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# Minutes

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**To:** NCPA Facilities Committee  
**From:** Trisha Hubbard  
**Subject:** March 16, 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 9:10am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Mark Sorenson (Biggs), Melissa Cadek (Lodi), Monica Padilla (Palo Alto), Nico Procos (Port of Oakland), Pete Virasak and Steve Hance (Santa Clara), and Mike Brozo (Plumas-Sierra). 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.

**Generation Services, Power Management and A&G FY2017 Budget Review and Power Supply Forecasts** – Staff provided an overview of the budget process and timeline. Non-personnel budget is proposed to come in 2.3% above the FY16 budget. Labor is up by 8%. The Agency plans to add 1.5 FTEs (1 in Settlements and changing 0.5 time budgeted Admin position to full-time position). The Agency will be looking into hiring an in-house general counsel.

Staff reviewed the Program Cost Comparisons - Net plant costs are up \$3.5million or 5% due to lower revenues, Management Services budget is flat, Power costs are down slightly, CAISO transmission costs are up significantly by \$9.3million or 12%, and pass-through costs are flat. Staff discussed in detail the TAC rates and the potential for them to rise even higher.

Alameda announced that they are planning to discontinue their participation in BAMx. Other BAMx participants will need to decide on either reducing the scope of work with Flynn or picking up Alameda's share of the contract amount.

Staff reviewed and discussed the major drivers for the budget changes. Staff reviewed the key drivers of labor increases and highlighted the increased retiree medical costs.

Updates to the Cost Allocation include the changes made as recommended by the Facilities Committee and approved by the Commission at the March 4<sup>th</sup> Special Commission Meeting. The A&G and Legislative and Regulatory allocations remain unchanged.

A final draft of the budget is scheduled to be released on April 8<sup>th</sup>.

### Administrative Services

Staff highlighted the adjustments made since the last presentation.

Proposed operating costs are decreasing by approximately \$216,750 or 6.3%

Total costs excluding labor are increasing by \$32,000 or 0.7%

Operating costs are \$300,000 below target.

Labor costs have increased by \$751,460 or 9.3%

An illustration of the A&G historical budget versus actuals was provided. FY2015 was \$2.1 million under budget primarily due to vacant positions and eliminated capital projects.

### 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%.

Staff presented and discussed the CY15 MSSA Savings based on select charge codes. Staff discussed the attributes and associated cost savings. Palo Alto requested further discussion on this topic and suggested that schedule a separate meeting.

### Generation Services

The Generation Services overhead budget was presented with an adjusted overall decrease of approximately \$185,000.

### Hydroelectric:

Staff discussed and provided information on the changes made to the proposed budget since the last presentation:

Routine O&M costs without labor decreasing approximately 1.1% despite \$250,000 in water for power.

1 proposed project has been deleted reducing the budget by \$145,000.

Staff reviewed the proposed projects once again and discussed the potential for deferring certain projects. Following discussion, the Committee members reached consensus on deferring the Painting of the Collierville Crane and Bridge in the amount of \$125,000 as well as reducing the budgeted Adit 4 Erosion project to \$500,000.

### Geothermal

Staff discussed and provided information on the proposed budget since the last presentation. Virtually all budget amounts are unchanged.

All proposed projects have the adjusted REC amount of \$15.

Staff reviewed the proposed projects once again – no deferrals were requested.

### Combustion Turbine No. 1

Staff discussed and provided information on the proposed budget since the last presentation.

Projects have been identified based on the recommended 10 year operation plan. Staff will plan to perform turbine maintenance based on condition only.

The overall proposed budget has a decrease of \$280,000.

Combustion Turbine No. 2

Staff discussed and provided information on the proposed budget since the last presentation. There are no major changes in the total proposed budget since the last meeting. Overall costs are increasing by \$186,000  
Debt will be paid in 2026  
Expect STIG to be retired in 2026  
Decommissioning is not yet estimated  
The Maintenance and Project plan is based on 9 remaining years.

In regards to the Ammonia Risk Reduction project, staff discussed and presented an alternative to the cost sharing with LEC

The group discussed the possibility of putting a rough estimate of \$10 million for decommissioning CT2 in the 2026 forecasted budget for planning purposes.

Motion: A motion was made by Shannon McCann and seconded by Melissa Cadek recommending Commission approval of the FY17 Administrative Services & General, Power Management, and Generation Services budgets including the changes proposed discussed during today's meeting. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. The motion passed.

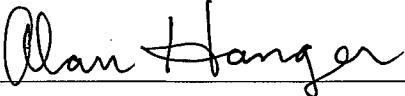

**ADJOURNMENT**

The meeting was adjourned at 11:45am.



**Northern California Power Agency  
Special Facilities Committee Meeting of March 16, 2016  
Facilities Committee  
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	
PORT OF OAKLAND	
ROSEVILLE	
SANTA CLARA	
TID	
UKIAH	