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Minutes

Date: February 26, 2018
To: NCPA Facilities Committee
From: Carrie Pollo
Subject: February 13, 2018 Facilities Committee Special Meeting Minutes

- 1. Call meeting to order & Roll Call** - The meeting was called to order by Committee Chair Mike Brozo at 12:02 pm. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Mark Sorensen (Biggs), Paul Eckert (Gridley), Jiayo Chiang (Lodi), Jim Stack (Palo Alto), Jared Carpenter (Port of Oakland), and Steve Hance and Kathleen Hughes (Santa Clara). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Healdsburg, Lompoc, TID, and Ukiah were absent. A quorum of the Committee was established.

PUBLIC FORUM

No public comment.

****ADDITIONAL AGENDA ITEM****

Ken Speer, AGM of Generation Services at NCPA, described an urgent need to amend the steam suppliers joint Operating Agreement that had recently been negotiated with Calpine Corporation. Mr. Speer said the agreement needed to be in place by early March. The Facilities Committee accepted Mr. Speer's explanation for the urgent need to amend the agenda to allow the Facilities Committee to evaluate the agreement prior to the next Commission Meeting on February 22, 2018.

Motion: A motion was made by Shannon McCann and seconded by Melissa Price to amend the agenda to include an additional item to review the Effluent Pipeline Agreement Amendment. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Palo Alto, Plumas-Sierra, Roseville, and Santa Clara. The motion passed by a two thirds majority.

- 2. All Generation Services Facilities, Headquarters and Disaster Recovery Center – RFI Communications and Security Systems Multi-Task General Services Agreement** – Staff was seeking a recommendation for Commission approval of a five year Multi-Task General Services Agreement with RFI Communications and Security Systems, with a not-to-exceed

amount of \$1,000,000 for maintenance of Agency security systems including door access, intrusion and CCTV systems, for use at all facilities owned and/or operated by NCPA, its Members, SCPPA, or SCPPA Members. All purchase orders issued pursuant to the agreement will be charged against approved annual operating budgets. Staff gave background information and a staff report was provided for review.

Motion: A motion was made by Shannon McCann and seconded by Monica Padilla recommending Commission approval authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with RFI Communications and Security Systems (“RFI”) for maintenance of security systems including door access, intrusion, and CCTV systems, with any non-substantial changes recommended and approved by the Northern California Power Agency (“Agency”) General Counsel, which shall not exceed \$1,000,000 over five years for use at all facilities owned and/or operated by the Agency, its members, by the Southern California Public Power Authority (“SCPPA”) or by SCPPA members. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Palo Alto, Plumas-Sierra, Roseville, and Santa Clara. The motion passed.

3. Generation Services Budget Presentation – Staff presented the overhead budget for Generation Services Facilities FY19.

Hydroelectric:

- Routine O&M costs without labor is decreasing approximately \$23,000
- Labor is increasing approximately \$270,153
- Total routine O&M cost plus labor is \$247,153
- Projects budget has a decrease of \$390,000
- The FY19 proposed budget is \$52.3 million, a decrease of \$1.5 million
- The debt obligation is the largest part of the Hydro budget which is \$36.5 million
- The Hydro budget revenue assumptions were presented. The net annual cost to participants for the proposed FY19 budget is \$30.6 million, an increase of \$1.3 million.

The proposed projects for Hydro were presented which include: 1) CV Tunnel ROV Inspection; 2) CV TWD Blower Upgrade; 3) Paint MPDD Crane; 4) Paint CV Switchyard and Stoplog; 5) Cybersecurity Monitoring System (CSSP); 6) Vehicle Replacement, McKays Reservoir and Betterment (Clean Out), 7) CV Generator Rewind; and, 8) Beaver Creek Dredging. The total proposed project funding for FY2019 is \$2 million.

Geothermal:

- Reduced steam royalties due to expected overhauls, so decreased approximately \$387,000
- Labor is increasing approximately \$188,152
- Total routine O&M cost plus labor is \$397,509
- Projects budget increased \$1.8 million
- The FY19 proposed budget is \$34.3 million, an increase of \$2.2 million

The proposed projects for Geo were presented which include; 1) Cybersecurity Monitoring System (CSSP); 2) Plant 1 Steam Ejector Upgrade; 3) Ball Cleaning System Replacement; 4) Unit #1 Overhaul; 5) Unit #2 Overhaul; and, 6) 2019 Well Workover Program. The total proposed project funding for FY2019 is \$9.5 million. The projects budget request is \$3.3 million with \$6.2 million in current maintenance reserve funding.

The FY2019 cost to Members is \$7.7 million. The FY2019 return in value to Members (REC's & Capacity) is \$6.1 million.

Combustion Turbine No. 1

Staff reviewed and discussed the assumptions. The projects identified are based on operation to 2026. Turbine maintenance is based on condition only.

- The total CT1 FY2019 budget is \$3.8 million, an increase of \$995,156
- Net cost to Members is \$3.1 million, an increase of \$541,802

Staff is proposing three projects which include: 1) Generator Control Panel Interposing Relays; 2) Batteries; and, 3) Cybersecurity Monitoring System (CSSP). The total proposed project funding for FY2019 is \$565,000. One maintenance reserve project is being proposed, which is Fire System Replacement at \$260,000.

Combustion Turbine No. 2

Staff reviewed and discussed the assumptions. The CT2 debt will be paid in 2026. Air New Zealand is expected to service the LM5000 until 2018. Staff expects to retire the STIG in 2026. There are no estimates on decommissioning. The maintenance/project plan is based on nine remaining years.

- The total CT2 FY19 budget is \$8.8 million, an increase of \$215,995
- The net cost to Members is \$7.3 million, which is a decrease of \$240,699

The proposed CT2 projects for FY2019 include: 1) Lube Oil Hoses; and, 2) Cybersecurity Monitoring System (CSSP). The total for these projects is \$59,900.

4. Administrative Services Budget Presentation – Staff provided an informational overview and presentation on the Administrative Services proposed budget for FY19.

The proposed operating costs are increasing approximately \$160,000 or 3.5%. Total costs excluding labor are increasing approximately \$614,000, or 11.2%, for a total amount of \$6.1million.

Proposed projects were presented and discussed. The proposed projects include: 1) Computer Hardware; 2) Repainting the HQ Building; 3) Office Furniture Replacement; and, 4) New Accounting Software. Staff discussed how Admin & General costs are allocated.

5. Power Management Budget Presentation – Staff presented Power Management's purposed budget for FY19.

The proposed Power Management program costs are increasing approximately \$665,000, or 5.9%. Power Management staffing levels remain unchanged at 25 full time employees. Programmatic work areas remain unchanged as well. The direct charge programs, Market Purchase Program, Gas Purchase Program, Green Power Project and Fuel Acquisition and Management will continue. Overall funding for the Judicial Action program is being held constant at a proposed budget amount of \$575,000. The total proposed Power Management FY19 budget is \$11.7 million.

Power Management areas of focus for FY2019 will include CAISO market initiatives, comprehensive load/resource balance, RPS, GHG, and capacity reporting to members,

communication and reporting via NCPA Connect, and new member and new services integration (EBCE & SJCCE).

6. Review of Effluent Pipeline Agreement Amendment – Staff provided background information, and a presentation regarding an Amendment to the Effluent Pipeline Agreement.

Proposed changes to the agreement include: 1) NCPA will provide all power to the Effluent Pipeline; and, 2) Calpine will reimburse NCPA the Local Market Price for energy plus \$7.50/MWhr. This agreement will be good for two years, and can be cancelled by either party with a 30-day notice. This is a great value to NCPA as the Calpine share of energy used is approximately 12,000 MWhr's per year, which would be an increase in revenue to NCPA of \$90,000 per year.

Since a quorum was not established for this item, the committee asked those in attendance if they support recommending Commission approval of the contract amendment with Calpine in which NCPA would provide all the power to the Effluent Pipeline, and Calpine would reimburse NCPA the Local Market Price for energy plus \$7.50 per MWhr. Those in attendance that support NCPA's recommendation are: Alameda, Gridley, Lodi, Plumas-Sierra, Roseville, and Santa Clara. Palo Alto abstained. A staff report and resolution will be taken to the next Commission Meeting for approval on February 22, 2018.

ADJOURNMENT

The meeting was adjourned at 3:07 pm.

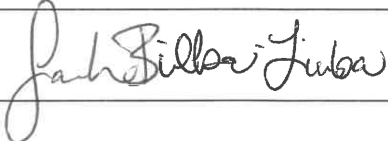



**Northern California Power Agency
February 13, 2018 Facilities Committee Special Meeting
Attendance List**

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

NAME	AFFILIATION
Carrie Pollo	NCPA
Dave Dookham	NCPA
Jane Weckhardt	NCPA
JEREMY LAWSON	NCPA
Ken Speer	NCPA
RAFAEL SANTANA	NCPA
RON YUEN	NCPA
Michael DeBartoli	NCPA
Randy Bowersof	NCPA
Marty LeBrett	NCPA
ED VOGEL	NCPA
Melissa Price	Lodi
Randy Howard	NCPA
Monica Padilla	Palo Alto
Shannon M'Cann	Roseville
Mike Brozo	Plumas-Sierra Coop
Sarah Liuba	Alameda
Tony Zimman	NCPA
Monty Hawks	NCPA
Sandra Ainsworth	NCPA

Northern California Power Agency
 February 13, 2018 Facilities Committee Special Meeting
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MEMBER	NAME
ALAMEDA	
BART	
BIGGS	
GRIDLEY	
HEALDSBURG	
LODI	
LOMPOC	
PALO ALTO	
PLUMAS-SIERRA REC	
PORT OF OAKLAND	
ROSEVILLE	
SANTA CLARA	
TID	
UKIAH	