



# Commission Staff Report

August 5, 2020

**COMMISSION MEETING DATE:** August 27, 2020

**SUBJECT:** Use of Excess 2009A Geothermal Debt Reserve Fund to Cover Any FY2020 Geothermal Settlement Shortfall

**AGENDA CATEGORY:** Consent

<b>FROM:</b>	Monty Hanks Assistant General Manager/CFO	<b>METHOD OF SELECTION:</b>	N/A
<b>Division:</b>	Administrative Services	<i>If other, please describe:</i>	
<b>Department:</b>	Accounting & Finance		

<b>IMPACTED MEMBERS:</b>					
All Members	<input type="checkbox"/>	City of Lodi	<input checked="" type="checkbox"/>	City of Shasta Lake	<input type="checkbox"/>
Alameda Municipal Power	<input checked="" type="checkbox"/>	City of Lompoc	<input checked="" type="checkbox"/>	City of Ukiah	<input checked="" type="checkbox"/>
San Francisco Bay Area Rapid Transit	<input type="checkbox"/>	City of Palo Alto	<input checked="" type="checkbox"/>	Plumas-Sierra REC	<input checked="" type="checkbox"/>
City of Biggs	<input checked="" type="checkbox"/>	City of Redding	<input type="checkbox"/>	Port of Oakland	<input type="checkbox"/>
City of Gridley	<input checked="" type="checkbox"/>	City of Roseville	<input checked="" type="checkbox"/>	Truckee Donner PUD	<input type="checkbox"/>
City of Healdsburg	<input checked="" type="checkbox"/>	City of Santa Clara	<input checked="" type="checkbox"/>	Other	<input checked="" type="checkbox"/>
<i>If other, please specify</i>				Turlock	
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## **RECOMMENDATION:**

Staff is recommending the Northern California Power Agency (NCPA) Commission approve Resolution 20-XX authorizing staff to use available excess 2009A Geothermal debt reserve fund monies to cover any FY2020 annual settlement shortfall related to the Geothermal project.

## **BACKGROUND:**

When the 2009A Geothermal bonds were issued, \$3.5 million of the proceeds were deposited into a Debt Service Reserve Fund. This amount is generally calculated as the equivalent of "maximum annual debt service" which provides the bondholders additional security and the intent is to use these funds for the final year of debt service payments. In 2016, staff refunded a portion of the 2009A bonds and then with the eventual final 2009A bond payment in FY2020, the funds in this debt service reserve were released to operations.

During FY2020, the Geothermal project was met with unexpected events and unplanned expenses due to the Kincadee fire, installation of the shoo-fly jumper, intertie, and increased vegetation management. Staff provided many updates throughout the year and were given Commission authority to use approximately \$450k of these excess debt service reserve funds. Now that the fiscal year has concluded, the Geothermal project is estimated to have a shortfall of approximately \$2 million. Staff is recommending using the remaining excess debt service reserve funds as part of the annual settlements process to avoid the project participants from covering any shortfall related to the Geothermal project. After final settlements, any remaining funds would then be refunded.

## **FISCAL IMPACT:**

The recommended action should be sufficient to cover the estimated FY2020 shortfall and therefore will not have a fiscal impact to the project participants. Once the final settlements are completed, any remaining funds will then be refunded through NCPA's annual settlement process.

## **ENVIRONMENTAL ANALYSIS:**

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

## **COMMITTEE REVIEW:**

The recommendation was reviewed by the Finance Committee and was recommended for Commission approval.

Respectfully submitted,

RANDY S. HOWARD  
General Manager

Attachments:

- Resolution 20-XX

DRAFT