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Minutes

To: NCPA Facilities Committee
From: Michelle Schellentrager
Subject: March 1, 2017 Facilities Committee Meeting Minutes

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

PUBLIC FORUM

No public comment.

- 2. Approve minutes from the January 25th and February 1st Facilities Committee Meetings** – A motion was made by Shannon McCann and seconded by Jiayo Chiang recommending approval of the January 25th and February 1st Facilities Committee Meeting Minutes. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville and Santa Clara. The motion passed.
- 3. All Generation Services Facilities – Matheson Tri-Gas, Inc. First Amendment** – Staff recommended approval of a First Amendment to the Multi-Task General Services Agreement with Matheson Tri-Gas, Inc., with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$750,000 over five years for use at all facilities owned and/or operated by NCPA. A draft Commission Staff Report was available for review.

Matheson Tri-Gas, Inc. currently provides a variety of gasses to NCPA locations, as needed. This Amendment would increase the not-to-exceed amount from \$200,000 over five years to \$750,000, as well as adding additional delivery facility locations and products to the Purchase List.

Motion: A motion was made by Shannon McCann and seconded by Alan Hanger recommending Commission approval of the First Amendment to the Multi-Task General Services Agreement with Matheson Tri-Gas, Inc. for continuing to supply various gases to NCPA facilities as needed, with any non-substantial changes recommended and approved by the NCPA General Counsel, and increasing the not-to-exceed amount to \$750,000 over five years for use at all facilities owned and/or operated by NCPA. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville and Santa Clara. ABSTAIN = Port of Oakland. The motion passed.

4. **All Generation Services Facilities, Members, SCPPA – Control Components, Inc.** – Staff recommended approval of a Multi-Task General Services Agreement and Agreement for Purchase of Equipment, Materials and Supplies with Control Components, Inc. for valve/vent maintenance and inspection services, with any non-substantial changes recommended and approved by the NCPA General Counsel, with a not-to-exceed amount of \$500,000 over five years for use at all facilities owned and/or operated by NCPA, its Members, SCPPA, and SCPPA Members. This agreement would essentially be renewing an existing agreement that recently expired which NCPA previously had with this vendor. A draft Commission Staff Report was available to review.

Motion: A motion was made by Shannon McCann and seconded by Monica Padilla recommending Commission approval of a Multi-Task General Services Agreement and Agreement for Purchase of Equipment, Materials and Supplies with Control Components, Inc. for valve/vent maintenance and inspection services, with any non-substantial changes recommended and approved by the NCPA General Counsel, with a not-to-exceed amount of \$500,000 over five years for use at all facilities owned and/or operated by NCPA, its Members, SCPPA, and SCPPA Members. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville and Santa Clara. ABSTAIN = Port of Oakland. The motion passed.

5. **Geothermal Generation Services Facility – Westgate Petroleum Company, Inc.** – Staff recommended approval of a five-year Agreement for Purchase of Equipment, Materials and Supplies of fuel, oils, lubricants and other miscellaneous petroleum products, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed an amount of \$1,350,000 over five years for use at the Geothermal facility. Staff explained that these funds would only be used if NCPA was required to drill at the geothermal plant. This agreement will only be available for use at the geothermal facility because Westgate Petroleum Company, Inc. only works in the region where the geothermal plant is located. A draft Commission Staff Report was available for review.

Motion: A motion was made by Jiayo Chiang and seconded by Alan Hanger recommending Commission approval of a five-year Agreement for Purchase of Equipment, Materials and Supplies of fuel, oils, lubricants and other miscellaneous petroleum products, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed an amount of \$1,350,000 over five years for use at the Geothermal facility. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Plumas-Sierra, Roseville, and Santa Clara. ABSTAIN = Palo Alto and Port of Oakland. The motion passed.

6. **Geothermal Plan 2 Generation Services Facility – K.W. Emerson, Inc. for Plant 2 Fire Line Suppression Service Line Replacement Project** – Staff recommended Commission approval of a Public Works Agreement with K.W. Emerson, Inc. for a not-to-exceed amount of \$650,000 for the fire suppression service line replacement project at the NCPA Geothermal Plant 2 Facility and delegate to the NCPA General Manager authority to issue purchase orders against the contract to carry out this work. A draft Commission Staff Report was available for review.

The original scope estimated that 500 feet of fire line would need to be replaced. When work began, other significant issues were uncovered. NCPA hired a Fire Engineer who, after further inspections, revised the amount of fire line that would need to be replaced; NCPA now estimates closer to 1900 feet of fire line will need to be replaced. The updated not-to-exceed amount includes contingency funds which would cover costs beyond just replacement of the lines (including potential inspection fees, or covering the cost of tearing into the ground grid, if needed). Staff reviewed the dollars budgeted for each part of the project with the Members (using a chart found in the draft Commission Staff Report). Staff also assured Members that this would not impact FY2018 budgets.

Motion: A motion was made by Shannon McCann and seconded by Jiayo Chiang recommending Commission approval of a Public Works Agreement between NCPA and K.W. Emerson, Inc. with any non-substantial changes as approved by the NCPA General Counsel, in an amount not-to-exceed \$650,000 for the construction of a Plant 2 Fire System at the Geothermal Facility and authorize the General Manager to approve the issuance of purchase orders for any amount as needed pursuant to the contract. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Plumas-Sierra, Roseville, and Santa Clara. ABSTAIN = Palo Alto and Port of Oakland. The motion passed.

7. Schedule Coordination Services for Lathrop Utility – Staff explored the possibility of providing Schedule Coordination Services for Lathrop Utility, and asked the Facilities Committee to provide guidance on whether to pursue this further.

Staff gave background on the Lathrop Irrigation District, including the current load levels and growth potential. The Lathrop Irrigation District was formed to service the growing River Islands Community. Lathrop previously contracted with Calpine for Schedule Coordination Services, however that contract expired on January 31st, 2017. NCPA has told Lathrop that it could take upwards of three months (or more) to get a finalized contract in place, should NCPA decide to move forward.

Members asked staff how this would impact NCPA resources/time; NCPA staff was able to reassure members that the impact would be nominal. Members cautioned that they would like NCPA to examine Lathrop's financials carefully, as well as the impact on NCPA staff time, before moving forward with a final approval of any contract.

Motion: A motion was made by Basil Wong and seconded by Steve Hance recommending NCPA staff move forward with exploring the possibility of providing Scheduling Coordination Services to Lathrop Irrigation District. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. The motion passed.

8. Planning and Operations Update –

- **Placer County CCE:** NCPA is still working with Placer County Water Agency as they move towards forming their CCE. NCPA recently arranged a joint meeting with CAISO and Placer County Water Agency, and continues to assist them with their long-term power supply portfolio.
- **Merced/PCWA:** NCPA continues to work on integration. Merced would like NCPA to begin scheduling for them 30-60 days earlier than originally anticipated. The start date for scheduling services for PCWA remains the same (January 1st, 2018). Dennis is working with both entities to put together operating procedures.
- **TO18:** There will be a settlements conference on the 7th and 8th of March. NCPA has a meeting scheduled for Mon, March 6th with PG&E to discuss further. There is another settlements conference tentatively scheduled for March 15th back in Washington, D.C.
- **FY18 Budget:** NCPA continues to work across all divisions to reduce costs further; updates will be discussed in the upcoming Special Facilities Committee Meeting schedule for March 15th.
- **UD Retreat:** The UD Retreat will be held next week. Topics scheduled to be discussed include advanced metering projects, CCA's and the risks/opportunities in working with JPA's, and upcoming Transmission Projects.
- **Ken Speer – Hydro Updates:** Ken Speer gave an update on NCPA's hydro plant. Hydro currently has 190-240 acre feet of water, and NCPA plans to start moving water out of Spicer soon. The amount of water NCPA will need to move will be contingent on the amount of snow melt/run off. Power Management is looking at historic data of spilling in previous years to help assist in forecasting amounts that may need to be moved.

- 9. Schedule next meeting date** – The next regular Facilities Committee meeting is scheduled for April 5th.

ADJOURNMENT

The meeting was adjourned at 10:35am.

DRAFT

**Northern California Power Agency
March 1, 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	Grayo Wang Tikan Singh
LOMPOC	
PALO ALTO	Anile Bogo
PLUMAS-SIERRA REC	
PORT OF OAKLAND	Shu M. Chen
ROSEVILLE	
SANTA CLARA	
TID	
UKIAH	

**Northern California Power Agency
March 1, 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.

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Minutes

To: NCPA Facilities Committee
From: Michelle Schellentrager
Subject: March 15, 2017 Special Facilities Committee Meeting Minutes

1. **Call Meeting to Order and Roll Call** - The meeting was called to order by Committee Vice Chair Mike Brozo at 9:04am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were: Mark Sorensen (Biggs), Jiayo Chiang (Lodi), Tikan Singh (Lompoc), Christopher Hutchinson and Monica Padilla (Palo Alto), Basil Wong and Khaly Nguyen (Port of Oakland), and Kathleen Hughes (Santa Clara). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Gridley, Healdsburg, TID, and Ukiah were absent. A quorum of the Committee was established.

PUBLIC FORUM

No public comment.

2. **Gen Services FY18 Budget Review and Approval** – Representatives from the Generation Services department reviewed the budgets for each of the NCPA Project, and answered questions from Members.

Hydro FY18 Budget: Staff were able to make some minor reductions to the budget as compared to the budget presented at the previous meeting. Monica Padilla asked for more information about the additional increase in A&G costs for Hydro. Staff explained that the bulk of the increase was being driven by adjustments to other budget categories since the allocation of A&G is partially based on the proportional distribution of total budget dollars by category. A&G is also impacted due to increased funding of the pension liability fund.

Mike Brozo asked why there appeared to be an increase in CAISO charges between Actual and Proposed budgets. In previous years, NCPA had not budgeted for uninstructed energy costs. The \$1.6 million being budgeted for FY18 is consistent with previous years' Actuals and is an attempt to accurately budget for those costs for FY18.

Hydro has six (6) projects being proposed for FY18; there were no changes to any of the scheduled projects since the previous meeting.

CT's FY18 Budget: Staff reviewed the budgets for CT1 and CT2.

- **CT1 FY18 Budget:** No changes to budget. Staff noted there was a minor increase in labor costs, but that there were decreases to Generation Services Shared costs and Administrative costs. No changes to the projects being proposed.
- **CT2 FY18 Budget:** No changes to budget since previous meeting. Projects all remain the same. Overall budget for CT2 is up slightly from previous years, due to A&G costs.

Geo FY18 Budget: Since the last meeting, the valuation assigned to RECs has been updated based on current market conditions, A&G costs increased slightly, and one scheduled project was deferred.

Member's requested a more detailed cost breakdown of cost drivers contributing to Generation Service A&G increases. O&M costs are fairly flat for FY18. There will be a savings of approximately \$175,000 by deferring an Administrative Project for FY18. Staff reviewed the remaining projects once again for Members; there were no additional questions about the projects scheduled.

Staff mentioned that some additional repairs may need to be made to Unit 4 due to vibration concerns which were discovered after the unit returned to services from a scheduled PG&E line outage. When Unit 4 was brought back online, Geo staff noticed a vibration in the turbine. Staff indicated that the annual maintenance scheduled for the unit will be moved up in time to enable review of the issue. All planned maintenance will still be performed during the outage.

Motion: A motion was made by Shannon McCann and seconded by Alan Hanger recommending Commission approval of the FY18 budget for Generation Services, including Hydro, CT, and Geo. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Plumas-Sierra, Roseville and Santa Clara. ABSTAIN = Palo Alto. The motion passed.

3. Administrative Services FY18 Budget Review and Approval – Representatives from Administrative Services reviewed their final proposed budget and answered questions from Members.

Staff was able to make some additional reductions since the February meeting. Staff was able to reduce the overall budget by an additional \$12,000, mainly through reductions in the amounts budgeted for various projects. Staff made it clear to Members that a vote for the Administrative Services budget would including voting for the Labor costs outlined.

Members had questions about the proposed project to install a storage container on-site at NCPA main office. Staff explained that this container would be used for storage of records, per NCPA's records retention policy, and would allow NCPA to end the lease for off-site storage.

Staff clarified that 75% of the budget was labor or staff-related. Members questioned whether the thirteen million dollars allocated for A&G costs aligned correctly with NCPA's generation, on average. Members also questioned Budgeted vs. Actual amounts, specifically with SCALD and Information Services. Sondra agreed to look into the details of the A&G costs more closely, and send out a more comprehensive review of what makes up those costs.

The Judicial Action cost allocation methodology was also discussed and reviewed. There were computation errors identified upon further examination. Staff made proposals to improve processes/prevent these issues from reoccurring again in the future. Members expressed on interest in considering alternatives for allocating certain categories of Judicial Action going forward, particularly if NCPA gets more involved in transmission/rate cases at FERC. For example, Members question the current allocation methodology being used to allocate costs associated to NCPA's participation in the PG&E TO18 rate case. Monica Padilla expressed an interest in making a motion to re-examine how Judicial Action costs associated TO18 costs are allocated to the Members. Mike Brozo expressed hesitation with including any new proposed allocation methodology in FY17/18 budgets. His suggestion was to have FY18 adjustments handled through the annual settlements in October of 2018. Monica expressed hesitation with approving the FY18 A&G budget. Sondra volunteered to put together a comprehensive analysis outlining the changes between FY16/17, including more detailed data on the Actuals.

Motion: A motion was made by Alan Hanger and seconded by Shannon McCann recommending Commission approval of the FY18 budget for Administrative Services. A vote

was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Plumas-Sierra, Roseville and Santa Clara. ABSTAIN = Palo Alto. The motion passed.

4. Power Management FY18 Budget Review and Approval – Representatives from Power Management reviewed their final proposed budget and answered questions from Members.

Power Management program costs overall went down. Staffing remained unchanged. There was an overall decrease of ~ \$160,000 across the board in all Power Management programs. Staff outlined focus areas for Power Management for FY18.

Staff noted that Power Management has some Administrative Services costs folded into Nexant Model, which results in them be included in the Power Management annual budget.

Staff reviewed the Power Management structure and cost allocation methods. Shannon McCann recommended eliminating the \$19,000 budgeted and earmarked for a consultant in the Fuel Acquisition & Management portion of the budget; all Members agreed that the allocated consultant costs should be cut.

Judicial Allocation was discussed. Historically, Power Management had only spent half of what was actually budgeted. Staff anticipate that the entire amount budgeted for FY17 will be spent. The Committee also requested that PCWA/MEID service revenues be reflected separately from the budget. Monica Padilla asked staff to explain why the forecasting budget was so high; staff gave the Committee a high-level overview of what costs make up the forecasting budget, to give Members a better understanding of the costs.

Motion: A motion was made by Monica Padilla and seconded by Shannon McCann recommending Commission approval of the FY2018 budget for Power Management, contingent on elimination of the Consultant (\$19,000) in Fuel Acquisition & Management. The Committee also recommended that staff review how Judicial Action costs for the PG&E Rates and Tariffs category are allocated, and present options for consideration at the next meeting. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Palo-Alto, Plumas-Sierra, Roseville and Santa Clara. The motion passed.

5. Schedule Next Meeting Date – The next regular Facilities Committee Meeting is scheduled for April 5th, 2017.

ADJOURNMENT

The meeting was adjourned at 12:10 pm.

**Northern California Power Agency
March 15, 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	Alan Hanger
BART	
BIGGS	
GRIDLEY	
HEALDSBURG	
LODI	
LOMPOC	
PALO ALTO	
PLUMAS-SIERRA REC	Michael Briggs
PORT OF OAKLAND	
ROSEVILLE	Shirley McLean
SANTA CLARA	
TID	
UKIAH	

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

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