

To: Honorable Public Utilities Board

Submitted by: _____(S)_____
Barry Leska
AGM-Energy Resource Planning

From Barry Leska
AGM-Energy Resource Planning

Approved by: _____(S)_____
Elizabeth D. Warmerdam
Interim General Manager

Subject: By Resolution, Approve Supplement No. 1 To The Amended And Restated Northern California Power Agency Joint Powers Agreement Adding The City Of Shasta Lake As A Party To The Agreement, Recommend City Council Approval Of The Agreement, And Authorize Alameda's Utility Director, Interim General Manager Elizabeth Warmerdam To Execute Supplement No. 1 Documents.

RECOMMENDATION

By resolution, approve Supplement No. 1 to the Amended and Restated Northern California Power Agency Joint Powers Agreement, adding the City of Shasta Lake as a party to the Agreement, recommend City Council approval of the Agreement, and authorize Alameda's Utility Director, Interim General Manager Elizabeth Warmerdam to execute Supplement No. 1 documents.

BACKGROUND

Alameda Municipal Power ("AMP"), a Department of the City of Alameda, is a member of the Northern California Power Agency ("NCPA") which was formed by various Northern California municipal utilities on July 19, 1968 through the Joint Powers Agreement ("JPA") to provide for the purchasing, using, or selling of revenue-producing facilities, including electric generating and transmitting facilities, as well as other supporting programs such as scheduling and dispatch services and legislative advocacy services. Under the JPA, individual member public agencies more efficiently use their common powers to acquire, purchase, generate, transmit, distribute, sell, interchange and pool electric capacity and energy. AMP currently receives benefits from various projects and programs offered at NCPA.

NCPA's Strategic Plan focuses heavily on the importance of using the resources of the Agency to serve new members and new contract services. NCPA's objective is to help enhance its reach and influence, provide needed services to other public power systems, and expand the savings and benefits of joint action. As a result of outreach in this regard, the City of Shasta Lake, California, on April 25, 2016, submitted an application for membership in NCPA. Since that time, NCPA staff has carefully evaluated the application and reviewed public information to assure full compliance with the Agency's New Member Policy.

The result of this review is a NCPA staff finding that the City of Shasta Lake should be considered for membership. At the June 17, 2016 NCPA Commission meeting, the Commission, including Alameda's representative, approved a recommendation for approval of Supplement No. 1 to the Amended and Restated NCPA Joint Powers Agreement ("Supplement 1") by all current members of NCPA; thereby adding the City of Shasta Lake as a Party to the Joint Powers Agreement ("JPA") once fully executed.

DISCUSSION

The City of Shasta Lake ("Shasta") meets all Minimum Screening Criteria delineated in NCPA's New Member Policy that was approved by the Commission on February 25, 2016. A review of filings submitted to state agencies, and discussions with Shasta's Council and executive staff, indicate that Shasta has goals that are consistent with those of NCPA, and its members, including support for local control, recognition of the benefits and savings that can be achieved through joint action, and a desire to minimize wholesale electric costs in order to provide economic benefits to their retail customers.

Shasta is also eligible to purchase preference power from the Western Area Power Administration (Western), which is a requirement for membership in NCPA. Shasta currently has a .805% allocation of power supplied by Western. As well, in accordance with the Agency's policy requirements, Shasta is willing to participate in political proceedings and will benefit our members through their participation in NCPA programs.

NCPA policy also requires that a potential member has financial strength. NCPA's analysis of the Shasta's Electric Enterprise shows it is financially sound, and NCPA's staff sees no concerns in this area that would prevent their acceptance as an NCPA member. The internal credit rating assessment provided an A to A- overall score, and reflected the utility's strong cash position with over 266 days of operating cash on hand and no outstanding debt. Their rates are competitive, and a multi-year rate increase is ongoing. Shasta's Electric Enterprise also has risk mitigation for exposure to one very large industrial customer (12% of load) in place, and a power cost adjustment clause to pass through energy risk to consumers has been established.

The Commission has previously determined that all NCPA members must execute the NCPA Legislative and Regulatory Affairs Program Agreement and participate in the Legislative and Regulatory Program to assure broad support for local decision making and to protect NCPA from potential policy changes that could devalue the public investment that has been made in NCPA's generation facilities. In accordance with this policy, Shasta, if approved for membership in the Agency, will not only become a signatory to the NCPA joint powers agreement, but would also execute the Legislative and Regulatory Affairs Program Agreement.

Once it is a member, it is the Shasta's intention to begin exploring other Agency services as well as participation in NCPA generation projects.

Approval of Shasta's membership in NCPA requires approval of Supplement No. 1 to the Amended and Restated Northern California Power Agency Joint Powers Agreement, adding the

City of Shasta Lake as a Party. NCPA is not itself a signatory to this document, but rather it must be unanimously approved by each of the governing boards of all existing NCPA members and by the City of Shasta Lake. Following the recommendation by the Commission, Shasta will be invited to participate in NCPA committee and Commission proceedings in a non-voting status until formal approval of Supplement No. 1 by Shasta, and all of the current NCPA members, are obtained. As envisioned when the NCPA New Member Policy was enacted, Shasta will not make a membership payment to the Agency during this interim, non-voting participation period, but it would be required to cover the costs directly associated with any NCPA event attended by Shasta.

The Amended and Restated NCPA Joint Powers Agreement does not have a term limit or expiration date which is why it must go to City Council for approval of Supplement No. 1. NCPA continues to solicit appropriate organizations for their membership interest and/or contract services interest.

FINANCIAL IMPACT

If approved for membership, Shasta would pay \$128,864 toward the NCPA FY2017 Legislative and Regulatory Affairs (“L&R”) budget. This amount includes payment of \$28,978 toward the JPA fee. This payment is estimated to reduce all other NCPA member payments accordingly.

If Shasta is approved for membership, Alameda’s FY2017 L&R cost allocation would decrease by \$7,585.

LINKS TO BOARD POLICY AND OBJECTIVES

Goal 5.2: Define power procurement plan for 2025

EXHIBITS

- A. Resolution Approving Supplement 1 And Recommending City Council Approval
- B. Supplement No. 1 To The Amended And Restated Northern California Power Agency Joint Powers Agreement, Adding The City Of Shasta Lake As A Party

CITY OF ALAMEDA
ALAMEDA MUNICIPAL POWER

RESOLUTION NO. _____

**APPROVING SUPPLEMENT NO. 1 TO THE AMENDED AND RESTATED
NORTHERN CALIFORNIA POWER AGENCY JOINT POWERS AGREEMENT,
ADDING THE CITY OF SHASTA LAKE AS A PARTY TO THE AGREEMENT**

WHEREAS, Alameda Municipal Power (“AMP”) is a member of the Northern California Power Agency (“NCPA”), which was formed by various Northern California municipal utilities on July 19, 1968 through the Joint Powers Agreement (“JPA”) to provide for the purchasing, using, or selling of revenue-producing facilities, including electric generating and transmitting facilities, as well as other supporting programs such as scheduling and dispatch services and legislative advocacy services; and,

WHEREAS, NCPA's Strategic Plan highlights the importance of using the resources of the Agency to recruit new members and to provide services to non-Agency members; and,

WHEREAS, the City of Shasta Lake, California has submitted an application for NCPA membership that complies with the Minimum Screening Criteria of NCPA's New Member Policy that was approved by the NCPA Commission on February 25, 2016; and,

WHEREAS, the NCPA Legislative and Regulatory Affairs Committee has voted to recommend that the City of Shasta Lake become a member of the agency; and,

WHEREAS, at the June 17, 2016 NCPA Commission meeting, the Commission, including Alameda’s representative, approved a recommendation for approval of Supplement No. 1 to the Amended and Restated NCPA Joint Powers Agreement (“Supplement 1”) by all current members of NCPA; thereby adding the City of Shasta Lake as a Party to the JPA once fully executed; and,

WHEREAS, if unanimously approved for membership by all NCPA member governing boards and by the City of Shasta Lake, the City would then become a member of the NCPA Legislative and Regulatory Affairs Program, and it is their intention to begin exploring other agency services as well as participation in NCPA generation projects; and,

WHEREAS, the JPA does not have a specific term or end date; and,

WHEREAS, the City Charter limits the Public Utilities Board’s (Board’s) power to contract for public utility services to a period not to exceed 15 years; and therefore, approval of the JPA Supplement No. 1 by the City Council is required;

NOW, THEREFORE, BE IT RESOLVED by the Public Utilities Board of the City of Alameda, and subject to approval by the Council of the City of Alameda, CA as follows:

1. The City of Shasta Lake is approved to become a member of the Northern California Power Agency through Supplement No. 1 of the NCPA JPA; and,
2. Supplement No.1 between the Northern California Power Agency members and AMP is hereby approved by the Public Utilities Board and forwarded to the City Council with a recommendation for approval; and,
3. That upon City Council approval of Supplement No.1, Alameda's Utility Director, Interim General Manager Elizabeth Warmerdam, is hereby authorized by the Board to execute Supplement No. 1 to the Amended and Restated Northern California Power Agency Joint Powers Agreement, adding the City of Shasta Lake as a Party to the NCPA JPA.

Approved as to Form

By: _____(S)
Alan Cohen
Assistant City Attorney

**SUPPLEMENT NO. 1 TO
AMENDED AND RESTATED NORTHERN CALIFORNIA POWER AGENCY
JOINT POWERS AGREEMENT,
ADDING CITY OF SHASTA LAKE AS A PARTY**

This Supplement No. 1 to Joint Powers Agreement (“this Agreement”) dated _____, by and among the parties signatory to it (“Parties”),

W I T N E S S E T H:

WHEREAS, all of the Parties, except the City of Shasta Lake (“Shasta Lake”) are also parties to that joint powers agreement first made the 19th day of July, 1968, and amended and restated as of January 1, 2008 (“the Joint Powers Agreement”); and

WHEREAS, the Joint Powers Agreement created the Northern California Power Agency (“NCPA”) pursuant to the Joint Exercise of Powers Act (Section 6500 *et seq.* of the Government Code of the State of California) as a separate public agency and legal entity existing apart from its members; and

WHEREAS, all Parties except Shasta Lake are signatory to the Joint Powers Agreement and are thereby members or associate members of NCPA; and

WHEREAS, Shasta Lake is a California general law city, is a public agency of the State of California eligible to enter into joint powers agreements pursuant to the Joint Exercise of Powers Act, is entitled to be a preference purchaser of electric service from the Central Valley Project of the United States, and has powers equivalent to those of the other members of NCPA

so far as is relevant to the powers of NCPA and it is therefore eligible for membership in NCPA pursuant to the Joint Powers Agreement; and

WHEREAS, Shasta Lake and each of the other Parties desire that Shasta Lake shall become a party to the Joint Powers Agreement and a member of NCPA on the same basis as each of the other NCPA members; and

WHEREAS, concurrently with its execution of this Agreement Shasta Lake has also executed the NCPA Legislative and Regulatory Affairs Program Agreement, dated as of July 1, 2012, indicating its agreement to participate in the NCPA Legislative and Regulatory Affairs Program on terms consistent with those applicable to other NCPA members, contingent upon its membership in NCPA.

NOW, THEREFORE, the Parties, including Shasta Lake, agree as follows:

Section 1. On and after the effective date of this Agreement, the City of Shasta Lake shall be a member of NCPA and a party to the Joint Powers Agreement, and shall have the same rights, powers, and privileges and immunities, duties, and obligations as any other member of NCPA.

Section 2. Shasta Lake shall not be liable for any share of the organization, planning, or other costs of NCPA incurred prior to the effective date of this Agreement, and shall not by force of this Agreement become a party to any other agreement or instrumentality of NCPA entered into or created prior to the effective date of this Agreement, except with its consent and the

consent of all other NCPA members and associate members who are parties to such agreement or instrumentality evidenced separately from this Agreement.

Section 3. This Agreement shall take effect on the first day of the calendar month following the complete execution of this Agreement by all Parties.

Section 4. This Agreement may be executed in counterparts by the Parties to it.

CITY OF ALAMEDA

By: _____

Its: _____

Date _____

CITY OF BIGGS

By: _____

Its: _____

Date _____

CITY OF HEALDSBURG

By: _____

Its: _____

Date _____

CITY OF ROSEVILLE

By: _____

Its: _____

Date _____

CITY OF LODI

By: _____

Its: _____

Date _____

CITY OF SANTA CLARA

By: _____

Its: _____

Date _____

CITY OF LOMPOC

By: _____

Its: _____

Date _____

CITY OF PALO ALTO

By: _____

Its: _____

Date _____

CITY OF UKIAH

By: _____

Its: _____

Date _____

**PLUMAS-SIERRA RURAL ELECTRIC
COOPERATIVE**

By: _____

Its: _____

Date _____

CITY OF REDDING

By: _____

Its: _____

Date _____

**TRUCKEE DONNER PUBLIC UTILITY
DISTRICT**

By: _____

Its: _____

Date _____

CITY OF GRIDLEY

By: _____

Its: _____

Date _____

PORT OF OAKLAND

By: _____

Its: _____

Date _____

**SAN FRANCISCO BAY AREA RAPID
TRANSIT DISTRICT**

By: _____

Its: _____

Date _____

CITY OF SHASTA LAKE

By: _____

Its: _____

Date _____

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