



NCPA *Proposed* Budget

Fiscal Year 2020-21

Monty Hanks
March 2020
Commission (Preview)



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.

Budget Process & Timeline



FY21 Budget Challenges/Pressures

- Forward market prices
 - Down from FY20 but has (+/-) impacts
- Insurance – continued market hardening
 - Three losses to date in 2020
 - Property allocated to location, liability allocated via A&G
- Wheeling Access Charges
 - Low voltage costs up but high voltage costs down very little
- Western
 - Based on forecast (average year) but increased costs and lower forward curve

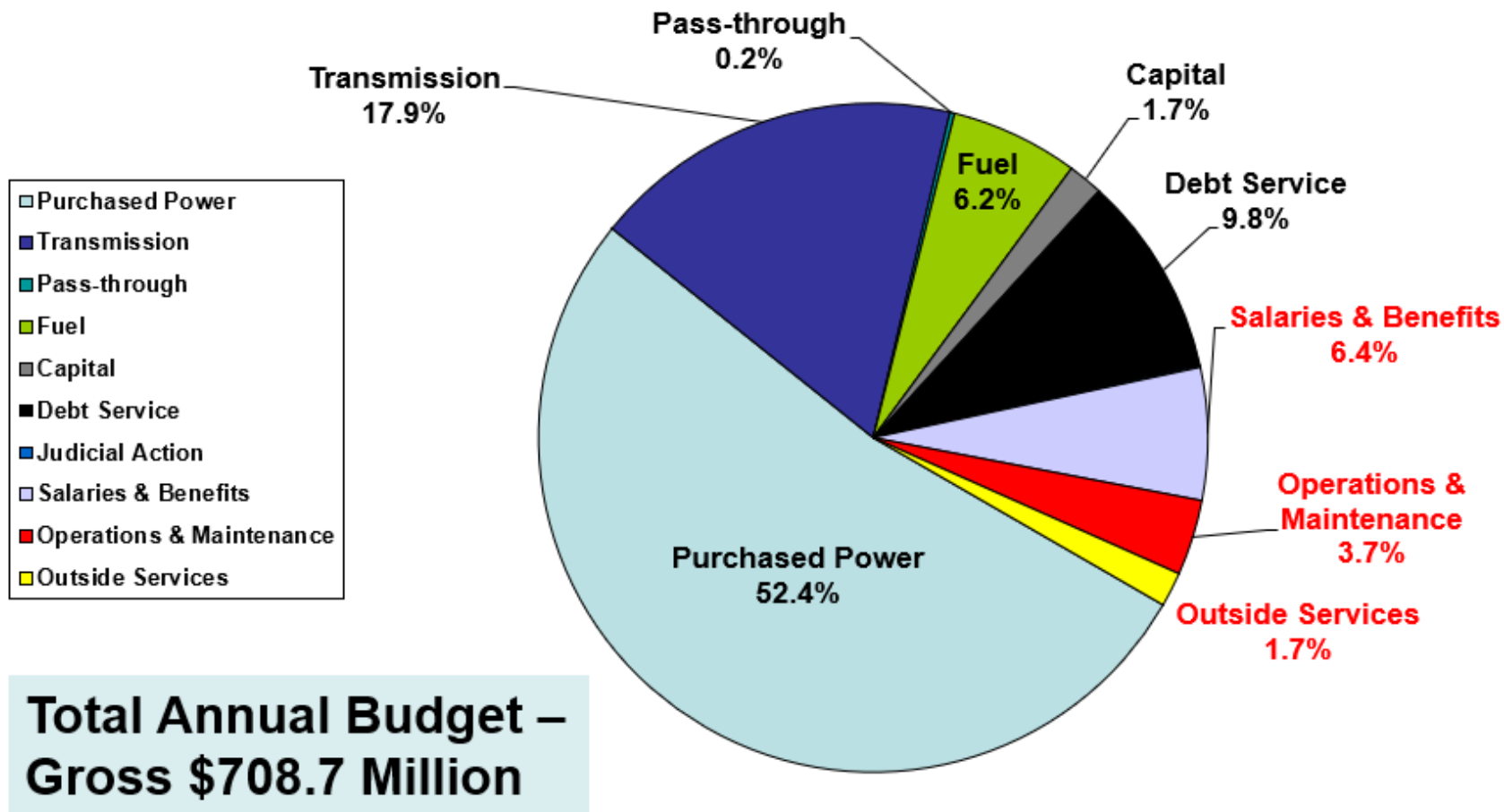
FY21 Budget Challenges/Pressures

- Plants
 - Capital and maintenance projects
 - Funding reserves for future projects
 - MOU increases (final year)
 - No FTEs requested
- Strategic Goals
 - Expansion of customers and projects; and
 - Transition from low to medium impact entity
 - New FTEs (\$200-\$300k per FTE) for IT and Power Mgmt
 - Software & security costs

FY21 Budget *Changes* from February

- Admin & General
 - Reduced salary adjs. for merit/performance for unrepresented
- Hydro
 - Reduced Capital Development Reserve funding
- Geo
 - Reduced funding requests for projects, Maintenance Reserve
- Information Services
 - Reduced DBA and Cyber Security FTEs to January hire
 - Eliminated CTA I/II (SCADA) FTE & 4 intern positions
 - Reduction of other material costs
- Power Management
 - Reduced Lead Dispatcher FTE to January hire

Proposed Budget by Line Item (Before Revenues) FY 2020-2021



Generation Resources

Hydro



HYDRO – FY21 *Proposed* Budget

	FY2020 Approved Budget	FY2021 <i>Proposed</i> Budget	Increase / (Decrease)
O&M and Other Costs	44,078,764	43,991,105	(87,659)
Labor	5,220,337	5,389,265	168,928
Projects	4,775,000	4,880,000	105,000
Annual Budget Cost	54,074,101	54,260,370	186,269
	February Facilities-->	56,335,579	2,261,478
		in reductions-->	2,075,209
Less: Revenues	26,664,477	25,093,526	(1,570,951)
Net Cost to Participants	27,409,624	29,166,844	1,757,220
Net Annual Generation (MWh)	508,897	508,507	(390)

HYDRO – FY21 *Proposed* Budget

O & M Projects			\$440,000
Control System Hardware Upgrade			90,000
CV Transformer Maintenance			100,000
Lake Alpine LLO Improvements			100,000
Union Dam Maintenance			150,000
General & Plant			\$65,000
Vehicle Replacement			65,000
Capital Development Reserve Projects			\$4,375,000
McKays Reservoir & Dam Betterment (Cleanout)			4,250,000
Beaver Creek Dredging			125,000
Wildfire Mitigation Project		[REMOVED]	1,700,000



Geo



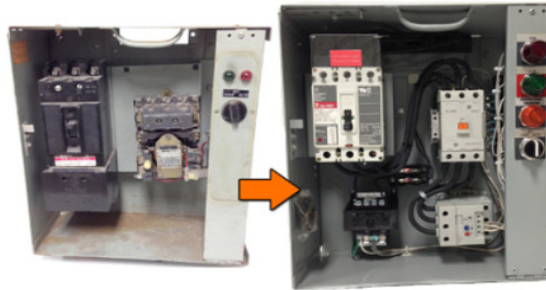
GEO – FY21 *Proposed* Budget

	FY2020 Approved Budget	FY2021 <i>Proposed</i> Budget	Increase / (Decrease)
O&M and Other Costs	20,946,087	21,855,201	909,114
Labor	10,719,924	11,121,191	401,267
Projects	3,645,000	2,585,000	(1,060,000)
Annual Budget Cost	35,311,011	35,561,392	250,381
February Facilities--:		37,288,199	1,977,188
		in reductions-->	1,726,807
Less: Revenues	30,725,619	27,055,567	(3,670,052)
Net Cost to Participants	4,585,392	8,505,825	3,920,433
Net Annual Generation (MWh)	776,885	738,636	(38,249)

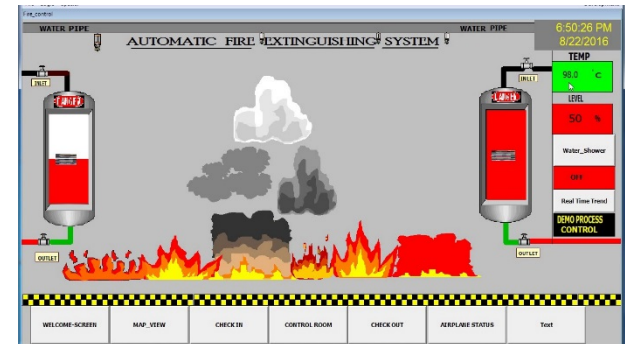
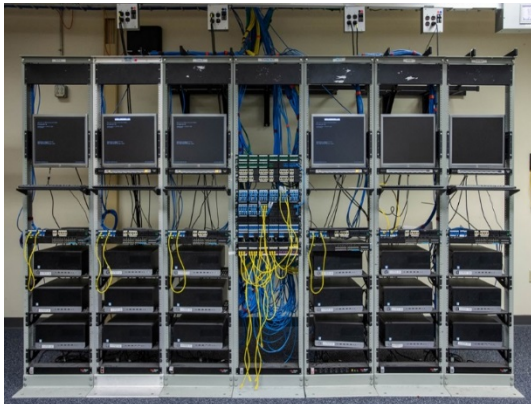
GEO – FY21 *Proposed* Budget

O & M Projects			\$0
Capital Projects			\$585,000
Geo Admin and Maintenance Facility Upgrade	[REDUCED \$50K]		50,000
Network Infrastructure Improvement			60,000
Plant #1 MCC Breakers	x		100,000
FMS Control Systems Upgrade	[REDUCED \$50K]		100,000
Plant #2 Diesel Tank			100,000
Vehicle Replacements	[REDUCED \$40K]		125,000
Plant #1 & #2 Door Replacements			150,000
Plant #1 Fire System Modernization	x		800,000
Use of Remaining Bond Proceeds	x		(900,000)
Maintenance Reserve			\$2,000,000
Annual Funding (Replenishment)	[REDUCED \$630K]		2,000,000

GEO – FY21 *Proposed* Budget



Before and After MCC Bucket upgrade. 40-50% savings versus replacement cost.



CT1



CT1 – FY21 *Proposed* Budget

	FY2020 Approved Budget	FY2021 <i>Proposed</i> Budget	Increase / (Decrease)
O&M and Other Costs	2,909,562	3,023,352	113,790
Labor	1,149,968	1,193,226	43,258
Projects	2,110,000	3,667,000	1,557,000
Annual Budget Cost	6,169,530	7,883,578	1,714,048
Less: Revenues	1,266,004	1,311,400	45,396
Net Cost to Participants	4,903,526	6,572,178	1,668,652
Net Annual Generation (MWh)	13,042	15,641	2,599

CT1 – FY21 *Proposed* Budget

O & M Projects			\$2,250,000
Electric Start/TG/Emissions Control			2,250,000
Capital Projects			\$117,000
Vehicle Replacement			117,000
Maintenance Reserve			\$1,300,000
Annual Funding			1,300,000

CT2



CT2 – FY21 *Proposed* Budget

	FY2020 Approved Budget	FY2021 <i>Proposed</i> Budget	Increase / (Decrease)
O&M and Other Costs	8,174,331	7,072,077	(1,102,254)
Labor	845,892	880,502	34,610
Projects	418,186	36,500	(381,686)
Annual Budget Cost	9,438,409	7,989,079	(1,449,330)
Less: Revenues	2,615,243	2,371,273	(243,970)
Net Cost to Participants	6,823,166	5,617,806	(1,205,360)
Net Annual Generation (MWh)	9,206	4,987	(4,219)

CT2 – FY21 *Proposed* Budget

O & M Projects			\$30,000
Ammonia System Major Maintenance			30,000
Capital Projects			\$6,500
Vehicle Replacement (5% share of CT1)			6,500
Maintenance Reserve (\$863k avail.)			\$0
Annual Funding			0

LEC



LEC – FY21 *Proposed* Budget

	FY2020 Approved Budget	FY2021 <i>Proposed</i> Budget	Increase / (Decrease)
O&M and Other Costs	83,508,292	85,380,133	1,871,841
Labor	5,558,310	5,789,039	230,729
Projects	5,332,715	2,905,788	(2,426,927)
Annual Budget Cost	94,399,317	94,074,960	(324,357)
Less: Revenues	74,420,929	66,151,457	(8,269,472)
Net Cost to Participants	19,978,388	27,923,503	7,945,115
Net Annual Generation (MWh)	1,599,464	1,316,988	(282,476)

LEC – FY21 *Proposed* Budget

O & M Projects			\$1,060,956
Water Plant EDI/RO			56,000
Asphalt & Paving Maintenance			60,000
Annual Maintenance Outage			944,956
Capital Projects			\$6,500
Vehicle Replacement (5% share of CT1)			6,500
Maintenance Reserve			\$1,838,332
Plant Projects			240,248
Unit Overhaul			1,598,084

Legislative & Regulatory



Legislative & Regulatory – FY21 *Proposed* Budget

	FY2020 Approved Budget	FY2021 <i>Proposed</i> Budget	Increase / (Decrease)
Legislative	950,029	946,848	(3,181)
Regulatory	348,258	298,258	(50,000)
Western	210,057	180,057	(30,000)
Customer Programs	88,000	125,500	37,500
Total Operational Budget	1,596,344	1,550,663	(45,681)
Labor	1,843,154	1,866,819	23,666
Other (A&G, Occupancy Costs)	609,815	670,630	60,815
Less: Interest Income	12,800	12,800	
Net Cost to Participants	4,036,513	4,075,312	38,800

Power Management



Power Management – FY21 *Proposed* Budget

	FY2020 Approved Budget	FY2021 Proposed Budget	Increase / (Decrease)
Power Management ¹	766,462	971,280	204,818
Gas Purchase Program	0	0	0
Market Purchase Program	250	250	0
Total Operational Budget	766,712	971,530	204,818
Labor	7,778,189	8,082,670	304,481
Other (A&G, Occupancy Costs)	2,028,510	2,269,923	241,413
Less: Interest Income	42,899	42,899	
Net Cost to Participants	10,530,512	11,281,224	750,712

February Facilities--> 11,824,315 1,293,803
in reductions--> **543,091**

Note 1: Power Management consists of Administration, Dispatch & Scheduling, Pooling & Portfolio Management, and Industry Restructuring.

Power Management – FY21 *Proposed* Budget

	FY2020 Approved Budget	FY2021 <i>Proposed</i> Budget	Increase / (Decrease)
Net Cost to Participants	10,530,512	11,281,224	750,712
Less: PM Service Revenue	2,236,497	2,064,318	(172,179)
Adjusted PM Cost	8,294,015	9,216,906	922,891

PM revenue should increase:

- ✓ East Bay renews (\$111k)
- ✓ NID & SFWD
 - Positions timed accordingly
- ✓ New CCA business

Executive & Administrative Services



Exec. & Admin Services – FY21 *Proposed* Budget

	FY2020 Approved Budget	FY2021 <i>Proposed</i> Budget	Increase / (Decrease)
Labor	10,293,092	10,786,346	493,254
Materials & Supplies	1,268,811	1,281,246	12,435
Outside Services	1,848,800	1,641,950	(206,850)
Insurance	763,765	1,149,666	385,901
Computer Hardware/Software	996,185	1,496,500	500,315
Projects	190,000	0	
Less: Third Party Revenue	36,500	33,500	
Net Cost	15,324,153	16,322,208	998,055
	February Facilities-->	16,859,959	1,535,806
		in reductions-->	537,751

Staffing, Salaries & Benefits

Staffing – FY21 *Proposed* Budget

FY2020 BUDGET

FTEs Approved **165** <---averaged 164.3 FTEs since 2011

Casual Approved **4.23**

TOTAL
169.23

ACTION	COUNT	PROGRAM	POSITION
Add	1.0	PM - Dispatch	Lead Dispatcher
Add	1.0	Admin - IS	CTA II/III (DBA)
Add	1.0	Admin - IS	CTA II/III (Cyber)
Add	1.0	Admin - IS	Help Desk Technician
NET	4.0	[Budgeted @ 1/2 year impact]	

ACTION	COUNT	PROGRAM	POSITION
Delete	(0.50)	Admin - IS	Student Assistant
Delete	(0.50)	Admin - IS	Student Assistant
Delete	(0.50)	Admin - IS	Student Assistant
Delete	(0.50)	Admin - IS	Student Assistant
NET	-2.0		

FY2021 BUDGET

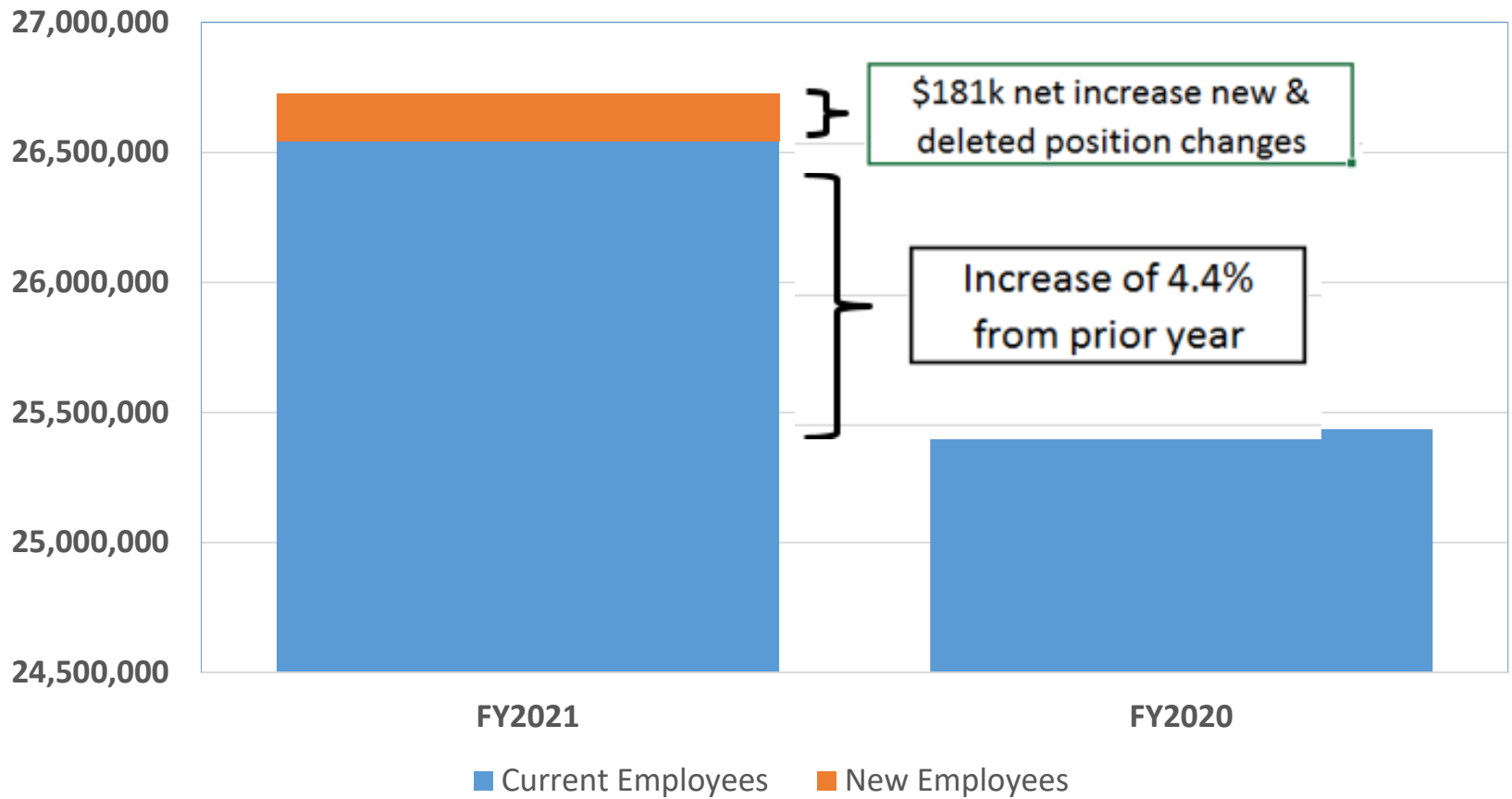
FTEs Proposed **169**

Casual Proposed **2.23**

TOTAL
171.23

Salaries – FY21 *Proposed* Budget

Salary Comparison



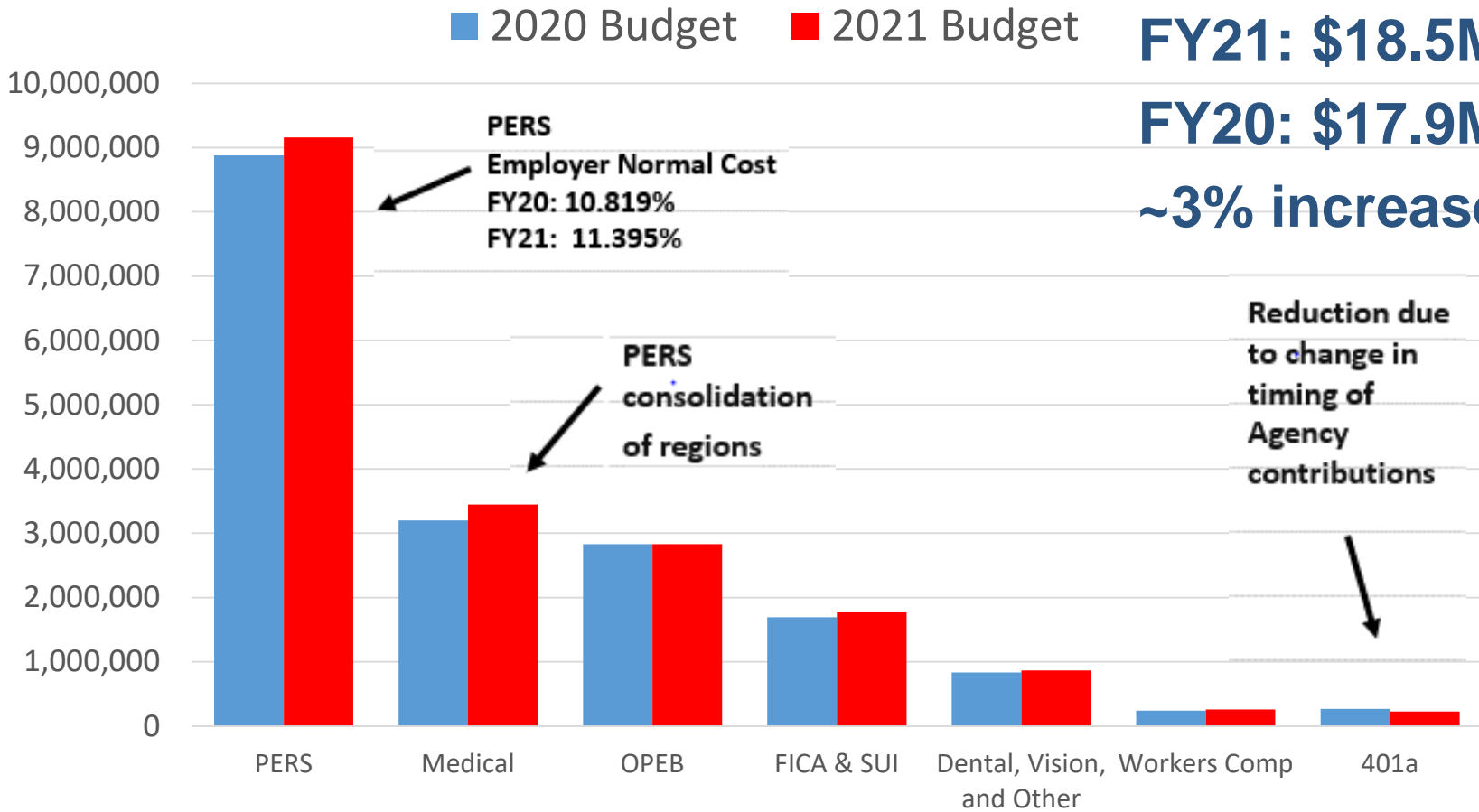
Benefits – FY21 *Proposed* Budget

Benefits Total

FY21: \$18.5M

FY20: \$17.9M

~3% increase



FY2021 Budget Summary Overview



2021
FY Budget

Summary Overview – FY21 *Proposed* Budget

	FISCAL YEAR ENDED JUNE 30		
	2020	Proposed 2021	Inc/(Dec)
<u>GENERATION RESOURCES</u>			
NCPA Plants			
Hydroelectric	\$ 27,409,624	\$ 29,166,842	\$ 1,757,218
Geothermal	4,585,392	8,505,825	3,920,433
Combustion Turbine No. 1	4,903,526	6,572,178	1,668,652
Combustion Turbine No. 2 (STIG)	6,823,166	5,617,806	(1,205,360)
Lodi Energy Center	19,978,388	27,923,503	7,945,115
Subtotal	63,700,096	77,786,154	14,086,058
Member Resources - Energy	25,891,283	26,077,618	186,335
Member Resources - Natural Gas	74,252	118,503	44,251
Western Resource	(2,517,251)	2,917,801	5,435,052
NCPA Contracts & Mkt Pwr Purchases	(1,218,419)	8,470,873	9,689,292
Load Aggregation Costs	256,029,593	250,995,102	(5,034,491)
Net GHG Obligations	496,955	-	(496,955)
Subtotal	278,756,413	288,579,897	9,823,484
TOTAL GENERATION RESOURCES	342,456,509	366,366,051	23,909,542
<u>TRANSMISSION</u>	116,832,820	119,995,200	3,162,380

\$13.7m is due to lower forward curve resulting in reduced plant revenue

Increased member contracts and impacts (+/-) related to forward curve

Increase in CAISO WAC (low voltage)

Summary Overview – FY21 *Proposed* Budget

	FISCAL YEAR ENDED JUNE 30		Inc/(Dec)
	2020	Proposed 2021	
MANAGEMENT SERVICES			
Legislative & Regulatory	4,036,512	4,075,312	38,800
Judicial Action	550,354	385,718	(164,636)
Power Management	9,166,002	9,831,646	665,644
Energy Risk Management	207,036	225,137	18,101
Settlements	974,760	918,490	(56,270)
Integrated Systems Support	239,471	262,365	22,894
TOTAL MANAGEMENT SERVICES	15,174,135	15,698,668	524,533
PARTICIPANT PASS THROUGH COSTS			
	1,560,447	1,590,641	30,194
TOTAL NET ANNUAL BUDGET COST	\$ 476,023,911	\$ 503,650,560	\$ 27,626,649
OTHER THIRD PARTY REVENUE			
PM Service Revenue (via Nexant)	2,012,847	1,857,886	(154,961)
PM Service Revenue (via A&G)	223,650	206,432	(17,218)
Member Owned Gen ISO Energy Rev	67,107,648	69,679,260	2,571,612
Subtotal	69,344,145	71,743,578	2,399,433
TOTAL ADJUSTED NET ANNUAL BUDGET COST	\$ 406,679,766	\$ 431,906,982	\$ 25,227,216

Mgmt Services up 3.5% due to Power Management (new positions, IS, A&G)

Up 6.2% but largely due to market conditions, contracts, transmission, and business changes, etc.

Next Steps– FY21 *Proposed* Budget

- Final budget adjustments / allocations
- Commission Approval (April 16th)

FY2021 Proposed Budget
on *NCPA Connect*

Questions