

Overview of NCPA Operating Budget - FY17/18



**BUDGET
BRIEF**

Facilities Committee Meeting

March 15, 2017

NCPA Commission Budget Direction – FY 2018

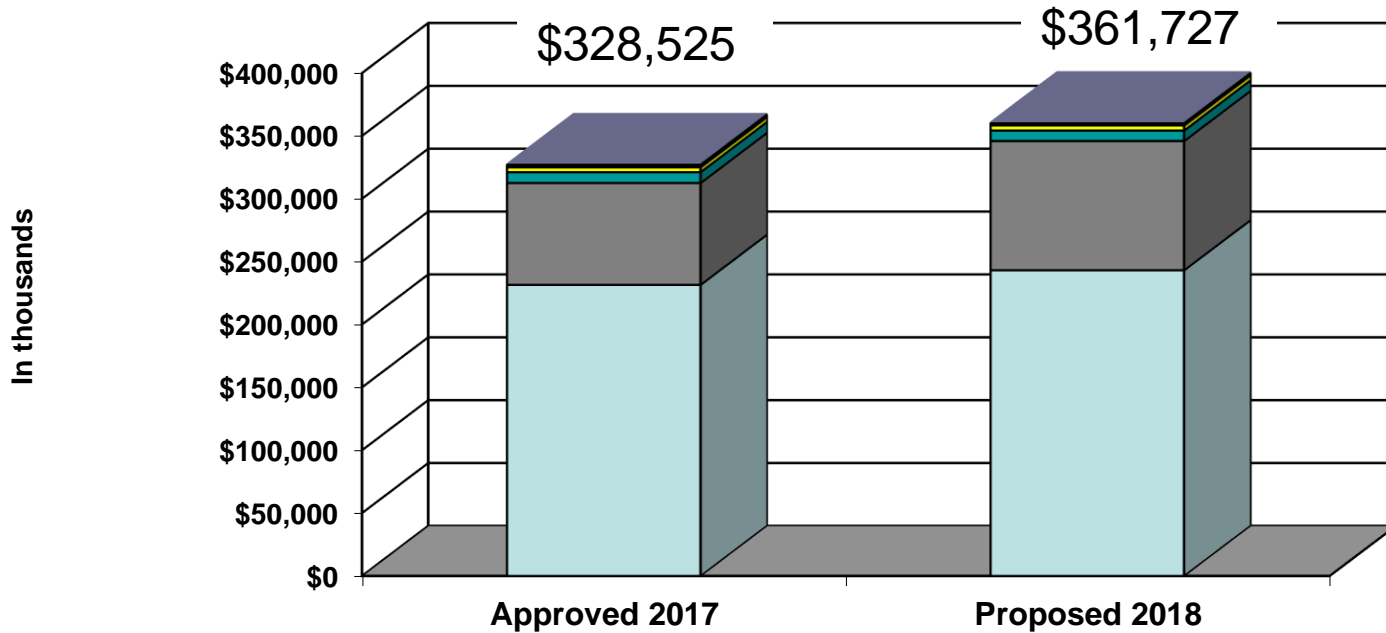
Other operating
costs limited to

2.2% increase
for
FY 2018

- FY 2018 non-personnel budget proposed to come in below FY 2017 by 2.5%; below the target;
- Labor costs up 5.4%
- Proposed total other operating/personnel costs 0.2% lower than combined target

Proposed Budget (Net) FY 18

Proposed FY 2018 Budget, net of revenues, reflects an increase of \$33.2 million or 10% from FY 2017, primarily from higher transmission costs and reduced revenues from sales to the CAISO



- Generation Resources**
- Transmission**
- Power Management**
- Legislative & Regulatory**
- Judicial Action**
- Settlements**
- Risk Management**
- Integrated Systems Support**
- Pass through Costs**

**NORTHERN CALIFORNIA POWER AGENCY
ANNUAL BUDGETS**

3/13/2017

GENERATION RESOURCES

NCPA Plants -
 Controllable Plant Operating Costs
 Total NCPA Plants
 Member Resources - Energy
 Member Resources - Natural Gas
 Western Resources
 NCPA Contracts & Market Power Purchases
 Load Aggregation Costs
 Net GHG Obligations
TOTAL GENERATION RESOURCES

FISCAL YEAR ENDED JUNE 30		
Approved		Proposed
2017	Inc/(Dec)	2018
\$ 66,405,943	\$ 18,166,277	\$ 84,572,220
66,405,943	18,166,277	84,572,220
45,637,694	7,751,340	53,389,034
1,675,438	(998,073)	677,365
19,990,976	(18,031,691)	1,959,285
39,302,363	(19,984,338)	19,318,025
56,011,961	26,791,561	82,803,522
2,539,910	(2,093,993)	445,917
231,564,285	11,601,083	243,165,368

TRANSMISSION - Independent System Operator

MANAGEMENT SERVICES

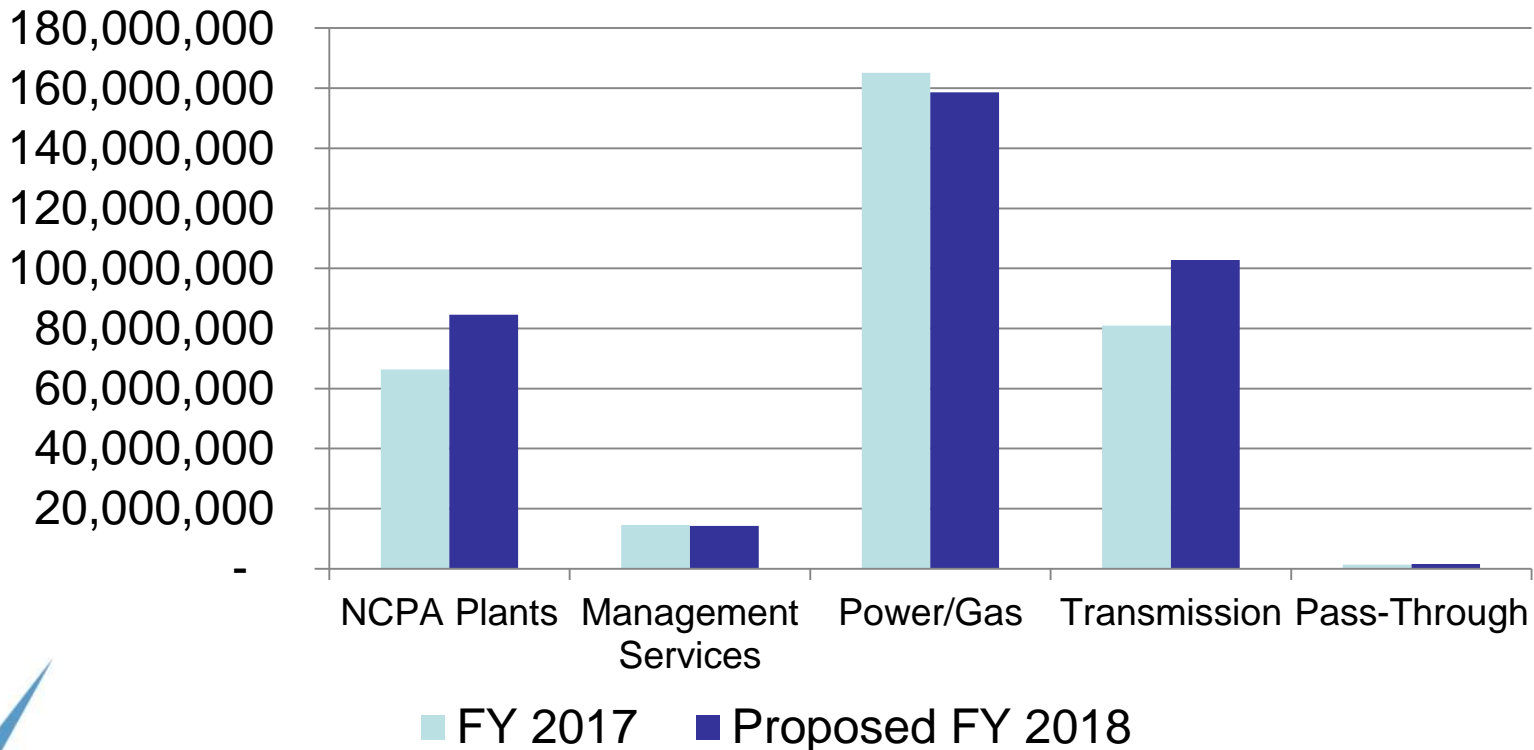
Legislative & Regulatory
 Judicial Action
 Judicial Action - Direct to Programs
 Power Management
 Power Management - Direct to Programs
 Energy Risk Management
 Settlements
 Integrated Systems Support
TOTAL MANAGEMENT SERVICES
PARTICIPANT PASS THROUGH COSTS (TANC, DUES, ETC)
TOTAL NET ANNUAL BUDGET COST
 PM Service Revenue
TOTAL NET ANNUAL BUDGET COST

	81,001,343	21,810,939	102,812,282
3,939,286	133,912	4,073,198	
625,000	-	625,000	
-	(117,342)	(117,342)	
9,955,063	350,146	10,305,209	
(1,327,566)	(34,209)	(1,361,775)	
211,807	(6,977)	204,830	
861,331	(88,490)	772,841	
310,400	6,168	316,568	
14,575,321	243,208	14,818,529	
1,383,747	142,160	1,525,907	
328,524,696	33,797,390	362,322,086	
-	(595,000)	(595,000)	
\$ 328,524,696	\$ 33,202,390	\$ 361,727,086	

10% Increase

Program Cost Comparisons (net of revenue)

- NCPA net plant costs are up \$18.2 million or 27.4% due to lower revenues (\$49.1mm)
- Management Services budget is down by \$351,800 or 2.4%
- Power costs are down by \$6.6 million or 4%
- CAISO transmission costs are up substantially, \$21.8 million or 26.9%
- Pass-through costs up by \$142,160 or 10.3%



Major Drivers of Budget Changes



Labor up 5.4%
(\$2.0mm)

Load Aggregation up
22.9% (\$26.8mm)

CAISO charges up
(\$21.8mm)

LEC energy purchases
(\$2.0mm)

Sales to CAISO for
energy & ancillary
services down
(\$49.1mm)



Reduction of Market
Power Purchases
(\$20.0 mm)

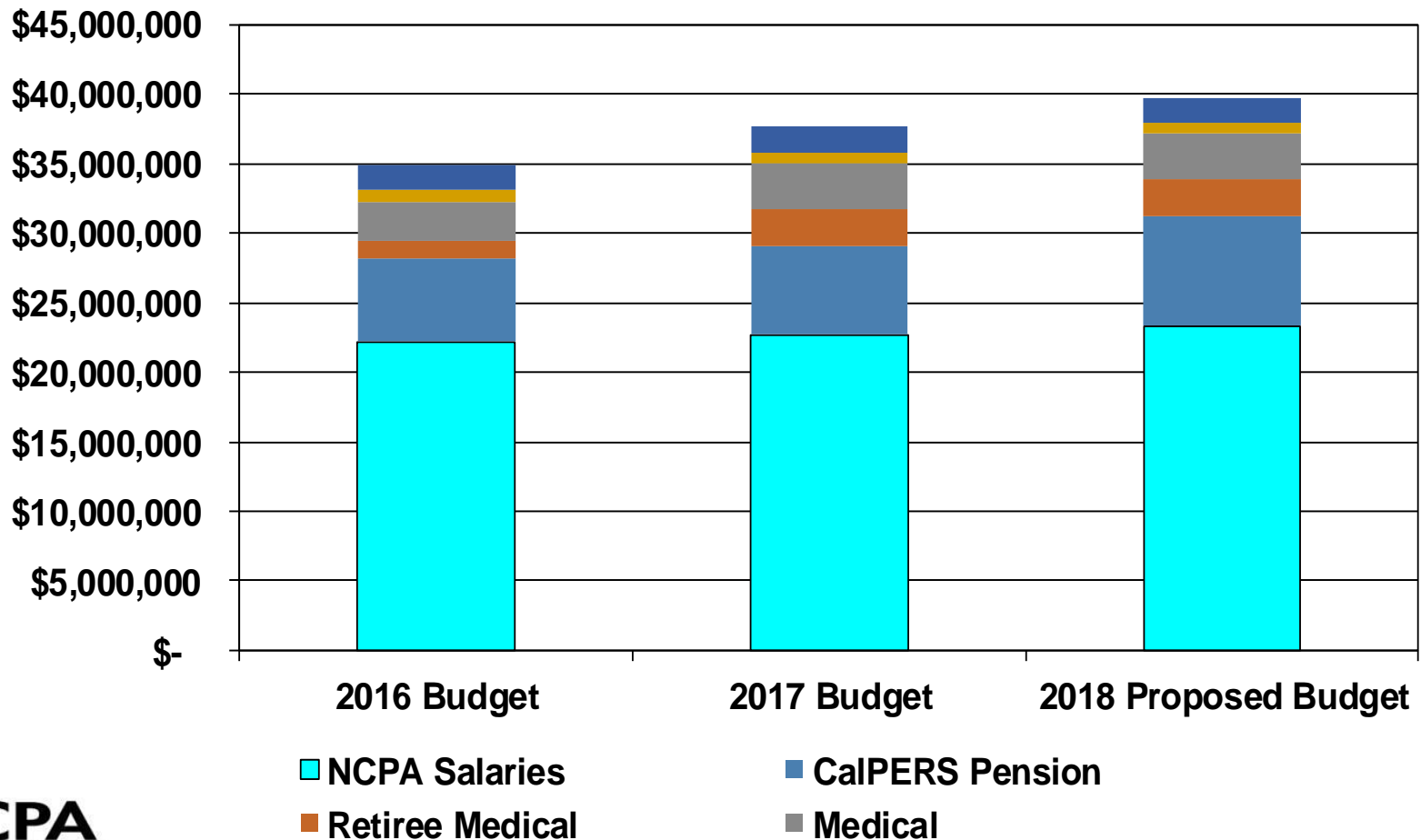
Member Gas
Contracts/Net GHG
Obligations (\$3.1 mm)

Reduced Fuel Costs
(\$29mm)

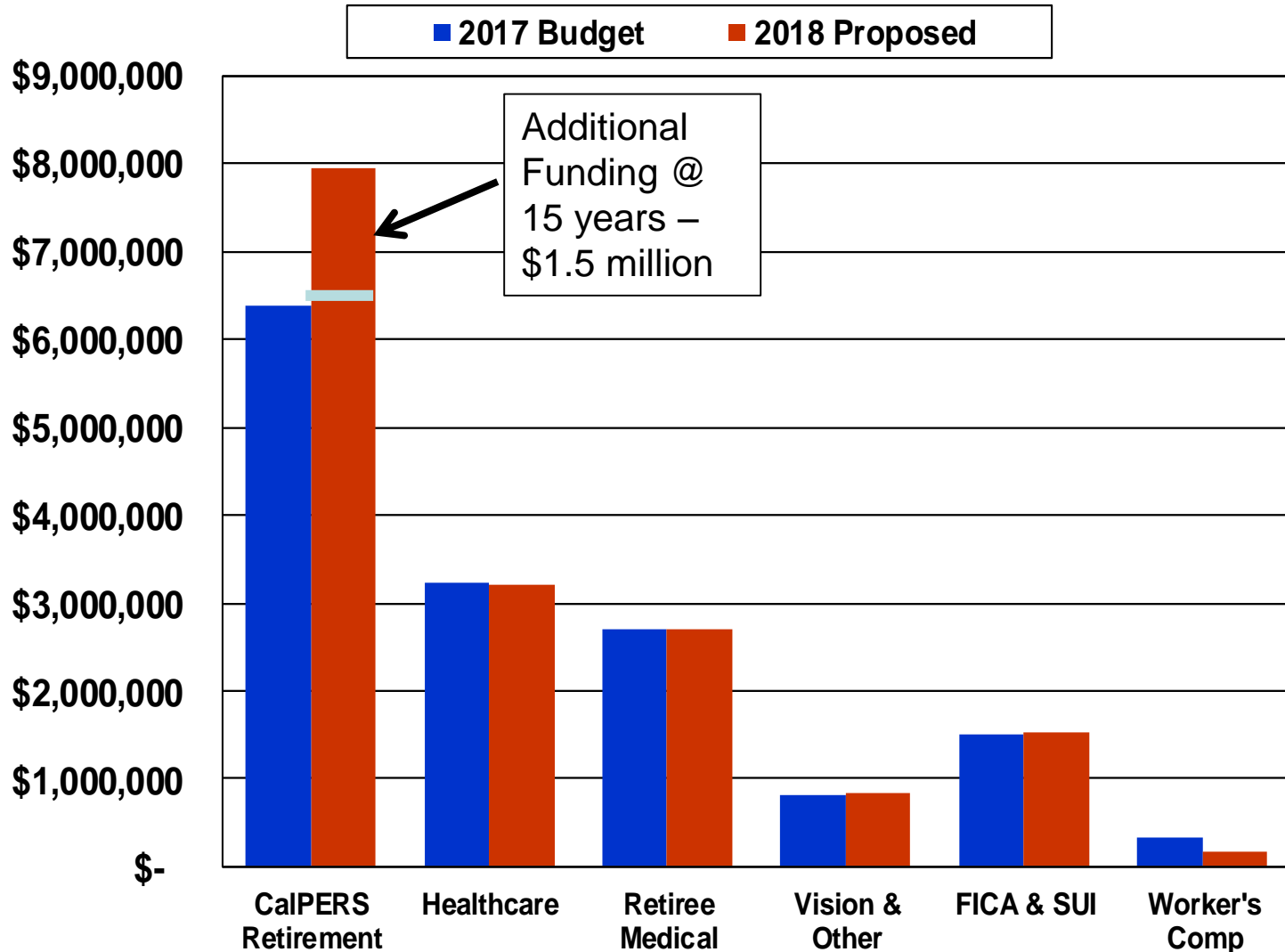
Reduced Capital
Projects (\$2.3mm)

Salaries and Benefits Comparison to Prior Years

Salaries and Benefits are above prior year budget (5.4%). The budget assumes a \$1.5 million increase for accelerated funding of the pension liability.



Benefit Changes 2017-2018



Proposed staffing changes for full time positions; net reduction 1.0 FTE

Action	FTE	Project/Program	Position
Delete	- 1.0	Geothermal Plant	Supervisor I
Net change	- 1.0		

Proposed staffing changes for part-time casual positions

Action	FTE	Project/Program	Position
Add	0.25	Human Resources	Student Intern (HR)
Add	0.38	Human Resources	Student Intern (HR)
Net change	0.63		