



**Debt and Interest Rate Management Report**  
**As of June 30, 2015**

June 30, 2015

## Highlights

- No new debt or or any new swap agreements were entered into during the last six months and no new issues are planned.
- No fixed or variable rate debt or interest rate swaps were refinanced or terminated in the last six months.
- No material changes to any fixed rate debt, variable rate debt or outstanding swap agreements occurred during the last six months.
- The last six months included a reduction in the amount of reimbursement received from the Federal government for Build America Bond (BAB) subsidies related to the Lodi Energy Center BAB issues. Total reduction for the June 1, 2015 debt service payment was 7.3% or \$244,233 due to sequestration of federal budget dollars.
- Notices were filed with the bond reporting depository (EMMA) as required for annual filing of continuing disclosure documents by NCPA
- No changes in bond ratings occurred during the last six months.
- Fees paid to Citi for remarketing the Variable Rate bonds remained the same. Fees paid to the provider of the letter of credit support (Bank of Montreal) remained the same.
- Citigroup, our swap counterparty was granted an upgrade in credit rating to A1 by Moody's Ratings during the last six months; no collateral posting was required by any counterparty during the last six months.
- No defaults under any swap agreements have occurred during the last six months.
- Fair value on remaining outstanding swaps changed from a negative value of \$21.1 million on December 31, 2014 to a negative \$19.5 million on June 30, 2015.
- Interest rate swaps continue to perform better than expected and variable rates remain very low and in line with the market.
- Upcoming events:

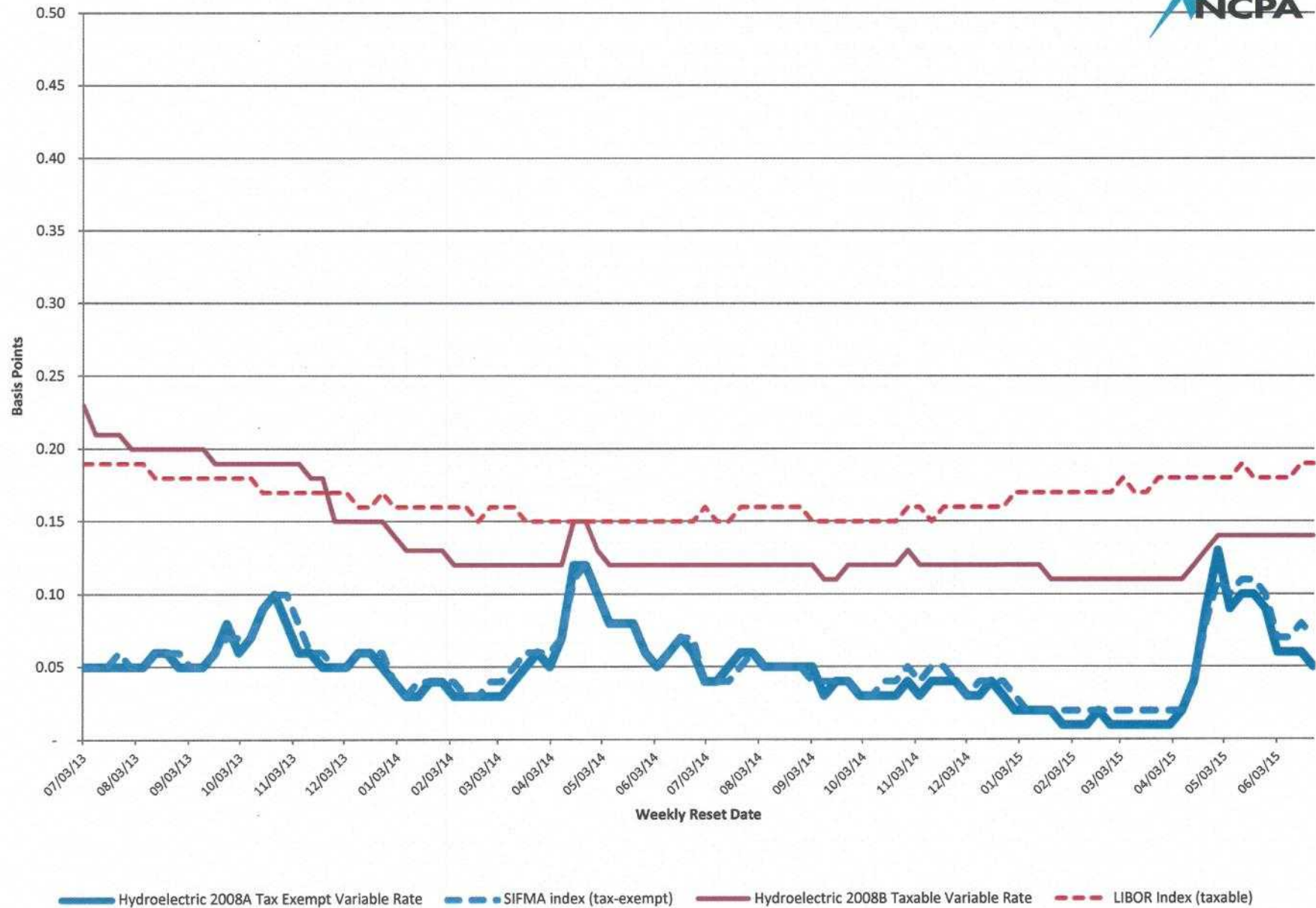
Nothing to report

**Northern California Power Agency**  
**Hydroelectric Project VRDO Bonds and Related Interest Rate Swaps**



		Hydro 2008A	Hydro 2008B
Variable Rate Debt			
Amount		\$85,160,000	\$1,574,000
Priced		Weekly	Weekly
Payment		Monthly	Monthly
Swap Counter-party:		Citigroup	Citigroup
Payments	NCPA	2 components Fixed @ 3.819%	2 components Fixed @ 5.291%
	Counterparty	Floating rate (based on 54% of monthly Libor+.54%)	Floating rate (based on monthly Libor)
Payment terms:	NCPA	Semi-Annual (net)	Semi-Annual (net)
	Counterparty	Semi-Annual (net)	Semi-Annual (net)
Liquidity/Letter of Credit Provider <sup>1</sup>		Bank of Montreal	Bank of Montreal
	Annual Fee	39.0 bp	39.0 bp
	Expiration Date	9/9/2019	9/9/2019
	Credit Ratings	Aa3/A+/AA-	Aa3/A+/AA-
Bond Insurer		None, Option with MBIA	None, Option with MBIA
	Credit Ratings	N/A	N/A
1 Effective 9/10/14 Citibank N.A. was replaced as the LOC provider with Bank of Montreal.			

# NCPA Variable Rate Debt Performance Versus Indices





# Northern California Power Agency Hydroelectric Project Swaps Performance to Date



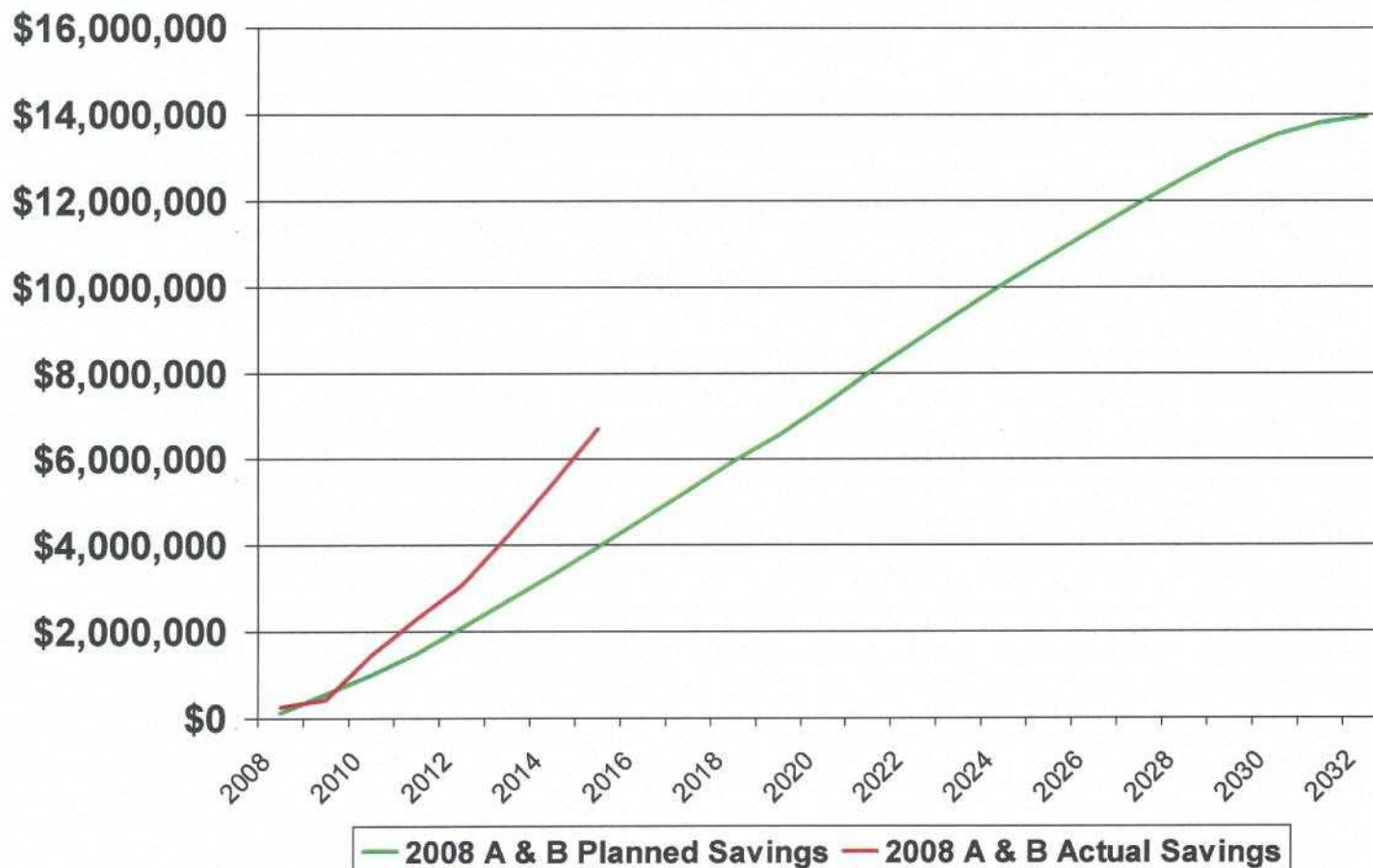
June 30, 2015

Total Projected Savings over life of bonds: \$13.9 million

Total Projected Savings to date: \$3,951,000

Actual Savings to date: \$6,715,000

Basis risk incurred (87 months) positive \$2,764,000





**Northern California Power Agency**  
Valuation Report as of 6/30/2015

Transaction Type	Project	Associated Bonds	NCPA Pays	NCPA Receives	Trade Date	Effective Date	Maturity Date	Remaining Life	Initial Notional	Bank Counterparty	Moody's	S&P	Fitch	Weighted Avg Life	Fair Value @ 6/30/2015	Impact on Value of 50 bp swing
Swap	Hydro	Series 2008A	3.8190%	54% of USD-LIBOR + .54%	11/24/2004	11/24/2004	7/1/2032	17.0	\$85,160,000	Citibank, N.A., New York	A1 ↑	A	A	13.89	(\$19,819,754)	\$3,189,400
Swap	Hydro	Series 2008B	USD-LIBOR	5.2910%	11/24/2004	11/24/2004	7/1/2032	17.0	\$1,574,000	Citibank, N.A., New York	A1 ↑	A	A	8.32	\$308,487	(\$50,300)
Total all swaps									\$86,734,000						(\$19,511,267)	\$3,139,100

**Highlights:**

No material changes to any outstanding swap agreements or any new swap agreements were entered into during the last six months  
Counterparty ratings were upgraded by Moody's Ratings to A1; no collateral posting by any counterparty has been required and they remain highly rated  
No defaults under the above swap agreements have occurred  
No planned swap transactions at this time  
Fair value on remaining outstanding swaps changed from a negative value of \$21.1 million on December 31, 2014 to a negative value of \$19.5 million on June 30, 2015.

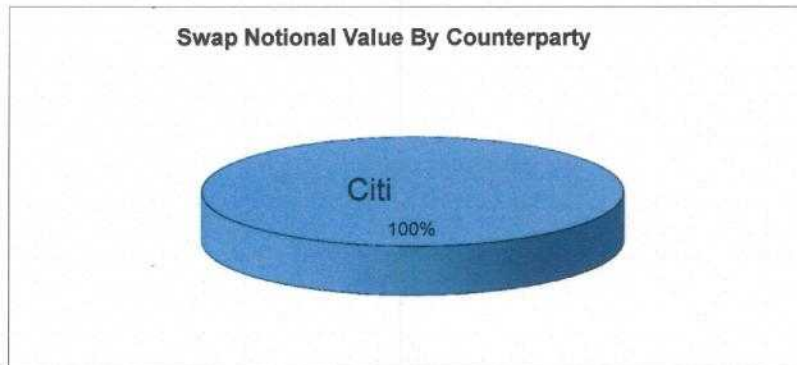
The valuations of derivatives transactions provided by PFM are indicative values based on mid-market levels as of the close of business on the date they are provided. These valuations are provided for information purposes only and are intended solely for internal use. These valuations do not represent the actual terms at which new transactions could be entered into or the actual terms at which existing transactions could be liquidated. The valuations provided are derived from proprietary models based upon well-recognized financial principles and reasonable estimates about relevant future market conditions. Valuations based on other models or different assumptions may yield different results. PFM believes its valuation methodology to be consistent with accepted practice in the market for interest rate swaps. Additional information is available on request. Information herein is believed to be reliable, but PFM does not warrant its completeness or accuracy. PFM does not hold a position or act as a market maker in the financial instruments of any issuer discussed herein.

# Northern California Power Agency Counterparty Report as of 6/30/2015

Transaction Type	Project	Associated Bonds	Initial Notional	Bank Counterparty	Last ratings as of 12/31/2014			Current ratings as of 6/30/2015		
					Moody's	S&P	Fitch	Moody's	S&P	Fitch
Swap	Hydro	Series 2008A	\$85,160,000	Citibank, N.A., New York	A2	A	A	A1 ↑	A	A
Swap	Hydro	Series 2008B	\$1,574,000	Citibank, N.A., New York	A2	A	A	A1 ↑	A	A
			<u>\$86,734,000</u>							
			<u>\$86,734,000</u>							

Moody's upgraded Citibank rating from A2 to A1

Due to termination of all other swaps on 7/9/08, Citibank is now the only swap provider with which NCPA has outstanding transactions.



**Northern California Power Agency**  
**Valuation Report as of**  
**By Participant**

6/30/2015



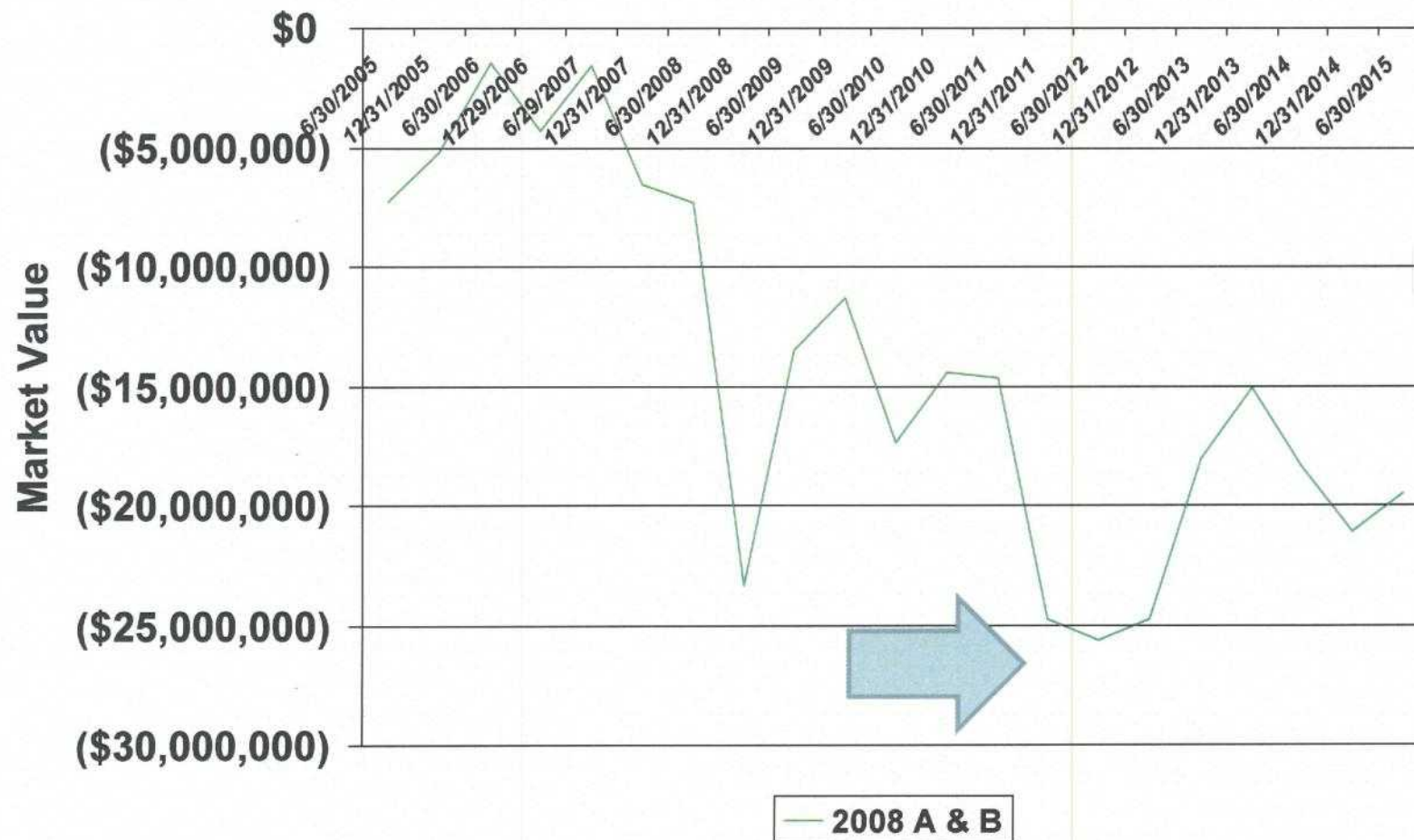
<i>Fair Value at 6/30/2015</i>															
Transaction Type	Project	Associated Bonds	Maturity Date	Initial Notional	Bank Counterparty	Fair Value @ 6/30/15	Alameda 10.00%	Healdsburg 1.66%	Lodi 10.37%	Lompoc 2.30%	Palo Alto 22.92%	Phumas-Sierra 1.69%	Roseville 12.00%	Santa Clara 37.02%	Ukiah 2.04%
Swap	Hydro	Series 2008A	7/1/2032	\$85,160,000.00	Citibank, N.A., New York	(\$19,819,754.00)	(\$1,981,975)	(\$329,008)	(\$2,055,308)	(\$455,854.34)	(\$4,542,687.62)	(\$334,953.84)	(\$2,378,370.48)	(\$7,337,272.93)	(\$404,322.98)
Swap	Hydro	Series 2008B	7/1/2032	\$1,574,000.00	Citibank, N.A., New York	\$308,487.00	\$30,849	\$5,121	\$31,990	\$7,095.20	\$70,705.22	\$5,213.43	\$37,018.44	\$114,201.89	\$6,293.13
Total all swaps						(\$19,511,267)	(\$1,951,127)	(\$323,887)	(\$2,023,318)	(\$448,759)	(\$4,471,982)	(\$329,740)	(\$2,341,352)	(\$7,223,071)	(\$398,030)

<i>Impact on Value of 50 BP Swing in swap rates</i>															
Transaction Type	Project	Associated Bonds	Maturity Date	Initial Notional	Bank Counterparty	Impact on Value of 50 bp swing	Alameda 10.00%	Healdsburg 1.66%	Lodi 10.37%	Lompoc 2.30%	Palo Alto 22.92%	Phumas-Sierra 1.69%	Roseville 12.00%	Santa Clara 37.02%	Ukiah 2.04%
Swap	Hydro	Series 2008A	7/1/2032	\$85,160,000.00	Citibank, N.A., New York	\$3,189,400	\$318,940	\$52,944	\$330,741	\$73,356	\$731,010	\$53,901	\$382,728	\$1,180,716	\$65,064
Swap	Hydro	Series 2008B	7/1/2032	\$1,574,000.00	Citibank, N.A., New York	(\$50,300)	(\$5,030)	(\$835)	(\$5,216)	(\$1,156.90)	(\$11,528.76)	(\$850.07)	(\$6,036.00)	(\$18,621.06)	(\$1,026.12)
Total all swaps						\$3,139,100	\$313,910	\$52,109	\$325,525	\$72,199	\$719,482	\$53,051	\$376,692	\$1,162,095	\$64,038



# Northern California Power Agency Hydroelectric Project Swaps Value Trend

Extreme market volatility and low treasury rates have greatly impacted the mark to market value of the swaps over the last several years. Rates have increased slightly over the last six months decreasing the negative mark to market value.



**Northern California Power Agency**  
**Hydroelectric Project No. One 2008 A & B Variable Rate Debt Obligation**  
**Comparison of Actual vs Planned Interest Rate Swaps Savings (Cost)**  
**As of June 30, 2015**



	Planned		Actual	
	Savings (Cost)		Savings (Cost)	
	Annual	Cumulative	Annual	Cumulative
FY2008	\$ 117,580	\$ 117,580	\$ 254,188	\$ 254,188
FY2009	438,768	556,348	189,800	443,988
FY2010	443,387	999,735	1,005,458	1,449,446
FY2011	484,319	1,484,054	856,253	2,305,699
FY2012	596,774	2,080,828	764,036	3,069,735
FY2013	609,640	2,690,469	1,146,750	4,216,485
FY2014	623,059	3,313,528	1,200,879	5,417,364
FY2015	637,299	3,950,827	1,297,194	<b>6,714,557</b>
FY2016	652,361	4,603,187		
FY2017	668,244	5,271,431		
FY2018	684,949	5,956,380		
FY2019	605,117	6,561,497		
FY2020	710,041	7,271,538		
FY2021	710,434	7,981,972		
FY2022	699,418	8,681,390		
FY2023	686,782	9,368,172		
FY2024	671,372	10,039,544		
FY2025	651,414	10,690,959		
FY2026	630,888	11,321,846		
FY2027	607,900	11,929,746		
FY2028	582,392	12,512,138		
FY2029	554,257	13,066,395		
FY2030	432,154	13,498,548		
FY2031	298,202	13,796,750		
FY2032	150,869	13,947,620		
<b>Total</b>	<b>\$ 13,947,620</b>		<b>\$ 6,714,557</b>	
<b>Cumulative Additional Savings through 6/30/15</b>	<b>2,763,731</b>			
<b>Projected Savings</b>	<b>\$ 16,711,350</b>	<b>Revised Savings</b>		
	<b>119.82%</b>			

Note: Above cumulative actual interest includes \$197,143 of bank bond interest incurred during the 2008/09 fiscal crisis.