COUNCIL COMMUNICATION

TO: THE CITY COUNCIL COUNCIL MEETING DATE: DECEMBER 20, 1989

FROM: THE CITY MANAGER'S OFFICE

SUBJECT: REPAYMENT OF PROJECT ADVANCES TOTALING $172,538.89

RECOMMENDED ACTION: That the City Council approve the receipt of cash project advances and deposit of such funds into the Electric Rate Stabilization Fund, Account 016.2.

BACKGROUND INFORMATION: The City of Lodi has received funds from the Northern California Power Agency (NCPA) which funds had been advanced in aid of an anticipated transmission project. Funds received shall be deposited into the Electric Rate Stabilization Fund, Account 016.2.

Transmission Project No. 1 costs prior to obtaining financing were funded by participant advances to pay engineering, legal and NCPA administrative and general costs associated with the PG&E Castle Rock Junction/Lakeville Transmission Cotenancy (NCPA/PG&E Cotenancy) and NCPA participation in the Geysers Public Power Line (GPPL). The advances were expended entirely in FY 82-83 and FY 83-84. Favorable market conditions have resulted in re-financing NCPA Transmission Project No. 1 and subsequent repayment of participant advances. The City of Lodi will receive $172,538.89 repayment ($170,346.89 plus $2,192.00 Sinking fund payment).

At the October 26, 1989 NCPA Commission Meeting, Transmission Project Participants' Resolution 89-01 was approved. This resolution au horized repayment of Transmission Project No. 1 participant advances in accordance with the provisions of the Project's Third Phase Agreement. The Resolution authorizes the principal portion of such advances to be repaid directly to participants and the interest earned on the advances repaid to participants in the form of Transmission Project billing credits over the coming months.

The interest amount of $79,673.29 will, therefore, be returned in the form of billing credits to Lodi. Each participant was given the opportunity to receive the principal ($92,865.60 is Lodi's share) either by check or by directing the monies to be deposited with NCPA in a Phase II A fund.

Lodi staff chose to receive the full amount of $92,865.60 by check and those funds have been deposited into the Electric Rate Stabilization Fund, account 016.2.

The City Council is requested to ratify Lodi staff actions; however, the funds could be redirected to be deposited with NCPA.

Henry J. Rice
Electric Utility Director

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