas deliberated by the Review Group, Facilities Committee, and the UD Sub-Group. These principles represent the overarching goals and values Members sought to promote with its recommendations. In this analysis, the Members find that the use of the Nexant cost allocation model to allocate 90% of revenues received promotes most of these principles, specifically: (i) Causation, (ii) Equitable Allocation of Fixed and Variable, (iii) Transparency, (iv) Simplicity, (v) Durability, and (vi) Comparable Treatment. Each are be discussed below.

Using the Existing Model Support the Principle of "Causation"

The principle of "Causation" focuses on the underlying factors as to why costs (or revenues) are incurred and finding the most appropriate way to allocate them. New revenue manifests when a service is marketed successfully. Since the specific service is the cause of the revenue, the Members believe it should be allocated to those Members who also subscribe to the service. Moreover, the allocation should be made in proportion to Members' allocation of cost in that service.

To illustrate that point, we return to the previous example where SVP was allocated costs for SCALD services when it introduced the Tri-dam facilities. SVP was allocated additional costs in this area for this addition. Would it have made sense for a portion of monies paid by SVP to be allocated to "Western Representation and Advocacy" or "Pooling Committee"? The Members do not believe so. The revenues are associated with the services provided in a specific service area and should be allocated to the Members who subscribe to that same area. This raises a second issue: in what proportion should revenues be allocated within a service area? The Members find the best allocator is the proportion of costs paid by Members who subscribe to that service area.

The Nexant model allocates costs and revenues in the manner identified in this analysis. It contains logic that isolates proportions of budgeted costs to specific services. Furthermore, the model contains model inputs specific to each Member that can serve as a means to allocate revenue for a given service to those who also take that service. Therefore, the Members find that using the existing Nexant cost allocation model to allocate revenues promotes the principle of "Causation."

Using the Existing Model Support the Principle of "Equitable Allocation of Fixed and Variable Costs"

The principle of "Equitable Allocation of Fixed and Variable Costs" acknowledges that most of the costs allocated by the Nexant cost allocation model are fixed in nature, and many of the staffing and infrastructure of Power Management are shared resources (across multiple service areas and to several service takers within a service area). Finding cost (or revenue) allocation factors can be challenging, subjective, and open for prolonged debate. NCPA and its Members suffered through such a prolonged debate that eventually produced the Nexant cost allocation model.

Despite the many concerns Members have expressed with the current Nexant cost allocation model, the Members find that using the existing Nexant model to allocate both costs and revenues from new services would promote the principle of "Equitable Allocation of Fixed and Variable Costs." The Review Group evaluated "equitable" as (a) consistent treatment of cost and revenue from case to case, and (b) an objective means of executing an allocation. The Nexant cost allocation model promotes both. As described above, the Nexant cost allocation model allocates both costs and revenues simultaneously each time a new service is added, whether that is for a Member or a third party. These allocations are based on defined inputs identified in the Nexant study, are reviewed by NCPA and Members, and are ultimately approved by the NCPA Commission each budget cycle and with each proposal for new service. The process follows the same general process each time new services are rendered.

Using the Existing Model Support the Principle of "Transparency"

The principle of "Transparency" addresses the ease in which one can review the allocation methods, the repeatability and predictability in the relationship between inputs vs. outcomes, and the openness of the review process when the model is updated. The Members believe using the existing Nexant cost allocation model to allocate revenues promotes this goal, albeit with the caveat that the model may need updating and restructuring in some areas. Despite these concerns, the model can be used to generate simulations, outcomes can be repeated, and the methodology is laid out in a spreadsheet all Members have access to.

The process under which the Nexant model is updated and implemented each year is open and collaborative. The model inputs are provided to Members each year and all parties have an opportunity to review and comment before materials are sent to the Commission for final review and approval. There are a number of examples where this review process has identified issues and led to corrections or changes to methodologies.

For these reasons, the Members find that using the existing Nexant cost allocation model to allocate revenues supports the principle of "Transparency." Model inputs are provided to and reviewed by Members each budget cycle, its formulae are visible and available in spreadsheet form, it can be used for simulation modelling and results are repeatable.

Using the Existing Model Support the Principle of "Simplicity"

The principle of "Simplicity" addresses the Members' general preference to avoid cumbersome algorithms unless greater complexity adds measurable value. The Review Group and UD Sub-Group discussed a number of different ways in which NCPA could allocate revenues from new service, some that are hybrids of others, and concepts that move beyond revenue allocation and into designating use of funds.

(a) Use the existing Nexant cost allocation model
(b) Equally dividing revenue to each Member (i.e. 1/n)
(c) Using other allocation metrics, such as JPA percentages (i.e. load)
(d) Peak demand for a defined time period
(e) Proportionate share of a fiscal year budget

(f) Allocating a portion of revenue broadly (e.g. 1/n) and allocating the balance of revenues using the Nexant model
(g) Reserving a portion of revenue for a designated use, such as business development or new infrastructure.

As noted above, the principle of "Simplicity" encourages the use of straight forward methods unless there is value to adding complexity. Several possible methods contemplated above are simpler than using the Nexant cost allocation model, since few would characterize the existing Nexant model as simple.

Nonetheless, the Members discussed the merits of using the Nexant model to allocate 90% of revenue and finds it would promote the principle of "Simplicity." First, the Nexant cost allocation model is used to allocate revenues today. Continuing to apply the model in this way adds no additional cost or effort to NCPA or Members staff. Second, the additional complexity introduced by the model, compared to the other allocation drivers listed directly above, add greater precision to the allocation of cost and revenue. Third, it is highly likely that the Nexant cost allocation model will continue to be used to allocate costs, even if a separate method is adopted to allocate revenue. Adopting an alternative method to allocate revenues would introduce a second allocation model/method to operate and maintain.

Using the Existing Model Support the Principle of "Durability"

The principle of "Durability" addresses the Members' general preference toward algorithms that are robust and can withstand changes in the industry, NCPA membership, etc. The Review Group does not believe using the existing Nexant cost allocation model is a long-term solution. However, it is a strong solution until Members' concerns can be addressed. The Nexant cost allocation model has proven to be the most durable cost allocation method used in NCPA's history. It is an objective means to allocate cost and revenues, it has proven to be sufficiently flexible and adaptable to cope with significant industry changes, it is has become an integral part of NCPA's budget approval process, and it serves as the basis for NCPA's responses to RFPs for power management services. Also, the Nexant cost allocation model currently allocates revenue for services. No changes would be required to use the Nexant model to allocate revenues. To the extent the NCPA Commission approves changes to the Nexant model as has occurred from time to time, changes could be limited to one set of allocation algorithms (i.e. same algorithms used to allocate cost and revenue), increasing durability.

Using the Existing Model Support the Principle of "Comparable Treatment"

The principle of "Comparable Treatment" addresses the Members' general preference for consistency. Members should be treated like other Members, generation resources should be treated like similar generation resources, etc.

The Nexant cost allocation model has been used to allocate revenues from Member services and the Review Group believes these same methodologies should be applied to revenues associated with revenues from third parties. Members have changed their portfolios numerous times since the Nexant cost allocation model was implemented. In each case, new inputs were added according to the model structure, the Nexant study, NCPA contracts with Members, etc. In each case additional costs were allocated to the Member(s) who introduced the new workload and cost allocations were reduced for other Members who (a) participated in the same service area, and (b) were not adding new work. The Nexant cost allocation model was used to generate new revenue from Members who introduced new work to NCPA. The Members find revenue from third parties should be allocated using a comparable method, or the Nexant cost allocation model, in accordance with the principle of "Comparable Treatment."

ANALYSIS OF ALTERNATIVES

In contrast to using the Nexant model to allocate 90% of revenue, the Review Group examined a number of alternatives to allocating 90% of the revenue received, listed below. The Members find the existing Nexant model best promotes the guiding principles.

Method	Strengths	Weaknesses
Existing Nexant Model to allocate 90% of revenues received (recommended)	See above	
Uniform allocation (1/n) **JPA percentages** **Peak Demand for defined time period**	- Relatively simple and easy to implement - Predictable, replicable	- Fails to meet several cost allocation principles; particularly causation, equity, transparency, and comparable treatment
Contribution toward Budgeted Costs	- Same as above - In proportion to contribution toward cost - Stronger relationship to activity-based allocation of Nexant model	- Mapping to specific programs and activities is weaker than using the model directly - Small incremental effort to use the model for greater precision since it's already in production
Hybrid 1[10]: - **Uniform allocation** - **Nexant Model**	- Ensures recipients receive some base amount of revenues	- Portion allocated between the two methods is subjective

[10] These hybrid models would be applied to the 90% of revenue received. Thus, 10% of would be allocated in proportion to A&G costs (see section, "Policy Recommendations to the NCPA Commission"), leaving 90% to be allocated via some other means. These hybrids would allocate some proportion of the 90% via a direct allocator (e.g. 1/n) with the remainder allocated using the Nexant model.

Method	Strengths	Weaknesses
Hybrid 2: - **Business development fund** - **Nexant Model**	- Recognizes the current budget and Nexant model do not address BD functions	- NCPA prefers actions such as business development come from Commission policy and actions with funding considerations held in those forums.

Threshold Tests to Determine Eligibility for Revenue Allocations

The second broad finding is to implement two threshold tests to determine whether an entity is eligible to receive revenue and to what extent. The first test is based on Membership status, while the second is based on the pricing structure under which the Member is receiving Power Management services (i.e. variable or fixed rate pricing structure).

MEMBERSHIP STATUS

The Members generally support a first threshold test be based on Membership status, reserving revenues to NCPA Members, with an exception made for non-Member Participants to NCPA Projects. Reserving revenues for the benefit of Members creates a clear criterion in determining eligibility for revenue allocation, it is a clear and measurable benefit to NCPA Membership when marketing to potential new Members, and it reflects the investments and commitments that today's membership has made in forming and continuing to fund NCPA. The exceptions made for non-Member Participants of NCPA Projects recognizes the strong financial commitments these entities have made to NCPA through their respective project agreements.

Types of Non-Members

The Review Group classified non-Members into 3 distinct groups based on their types of interactions with NCPA. First, there are service contracts with non-Member entities that individually subscribe to Power Management services. This includes entities like PCWA (Placer County Water Agency) and MEID (Merced Irrigation District), each of whom recently signed an agreement to take PM services on a contract basis. Second, there are non-Members who are part of a multi-party power purchase agreement that also includes NCPA Members. This is a hypothetical case since none exist in the NCPA portfolio. However, this case may materialize as Members increase purchase activity for RPS compliance. Third, there are generation asset(s) owned and operated by NCPA that include at least one non-Member Project Participant (a.k.a. non-Member Participants to NCPA Projects), which may represent an exception to this threshold test and will be addressed under "NCPA Generation Facilities with Non-Member Project Participants ".

Service Contracts with Non-Members. The Members finds no reason to systematically allocate any portion of revenue to Non-Members that individually subscribe to Power Management service agreements. The relationship between NCPA and these third parties is finite. It is defined by contract and risks, benefits, compensation, and service rates are defined. These parties negotiate with NCPA for services under a defined price structure for a define period of time, and these contract terms should be adhered to for the applicable term of the contract.

Multi-Party Contracts with Members and Non-Members. The Review Group discussed the scenario where (a) NCPA Members work with non-Members to jointly purchase RPS-eligible products, and (b) NCPA wins contracts to provide Power Management services for some of these resources. The Review Group deliberated to assess how these types of resources and purchasing arrangements may affect revenue allocations. A key assumption to this analysis is that the resource is owned by a third party and the Members and Non-members purchase the output of the resource via a Power Purchase Agreement (i.e. the resource is not owned and operated by NCPA).

Under this construct, the Review Group finds no reason why the Non-member entity should systematically be allocated revenue that NCPA may produce by expanding Power Management services. Said differently, the service rates that NCPA charges to these Non-Members should not be affected by additional revenues that offset costs of the Power Management program. The Non-Members' investment in NCPA is finite and defined under the terms of the contract that facilitates scheduling services. For all intents and purposes, these Non-Members' relationship with NCPA is similar to those Non-Members that contract for Power Management services on an individual basis.

The complicating factor for this situation is the presence of NCPA Members. The Review Group finds that it may be appropriate to use these resources' model input factors in allocating revenues. Recall that this Review Group's overarching finding is to use the Nexant cost allocation model to allocate revenues. Thus, any resources added to the Nexant cost allocation model will impact the allocation of both costs and revenues. The Review Group finds that it is appropriate to use the resource's operating characteristics (i.e. Nexant model inputs) associated with the Member-controlled portions of these jointly-owned facilities to allocate revenues to NCPA Members, with one caveat. The Review Group believes that the type of pricing arrangement that the resource, Member participants, and Non-Member participants use when contracting for Power Management services should also be used to determine eligibility for revenue allocation, which is discussed next.

PRICING STRUCTURE FOR POWER MANAGEMENT SERVICES

The Review Group supports a second threshold test that considers the pricing structure under which Power Management services are provided. Today, all services provided by NCPA Power Management to Members are priced under a variable-rate structure that allows each Member's and/or Participant's allocation of cost to increase or decrease from year-to-year. Members have sought Power Management services under a fixed-price structure to avoid risk of increasing costs. The Review Group's analysis and recommendations focus on the symmetry of risk Members face under these two broad categories of pricing structure.

This discussion is intended to recognize the type of pricing risks Members take on when contracting for Power Management services with NCPA. Those that take services under a variable-rate structure are exposed to increases and decreases in costs between budget years. Those that take services under a fixed-rate structure are not exposed to the same fluctuations, by design. The Review Group finds that the asymmetric risks that service-takers bear under these different pricing structures should influence revenue allocation. The chief argument is that revenue decreases Members'/Participants' net costs and should be reserved for those that take on risks for future cost increases (i.e. variable-rate pricing structure). Those under a fixed-rate pricing structure do not take on risks of such increases.

Thus, the Members recommend excluding Nexant model inputs associated with any fixed-rate services from the revenue allocation process (i.e. apply this test to the portion of revenues allocated using the Nexant model). For example, suppose a Member purchases output from a resource and contracts for Power Management services under a fixed-rate service agreement for that resource. Any model inputs used to include and/or create the price for that specific resource would not be used in allocating revenues using the Nexant model. NCPA staff has evaluated this proposal and has determined it is feasible to implement.

Allocation of Revenues to New Members

The third broad finding of the Review Group is to considered how revenue allocation may be impacted if the NCPA membership level is changed. Before the current policy, it was generally understood that new Members would receive an allocation of cost and revenues like any other Member, effective upon Membership. The Review Group believes this creates a small transition issue. The current Members have provided the commitment and investments to build the capabilities that are being marketed today. The Review Group recommends that these historic investments receive some consideration when allocating revenues to Members that join NCPA from this point forward. This could be as simple as using a previous year's Nexant model run to allocate revenues. The use of historic data is intended to capture legacy investments. While imperfect, it helps to address this transition issue.

This proposal introduces other issues. Lagged data are used elsewhere in the Nexant cost allocation methods and have come under scrutiny in recent years (e.g. schedule counts and contract counts). Historic data may not reflect current or future conditions particularly in changing conditions. The transition issue identified above is by definition a "changing condition." However, absent better data, the Review Group finds this to be a suitable concept that offers a small recognition toward legacy investments.

Alternatively, the Review Group briefly discussed other means of recognizing legacy investments made by the current membership. This included concepts along the lines of buy-in fees. However, the Review Group does not believe these to be appropriate at this time. Introducing additional barriers to expanding services would not promote NCPA's current strategic objective, especially if those costs are in no way tied to the proposed services to be provided.

The Review Group also discussed how the allocation of revenue to new members would make less revenue available to the existing member base. Discussions included limited (assumed) cases where the allocation of revenue could result in an increase in the allocation of net costs to current members, giving the appearance of a cost increase. The Review Group does not believe these are a source of major concern that warrants specific action. One can assume that if a new Member joins (and takes Power Management services), their contribution toward Agency costs will be sufficient to offset any impact to the allocation of revenue.

Staff has adopted these concepts[11] when preparing the FY18 budget, which included NCPA's newest Member, the City of Shasta Lake. Staff allocated 10% of expected FY18 service proceeds in proportion to Members' contributions toward A&G expenses, per the Interim Policy[12]. Staff used FY16 A&G cost data as a revenue allocator since it was the most recent and complete data available (i.e. net of end-of-year true up). However, using this approach will preclude any new Member from receiving any portion of the 10% of revenue allocated via A&G for two years (i.e. when FY18 actual data are used for the FY20 budget).

Applying the Review Group's Broad Findings to Three Specific Test Cases

The Review Group applied its broad findings to three specific cases, which follow:

1. Applying new revenues toward unfunded liabilities related to personnel costs;
2. Applying new revenues toward NCPA's Administrative & General costs, beyond what is allocated to the Power Management program; and
3. Applying new revenues to NCPA Projects that have Non-Member Participants

Unfunded Liabilities Related to Personnel Costs

On March 31, 2016, the NCPA Commission approved a formal Long Term Funding Plan for the Long-Term (NCPA) Retiree Medical Plan[13]. A component of that plan was to "consider [the use of] revenue [from new members or new services] to reduce the additional funding requirements [pending] a policy about allocation of revenue...by the Commission"[14].

The Review Group agrees it is prudent to consider using new revenues to help prevent additional costs billed to Members. The Review Group believes this concept should be refined to allow each Member to direct how it may use its allocated portion of new revenue toward their allocated obligations contemplated under the long-term funding plan. In doing so, individual Members control their exposure to increased costs associated with this set of costs.

The Review Group shared a number of concerns over concepts that would direct new revenues to offset these costs without proper Member-by-Member accounting. These concerns stem from several inconsistencies with the Cost Allocation Principles that guide cost/revenue allocation analyses. These principles can be found in this paper, above, in section titled, "Assessing the Nexant Model Based on Cost Allocation Principles."

In summary, the Review Group believes an accurate accounting of both the costs and new revenues are paramount to ensure equity within the NCPA membership. To help build upon the work of the Finance

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[11] Policy elements addressing transition issues with new Members were not specifically addressed in the Commission Staff Report associated with the Interim Policy. However, these concepts were included in the technical document that was included by reference in the Commission Resolution.

[12] This activity is reflected in the FY18 budget. Final allocation of revenue is subject change in the end-of-year true-up.

[13] Please see NCPA Staff Report 132:16.

[14] Ibid, at 3.

Committee, this Review Group offers additional criteria for the Commission's consideration when developing a policy that determines how new revenue will be allocated. The Review Group's contributions are as follows:

1. Revenues and costs should be accounted for on a Member-by-Member basis and in ways discussed in other areas of this paper,
2. Each Member be given control over its allocated share of new revenue, including the ability to direct any (or none) of its portion of new revenue to offset the Member's allocated share of obligations contemplated under the Long-Term Funding Plan.

NCPA Administrative and General Costs

The concept of allocating 10% of revenues received in proportion to A&G costs was introduced by the Facilities Committee as a simplified method to ensure all Members benefit in revenue allocation. This concept received scrutiny by the UDs, but it was ultimately included in the Interim Policy. Certain UDs, particularly Redding's, expressed interest in exploring the matter further to determine if there is a more accurate and/or equitable means of ensuring all Members benefit from the new activity.

There were two options discussed by this UD Sub-Group: continue to use the interim policy method (i.e. 10% via A&G), or adjust the way in which NCPA budgets and allocates costs for "new business development" particularly for personnel in A&G. The UD Sub-Group relied upon the principles of "Simplicity" and "Causation" to guide their evaluation of discussions, which are summarized briefly below.

- Simplicity: Members prefer straight-forward means of allocating costs / revenues but accept greater complexity when it offers greater accuracy or equity.
- Causation: Costs / revenues ought to be tied to the activity creating the cost or to the Member/Participant receiving the benefit, evaluated on a case-by-case basis.

The UD Sub-Group discussed but decided against adjusting the budgeting and cost allocation practices for A&G personnel. The concept would require A&G personnel to estimate the amount of time they would spend on developing new business, possibly correcting for forecast errors after the fact, and developing a cost allocation methodology for this new budget category. As discussions progressed, NCPA staff and the UD Sub-Group became concerned the proposal would introduce great complexity and a substantial amount of additional work without a clear value proposition to justify it. Thus, per the Simplicity Principle, the group opted to abandon this approach and focus their attention on the method contained in the interim policy to determine its suitability.

The UD Sub-Group recommends by a 4-0 vote that 10% of revenues continue to be allocated to Members in proportion to their contributions to A&G costs. This recommendation promotes two overarching principles: (1) Membership should have its benefits, and (2) all Members should benefit from the expansion of PM&AS services. Reserving a portion of revenues for the exclusive benefit of NCPA Members promotes the acquisition and retention of Members and it is consistent with the way in which other owners of firms are rewarded with dividend proceeds. Separately, the group discussed the merits and basis of the 10% figure itself, and determined it is consistent with "return on equity" figures found throughout the industry. Therefore, this UD Sub-Group recommends that (a) 10% of revenues be reserved for the exclusive benefit of NCPA Members, and (b) allocate this portion of revenue in proportion to Members' contributions to the A&G costs to ensure all Members receive a benefit.

NCPA Generation Facilities with Non-Member Project Participants

Members recommend non-Member Participants of NCPA Projects receive an allocation of revenue, as part of the allocation made through the Nexant model, provided that the revenue allocation policy be developed further at a later date to reserve a greater proportion of revenues for Members under certain conditions (see Section "New Concept For Future Discussion" below).

The Commission's Interim Policy was based on recommendations of the Review Group, Facilities Committee, and the full set of Utility Directors. The UDs were briefed that the Review Group and Facilities Committee recommended revenues be allocated to non-Member Participants of the Geo and LEC projects, as part of the allocation made through the Nexant model, and that these recommendations were not unanimously supported in either committee. The UDs were also split on this issue during their November 2016 meeting. The UDs expressed interest in discussing this matter further and recommended that the Interim Policy not allocate revenues to non-Member Participants of NCPA Projects allow time for the UD Sub-Group to address this topic.

The Review Group and UD Sub-Group focused on different aspects before making their respective policy recommendations. The Review Group explored (R1) whether NCPA was contractually required to allocate revenues to LEC under the LEC governance agreements, (R2) the implications the pricing structure has on LEC Participants (i.e. a variable-rate pricing structure), and (R3) the general notion of Members having exclusive rights to revenues is appropriate for these facilities. The Review Group focused its discussions on the LEC because of its large proportionate size in both cost and potential revenue allocation[15]. The UD Sub-Group discussions were related to the types of risks and liabilities that face NCPA Members vs. non-Member Participants of NCPA Projects. The group sought to map revenues to those who take on those risks and liabilities, which can be classified into 3 categories: (U1) Price Risk, (U2) Project Risk, and (U3) Risks Associated with NCPA Failure. There were similarities between each group's discussion items and these are combined in the subsections that follow. In particular, R3 is combined with U2, and R2 is combined with U1.

LEC GOVERNING CONTRACTS (R1)

The LEC is owned and operated by NCPA, it has a total of 13 Project Participants, 4 of which are not Members of NCPA, and the participation share[16] between NCPA Members and non-Members is nearly

[15] LEC contributed more than 10% of the Power Management & Administrative costs in FY 2016 and 2017. LEC would be allocated over 10% of revenues if the Nexant model is used to derive those figures.
[16] The LEC governing documents use a defined term "Generation Entitlement Share" or "GES" to assess allocation of any and all liability, costs, and benefits.

50/50[17]. The LEC is not a traditional "NCPA Project" as defined in the Facilities Agreement. Membership status is a prerequisite in NCPA's standard contracts. Thus, the LEC was established using different governing contracts[18].

The LEC is allocated costs using the Nexant cost allocation model using the same methodologies applied to any other resources in the NCPA scheduling portfolio. Section 7.2 of the PSA notes, "NCPA shall use the same allocation method for allocating each category of NCPA Administrative Costs[19] to the [LEC] as for other NCPA projects and programs." NCPA General Counsel was asked to review the PMOA and PSA and to opine if NCPA is contractually obligated to allocate revenue to the LEC. General Counsel has concluded that the contract language does not obligate NCPA to allocate revenues to LEC. The contract contemplates project costs extensively but does not contemplate revenues. Thus, the question of whether to allocate revenues to LEC using the Nexant cost allocation model methodologies is a policy and business matter.

ALLOCATING COSTS TO LEC / PRICE RISKS (R2 & U1)

The language in the PSA exposes the LEC Participants to a variable-rate structure for Power Management services and is a direct function of Power Management's total budged costs. One specific example was raised in both the Review Group and UD Sub-Group discussions: How would it affect the allocation of costs to LEC (and Geo) if NCPA increases its staffing levels in the scheduling functions in response to the expansion of Power Management services? In this case, total costs have increased in areas where the LEC and Geo receives Power Management services, so the allocation of cost to LEC & Geo would increase. This point highlights how the pricing structure applied to NCPA Projects can result in an increased allocation of cost without a commensurate increase in work performed on behalf of the NCPA Projects. It should be noted that the same mechanism applies in reverse: if the Power Management costs were to decrease, the allocation of costs to LEC and Geo would also decrease, presuming the decreases occur in areas where the LEC and Geo receive services. The allocation of PM&AS costs to an NCPA Project are classified as "Project costs," and are subsequently allocated to Project Participants in proportion to their Generation Entitlement Shares (regardless of membership status).

The same mechanics can be seen in the application of the Nexant cost allocation model today. As noted above, SVP and Palo Alto have brought additional resources to NCPA for Power Management services (among other Members). Once these resources were added to the Nexant model, all costs were reallocated. SVP and Palo Alto, respectively, would be allocated a larger share of costs because of the increased level of the various activities that drive the allocation of cost. As a result, the allocation of cost to LEC decreased in direct proportion to the relative activities that drive the allocation of costs. The

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[17] NCPA Members' combined GES is 50.332% and non-Members combined GES is 49.668%.
[18] The "Project Management and Operations Agreement" or "PMOA" and the "Power Sales Agreement" or "PSA."
[19] The Section 6.1 of the PMOA refers to Section 7.2 of the PSA for the purposes of cost allocations and includes reference to Power Management costs.

same will be true if Members remove resources from NCPA's portfolio. Assuming other things constant, all remaining service takers' costs, including LEC, would increase.

LEC's Non-Member Participants also pay a JPA assessment in an amount they would otherwise pay if they were NCPA Members.

THE THRESHOLD TEST OF MEMBERSHIP STATUS / PROJECT RISKS (R3 & U2)

The Review Group and UD Sub-Group examined this issue using its principles regarding membership status. To reiterate, the Member representatives of both groups strongly believe revenues should be reserved for NCPA Members. Membership should have its privileges. During these discussions, the Review Group & UD Sub-Group tested this principle as it relates to the LEC (and Geo) non-Member Participants to identify what differentiates Members and non-Members with respect to the plant. NCPA Members take on substantial operational, environmental, labor, general liability, etc. risks when investing in NCPA generation assets. In these respects, the non-Member LEC Participants have taken on a commensurate level of risk as NCPA Members. The governing documents have the same force and effect as NCPA Third Phase agreements on other NCPA-owned generation assets. It is a significant commitment and investment in the generation asset and NCPA.

RISKS ASSOCIATED WITH NCPA FAILURE (U3)

The UD Sub-Group discussed certain scenarios that contemplate risks if (a) NCPA fails to perform its scheduling tasks resulting in market costs or penalties, (b) LEC Participants vote to separate from PM&AS services from NCPA, and (c) NCPA fails as an organization (i.e. no longer exists). The underlying concern common to all 3 scenarios is to determine if any action or event absolves non-Member Participants of NCPA Projects from paying their allocated share of costs, leaving the liability for Members to cover. In this context, "cost" is considered broadly to include direct project costs and indirect costs of NCPA. NCPA staff researched the LEC governance documents and the "Membership Exit and Withdrawal Agreement" between NCPA and TID and presented its findings with the UD Sub-Group in a separate discussion paper. The LEC contracts highlight the strong financial commitments LEC Participants make to NCPA related to all project costs, which includes specific reference to costs of retiree benefits. The "Membership and Withdrawal Agreement" highlights how NCPA and its Members interpreted similar language when TID withdrew from the JPA and ended its membership in NCPA. TID agreed to issue payment to cover its pro-rata share of unfunded pension and retiree medical expenses.

REVIEW GROUP & UD SUB-GROUP FINDINGS FOR LEC

In the end, the Members voice unanimous support for allowing revenues to flow to non-Member Participants of NCPA Projects as part of the allocation made through the Nexant model. However, the UD Sub-group adds a caveat to its recommendation. Specifically, the UD Sub-Group supports the concept of allowing revenues to flow to non-Member Participants of NCPA Projects, for the reasons noted above, but only up to the portion of revenues represented by the "cost of service" to provide those services to third parties.

Prior to the adoption of the Interim Policy, the Review Group did not arrive at a unanimous position with respect to LEC. Alameda, Plumas, SVP, and Roseville favor a position that would allocate revenues to the LEC, and subsequently to non-Member participants of LEC. Palo Alto favored a position that would allocate revenues to the Members that participate in LEC, but not the non-Member participants of LEC. The Facilities Committee also supported allowing revenues to flow to non-Member Participants of NCPA project, with one dissent. The Utility Directors suggested the Interim Policy be narrowed to allow revenues to flow to Members only to allow the UD Sub-Group to discuss the matter.

The UD Sub-Group determined that non-Member Participants to NCPA Projects appear to carry commensurate risks as Members in price risk, project risk, and in the event of NCPA's failure, which satisfied the principles of Causation and Comparable Treatment. Palo Alto's representatives introduced the concepts outlined in the next section, "New Concept For Future Discussion," which would reserve a greater proportion of revenue for the exclusive benefit of Members. These concepts satisfy principles related to Member benefits. For the reasons outlined in the discussion above, and with the understanding that the revenue allocation policy will be developed further, the UD Sub-Group supports by a 3-0-1 vote[20] that the Interim Policy be changed such that the portion of revenues allocated via the Nexant model be expanded to allow revenues to flow to non-Member Participants of NCPA Projects.

The Members covered a large number of topics when deliberating on this issue. The strongest arguments supporting the two main outcomes are reiterated below.

The main arguments in support of allocating revenues to LEC[21], including to non-Member Participants, are as follows:

1. LEC Participants have taken on a substantial level of risk and liability, for the life of the project, through the LEC governance contracts. The liabilities are commensurate with NCPA owned and operated facilities, including the CT1, CT2, Geothermal, and Calaveras Projects. In this sense, non-Member LEC Participants differ very little compared to Members. The level of risk exceeds that of other resources contracted for by Members through bilateral arrangements (i.e. owned and operated by third parties, purchased though a PPA).
2. LEC Participants are subject to an allocation of cost that can change from year to year. The change in cost can be independent of any service provision of activity level caused directly by LEC (e.g. increase staffing levels because of the expansion of services).
3. Current customs and practices allow LEC's allocated costs to increase or decrease when service levels are changed elsewhere in the NCPA portfolio (e.g. when Palo Alto and SVP introduced solar projects and the Tri-dams facilities, respectively).

[20] Barry Tippin (Redding) was not present at the June 6, 2017 meeting and has not opined on the Subgroup's recommendation at the time of this writing.
[21] The discussion and text below focused on LEC, but the same concepts and findings apply to Geo.

4. The project economics of LEC were attractive, but participation levels from NCPA Members were insufficient to build to the proper scale to achieve those economics. Thus, NCPA expanded its participation base to include non-Members to increase participation levels.

The main arguments in support of limiting the allocating revenues to LEC, to Members only, are as follows:

1. Membership should have a clear benefit in order to promote the Agency. Allocation of revenues can serve that purpose.
2. NCPA General Counsel has opined that NCPA is under no contractual obligation to allocate revenue to the LEC. Also, to this Review Group's knowledge, there was no expectation that revenues would be allocated to LEC Participants at the time contracts were executed.
3. Scope creep: The same logic applied above (i.e. for allocating revenues to non-Member participants) can be applied to other NCPA Projects (i.e. Geothermal and TID) and future projects organized in similar fashion.
4. Causality: Members are ultimately responsible for directing and funding Agency activities, including building Power Management programs and developing staff capabilities. These activities are the services being marketed to non-Member agencies and any returns from the successful marketing should be returned to Members.

New Concept For Future Discussion

The UD Sub-Group introduces an idea that addresses how revenue allocation could be applied if NCPA's cost of service is less than the market value of comparable services and potentially reserves additional revenue for the exclusive benefit of Members. NCPA uses the Nexant Model to estimate the "cost of service" when responding to RFPs for power management services, and it considers this information when determining its proposed contract price to third parties. It is generally understood that NCPA's cost of service to provide PM&AS services is above market. Therefore, it is difficult for NCPA to include a margin to its cost of service when submitting proposals. However, the UD Sub-Group notes that this cost vs. market relationship may reach a crossover point if NCPA continues to be awarded contracts (because its average fixed cost decreases). To that end, the UD Sub-Group introduces the following concept as a framework for additional policy development.

Suppose NCPA is approached by a third party seeking PM&AS services, NCPA's cost of service for this third party is $400,000, and the market for comparable services supports a price of $500,000. Further suppose NCPA bids its service at the "market rate" ($500,000) instead of its cost of service ($400,000) and is awarded the contract by the third party. This creates $100,000 in "margin" (i.e. revenue less cost). How should NCPA allocate this $500,000 in revenue between Members and Non-Member Participants to NCPA Projects?

The interim revenue allocation policy and proposed revisions to the policy do not differentiate portions of revenue (because revenues are equal to cost of service). Under the current policy, 10% of revenues received, or $50,000, would be allocated to Members in proportion to their contributions of A&G costs and 90%, or $450,000, would be allocated to Members and non-Member Participants of NCPA Projects using the Nexant model, which includes $50,000 of the "margin."

The UD Sub-Group takes issue with allocating any portion of "Margin" to non-Members. This concept was shared broadly within the Membership during subsequent meetings of the Facilities Committee and the Utility Directors and these ideas received strong interest from the balance of the Members. Stated differently, no Member was in favor of the opposite position (i.e. allocating Margin to non-Member Participants of NCPA Projects).

The following list summarizes the main points of this policy idea identified to date. The Members strongly recommend future revenue allocation methods follow these concepts, but recommend deferring policy development activities until NCPA and the Membership determine the effort is timely (e.g. when NCPA produces "margin" over its cost to provide power management services to third parties).

- Cost of service should be determined using the Nexant model, or its successor, consistent with today's practices.
- Revenue would be allocated in two or more parts, differentiated by the portion attributable to cost of service vs. the portion attributable to margin.
- The portion attributable to the cost of service ($400,000) should be allocated to Members & non-Members, using the Nexant model, or its successor. This ensures non-Member Participants to NCPA Projects continue to receive benefits, consistent with their variable-rate pricing structure.
- The portion attributable to the margin ($100,000) should be reserved exclusively for Members. This adds to the value proposition of membership at NCPA.
- The practice of allocating 10% of the total revenue may continue. Doing so has certain implications subject to further discussions.

Implementation

There are 3 areas Member discussions addressed implementation details. These are (1) effective date of the policy recommendations above, (2) identifying how the Nexant model will be used to allocate revenue, and (3) periodic review of the revenue allocation policy.

The UD Sub-Group recommends the policy recommendations presented in this paper become effective for the beginning of Fiscal Year 2018. Staff used the Interim Policy to develop the FY18 budget, and the policy recommendations presented in this paper modifies the allocation by allowing revenues to flow to non-Member Participants of NCPA Projects. Thus, if this effective date is approved, it will create a budget variance that NCPA staff recommends be addressed at the end-of-year true up. Staff estimates the budget variance to be relatively small, with approximately $32,000 of revenue being allocated to the 5 non-Member Participants of NCPA Projects and Members' allocated share of revenues decreasing by the same amount.

As noted above, all members in all forums agreed to use the Nexant model to allocate revenues, in general. The Review Group explored 3 ways to implement this and recommended using a method that would require full model runs of the Nexant model. This concept did not receive full support, with Plumas Sierra dissenting. The Utility Directors also reviewed this issue on November 10, 2016, and also supported the full model run. This did not receive unanimous support receiving 7 supporting votes out of 12. Staff prepared the FY18 budget based on a full model run of the Nexant model.

The recommendations presented above are intended to remain in place, with periodic review. Staff recommended that the period review be tied to the same frequency and timing that the Nexant cost allocation model (i.e. power management cost allocation methods) are required to be reviewed as described in the Power Management and Administrative Services Agreement, which is approximately once every 5 years.

Summary & Conclusions

NCPA has successfully marketed its Power Management services to third parties, with substantial services and associated proceeds commencing in fiscal year 2018. NCPA and Members have invested substantial time and effort developing findings and recommendations to allocate those revenues to Members. Findings are documented throughout this paper and specific recommendations, which can be found in section, "Policy Recommendations to the NCPA Commission."

Estimated Change in Revenue Allocation Current vs. Proposed Policy (FY18)				
Member	Interim Policy	Proposed Policy		Difference
Santa Clara	$222,864	$209,331	$	(13,533)
Palo Alto	$73,066	$68,288	$	(4,778)
Lodi	$49,825	$46,685	$	(3,140)
Alameda	$42,533	$39,812	$	(2,721)
Roseville	$33,510	$31,339	$	(2,171)
BART	$34,303	$31,752	$	(2,551)
Ukiah	$19,917	$18,662	$	(1,256)
Port of Oakland	$16,124	$15,140	$	(984)
Plumas Sierra	$14,411	$13,465	$	(945)
Lompoc	$13,314	$12,480	$	(834)
Healdsburg	$8,041	$7,533	$	(508)
Gridley	$4,651	$4,328	$	(322)
Biggs	$2,941	$2,758	$	(183)
TID	$0	$8,648	$	8,648
CDWR	$0	$17,050	$	17,050
MID	$0	$5,453	$	5,453
PWRPA	$0	$1,358	$	1,358
Azusa	$0	$1,418	$	1,418
TOTAL	$535,500	$535,500	$	(0)

Notes:

1. Total expected revenue for FY18 is $595,000.
2. "FY18 Budget" shows each Member's allocated share of revenue according to the Interim Revenue Allocation Policy adopted by the NCPA Commission in December, 2016.
3. "Proposed Policy" shows each Member's allocated share of revenue according to the policy proposal submitted to the NCPA Commission in October, 2017.
4. Ninety percent of expected revenues ($535,000) is allocated using the Nexant cost allocation model, shown above.
5. The allocation of the remaining ten percent ($59,500) is not shown since the allocation methodology is not changed under the proposed policy. This portion of revenue is allocated to Members in proportion to Administrative & General (A&G) expenses.

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A PUBLIC AGENCY
NCPA
NORTHERN CALIFORNIA POWER AGENCY

Commission Staff Report

October 17, 2017

COMMISSION MEETING DATE: October 26, 2017

SUBJECT: Adoption of Amount of Employer Contribution to CalPERS Medical Plans for Calendar Year 2018

AGENDA CATEGORY: Discussion/Action

FROM:	Vicki L. Cichocki VLC	**METHOD OF SELECTION:**
	Human Resources Manager	*N/A*
Division:	Administrative Services	
Department:	Human Resources	

IMPACTED MEMBERS:

All Members	☒	**City of Lodi**	☐	**City of Shasta Lake**	☐
Alameda Municipal Power	☐	**City of Lompoc**	☐	**City of Ukiah**	☐
Bay Area Rapid Transit	☐	**City of Palo Alto**	☐	**Plumas-Sierra REC**	☐
City of Biggs	☐	**City of Redding**	☐	**Port of Oakland**	☐
City of Gridley	☐	**City of Roseville**	☐	**Truckee Donner PUD**	☐
City of Healdsburg	☐	**City of Santa Clara**	☐	**Other**	☐

If other, please specify ______________________

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RECOMMENDATION:

Approve Resolution 17-89 setting up to $1,647.27 per month, but not less than the amounts prescribed by Section 22893 (a) (1), plus CalPERS administrative fees and Contingency Reserve Fund assessments, as the maximum Agency contribution for the CalPERS Medical Plans for employees and annuitants and their dependents for calendar year 2018; and approve specific CalPERS Resolutions for each employee and/or employee/annuitant group including Resolution Nos.17-89 A for IBEW Local 1245-Group 200, 17-89 B for HEA-Group 300, 17-89 C for Unrepresented Staff-Group 400, 17-89 D for Power Generation Employees-NPERS Group 701, 17-89 E for Unrepresented Administrative Members-NPERS Group 702, 17-89 F for HEA-NPERS Group 703, 17-89 G for IBEW Local 1245-Group 002, 17-89 H for HEA-Group 003, and 17-89 I for Unrepresented Staff-Group 004.

BACKGROUND:

NCPA provides medical coverage for its employees through CalPERS. During the 2015 union negotiations, NCPA agreed to pay a maximum medical contribution of 90% of the Sacramento Kaiser family rate per month in 2018 for IBEW Local 1245 employees and retirees, HEA employees and retirees, and wishes to provide the same benefit to its unrepresented employees and retirees.

In 2018, the employee and annuitant groups will continue to receive an employer contribution for CalPERS Medical Plans that is subject to the maximum dollar amount approved for payment, but not less than the 100/90 formula plus CalPERS administrative fees and Contingency Reserve Fund assessments, for those retiree medical plans subject to Government Code (GC) 22893. In order to fix NCPA's contribution maximum amount, a CalPERS resolution is required for each employee group.

FISCAL IMPACT:

The cost of the Agency's contribution for the CalPERS Medical Plans for employees and annuitants is included in the current fiscal year approved budget. The recommended monthly maximum contribution for employees of $1,647.27 for 2018 is an increase of $31.79 per employee from the approved amount of $1,615.91 in 2017. Under GC 22893, the maximum monthly retiree contribution for family coverage in 2018 is $1,766.00, which is an increase of $39.00 from $1,727.00 in 2017.

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

RANDY S. HOWARD
General Manager

SR: 219:17

Attachments:

- NCPA Commission Resolution 17-89
- CalPERS Resolutions 17-89 A through 17-89 I (9 separate resolutions for each employee Group)

RESOLUTION 17-89

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY ADOPTING THE AMOUNT OF THE AGENCY CONTRIBUTION FOR CALPERS MEDICAL PLANS FOR EMPLOYEES AND ANNUITANTS FOR CALENDAR YEAR 2018

(reference Staff Report #219:17)

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

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

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

WHEREAS, the Agency's employer contribution for each employee for calendar year 2018 shall be a fixed amount up to $1,647.27 per month for the enrollment of the employee and his/her dependents, plus CalPERS administrative fees and Contingency Reserve Fund assessments; and

WHEREAS, the Agency's employer contribution for each annuitant for calendar year 2018 shall be a fixed amount up to $1647.27 per month, but for those plans covered by Section 22893(a)(1), not less than the amounts prescribed (100/90 formula), plus CalPERs administrative fees and Contingency Reserve Fund assessments, for the enrollment of the annuitant and his/her dependents; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency adopts the fixed amount of $1,647.27, but not less than the amounts prescribed under Section 22893 (a)(1), per month, as the maximum Agency contribution for the CalPERS Medical Plans for employees and annuitants and their dependents for calendar year 2018; and approve specific CalPERS Resolutions for each employee and/or employee/annuitant group including Resolution Nos.17-89 A for IBEW Local 1245-Group 200, 17-89 B for HEA-Group 300, 17-89 C for Unrepresented Staff-Group 400, 17-89 D for Power Generation Employees-NPERS Group 701, 17-89 E for Unrepresented Administrative Members-NPERS Group 702, 17-89 F for HEA-NPERS Group 703, 17-89 G for IBEW Local 1245-Group 002, 17-78 H for HEA-Group 003, and 17-89 I for Unrepresented Staff-Group 004.

PASSED, ADOPTED and APPROVED this ___ day of ___________, 2017, by the following vote on roll call:

	Vote	Abstained	Absent
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

RESOLUTION NO. 17-89 A
FIXING THE EMPLOYER CONTRIBUTION UNDER SECTION 22893
OF THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of IBEW Local 1245 (Group 200); and

WHEREAS, (2) Northern California Power Agency is a contracting agency has filed a resolution with the Board of the California Public Employees' Retirement System to provide a postretirement health benefits vesting requirement to employees who retire for service in accordance with Government Code Section 22893; and

RESOLVED, (a) That the employer contribution for each annuitant subject to vesting shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **$1,647.27** per month, but not less than the amounts prescribed by Section 22893(a)(1), plus Administrative fees and Contingency Reserve Fund assessments; and be it further,

RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, the California Public Employees' Retirement System may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and be it further

RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, the General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Roseville, CA, this day of , 2017.

Signed: ______________________________
Bob Lingl, Commission Chair

Attest: ______________________________
Cary A. Padgett, Commission Assistant

RESOLUTION NO. 17-89 B
FIXING THE EMPLOYER CONTRIBUTION UNDER SECTION 22893 OF THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of Hydroelectric Employees Association (Group 300); and

WHEREAS, (2) Northern California Power Agency is a contracting agency has filed a resolution with the Board of the California Public Employees' Retirement System to provide a postretirement health benefits vesting requirement to employees who retire for service in accordance with Government Code Section 22893; and

RESOLVED, (a) That the employer contribution for each annuitant subject to vesting shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **$1,647.27** per month, but not less than the amounts prescribed by Section 22893(a)(1), plus Administrative fees and Contingency Reserve Fund assessments; and be it further,

RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, the California Public Employees' Retirement System may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and be it further

RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, the General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Roseville, CA, this ____ day of ____________, 2017.

Signed: ______________________________
Bob Lingl, Commission Chair

Attest: ______________________________
Cary A. Padgett, Commission Assistant

RESOLUTION NO. 17-89 C
FIXING THE EMPLOYER CONTRIBUTION UNDER SECTION 22893
OF THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of Unrepresented Staff (Group 400); and

WHEREAS, (2) Northern California Power Agency is a contracting agency has filed a resolution with the Board of the California Public Employees' Retirement System to provide a postretirement health benefits vesting requirement to employees who retire for service in accordance with Government Code Section 22893; and

RESOLVED, (a) That the employer contribution for each annuitant subject to vesting shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **$1,647.27** per month, but not less than the amounts prescribed by Section 22893(a)(1), plus Administrative fees and Contingency Reserve Fund assessments; and be it further,

RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, the California Public Employees' Retirement System may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and be it further

RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, the General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Roseville, CA, this day of , 2017.

Signed: ______________________________
Bob Lingl, Commission Chair

Attest: ______________________________
Cary A. Padgett, Commission Assistant

RESOLUTION NO. 17-89 D

FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of Power Generation Employees (NPERS Group 701); and

WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and

RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **$1,647.27** per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.

RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, the General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Roseville, CA, this day of , 2017.

Signed: ______________________________
Bob Lingl, Commission Chair

Attest: ______________________________
Cary A. Padgett, Commission Assistant

RESOLUTION NO. 17-89 E

FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of Unrepresented Administrative Members (NPERS Group 702); and

WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and

RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **$1,647.27** per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.

RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, the General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Roseville, CA, this day of , 2017.

Signed: ______________________________
Bob Lingl, Commission Chair

Attest: ______________________________
Cary A. Padgett, Commission Assistant

RESOLUTION NO. 17-89 F
FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of Hydroelectric Employees Association (NPERS Group 703); and

WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and

RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **$1,647.27** per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.

RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, the General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Roseville, CA, this day of , 2017.

Signed: ______________________________
Bob Lingl, Commission Chair

Attest: ______________________________
Cary A. Padgett, Commission Assistant

RESOLUTION NO. 17-89 G

FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of IBEW Local 1245 (Group 002); and

WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and

RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **$1,647.27** per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.

RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, the General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Roseville, CA, this day of , 2017.

Signed: ______________________________

Bob Lingl, Commission Chair

Attest: ______________________________

Cary A. Padgett, Commission Assistant

RESOLUTION NO. 17-89 H

FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of 003 Hydroelectric Employees Association (Group 003); and

WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and

RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **$1,647.27** per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.

RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, the General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Rosevillw, CA, this day of , 2017.

Signed: ______________________________
Bob Lingl, Commission Chair

Attest: ______________________________
Cary A. Padgett, Commission Assistant

RESOLUTION NO. 17-89 I

FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

WHEREAS, (1) Northern California Power Agency is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of Unrepresented Staff (Group 004); and

WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and

RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **$1,647.27** per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (b) Northern California Power Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (c) That the participation of the employees and annuitants of Northern California Power Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Northern California Power Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.

RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, the General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Northern California Power Agency all functions required of it under the Act.

Adopted at a regular meeting of the NCPA Commission at Roseville, CA , this day of , 2017.

Signed: ________________________________
Bob Lingl, Commission Chair

Attest: ________________________________
Cary A. Padgett, Commission Assistant

INSTRUCTIONS

This resolution form is the approved form designated by the California Public Employees' Retirement System (CalPERS). It should be used by a contracting agency subject to Public Employees' Medical and Hospital Care Act (PEMHCA) when the agency desires to change the monthly employer health contribution for employees and annuitants in accordance with Government Code Section 22892.

The resolution is **effective on the first day of the second month** following the month in which the resolution is filed (date stamped as received by CalPERS; See address below).

WHEREAS,	(1)	should be completed with full name of the contracting agency and recognized employee organization.
RESOLVED,	(a)	should be completed to specify the amount of the employer contribution toward the cost of enrollment for active employees and annuitants. The amount specified must be an amount equal to or greater than that prescribed by Section 22892(b). Commencing January 1, 2009, the employer contribution shall be adjusted annually by the Board to reflect any change in the medical component of the Consumer Price Index, and shall be rounded to the nearest dollar.
RESOLVED,	(b)	should be completed with full name of the contracting agency.
RESOLVED,	(c)	should be completed with full name of the contracting agency.
RESOLVED,	(d)	requests the position title of the individual who handles the PEMHCA resolution for the contracting agency.
RESOLVED,	(d)	should be completed with full name of the contracting agency.

Because resolutions serve as a legally binding document, we require the original resolution, certified copy with original signatures, or a copy of the resolution with the agency's raised seal.

For resolution processing, deliver to the following:

Overnight Mail Service	**Regular Mail**
California Public Employees' Retirement System	California Public Employees' Retirement System
Health Resolution & Compliance Services, HAMD	Health Resolution & Compliance Services, HAMD
400 Q Street	PO BOX 942714
Sacramento, CA 95811	Sacramento, CA 94229-2714

The certification shown following the resolution is to be completed by those individuals authorized to sign for the contracting agency in legal actions and is to include the name of the executive body; i.e. Board of Directors, Board of Trustees, etc., the location and the date of signing.

18

Commission Staff Report

October 17, 2017

COMMISSION MEETING DATE: October 26, 2017

SUBJECT: Acceptance of the Annual Financial Statements and Associated Audit Report and Letters for the Years Ended June 30, 2017 and 2016

AGENDA CATEGORY: Discussion/Action

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

IMPACTED MEMBERS:

All Members	☒	**City of Lodi**	☐	**City of Shasta Lake**	☐
Alameda Municipal Power	☐	**City of Lompoc**	☐	**City of Ukiah**	☐
Bay Area Rapid Transit	☐	**City of Palo Alto**	☐	**Plumas-Sierra REC**	☐
City of Biggs	☐	**City of Redding**	☐	**Port of Oakland**	☐
City of Gridley	☐	**City of Roseville**	☐	**Truckee Donner PUD**	☐
City of Healdsburg	☐	**City of Santa Clara**	☐	**Other**	☐

If other, please specify: ______________________

RECOMMENDATION:

NCPA staff and the Finance Committee recommend that the Commission accept and file the Annual Financial Statements and Associated Audit Report and Letters for the years ended June 30, 2017 and 2016.

BACKGROUND:

On October 17, 2017, the Finance Committee held a meeting to review the Northern California Power Agency and Associated Power Corporations (NCPA) Financial Statements and Associated Audit Report and Letters for the years ended June 30, 2017 and 2016. The audit partner from the Agency's audit firm, Baker Tilly Virchow Krause, LLP, reviewed the highlights of the financial statements and answered questions from the Committee. The financial report was given an unmodified or "clean" opinion by the auditors. No evidence of fraud or illegal acts were noted in the course of the audit. In addition, the auditors presented a PowerPoint (copy is attached) which includes required communications by the auditor. Additional auditor reports include an internal control letter, negative assurance letters for bond indentures and the Agency investment policy. Copies of these letters are attached to this report. Nothing of significance was noted in any of the letters.

FISCAL IMPACT:

This is a financial report for the years ended June 30, 2017 and 2016, which has no direct budget impact to the agency, but merely reports on the fiscal impacts for the last fiscal year.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

Staff's recommendation was discussed with the Finance Committee on October 17, 2017, however, no formal action was taken due to lack of a quorum. The Committee members present during the meeting voiced their support for the recommendation and no other meeting attendees had any objections.

Respectfully submitted,

Randy S. Howard

RANDY S. HOWARD
General Manager

Attachments:
- Financial Statements for the years ended June 30, 2017 and 2016
- Baker Tilly dated October 17, 2017
  - Required Communications by the Auditor to Those Charged with Governance
  - Compliance with Bond Indentures Letter
  - Compliance with Investment Policy Letter
- PowerPoint Presented to Finance Committee by auditors on October 17, 2017

SR: 214:17

A PUBLIC AGENCY

NCPA

NORTHERN CALIFORNIA POWER AGENCY

AND

ASSOCIATED POWER CORPORATIONS

Reports on Audit of Combined Financial Statements
and
Supplementary Information

For the Years Ended June 30, 2017 and 2016

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

Reports on Audit of Combined Financial Statements

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying combined financial statements of Northern California Power Agency and Associated Power Corporations (the Agency), which comprise the combined statement of net position as of and for the year ended June 30, 2017, and the related combined statements of revenue, expenses and change in net position, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

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

Prior Period Financial Statements

The combined financial statements of the Northern California Power Agency and Associated Power Corporations, as of and for the year ended June 30, 2016, were audited by other auditors whose report dated October 19, 2016, expressed an unmodified opinion on those combined statements.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's combined financial statements. The combining statements of net position, combining statements of revenues, expenses and changes in net position, combining statements of cash flows (combining financial statements) are presented for purposes of additional analysis and is not a required part of the combined financial statements.

The combining financial statements are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the combined financial statements. The fiscal 2017 information has been subjected to auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements as of and for the year ended June 30, 2017 are fairly stated, in all material respects, in relation to the combined financial statements as a whole. The fiscal 2016 combining statements were subjected to the auditing procedures applied in the audit of those basic financial statements by other auditors, whose report on such information stated it was fairly stated in all material respects in relation to the 2016 combined financial statements as a whole.

The schedule of generation entitlement shares has not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
October 17, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

The management of Northern California Power Agency (the Agency or NCPA) offers the following narrative discussion and analysis of its financial performance for the years ended June 30, 2017 and 2016. This discussion should be read in conjunction with the Agency's combined financial statements and accompanying notes, which follow this section.

BACKGROUND

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

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

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

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

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

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

FINANCIAL REPORTING

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

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

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

Effective for fiscal year ended June 30, 2016, the Agency adopted GASB Statement of Government Accounting Standards No. 72, Fair Value Measurement and Application. This Statement establishes standards for fair value measurements of assets and liabilities. The definition of *fair value* is the price in an orderly transaction between market participants at the measurement date. No adjustments were needed as a result of adopting this Statement.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

FINANCIAL HIGHLIGHTS

The following is a summary of the Agency's combined financial position and results of operations for the years ended June 30, 2017, 2016, and 2015.

Condensed Statement of Net Position	June 30, (in thousands) 2017	2016	2015
Assets			
Current assets	$ 88,453	$ 83,366	$ 81,501
Restricted assets	221,783	211,759	204,769
Electric plant, net	559,841	588,870	618,708
Other assets	236,269	249,574	249,659
Total Assets	1,106,346	1,133,569	1,154,637
Deferred outflows of resources	61,612	63,441	67,424
	$ 1,167,958	$ 1,197,010	$ 1,222,061
Liabilities and Net Position			
Long-term debt, net	$ 737,022	$ 776,982	$ 816,936
Current liabilities	101,550	91,653	93,224
Non-current liabilities	218,427	214,612	199,980
Total Liabilities	1,056,999	1,083,247	1,110,140
Deferred inflows of resources	76,899	85,800	81,930
Net position:			
Net investment in capital assets	(62,191)	(62,193)	(60,971)
Restricted	58,269	66,282	64,688
Unrestricted	37,982	23,874	26,274
	$ 1,167,958	$ 1,197,010	$ 1,222,061

Condensed Statements of Revenues, Expenses and Changes in Net Position	Years Ended June 30, (in thousands) 2017	2016	2015
Operating revenues *	$ 466,738	$ 467,101	$ 423,887
Operating expenses	(418,307)	(421,507)	(378,672)
Net operating revenues	48,431	45,594	45,215
Other expenses	(21,561)	(38,860)	(38,260)
Future refundable costs	(13,274)	(140)	(2,292)
Refunds to participants	(7,499)	(8,622)	(6,905)
Change in net position	6,097	(2,028)	(2,242)
Net position, beginning of year	27,963	29,991	32,233
Net position, end of year	$ 34,060	$ 27,963	$ 29,991

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

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets

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

2016 Compared to 2015 - Current assets increased $1.9 million or 2.3% from the prior year, primarily due to net cash inflow from operating and investing activities offset by decrease in California Independent System Operator (CAISO) receivables.

Restricted Assets

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

2016 Compared to 2015 - Restricted assets increased $7.0 million or 3.4% from the prior year. This is primarily a result of net participants' contributions to their General Operating Reserves of $5.4 million and collections of budgeted reserves and deposits of $3.6 million.

Electric Plant, net

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

2016 Compared to 2015 - The Agency has invested approximately $588.9 million in plant assets and construction work in progress, net of accumulated depreciation, at June 30, 2016. Net utility plant comprises approximately 49.2% of the Agency's assets. The $29.8 million or 4.8% decrease from the prior year consists of $30.6 million in depreciation, offset by net capital expenditures of $0.8 million. For additional detail, refer to Note B – Significant Accounting Policies.

Deferred Outflows

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

2016 Compared to 2015 - Total deferred outflows of resources decreased $4.0 million or 5.9% due to the scheduled amortization of excess of cost on refunding of debt of $7.8 million offset by increase of deferred pension contribution of $3.8 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

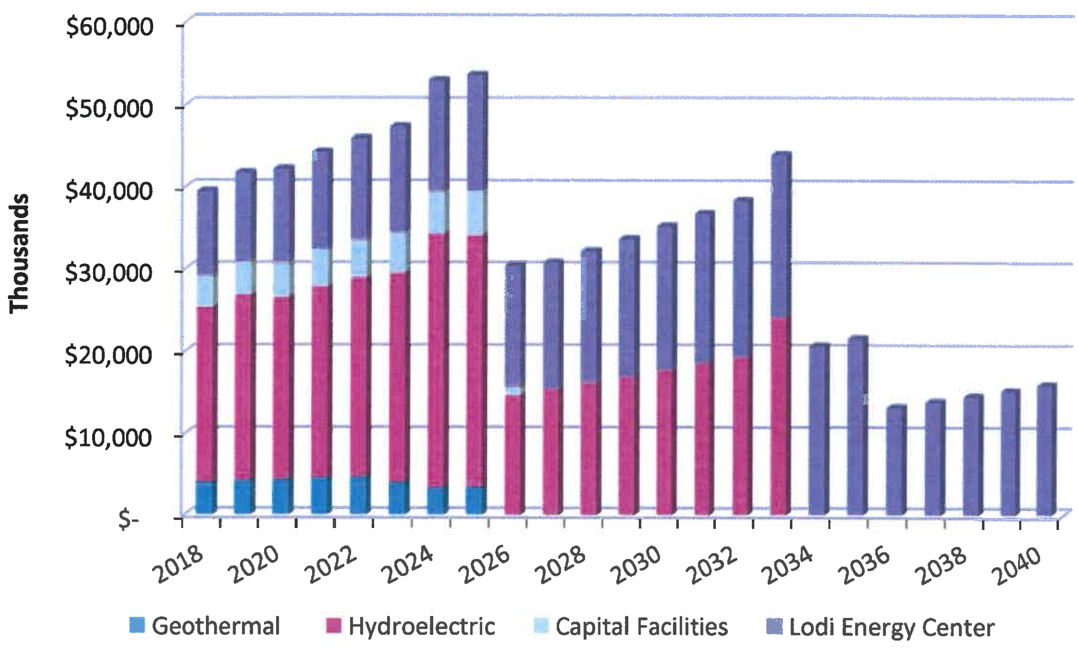
LIABILITIES

Long-Term Debt, net

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

2016 Compared to 2015 - Long-term debt, net decreased $40.0 million or 4.9% in 2016 as a result of scheduled principal payments of $35.6 million, net premium amortization of $2.7 million, and a net increase in the current portion of long-term debt of $1.6 million. For additional detail, refer to Note E – Projects and Related Financing.

The following table shows the Agency's scheduled annual debt service principal payments through FY 2041 as of June 30, 2017:



Current Liabilities

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

2016 Compared to 2015 - Current liabilities decreased by $1.6 million or 1.7% in 2016. This is primarily due to decreases in operating reserves of $3.6 million and decreases in accrued interest of $0.6 million offset by increases in accounts payable of $1.0 million and increases in current portion of long-term debt of $1.6 million.

Other Non-Current Liabilities

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

2016 Compared to 2015 - Non-current liabilities increased by a net of $14.6 million or 7.3% in 2016. This was primarily due to increased net pension liability of $0.5 million, increased interest rate swap liability of $5.7 million and increased operating reserves of $8.4 million for participants' budget collections.

Deferred Inflows

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

2016 Compared to 2015 – Total deferred inflows of resources increased $3.9 million or 4.7% due to the recognition of certain revenues related to the inventory and prepaids and higher than expected actuarial pension earnings to be adjusted in future collections.

CHANGES IN NET POSITION

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

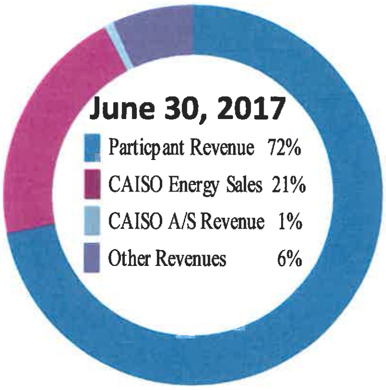
Operating Revenues

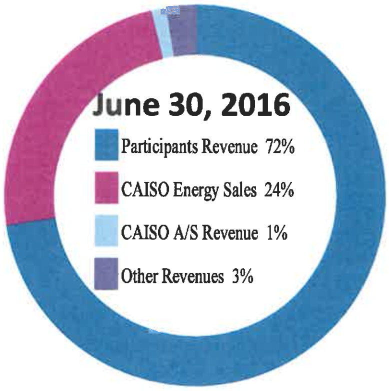
Operating revenues consist of Participants Revenue, California Independent System Operator (CAISO) Energy Sales and Ancillary Services (A/S) Revenues and Other Revenues.

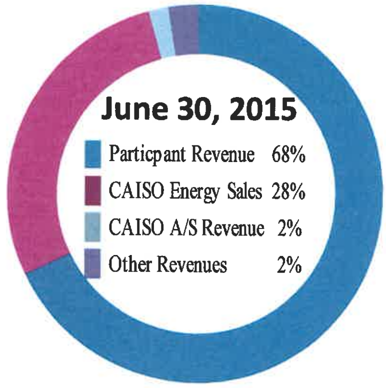
2017 Compared to 2016 - Operating revenues for fiscal year 2017 were approximately $.4 million or 0.1% lower than in the prior fiscal year. This was the net result of the following: (1) lower other third party revenues of $7.2 million due to reduced generation resulting in decreased energy sales into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

2016 Compared to 2015 - Operating revenues for fiscal year 2016 were approximately $43.2 million or 10.2% higher than in the prior fiscal year. This was the net result of the following: (1) higher operating revenues from Agency participants of $40.2 million or 14.0% due to higher collections for CAISO costs and energy purchases, and (2) higher other third party revenues of $3.0 million due to higher CAISO energy sales.

OPERATING REVENUES BY SOURCES







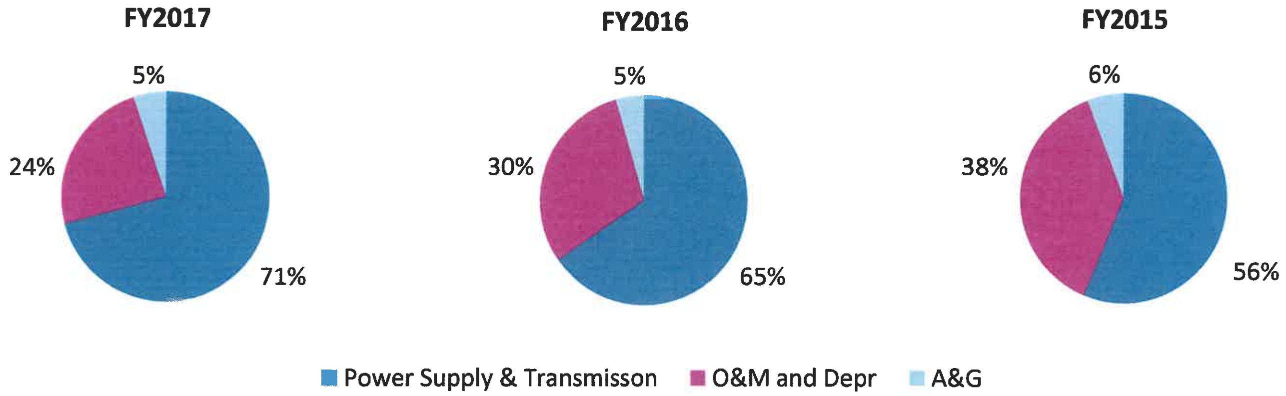
Operating Expenses

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

2016 Compared to 2015 - Operating expenses were $421.5 million in FY 2016, an increase of $42.8 million from FY 2015. Purchased power expense was $29.5 million higher in 2016 mainly due to increased energy purchased to fulfill energy requirements. Operations expense decreased $21.5 million primarily due to decreased fuel usage for the LEC. The LEC generated 1,076.9 MWh in FY 2016 compared to 1,668.7 MWh in FY 2015. Maintenance expenses were $1.0 million higher than in FY 2015 due to increased plant maintenance costs. Additionally, the increase in transmission costs of $38.0 million was due to increased CAISO wheeling access and transmission access charges during the year.

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

The following charts compare the components of Operating Expenses in fiscal years ended June 30, 2017, 2016, and 2015:



FINANCING ACTIVITIES

During 2017, 2016 and 2015 the Agency continued to implement strategies to further improve its competitive position and financial flexibility. These actions included: (1) monitoring current financial market conditions for financing or refinancing opportunities; and (2) providing rating agencies annual updates on all projects.

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

Each year the Agency has either informal discussions or sometimes formal presentations with each of the credit rating agencies in order to maintain ongoing communications. Standard and Poor's, Moody's, and Fitch affirmed their current ratings on all projects in October 2014, December 2015, and May of 2016, respectively.

Ratings assigned to the Agency's outstanding project bonds as of June 30, 2017 are as follows:

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

SUMMARY

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

Agency Financials

COMBINED STATEMENTS OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

	June 30, 2017	June 30, 2016
ASSETS	(in thousands)	
CURRENT ASSETS		
Cash and cash equivalents	$ 45,779	$ 49,642
Investments	24,825	22,209
Accounts receivable		
Participants	997	690
Other	5,650	495
Interest receivable	171	120
Inventory and supplies	9,746	9,122
Prepaid expenses	1,285	1,088
TOTAL CURRENT ASSETS	88,453	83,366
RESTRICTED ASSETS		
Cash and cash equivalents	80,265	56,669
Investments	141,042	154,757
Interest receivable	476	333
TOTAL RESTRICTED ASSETS	221,783	211,759
ELECTRIC PLANT		
Electric plant in service	1,501,733	1,500,739
Less: accumulated depreciation	(942,713)	(911,976)
	559,020	588,763
Construction work-in-progress	821	107
TOTAL ELECTRIC PLANT	559,841	588,870
OTHER ASSETS		
Regulatory assets	236,245	249,519
Unused vendor credits	24	55
TOTAL ASSETS	1,106,346	1,133,569
DEFERRED OUTFLOWS OF RESOURCES		
Excess cost on refunding of debt	48,106	54,348
Pension deferrals	13,506	9,093
TOTAL DEFERRED OUTFLOWS OF RESOURCES	61,612	63,441
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,167,958	$ 1,197,010

See notes to combined financial statements.

COMBINED STATEMENTS OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

	June 30,	
	2017	2016
LIABILITIES	(in thousands)	
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 30,456	$ 24,473
Member advances	993	993
Operating reserves	20,024	17,535
Current portion of long-term debt	39,495	37,250
Accrued interest payable	10,582	11,402
TOTAL CURRENT LIABILITIES	101,550	91,653
NON-CURRENT LIABILITIES		
Net pension liability	64,589	57,774
Operating reserves and other deposits	138,665	134,577
Interest rate swap liability	15,173	22,261
Long-term debt, net	737,022	776,982
TOTAL NON-CURRENT LIABILITIES	955,449	991,594
TOTAL LIABILITIES	1,056,999	1,083,247
DEFERRED INFLOWS OF RESOURCES		
Regulatory credits	72,439	79,201
Pension deferrals	4,460	6,599
TOTAL DEFERRED INFLOWS OF RESOURCES	76,899	85,800
NET POSITION		
Net investment in capital assets	(62,191)	(62,193)
Restricted for:		
Debt service	57,424	55,766
Other programs	845	10,516
Unrestricted	37,982	23,874
TOTAL NET POSITION	34,060	27,963
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 1,167,958	$ 1,197,010

See notes to combined financial statements.

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

	Years Ended June 30, 2017	Years Ended June 30, 2016
	(in thousands)	
OPERATING REVENUES		
Participants	$ 334,913	$ 328,101
Other Third-Party	131,825	139,001
TOTAL OPERATING REVENUES	466,738	467,102
OPERATING EXPENSES		
Purchased power	192,806	182,563
Operations	52,558	69,075
Transmission	103,544	98,170
Depreciation	30,749	30,645
Maintenance	16,970	22,675
Administrative and general	21,680	18,380
TOTAL OPERATING EXPENSES	418,307	421,508
NET OPERATING REVENUES	48,431	45,594
NON OPERATING (EXPENSES) REVENUES		
Interest expense	(34,550)	(48,454)
Interest income	60	3,538
Other	12,929	6,056
TOTAL NON OPERATING EXPENSES	(21,561)	(38,860)
FUTURE RECOVERABLE AMOUNTS	(13,274)	(140)
REFUNDS TO PARTICIPANTS	(7,499)	(8,622)
INCREASE (DECREASE) IN NET POSITION	6,097	(2,028)
NET POSITION, Beginning of year	27,963	29,991
NET POSITION, End of year	$ 34,060	$ 27,963

See notes to combined financial statements

COMBINED STATEMENTS OF CASH FLOW

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

	Years Ended June 30, 2017	2016
	(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from participants	$ 327,844	$ 329,651
Received from others	135,318	133,087
Payments for employee services	(35,930)	(33,547)
Payments to suppliers for goods and services	(348,243)	(346,293)
NET CASH FLOWS FROM OPERATING ACTIVITIES	78,989	82,898
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities and sales of investments	113,772	178,073
Interest received on cash and investments	2,590	2,119
Purchase of investments	(105,399)	(182,741)
NET CASH FLOWS FROM INVESTING ACTIVITIES	10,963	(2,549)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of electric plant	(1,720)	(808)
Interest paid on long-term debt	(36,390)	(38,231)
Principal repayment on long-term debt	(37,250)	(35,615)
Proceeds from bond issues	15,416	-
Payments to refund debt	(15,705)	-
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(75,649)	(74,654)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Other proceeds	12,929	6,059
Refunds to participants	(7,499)	(8,622)
NET CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	5,430	(2,563)
NET CHANGE IN CASH AND CASH EQUIVALENTS	19,733	3,132
CASH AND CASH EQUIVALENTS		
Beginning of year	106,311	103,179
End of year	$ 126,044	$ 106,311

See notes to combined financial statements

COMBINED STATEMENTS OF CASH FLOW-Continued

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

	Years Ended June 30, 2017	Years Ended June 30, 2016
	(in thousands)	
RECONCILIATION OF NET OPERATING REVENUES TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	$ 48,431	$ 45,594
Adjustments to reconcile net operating revenues to net cash from operating activities:		
Depreciation	30,749	30,645
	79,180	76,239
CASH FLOWS IMPACTED BY CHANGES IN		
Accounts receivable	(5,462)	966
Inventory, prepaid expense, and unused vendor credits	(790)	(661)
Operating reserves and other deposits	6,577	4,742
Regulatory credits	(6,762)	2,217
Accounts payable	5,983	1,011
Net pension liability and related amounts	263	(1,616)
NET CASH FROM OPERATING ACTIVITIES	$ 78,989	$ 82,898

	2017	2016
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION		
Cash and cash equivalents - current assets	$ 45,779	$ 49,642
Cash and cash equivalents - restricted assets	80,265	56,669
End of year	$ 126,044	$ 106,311
NON-CASH TRANSACTIONS:		
Future recoverable/(refundable) costs	$ (13,274)	$ (140)
Amortization	(6,069)	(5,062)
Hydro swap change in fair value	7,089	(5,727)
Gain/loss on investments	(7)	-

See notes to combined financial statements

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

NOTE A -- ORGANIZATION

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

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

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

NOTE B -- SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

Electric Plant Electric plant in service is recorded at historical cost. The cost of additions, renewals and betterments is capitalized; repairs and minor replacements are charged to operating expenses as incurred. The original cost of property retired, net of removal and salvage costs, is charged to accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets. The provision for depreciation was approximately 2.0% of the average electric plant in service for the Agency during both 2017 and 2016. Depreciation is calculated using the following estimated lives:

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

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

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

A summary of changes in electric plant for the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
		(in thousands)		
Structures and Leasehold Improvements	$ 319,069	$ 58	$ -	$ 319,127
Reservoirs, Dams and Waterways	249,339	-	-	249,339
Equipment	757,310	898	(481)	757,727
Furniture and Fixtures	2,413	188	-	2,601
	1,328,131	1,144	(481)	1,328,794
Accumulated Depreciation	(881,412)	(30,645)	81	(911,976)
	446,719	(29,501)	(400)	416,818
Construction Work-In-Progress	44	63	-	107
Land and Land Rights	171,945	-	-	171,945
Electric Plant, Net	$ 618,708	$ (29,438)	$ (400)	$ 588,870

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

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

The items of expense that have been deferred are net pension liability and those originally paid from bond proceeds, including depreciation, certain bond amortizations, and interest paid from bond proceeds. These amounts are recorded to future recoverable amounts. Revenues used to acquire electric plant have also been deferred to future years. As of June 30, 2017 and 2016, the Agency had accumulated regulatory assets, net of regulatory credits, of approximately $163,806,000 and $170,318,000, respectively.

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

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

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

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

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

Rates Power sales to participants for their resale include both power generated by operating plants and power purchased from outside sources. Collection rates for power sales are designed to recover costs that include budgeted annual operating costs and debt service. Additional amounts for operating reserves or rate stabilization may be included in collection rates under the terms of bond indentures. During fiscal years 2017 and 2016, no amounts were specifically collected for rate stabilization.

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

Power, Transmission and Fuel Forward Transactions In the normal course of its business, the Agency is required to manage loads, resources, and energy price risk on behalf of its members. Consequently, the Agency buys and sells power, transmission, and fuel in wholesale markets as required. The Agency does not enter into such agreements solely for trading purposes. All such transactions are normal purchases and sales subject to settlement at the agreed to contract prices for quantities delivered. While authorized to transact forward purchase contracts for terms of up to five years, forward contract purchases at fiscal year ended June 30, 2017 were for periods not greater than four years duration beyond the current fiscal year. In the event of default, undelivered transactions are required to be marked-to-market subject to the following limitations. If the Agency, as buyer, is the defaulting entity, the Agency's termination settlement amount is capped at the agreed to contract cost for all future undelivered commodities. If the selling counterparty is the defaulting entity, the seller's termination settlement is not capped for all future undelivered commodities. The defaulting entity is also subject to resultant transmission charges, brokerage fees, attorney fees, and all other reasonable expenses. See Note H - Commitments and Contingencies, Power Purchase Contracts.

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

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

Investments - The fair values for investments are based on quoted market prices. See Note C - Investments.

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

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

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

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

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

The Agency and the Associated Power Corporations are intended to operate on a not-for-profit basis. Therefore, any balance of net position represents differences between total revenues collected, using collection rates based on estimated operating expenses and debt service, and the total actual expenses incurred. In subsequent periods of operation, excess collections (net of encumbrances) that the participating members do not direct be held by or released to the Agency, are refunded to the participating members. Estimated encumbrances at June 30, 2017 and 2016 were $3,257,000 and $2,999,000, respectively. In the event the Agency incurs a negative net position balance, the balance would be subject to recovery in collection rates under the terms of the related take-or-pay member agreements. See Note E – Projects And Related Financing.

Deferred Outflows and Inflows of Resources The statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred Outflows of Resources consist of excess cost on refunding of debt and pension deferrals. Pension contributions made in the current year are reported as deferred outflows of resources per GASB No. 71 as the CalPERS' valuation measurement date is June 30, 2016; those contributions will be expensed in fiscal year 2018.

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

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

Accounting Pronouncements Effective in Future Fiscal Years

- **GASB Statement No. 75** – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The objective of the Statement is to replace the requirements of GASB Statement No. 45. In addition, the Statement requires governments to report a liability on the face of the financial statements for the Postemployment Benefits Other than Pensions (OPEB) provided and requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The Statement is effective for the periods beginning after June 15, 2017, or the 2017-2018 fiscal year. The Agency has not determined the effect of the statement.
- **GASB Statement No. 83** – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of the Statement is to address accounting and reporting for certain asset retirement obligations (AROs) This Statement requires governments to recognize a liability for legal obligations to perform future asset retirement activities related to its tangible capital assets. The Statement is effective for the periods beginning after June 15, 2018, or the 2018-2019 fiscal year. The Agency has not determined the effect of the statement.
- **GASB Statement No. 84** – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of the Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement is effective for the periods beginning after December 15, 2018, or the 2019-2020 fiscal year. The Agency has not determined the effect of the statement.
- **GASB Statement No. 86** – In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of the Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Statement is effective for the periods beginning after June 15, 2017, or the 2017-2018 fiscal year. The Agency has not determined the effect of the statement.
- **GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of the Statement is to recognize in the Financial Statements certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement is effective for the periods beginning after December 15, 2019, or the 2020-2021 fiscal year. The Agency has not determined the effect of the statement.

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

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

NOTE C -- INVESTMENTS

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

Investments at June 30, 2017

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

Investments at June 30, 2016

Description	Carrying Value	Fair Value	Wtd. Avg Maturity (In years)
	(in thousands)		
U.S. Agencies	$ 169,717	$ 176,966	2.75
TOTAL INVESTMENTS	$ 169,717	$ 176,966	

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

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

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

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

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

Concentration of Credit Risk This is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The investment policy of the Agency contains no limitations on the amount that may be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total Agency investments include the following at June 30, 2017 and June 30, 2016.

Concentration of Credit Risk, June 30, 2017

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

Concentration of Credit Risk, June 30, 2016

Issuer:	Investment Type	Reported Amount	Percentage of Portfolio
Federal National Mortgage Association	Federal Agency	$ 65,301,760	36.9%
Federal Home Loan Mortgage Corp.	Federal Agency	43,006,478	24.3%
Federal Farm Credit Bank	Federal Agency	53,394,472	30.2%
Federal Home Loan Bank	Federal Agency	10,263,961	5.8%

Interest Rate Risk Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. The Agency manages its exposure to interest rate risk by following a hold-to-maturity investment approach, purchasing a combination of shorter and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

NOTE D -- FAIR VALUE MEASUREMENT

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

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

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

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

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

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

Fair Value of Swaps under GASB 72 – Fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of a given transaction. The valuations of derivatives transactions provided are indicative values based on mid-market levels as of June 30, 2017. These valuations do not represent the actual terms at which new transactions could be entered into or the actual terms at which existing transactions could be liquidated. The valuations provided are derived from proprietary models based upon well-recognized financial principles and reasonable estimates about relevant future market conditions for interest rate swaps. The observability of inputs used to perform the measurement results in the swap fair values being categorized as Level 2.

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

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

The Agency had the following fair value measurements as of June 30, 2016:

		Fair Value Using (thousands)		
	June 30, 2016	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level				
Debt Securities				
U.S governmental securities	$ -	$ -	$ -	$ -
U.S agencies	176,966	176,966	-	-
Total debt securities	176,966	176,966	-	-
Total investments by fair value level	$ 176,966	$ 176,966	$ -	$ -
Derivative Instruments by fair value level				
Swap liability instruments	$ (22,261)	$ -	$ (22,261)	$ -
Total Derivative Instruments by fair value level	$ (22,261)	$ -	$ (22,261)	$ -

NOTE E -- PROJECTS AND RELATED FINANCING

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

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

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Current Portion
			(in thousands)		
Geothermal Project					
2009 Series A - Original Issue Amount $35,610					
Serial, 4.00-5.50% through 2025	$ 25,645	$ -	$ 18,005	$ 7,640	$2,420
2012 Series A - Original Issue Amount $12,910					
Term, 2.289% due 2023	8,875	-	1,280	7,595	1,310
2016 Series A - Original Issue Amount $17,530					
Term, 1.670% due 2024	-	17,530	-	17,530	265
Add: Unamortized Premium	74	-	74	-	-
Total Geothermal Project	34,594	17,530	19,359	32,765	3,995
Hydroelectric Project - Original Issue Amount $195,610					
1992 Refunding Series A					
Term, 6.30% due 2019	24,610	-	1,015	23,595	11,440
2008 Refunding Series A - Original Issue Amount $85,160					
Term, adjustable rate-weekly reset, due 2033	85,160	-	-	85,160	-
2008 Refunding Series B (Taxable) - Original Issue Amount $3,165					
Term, adjustable rate-weekly reset, due 2021	1,830	-	290	1,540	305
2008 Refunding Series C - Original Issue Amount $128,005					
Serial, 4.00-5.00% through 2025	88,130	-	11,000	77,130	-
2010 Refunding Series A - Original Issue Amount $101,260					
Serial, 4.00-5.00% through 2024	80,360	-	7,745	72,615	9,640
2012 Refunding Series A - Original Issue Amount $76,665					
Serial, 5.00% through 2033	76,665	-	-	76,665	-
2012 Refunding Series B - Original Issue Amount $7,120					
Serial, 4.32% through 2025	7,120	-	-	7,120	-
Add: Unamortized Premium, net	11,995	-	1,522	10,473	-
Total Hydroelectric Project	375,870	-	21,572	354,298	21,385
Capital Facilities Project - Original Issue Amount $55,120					
2010 Refunding Series A					
Serial, 2.00-5.25% through 2026	41,070	-	3,670	37,400	3,760
Add: Unamortized Premium	957	-	194	763	-
Total Capital Facilities Project	42,027	-	3,864	38,163	3,760

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Current Portion
			(in thousands)		
Lodi Energy Center, Issue One					
2010 Series A - Original Issue Amount $78,330					
Serial, 3.00-5.00% through 2020	$ 23,120	$ -	$ 5,365	$ 17,755	$ 5,630
Term, 5.00% due 2025	36,020	-	-	36,020	-
2010 Series B (Federally Taxable - Direct Payment Build America Bonds) - Original Issue Amount $176,625					
Term, 7.311% due 2040	176,625	-	-	176,625	-
Lodi Energy Center, Issue Two					
2010 Series A - Original Issue Amount $30,540					
Serial, 3.00-5.00% through 2019	14,270	-	4,585	9,685	4,725
2010 Series B (Federally Taxable - Direct Payment Build America Bonds) - Original Issue Amount $110,225					
Term, 4.63% due 2020	5,210	-	-	5,210	-
Term, 5.679% due 2035	105,015	-	-	105,015	-
Add: Unamortized Premium	1,481	-	500	981	-
Total Lodi Energy Center Project	361,741	-	10,450	351,291	10,355
Total Long-Term Debt, Net	$ 814,232	$ 17,530	$ 55,245	$ 776,517	$ 39,495

Debt service requirements for each of the next five years and in five-year cumulative increments thereafter as of June 30, 2017:

	Principal	Interest	Total
		(in thousands)	
2018	$ 39,495	$ 41,783	$ 81,278
2019	41,730	39,812	81,542
2020	42,200	37,632	79,832
2021	44,275	35,598	79,873
2022	45,950	33,507	79,457
2023-2027	215,290	133,055	348,345
2028-2032	176,220	83,135	259,355
2033-2037	113,360	35,160	148,520
2038-2040	45,780	6,798	52,578
Add: Unamortized Bond Premium	12,217	-	12,217
	$ 776,517	$ 446,480	$ 1,222,997

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

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

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

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

		2017	2016
		(in thousands)	
Hydroelectric:	Project No. One, 1985 Series A	$ 12,150	$ 12,150
	Project No. One, 1986 Series A	31,360	36,960
	Total Defeased Debt Outstanding	$ 43,510	$ 49,110

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

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

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

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

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

	2008 Hydroelectric Refunding Revenue Bonds Forward Starting Swaps			
Associated Interest Rate Swaps starting April 2, 2008	Series A		Series B (Taxable)	
Counterparty to Interest Rate Swap	Citigroup Financial Products Inc.		Citigroup Financial Products Inc.	
Notional Value of Interest Rate Swap	$ 85,160,000		$1,142,014	
Fair Value--Due from (to) Counterparty	$(15,394,295)		$ 221,580	
Credit Downgrade Required Collateral Posting:				
For Counterparty, Fair Value Above	$10 million		$10 million	
If S&P or Moody's Credit Rating falls to	A-/A3 and BBB-/Baa3		A-/A3 and BBB-/Baa3	
For Agency (Credit of Agency's Insurer National Public Finance Guarantee formerly MBIA and NCPA credit), Fair Value Above	$10 million		$10 million	
If S&P or Moody's Credit Rating falls to	A+/A1		A+/A1	
Termination Date	July 1, 2032		July 1, 2032	
	Terms	Rates	Terms	Rates
Payments to (from) Counterparty	Fixed	3.819 %	Fixed	(5.291)%
Variable Payments (from) to Counterparty	54% LIBOR+.54%*	(0.936)%	100% of LIBOR*	0.727 %
Net Interest Rate Swap Payments		2.883 %		(4.564)%
Variable-Rate Bond Payments	SIFMA**	0.640 %	SIFMA**	1.072 %
Effective Interest Rate on Bonds		3.523 %		(3.492)%

Average to Date: *1-Month London Inter-Bank Offered Rate
**Securities Industry and Financial Market Association Municipal Swap Index (formerly the Bond Market Association Municipal Swap Index)

The total fair value of outstanding swap instruments was a net liability of $15,173,000 and $22,261,000 at June 30, 2017 and June 30, 2016, respectively. These amounts are reported as a non-current liability. The interest rate swaps beginning in FY 2013 are both ineffective hedges and considered investment derivative instruments. The change in fair value of $7.1 million is recorded as interest expense in the Statement of Revenues, Expenses, and Changes in Net Position. The net settlement payments of interest on these investment derivative instruments total $2.5 million and $2.6 million, which is recorded as interest expense in the Statement of Revenues, Expenses, and Changes in Net Position for FY 2017 and FY 2016, respectively. The value of the swaps noted above reflects the estimated fair value of the swaps at June 30, 2017 as determined by the Agency's financial advisor. The fair value of the swaps will change due to notional amount, amortizations, and interest rate changes.

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

To mitigate the potential for credit risk, the swap counterparties are required by the agreement to post collateral should the fair value exceed certain thresholds as shown above. At June 30, 2017, credit ratings of the counterparties to the swaps were as follows:

Swap Counterparty & Agency's Insurer	Standard & Poor's	Moody's
Citigroup Financial Products Inc.	A+	A1
National Public Finance Guarantee formerly MBIA (the Agency's insurer)	A	A2

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

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

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

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

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

The Issue One Series B and the Issue Two Series B bonds were issued as Taxable Subsidy Bonds constituting Build America Bonds (BABs) for the purposes of the American Recovery and Reinvestment Act of 2009. The Act provides for a direct payment to the Agency from the federal government equal to 35% of the interest costs. The direct payment was reduced by 6.9% and 6.8% in 2017 and 2016, respectively, due to federal government budget sequestration. Such payments may continue to be affected by sequestrations.

NOTE F -- RETIREMENT PLAN

General Information about the Pension Plans

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

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

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 full-time years	5 full-time years
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	60 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	2.0% to 2.5%
Required employee contribution rates	8.00%	6.50%
Required employer contribution rates	30.697%	30.697%

Employees Covered – At June 30, 2017 and 2016, the following employees were covered by the benefit terms for each Plan:

	2017	2016
Inactive employees or beneficiaries currently receiving benefits	119	118
Inactive employees entitled to but not yet receiving benefits	27	26
Active employees	150	152
Total	296	296

Contributions Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2016 and 2015 (the measurement dates), the average active employee contribution rates were 7.866% and 7.881%, respectively, of annual pay and the Agency's contribution rates are 29.474% and 28.234%, respectively, of annual payroll. Employer contribution rates may change if plan contracts are amended.

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

Actuarial Assumptions The total pension liabilities as of June 30, 2017 and 2016 were determined using the following actuarial assumptions:

	2017	2016
Valuation Date	June 30, 2015	June 30, 2014
Measurement Date	June 30, 2016	June 30, 2015
Actuarial Cost Method	Entry-Age Normal	Entry-Age Normal
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.2%-12.2% (1)	3.2%-12.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	(3)	(3)

(1) Depending on age and service.
(2) Net of pension plan investment expenses, including inflation.
(3) Derived using CalPERS' specific membership data with projected on-going mortality improvement using Scale BB published by the Society of Actuaries.

Discount Rate The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. For the year ended June 30, 2016 and 2015, using this lower discount rate resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple-employer plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. On December 21 2016, CalPERS announced to employers that the CalPERS Board of Administration voted to lower the discount rate assumption, net of administrative expenses, from 7.5% to 7.0% over a three year period as follows:

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

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

To mitigate the growing unfunded accrued liability, the Agency implemented a Long-Term Funding Plan for NCPA's Employee Pension Program which includes accelerated funding of the unfunded liability over a 15 year period. The plan includes: 1) a goal for minimum funding level of 80% within 15 years and annual Commission confirmation of the continued funding of the annual required employer contribution at 100%; 2) shorten the amortization period of the liability to 15 years; 3) research other ways to limit the pension liability; and 4) annual Finance Committee review in conjunction with annual CalPERS actuarial valuations and recommendation to the Commission as needed.

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1-10 [1]	Real Return Years 11+ [2]
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%

[1] An expected inflation of 2.5% used for this period

[2] An expected inflation of 3.0% used for this period

Changes in the Net Pension Liability

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

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

	Increase/(Decrease)		
Description	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	$ 132,170,818	$ 74,910,678	$ 57,260,140
Service cost incurred	3,256,167	-	3,256,167
Interest on total pension liability	9,734,270	-	9,734,270
Differences between actual and expected experience	-	-	-
Change in assumption	(2,354,661)	-	(2,354,661)
Change in benefits	-	-	-
Contributions - employer	-	5,584,985	(5,584,985)
Contributions - employee	-	1,433,343	(1,433,343)
Projected earnings on investments	-	1,754,108	(1,754,108)
Differences between projected and actual earnings on plan investments	(1,437,389)	-	(1,437,389)
Benefit payments	(5,522,982)	(5,522,982)	-
Administrative expense	-	(87,934)	87,934
Net changes	3,675,405	3,161,520	513,885
Balance at June 30, 2016	$ 135,846,223	$ 78,072,198	$ 57,774,025

Sensitivity of the Net Pension Liability to Changes in the Discount Rate The following presents the net pension liability of the Plan, calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.65%) or 1-percentage point higher (8.65%) than the current rate:

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

2016	Discount Rate – 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability	$ 75,790,453	$ 57,774,025	$ 42,788,940

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions For the years ending June 30, 2017 and 2016, the Agency incurred pension expense of $6,016,714 and $4,565,372, respectively. At June 30, 2017 and 2016, the Agency has deferred outflows of resources and deferred inflows of resources related to pensions as follows:

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

2016	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,906,603	$ -
Changes in assumptions	-	(1,794,027)
Differences between actual and expected experience	-	(1,095,154)
Net differences between projected and actual earnings on plan investments	3,185,968	(3,710,132)
Total	$ 9,092,571	$ (6,599,313)

Pension contributions subsequent to measurement date of $6,254,577 and $5,906,603 reported as deferred outflows of resources for years ending June 30, 2017 and 2016, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018 and 2017, respectively. Amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized in future pension expense as follows:

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

Payable to the Pension Plan At June 30, 2017 and 2016, the Agency did not have an outstanding amount of contributions payable to the pension plan required for the years ended.

NOTE G -- OTHER POST EMPLOYMENT BENEFITS (OPEB)

The Agency contracts with the CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA) for employee medical insurance. In connection with this plan, the Agency provides medical insurance to all active employees and their families, as well as all qualified retirees (and spouses), subject to certain limitations. The Agency has maintained an actuarially based restricted fund for the sole purpose of paying medical insurance premiums for qualified retired employees (and spouses) participating in the CalPERS medical plan. In 2007, the Agency became a participant in the CalPERS California Employers' Retiree Benefit Trust (CERBT), a pre-funding OPEB plan, which is an irrevocable multi-employer trust and plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions. The Agency makes actuarially determined Annual Required Contributions (ARC) to this OPEB plan. The ARC represents the forecasted funding level required to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years; there were 28 years remaining as of June 30, 2015, the last actuarial report date. Actuarial valuations of the fund are obtained every two years, as required by CalPERS.

Summary of certain plan provisions and benefits in effect during fiscal year ended June 30, 2017:

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

The annual required contribution and funded status of the OPEB plan were determined based on current cost trends of the CalPERS health plans in which the employees currently participate at the time of the actuarial valuation. The June 30, 2015 actuarial valuation was prepared on the basis of the OPEB assumption model, as prescribed by the CalPERS, in effect at the time of the valuation. At fiscal year-end June 30, 2017, the Agency had 150 active eligible employees and 119 retirees drawing benefits under this program.

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

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

NOTE H -- COMMITMENTS AND CONTINGENCIES

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

Power Purchase Contracts The Agency had commitments of approximately $12.0 million in connection with various power purchase contracts as of June 30, 2017. The contracts, extending through December 2019, are normal purchases at agreed to contract prices for fixed quantities of energy. Certain of the Agency's members have individually entered into certain other long-term contracts, which the Agency dispatches and schedules for them. See Note B - Summary of Significant Accounting Policies.

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

- A 30-year agreement terminating in October 2023 with various natural gas pipeline management companies under which the Agency has acquired firm natural gas pipeline transportation capacity in four separate natural gas pipelines between Alberta, Canada and northern California. The estimated minimum annual natural gas transmission commitment is approximately $720,000. The Agency's firm natural gas pipeline transportation capacity is scheduled by Noble Americas Gas & Power Corp. pursuant to the term and conditions of an Asset Management Agreement for Pipeline Transportation Capacity that became effective on January 1, 2015.
- On behalf of the participants in the Combustion Turbine Project Number One and the Capital Facilities project, the Agency entered into an agreement with EDF Trading North America, LLC (EDF) effective January 1, 2013 to provide natural gas supply and scheduling, nomination, balancing and settlement services. The contract automatically renews each year on January 1, unless terminated earlier by six-months written notice by either party.
- The Agency and Mercuria Energy Gas Trading, LLC (Mercuria) agreement to provide the gas supply and nomination, imbalance, and settlement services for the Agency's Lodi Energy Center project terminated on August 31, 2016. Effective September 1, 2016, the Agency and EDF entered into an agreement to provide these services to the Agency's Lodi Energy Center.
- The Agency had approximately $10.0 million of gas purchase commitments at June 30, 2017. The commitments, extending through December 2020, are normal purchases at agreed to prices for fixed quantities of gas.

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

Geothermal Royalties Under terms of federal geothermal leasehold agreements, the Agency is required to pay royalties to the United States (U.S.) on the value of geothermal steam produced. Currently, the effective rate of such royalties is 3.6% of an amount based on the Agency's monthly weighted average cost of third-party wholesale electricity purchases made by Agency members participating in the Geothermal Project.

The U.S. Department of the Interior, Office of Natural Resources Revenue maintains the right to periodically review and withdraw their approval or to change this methodology should operations, market conditions, or Federal regulations change.

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

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

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

Based on current operating protocols and forecasted operations, the Agency expects both the average and peak capacity to continue to decrease, reaching approximately 66 MWG (megawatts gross) by calendar year 2039.

Under terms of the federal geothermal leasehold agreements, which became effective August 1, 1974, the leasehold had a 10-year primary term with provision for renewal as long thereafter as geothermal steam is produced or utilized, but not longer than 40 years. At the expiration of that period, if geothermal steam is still being produced, the Agency has preferential right to renew the leasehold for a second term. The leasehold also requires the Agency to remove its leasehold improvements including the geothermal plants and steam gathering system when, and if, the Agency abandons the leasehold. The Agency obtained an updated decommissioning costs study in December, 2016. These decommissioning costs are currently estimated to total approximately $59.3 million. The Agency has been collecting monies to pay the expected decommissioning costs since 2007 and currently holds approximately $16.2 million in a reserve for such purpose as of June 30, 2017.

CLAIMS AND LITIGATION

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

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

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

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

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

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

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

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

In December, 2015, the Hydroelectric Project Adit 4 Tunnel Spoils incurred water related damage that required remediation to stabilize the site and prevent further erosion to Clark Creek. The Adit 4 Tunnel Spoils (Spoils) are located approximately 1.5 miles up canyon from the Collierville Powerhouse in Calaveras County and are part of the water conveyance tunnel between McKays Point Diversion Dam and the Collerville Power House. Damage and reparation costs are estimated to be $4.5 million, and construction is projected to be completed by November 2017, with the exception of minor road repairs that may be deferred until Spring 2018. The Agency is seeking cost recovery from its insurance policy; however, recovery is inestimable at this time. NCPA will record any proceeds in other non-operating revenue in the fiscal year in which they are received.

During the period of January 3-12, 2017, severe winter storms caused flooding and mudslides in many California Counties. As a result of those storms, the Beaver Creek Diversion Dam and McKays Point Reservoir filled with sediment and debris and Beaver Creek required emergency dredging after the river flows receded during the summer. Additionally, much of the Project was inaccessible for weeks as a result of numerous road failures. Repair costs are estimated at $2.1 million and are projected to be completed by November 2017. On February 14, 2017, a Presidential Disaster Declaration was issued including federal disaster assistance. The Agency is seeking cost recovery from its insurance policy and public assistance grants.

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

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

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

Notes to Schedule:

Benefit changes The figures above do not include any liability impact that may have resulted from plan changes, which occurred after June 30, 2016. This applies for voluntary benefit changes as well as any offers to Two Years Additional Service Credit (aka Golden Handshakes).

Changes in assumptions In 2016, GASB 68 was modified to state that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

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

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

Schedule of Plan Contributions Last 10 Years *		**FY 2017**		**FY 2016**		**FY 2015**
Actuarially Determined Contribution	$	5,406,928	$	5,065,861	$	5,029,697
Contributions in Relation to the Actuarially Determined Contribution		(6,254,577)		(5,584,985)		(5,507,642)
Contribution Deficiency (Excess)	$	(847,649)	$	(519,124)	$	(477,945)
Covered-Employee Payroll[1]	$	18,990,529	$	18,365,293	$	17,596,462
Contributions as a Percentage of Covered-Employee Payroll[1]		32.94%		30.41%		31.30%

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

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

Trend Information for the OPEB Plan

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

Funded Status of the OPEB Fund

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

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

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

OTHER FINANCIAL INFORMATION (UNAUDITED)

COMBINING STATEMENT OF NET POSITION

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

	June 30, 2017									
	GENERATING & TRANSMISSION RESOURCES									
ASSETS	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission No. One	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
CURRENT ASSETS										
Cash and cash equivalents	$ 1	$ -	$ 1	$ 1	$ 72	$ -	$ -	$ 39	$ 45,665	$ 45,779
Investments	-	-	-	-	-	-	-	-	24,825	24,825
Accounts receivable										
Participants	-	-	64	225	-	-	608	48	52	997
Other	-	-	-	-	-	-	5,150	-	500	5,650
Interest receivable	-	-	-	-	-	-	61	-	110	171
Inventory and supplies	4,509	1,079	642	1,405	2,111	-	-	-	-	9,746
Prepaid expenses	320	274	24	34	260	-	-	18	355	1,285
Due from Agency and other programs*	18,334	18,611	2,307	(745)	10,147	-	9,950	5,225	(63,829)	-
TOTAL CURRENT ASSETS	23,164	19,964	3,038	920	12,590	-	15,769	5,330	7,678	88,453
RESTRICTED ASSETS										
Cash and cash equivalents	10,478	31,922	957	-	5,104	-	3,893	-	27,911	80,265
Investments	16,767	28,290	5,008	-	20,191	-	18,509	-	52,277	141,042
Interest receivable	48	115	16	-	45	-	-	-	252	476
TOTAL RESTRICTED ASSETS	27,293	60,327	5,981	-	25,340	-	22,402	-	80,440	221,783
ELECTRIC PLANT										
Electric plant in service	568,991	394,274	64,826	36,245	423,640	7,736	-	663	5,358	1,501,733
Less: accumulated depreciation	(531,919)	(252,562)	(46,157)	(34,295)	(66,941)	(7,736)	-	(358)	(2,745)	(942,713)
	37,072	141,712	18,669	1,950	356,699	-	-	305	2,613	559,020
Construction work-in-progress	670	-	-	-	107	-	-	-	44	821
TOTAL ELECTRIC PLANT	37,742	141,712	18,669	1,950	356,806	-	-	305	2,657	559,841
OTHER ASSETS										
Regulatory assets	733	146,009	11,471	-	21,652	-	-	-	56,380	236,245
Unused vendor credits	14	-	-	-	-	-	-	-	10	24
TOTAL OTHER ASSETS	747	146,009	11,471	-	21,652	-	-	-	56,390	236,269
TOTAL ASSETS	88,946	368,012	39,159	2,870	416,388	-	38,171	5,635	147,165	1,106,346
DEFERRED OUTFLOWS OF RESOURCES										
Excess cost on refunding of debt	1,831	44,223	2,052	-	-	-	-	-	-	48,106
Pension deferrals	-	-	-	-	-	-	-	-	13,506	13,506
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,831	44,223	2,052	-	-	-	-	-	13,506	61,612
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 90,777	$ 412,235	$ 41,211	$ 2,870	$ 416,388	$ -	$ 38,171	$ 5,635	$ 160,671	$ 1,167,958

* Eliminated in Combination

OTHER FINANCIAL INFORMATION (UNAUDITED)

COMBINING STATEMENT OF NET POSITION

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

	June 30, 2017									
	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
LIABILITIES										
CURRENT LIABILITIES										
Accounts payable and accrued expenses	$ 162	$ 730	$ -	$ 16	$ 1,110	$ -	$ 19,475	$ 597	$ 8,366	$ 30,456
Member advances	791	-	-	-	-	-	-	202	-	993
Operating reserves	6,213	250	513	643	12,405	-	-	-	-	20,024
Current portion of long-term debt	3,995	21,385	3,760	-	10,355	-	-	-	-	39,495
Accrued interest payable	425	8,044	775	-	1,338	-	-	-	-	10,582
TOTAL CURRENT LIABILITIES	11,586	30,409	5,048	659	25,208	-	19,475	799	8,366	101,550
NON-CURRENT LIABILITIES										
Net pension liability	-	-	-	-	-	-	-	-	64,589	64,589
Operating reserves and other deposits	17,738	15,920	-	-	1,716	-	22,464	39	80,788	138,665
Interest rate swap liability	-	15,173	-	-	-	-	-	-	-	15,173
Long-term debt, net	28,770	332,913	34,403	-	340,936	-	-	-	-	737,022
TOTAL NON-CURRENT LIABILITIES	46,508	364,006	34,403	-	342,652	-	22,464	39	145,377	955,449
TOTAL LIABILITIES	58,094	394,415	39,451	659	367,860	-	41,939	838	153,743	1,056,999
DEFERRED INFLOWS OF RESOURCES										
Regulatory credits	19,610	4,023	995	2,111	42,321	-	-	305	3,074	72,439
Pension deferrals	-	-	-	-	-	-	-	-	4,460	4,460
TOTAL DEFERRED INFLOWS OF RESOURCES	19,610	4,023	995	2,111	42,321	-	-	305	7,534	76,899
NET POSITION										
Net investment in capital assets	(6,360)	(36,963)	(6,922)	-	(12,783)	-	-	-	837	(62,191)
Restricted for:										
Debt service	8,520	30,815	5,206	-	12,883	-	-	-	-	57,424
Other programs	(269)	1,502	-	-	(39)	-	-	-	(349)	845
Unrestricted	11,182	18,443	2,481	100	6,146	-	(3,768)	4,492	(1,094)	37,982
TOTAL NET POSITION	13,073	13,797	765	100	6,207	-	(3,768)	4,492	(606)	34,060
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 90,777	$ 412,235	$ 41,211	$ 2,870	$ 416,388	$ -	$ 38,171	$ 5,635	$ 160,671	$ 1,167,958

OTHER FINANCIAL INFORMATION (UNAUDITED)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

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

* Eliminated in Combination

OTHER FINANCIAL INFORMATION (UNAUDITED)

COMBINING STATEMENT OF CASH FLOW

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

For the Year Ended June 30, 2017

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

* Eliminated in Combination

OTHER FINANCIAL INFORMATION (UNAUDITED)

COMBINING STATEMENT OF CASH FLOW - Continued

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

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

OTHER FINANCIAL INFORMATION

COMBINING STATEMENT OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

(000's omitted)

	June 30, 2016									
	GENERATING & TRANSMISSION RESOURCES									
ASSETS	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission No. One	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
CURRENT ASSETS										
Cash and cash equivalents	$ 1	$ -	$ 1	$ 1	$ 71	$ -	$ -	$ 231	$ 49,337	$ 49,642
Investments	-	-	-	-	-	-	-	-	22,209	22,209
Accounts receivable										
Participants	-	-	-	-	-	-	-	268	422	690
Others	2	-	-	-	-	-	445	-	48	495
Interest receivable	-	-	-	-	24	-	43	-	53	120
Inventory and supplies	4,150	1,079	642	1,402	1,849	-	-	-	-	9,122
Prepaid expenses	241	232	27	30	206	-	-	16	336	1,088
Due from Agency and other programs*	14,489	13,718	1,830	(1,209)	14,709	-	15,642	5,295	(64,474)	-
TOTAL CURRENT ASSETS	18,883	15,029	2,500	224	16,859	-	16,130	5,810	7,931	83,366
RESTRICTED ASSETS										
Cash and cash equivalents	6,036	14,790	1,473	-	7,949	-	2,549	-	23,872	56,669
Investments	19,465	43,324	4,453	-	16,205	-	18,741	-	52,569	154,757
Interest receivable	65	110	16	-	20	-	-	-	122	333
TOTAL RESTRICTED ASSETS	25,566	58,224	5,942	-	24,174	-	21,290	-	76,563	211,759
ELECTRIC PLANT										
Electric plant in service	568,711	393,936	64,826	36,245	423,459	7,736	-	577	5,249	1,500,739
Less: accumulated depreciation	(528,111)	(242,980)	(43,944)	(34,117)	(52,334)	(7,731)	-	(311)	(2,448)	(911,976)
	40,600	150,956	20,882	2,128	371,125	5	-	266	2,801	588,763
Construction work-in-progress	-	-	-	-	102	-	-	-	5	107
TOTAL ELECTRIC PLANT	40,600	150,956	20,882	2,128	371,227	5	-	266	2,806	588,870
OTHER ASSETS										
Regulatory assets	1,912	159,012	13,077	-	19,158	(5)	-	-	56,365	249,519
Unused vendor credits	55	-	-	-	-	-	-	-	-	55
TOTAL OTHER ASSETS	1,967	159,012	13,077	-	19,158	(5)	-	-	56,365	249,574
TOTAL ASSETS	87,016	383,221	42,401	2,352	431,418	-	37,420	6,076	143,665	1,133,569
DEFERRED OUTFLOWS OF RESOURCES										
Excess cost on refunding of debt	-	52,091	2,257	-	-	-	-	-	-	54,348
Pension deferrals	-	-	-	-	-	-	-	-	9,093	9,093
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	52,091	2,257	-	-	-	-	-	9,093	63,441
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 87,016	$ 435,312	$ 44,658	$ 2,352	$ 431,418	$ -	$ 37,420	$ 6,076	$ 152,758	$ 1,197,010

* Eliminated in Combination

OTHER FINANCIAL INFORMATION

COMBINING STATEMENT OF NET POSITION

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

	June 30, 2016									
	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
LIABILITIES										
CURRENT LIABILITIES										
Accounts payable and accrued expenses	$ 172	$ 587	$ -	$ -	$ 1,485	$ -	$ 14,102	$ 401	$ 7,726	$ 24,473
Member advances	791	-	-	-	-	-	-	202	-	993
Operating reserves	6,233	250	513	250	10,289	-	-	-	-	17,535
Current portion of long-term debt	3,580	20,050	3,670	-	9,950	-	-	-	-	37,250
Accrued interest payable	766	8,428	837	-	1,371	-	-	-	-	11,402
TOTAL CURRENT LIABILITIES	11,542	29,315	5,020	250	23,095	-	14,102	603	7,726	91,653
NON-CURRENT LIABILITIES										
Net pension liability	-	-	-	-	-	-	-	-	57,774	57,774
Operating reserves and other deposits	15,714	14,629	-	-	5,755	-	21,334	580	76,565	134,577
Interest rate swap liability	-	22,261	-	-	-	-	-	-	-	22,261
Long-term debt, net	31,014	355,820	38,357	-	351,791	-	-	-	-	776,982
TOTAL NON-CURRENT LIABILITIES	46,728	392,710	38,357	-	357,546	-	21,334	580	134,339	991,594
TOTAL LIABILITIES	58,270	422,025	43,377	250	380,641	-	35,436	1,183	142,065	1,083,247
DEFERRED INFLOWS OF RESOURCES										
Regulatory credits	20,597	4,052	1,075	2,285	47,808	-	-	266	3,118	79,201
Pension deferrals	-	-	-	-	-	-	-	-	6,599	6,599
TOTAL DEFERRED INFLOWS OF RESOURCES	20,597	4,052	1,075	2,285	47,808	-	-	266	9,717	85,800
NET POSITION										
Net investment in capital assets	(7,415)	(34,427)	(6,839)	-	(13,512)	-	-	-	-	(62,193)
Restricted for:										
Debt service	8,199	29,665	5,105	-	12,797	-	-	-	-	55,766
Other programs	14	16,134	-	-	(5,632)	-	-	-	-	10,516
Unrestricted	7,351	(2,137)	1,940	(183)	9,316	-	1,984	4,627	976	23,874
TOTAL NET POSITION	8,149	9,235	206	(183)	2,969	-	1,984	4,627	976	27,963
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 87,016	$ 435,312	$ 44,658	$ 2,352	$ 431,418	$ -	$ 37,420	$ 6,076	$ 152,758	$ 1,197,010

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 Year Ended June 30, 2016									
	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
OPERATING REVENUES										
Participants	$ 8,068	$ 37,076	$ 7,360	$ 2,718	$ 29,538	$ -	$ 221,529	$ 21,671	$ 141	$ 328,101
Other third-party	29,803	16,999	328	571	38,980	-	52,320	-	-	139,001
TOTAL SALES FOR RESALE	37,871	54,075	7,688	3,289	68,518		273,849	21,671	141	467,102
OPERATING EXPENSES										
Purchased power	-	-	-	-	4,827	-	177,736	-	-	182,563
Operations	14,813	3,852	1,220	1,026	30,032	-	6,030	12,102	-	69,075
Transmission	880	817	52	(27)	915	-	95,529	4	-	98,170
Depreciation	3,898	9,415	2,212	178	14,601	16	-	34	291	30,645
Maintenance	8,338	3,837	888	1,523	7,994	-	-	95	-	22,675
Administrative and general	4,018	3,153	548	585	4,252	-	-	7,255	(1,431)	18,380
Intercompany (sales) purchases, net*	(546)	197	70	105	247	-	-	(73)	-	-
TOTAL OPERATING EXPENSES	31,401	21,271	4,990	3,390	62,868	16	279,295	19,417	(1,140)	421,508
NET OPERATING REVENUES	6,470	32,804	2,698	(101)	5,650	(16)	(5,446)	2,254	1,281	45,594
NON OPERATING (EXPENSES) REVENUES										
Interest expense	(1,480)	(28,770)	(2,003)	-	(16,201)	-	-	-	-	(48,454)
Interest income	391	833	121	-	412	-	480	38	1,263	3,538
Other	271	23	761	39	4,523	-	-	220	219	6,056
TOTAL NON OPERATING (EXPENSES) REVENUES	(818)	(27,914)	(1,121)	39	(11,266)	-	480	258	1,482	(38,860)
FUTURE RECOVERABLE AMOUNTS	(1,093)	625	(1,542)	-	2,767	16	-	-	(913)	(140)
REFUNDS TO PARTICIPANTS	(2,018)	(3,375)	8	338	1,286	-	(831)	(3,075)	(955)	(8,622)
INCREASE (DECREASE) IN NET POSITION	2,541	2,140	43	276	(1,563)	-	(5,797)	(563)	895	(2,028)
NET POSITION, Beginning of year	5,608	7,095	163	(459)	4,532	-	7,781	5,190	81	29,991
NET POSITION, End of year	$ 8,149	$ 9,235	$ 206	$ (183)	$ 2,969	$ -	$ 1,984	$ 4,627	$ 976	$ 27,963

* Eliminated in Combination

COMBINING STATEMENT OF CASH FLOW

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

For the Year Ended June 30, 2016

	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined Total
CASH FLOWS FROM OPERATING ACTIVITIES										
Received from participants	$ 7,251	$ 37,097	$ 7,276	$ 2,534	$ 32,710	$ -	$ 221,529	$ 21,559	$ (305)	$ 329,651
Received from others	31,063	18,246	328	571	38,980	-	54,834	-	3,522	147,544
Payments for employee services	(11,135)	(4,978)	(841)	(1,104)	(5,638)	-	-	(9,851)	-	(33,547)
Payments to suppliers for goods and services	(18,005)	(6,747)	(1,863)	(1,998)	(47,312)	-	(274,679)	(8,764)	(1,382)	(360,750)
Payments from(to) other programs *	546	(197)	(70)	(105)	(247)	-	-	73	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	9,720	43,421	4,830	(102)	18,493	-	1,684	3,017	1,835	82,898
CASH FLOWS FROM INVESTING ACTIVITIES										
Proceeds from maturities and sales of investments	14,238	56,929	4,894	-	34,498	-	10,140	-	57,374	178,073
Interest received on cash and investments	283	449	48	-	250	-	399	38	652	2,119
Purchase of investments	(15,740)	(60,708)	(4,482)	-	(36,108)	-	(10,190)	-	(55,513)	(182,741)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(1,219)	(3,330)	460	-	(1,360)	-	349	38	2,513	(2,549)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Acquisition and construction of electric plant	(20)	(311)	-	-	(108)	-	-	(167)	(202)	(808)
Interest paid on long-term debt	(1,608)	(17,629)	(2,059)	-	(16,935)	-	-	-	-	(38,231)
Principal repayment on long-term debt	(3,445)	(19,105)	(3,585)	-	(9,480)	-	-	-	-	(35,615)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(5,073)	(37,045)	(5,644)	-	(26,523)	-	-	(167)	(202)	(74,654)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES										
Other proceeds	271	23	762	39	4,523	-	-	219	222	6,059
Refunds to participants	(2,018)	(3,375)	8	338	1,286	-	(831)	(3,075)	(955)	(8,622)
Payments from(to) other programs *	(1,056)	(1,575)	65	(275)	(233)	-	(322)	75	3,321	-
NET CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	(2,803)	(4,927)	835	102	5,576	-	(1,153)	(2,781)	2,588	(2,563)
NET CHANGE IN CASH AND CASH EQUIVALENTS	625	(1,881)	481	-	(3,814)	-	880	107	6,734	3,132
Beginning of year	5,412	16,671	993	1	11,834	-	1,669	124	66,475	103,179
End of year	$ 6,037	$ 14,790	$ 1,474	$ 1	$ 8,020	$ -	$ 2,549	$ 231	$ 73,209	$ 106,311

* Eliminated in Combination

COMBINING STATEMENT OF CASH FLOW - Continued

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

	For the Year Ended June 30, 2016									
	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
RECONCILIATION OF NET OPERATING REVENUES TO NET CASH PROVIDED BY OPERATING ACTIVITIES										
Operating income	$ 6,470	$ 32,804	$ 2,698	$ (101)	$ 5,650	$ (16)	$ (5,446)	$ 2,254	$ 1,281	$ 45,594
Adjustments to reconcile net operating revenues to net cash from operating activities:										
Depreciation	3,898	9,415	2,212	178	14,601	16	-	34	291	30,645
	10,368	42,219	4,910	77	20,251	-	(5,446)	2,288	1,572	76,239
CASH FLOWS IMPACTED BY CHANGES IN										
Accounts receivable	(2)	-	-	-	-	-	1,502	(244)	(290)	966
Inventory, prepaid expense, and unused vendor credits	(596)	53	5	6	(327)	-	-	(16)	214	(661)
Operating reserves and other deposits	1,262	1,247	-	-	(2,625)	-	1,012	456	3,390	4,742
Regulatory credits	(817)	21	(84)	(184)	3,172	-	-	132	(23)	2,217
Accounts payable	(495)	(119)	(1)	(1)	(1,978)	-	4,616	401	(1,412)	1,011
Net pension liability and related amounts	-	-	-	-	-	-	-	-	(1,616)	(1,616)
NET CASH FROM OPERATING ACTIVITIES	$ 9,720	$ 43,421	$ 4,830	$ (102)	$ 18,493	$ -	$ 1,684	$ 3,017	$ 1,835	$ 82,898
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION										
Cash and cash equivalents - current assets	$ 1	$ -	$ 1	$ 1	$ 71	$ -	$ -	$ 231	$ 49,337	$ 49,642
Cash and cash equivalents - restricted assets	6,036	14,790	1,473	-	7,949	-	2,549	-	23,872	56,669
End of year	$ 6,037	$ 14,790	$ 1,474	$ 1	$ 8,020	$ -	$ 2,549	$ 231	$ 73,209	$ 106,311

GENERATION ENTITLEMENT SHARES - UNAUDITED

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

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

Note A: Project Entitlement shares are after transfers among participants.
Note B: Project Generation Shares may vary from project cost shares due to varied financing and fuel supply arrangements.

REQUIRED COMMUNICATIONS BY THE AUDITOR TO THOSE CHARGED WITH GOVERNANCE

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

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

We have completed our audit of the financial statements of Northern California Power Agency and Associated Power Corporations (Agency) for the year ended June 30, 2017, and have issued our report thereon dated October 17, 2017. This letter presents communications required by our professional standards.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

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

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

Other Information in Documents Containing Audited Financial Statements

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

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters dated June 7, 2017.

Qualitative Aspects of the Entity's Significant Accounting Practices

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by The Finance Committee are described in Note B to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2017. We noted no transactions entered into by the Agency during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

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

Accounting Estimates

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

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

Financial Statement Disclosures

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

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

A summary of uncorrected financial statement misstatements follows this required communication. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

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

Consultations with Other Independent Accountants

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

Management Representations

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

Independence

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

Relating to our audit of the financial statements of Northern California Power Agency and Associated Power Corporations for the year ended June 30, 2017, Baker Tilly Virchow Krause, LLP hereby confirms that we are, in our professional judgment, independent with respect to the Northern California Power Agency and Associated Power Corporations in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants. We provided no services to the Northern California Power Agency and Associated Power Corporations other than audit services provided in connection with the audit of the current year's financial statements and nonaudit services which in our judgment do not impair our independence.

Other Audit Findings or Issues

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

Other Matters

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

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

The Finance Committee
Northern California Power Agency and Associated Power Corporations

Restriction on Use

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

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
October 17, 2017

BAKER TILLY

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the combined statement of net position of Northern California Power Agency and Associated Power Corporations (the Agency) as of June 30, 2017, the related combined statements of revenues, expenses and changes in net position and cash flow for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 17, 2017.

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

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
October 17, 2017

Attachment A

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the combined statement of net position of Northern California Power Agency and Associated Power Corporations (the Agency) as of June 30, 2017, the related combined statements of revenues, expenses and changes in net position and cash flow for the year then ended and the notes to the financial statements, and have issued our report thereon dated October 17, 2017.

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

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
October 17, 2017


Northern California Power Agency and Associated Power Corporations
Finance Committee Meeting - 2017 Financial Statement Audit
October 17, 2017
an independent member of
BAKER TILLY
INTERNATIONAL
Baker Tilly refers to Baker Tilly Virchow Krause, LLP,
an independently owned and managed member of Baker Tilly International.
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Candor. Insight. Results.


NCPA
Audit Discussion
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Agenda
Audit overview
Required communication to Governing Body
Discussion
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NCPA
Deriving value from the audit

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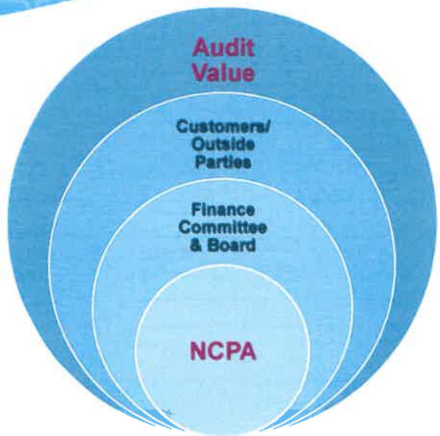

We view the audit as an opportunity to provide an opinion on the reliability of financial reporting to the Committee, Customer-Owners and Outside Parties and to provide value to NCPA

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NCPA
Audit team

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We appreciate the assistance of NCPA accounting staff and management in preparing for and assisting in the audit!

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Audit overview

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Audit assesses internal controls

"....a means by which an organization's resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization's resources"

Controls must meet the goal and objectives of Operations, Reporting and Compliance

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NCPA
Audit overview

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Controls reviewed in key transaction areas

- Expenditures
- Payroll
- Billing and accounts receivable
- Cash, investments and derivatives
- Capital assets
- Information technology

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NCPA
Audit overview

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Audit performed in accordance with *Generally Accepted Auditing Standards* and *Government Auditing Standards*

Audit objective - reasonable assurance that financial statements are free from material misstatement

Financial statements of NCPA and associated corporations received an *Unmodified Opinion*

NCPA
Auditor communication to those charged with governance

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Area to be Communicated	Area to be Communicated
Our responsibility under Auditing Standards Generally Accepted in the United States and Government Auditing Standards	Other Information in Documents Containing Audited Financial Statements
Planned Scope and Timing of the Audit	Accounting Policies
Accounting Estimates	Financial Statement Disclosures

NCPA
Auditor communication to those charged with governance

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Area to be Communicated	Area to be Communicated
Difficulties Encountered in Performing the Audit	Corrected and Uncorrected Misstatements
Audit Adjustments	Disagreements with Management
Consultations with Other Independent Accountants	Management Representations
Auditor Independence	Other Audit Findings or Issues

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NCPA

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

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NCPA

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Discussion

Contact Info

BAKER TILLY
Candor. Insight. Results.

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Commission Staff Report

October 17, 2017

COMMISSION MEETING DATE: October 26, 2017

SUBJECT: Overview of Budget Process and Approach – Request for Guidance of FY2018/19 NCPA Operating Budget Directions

AGENDA CATEGORY: Discussion/Action

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

IMPACTED MEMBERS:

All Members	☒	**City of Lodi**	☐	**City of Shasta Lake**	☐
Alameda Municipal Power	☐	**City of Lompoc**	☐	**City of Ukiah**	☐
Bay Area Rapid Transit	☐	**City of Palo Alto**	☐	**Plumas-Sierra REC**	☐
City of Biggs	☐	**City of Redding**	☐	**Port of Oakland**	☐
City of Gridley	☐	**City of Roseville**	☐	**Truckee Donner PUD**	☐
City of Healdsburg	☐	**City of Santa Clara**	☐	**Other**	☐

If other, please specify

RECOMMENDATION:

Staff recommends the Commission provide guidance and direct staff to prepare to the FY2018/19 Operating Budget in accordance with the accepted directions.

BACKGROUND:

As part of the budget process, staff is seeking Commission guidance of budget directions prior to budget preparation for the next fiscal year (FY2018/19). Staff discussed the budget review process and specific budget directions/targets with the Utility Directors at their meeting on October 12, 2017. While no changes were suggested by the Utility Directors, there were some concerns with the growing pension funding increases. These concerns will be addressed during staff's presentation.

FISCAL IMPACT:

Direction provided in this presentation will provide budget guidance for FY2018/19. Specific fiscal impact is not known at this time. Actual fiscal impact will be presented at the time of final approval of the FY2018/19 Operating Budget, currently scheduled for April 2018.

ENVIRONMENTAL ANALYSIS:

The requested Commission direction would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

Respectfully submitted,

Randy S. H

RANDY S. HOWARD
General Manager

Attachments:
Operating Budget for FY2018/19 Proposed Process and Recommendations

NCPA Operating Budget for FY18/19 Proposed Process and Recommendations

Utility Directors

October 12, 2017

STRATEGIC PLAN 2016 - 2021

MISSION

To provide our members cost effective wholesale power, energy-related services, and advocacy on behalf of public power consumers through joint action.

VISION

To be the premier provider of energy services to public entities.

STRATEGIES

- Attract, develop and retain professional, high quality staff.
- Maintain position as credible, solution-oriented coalition builder and leader in state and federal legislative and regulatory policy arenas.
- Develop and maintain diverse generation resource portfolio in accordance with renewable portfolio standard and capacity obligations.
- Protect, utilize and build on the strengths and unique aspects of JPA structure to benefit NCPA's members.
- Develop/maintain strategies to control costs and minimize risks while maximizing the value of assets.
- Grow new revenue and/or reduce member costs by exploring new members/participants and expansion of current services.
- Help articulate and promote the value of NCPA and public power utilities to member communities.

Proposed Budget Process

- Overall strategic direction based on approved strategic plan
- Budget is prepared on a project/program basis
- Allocation for all allocated costs (Power Management, Legislative & Regulatory, Judicial Action, Administrative and General and direct allocations) will use previously approved methods – no changes proposed
- Continued focus on NCPA controllable costs and additional sharing of costs (economies of scale)

Issues Impacting FY2018/19 Budget

- Union contracts end December 2018
- Unfunded liabilities
  - PERS
    - Reduction of discount rate from 7.50% to 7.375%
    - $1.4 million increase or 17% from FY19 projected
  - OPEB
    - Should be relatively flat/small growth
- Additional PM business?
  - Update to the control room?
  - Additional staff?
- Operating budgets reduced over last two years
  - CPI Index as of August 2017 was 1.9%

Issues Impacting FY2018/19 Budget

- Previous Capital & Maintenance
  - Need to consider previously delayed items
  - Purpose to keep assets in great, working condition
  - Prevents increased rehab/replacement costs and insurance premiums
- FY17 results is not the norm
  - Refund primarily due to:
    - Salary savings from vacancies
    - Insurance premium savings after budget adoption
    - Increased interest income
    - Staff being prudent with budgets

Budget Recommendations for 2018/19

Pass Throughs

- All of the following will be as based on information from outside entities:
  - Membership dues, Subscriptions, Transmission Services, WREGIS, and other Member Services Projects, etc.

Legal

- Judicial action and all other legal expenses will be rolled over based on previous year budget.
- Special assessment regarding CVPIA (not yet defined) may need to be added

Capital Outlay

- Capital projects for plants and Headquarters/Information Services to be specifically reviewed by Facilities Committee/LEC Participants

Budget Recommendations for 2018/19

Plant costs

- Debt service as scheduled plus trustee & administrative costs
- Fuel, as required for estimated plant operations
- Regular operating & maintenance – target **2.4%** increase
- Special maintenance projects – reviewed specifically with participants (Facilities Committee & LEC Participants)

Salaries and Benefits

- Salary & benefits - target **4.5%** increase. Will include additional **2.5%** for broad banding adjustments, merit, promotions, upgrades, certifications, etc.
- No new positions being considered

All other operating expenses

- Target **2.4%** increase from previous year base budget.

Recommendation

- Recommend to Commission for approval of the budget guidelines for FY2018/19 as outlined in this report