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# Minutes

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**To:** NCPA Facilities Committee

**From:** Trisha Hubbard

**Subject:** February 17, 2016 Special Facilities Committee Meeting Minutes

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- 1. Call meeting to order & Roll Call** - The meeting was called to order by Committee Chair Alan Hanger at 9:07am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Barry Leska and Debbie Whiteman (Alameda), Bob Caracristi (NCPA), Melissa Conrad (NCPA), Melissa Cadek (Lodi), Mark Sorenson (Biggs), Monica Padilla and Chris Hutchinson (Palo Alto), Steve Hance (Santa Clara), and Basil Wong (Port of Oakland). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Gridley, Healdsburg, Lompoc, TID, and Ukiah were absent. A quorum of the Committee was established.

## **PUBLIC FORUM**

No public comment.

- 2. Generation Services, Power Management and A&G FY2017 Budget Review and Power Supply Forecasts** – Staff provided an overview of the budget process and timeline. The goal is to seek Commission approval of the FY2017 Budget at the April Commission Meeting. The Agency previously received Commission direction to set a target of 2.4% budget increases for FY2017 (excluding salaries and benefits). Staff indicated that salaries and benefits are increasing by approximately 8% - the main factor being related to increases in retiree medical costs.

### Generation Services

The Generation Services overhead budget was presented with an overall decrease of approximately 10% decrease.

### Combustion Turbine No. 1

Staff reviewed and discussed the assumptions.

Maintenance is based on a 20 year plan

The Administration budget is approximately 18% less due to high travel to Alameda that occurred during the FY2015 outage at that location.

Mandatory expenditures is 16% less due to FY15 installation of emergency shutoff valve on the gas pipeline.

Addition of an Inventory line item due to a necessity to purchase parts for gas compressor and turbine.

Staff is proposing one project for FY2017 at a cost of \$245,000.

### Combustion Turbine No. 2

Staff reviewed and discussed the assumptions

Debt will be paid in 2026

Expect STIG to be retired in 2026 or shortly thereafter

The Maintenance and Project plan is based on 9 remaining years.

The Administration and Mandatory costs are relatively unchanged.

Addition of an Inventory line item due to a necessity to purchase gas compressor parts.

Increase in labor are due merit, benefit, actuarial, and retirement medical.

Staff is proposing two Capital projects and one O&M Project for a total cost of approximately \$194,000.

Committee Members asked that staff look into other options as far as how these costs are allocated to STIG owners if STIG will not be in operation for the full life of this project.

### Hydroelectric:

Routine O&M costs without labor decreasing approximately \$43,000

Labor increasing approximately \$340,000

Projects budget has an increase of \$910,000

Staff highlighted factors contributing to being under budget: main factors – drought related = less necessary maintenance; FERC fees and labor – less callouts and extended outages.

Each of the proposed projects, totaling \$1.7million, were presented and discussed in detail.

The Capital Reserve Development projects were also presented and discussed in detail.

All projects presented are recommended, however, up to \$1.825million in projects could be deferred if necessary.

Plumas-Sierra would prefer deferring some of the discretionary projects and/or adjusting the capital reserve collections to mitigate the cost associated with the Adit 4 project.

Staff will look into options for members to consider at the next budget presentation.

### Geothermal

Routine O&M costs without labor increasing approximately \$67,000

Labor is increasing approximately \$846,000

Other costs showing a decrease of approximately \$2.9million, however, staff cautions that these numbers are preliminary.

Capital budget decrease of approximately \$350,000 or approximately 12%

Staff is not proposing to collect any funds for Capital Reserve Projects in FY17.

Each of the proposed projects, totaling \$2.57million (decrease of approximately 12%), were presented and discussed in detail.

The group discussed the possibility of leveling the reserve fund collection process – essentially collect a more constant amount of money each year instead of “low years” and “high years”

### Power Management

Staff's areas of focus for FY2017 are new members and services development, CAISO market initiatives, comprehensive load/resource balance, RPS, GHG capacity reporting to members, Sharepoint implementation, and communications and reporting.

Staff reviewed staffing levels, historical power supply costs. Since a peak in 2008, Power Management and Administrative Services expenditures are down 14%. Power Management FTE staffing is down 21% since a 2007 peak.

Review of member savings (MSS) is still in development.

Staff discussed potential incremental revenues

Total budget for materials, supplies and services (without labor) is decreasing 6.4%.

Administrative Services

Proposed operating costs are decreasing by approximately \$179,000 or 5.2%

Total costs excluding labor are increasing by 1.6%

Reviewed budget changes, excluding labor, by department.

Each of the proposed projects were presented and discussed in detail.

The next regular Facilities Committee meeting is scheduled for March 2<sup>nd</sup>. A Special Facilities Committee meeting will be held March 16<sup>th</sup> to continue presentations and discussions on the FY2017 budget.

**ADJOURNMENT**

The meeting was adjourned at 1:25pm.