

*Page 476  
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CITY COUNCIL MEETING

JULY 20, 1983

CITY TO  
PARTICIPATE IN  
HAAS-KINGS  
PROJECT

Agenda item K-5 - Consideration of City's participation in the NCPA Haas-Kings Project was introduced by City Manager Graves. Presenting an overview of the project and responding to questions concerning the matter was Utility Director

RES. NO. 83-73

Dave Curry as well as the City Manager. A very lengthy discussion followed. On motion of Mayor Olson, Snider second, Council, by the following vote adopted Resolution No. 83-73 authorizing the City's participation in the NCPA Haas-Kings Project and authorized the Mayor and City Clerk to execute the Agreement covering the City's participation on behalf of the City.

Ayes: Council Members - Snider and Olson (Mayor)

Noes: Council Members - Pinkerton

Absent: Council Members - Murphy and Reid

# NCPA STAFF REPORT

ITEM NO. 6

June 15, 1983

TO: The NCPA Commission  
FROM: Roger A. Fontes  
SUBJECT: Haas-Kings Project - Additional Budget and Project Information

At the May 20, 1983 NCPA Commission meeting, staff presented information on the project, a final Second Phase Agreement, and recommendations regarding the budget and a special assessment to cover project expense increases (see Staff Report No. 180:3 - Item No. 4 on that Agenda). The Commission continued the matter to the June 23, 1983 meeting, and requested staff to develop additional back-up information.

Enclosed for your review are the final Second Phase Agreement (changed slightly in Section 1A to clarify proper pay-back agreements, and Section 5, allowing participating City Councils to approve the agreement prior to the July 28, 1983 NCPA Commission meeting), and a "cost of power" calculation done by R. W. Beck for the project (both for the existing and proposed newly constructed powerhouses). A very detailed (seventy pages) project description, and project operation and resource utilization report has been forwarded to Haas-Kings Project Participants under separate cover to individual NCPA Utility Directors. In a change from the announcement made at the May 20 meeting, the City of Roseville has decided to keep its participation share in Haas-Kings at the current 40.74 percent level.

With regard to the following budget and scheduling information, NCPA (and the other project participants, SMUD, and Southern Cities), are basing the preliminary budgets for Fiscal Year 1984 (July 1, 1983 to June 30, 1984), with the understanding that the Bountiful decision by the U. S. Supreme Court may require substantial revisions in the assumptions being made (and consequently, in both schedule and budgets). In order to proceed, we have assumed a schedule of likely events. Based on that schedule, the project's consultants then outlined tasks and then assigned those to appropriate attorneys or the engineers/consultants.

## Proposed Schedule for Haas-Kings River Project (Project No. 6729)

This project license does not expire until 1985, so it will probably be put on a more extended FERC Hearing schedule. In addition, the considerable project modifications proposed by PG&E and by SMUD-Cal Cities to create additional diversion dams, will probably lead to additional environmental review. (Please note that the SMUD-Cal Cities license application has yet to be "noticed" by FERC). If a reasonable scenario takes place, we assume Notice of acceptance of the license application in mid-1983, which could place the Haas-Kings River project toward the end of 1984 before a decision on a hearing is reached.

SR:199:3

Based on the above, it is anticipated that the Haas-Kings River activities during Fiscal Year 1984, will include principally the completion of environmental process; updating and supplemental application work; monitoring of relevant hydro relicensing activities at FERC and in the courts; and lobbying/PR tasks.

Proposed Activities

Generally speaking, the proposed budget is divided into legal services, consulting services (R. W. Beck, with subcontracts in the environmental areas, and lobbying/PR consultants, e.g., L. Nofzinger), and expenses. Principal activities for the budgeted period are as follows:

A. Legal Services

This will cover services by Arnold & Porter, Spiegel & McDiarid, and possibly the Robert Strauss firm (Akin, Gump, etc.). The activities to be covered include:

- . Participation in EIS studies.
- . Preparation of MOA, Agency contracts, and coordination with consultants.
- . Amicus participation in courts/FERC relating to Bountiful proceedings.
- . Amicus participation in Herwin proceedings.
- . Lobbying activities.

Approximate Budget for Legal Services

Arnold & Porter	
Legal Services	\$28,000
Expenses	3,000
Spiegel & McDiarid	
Legal Services	\$25,000
Expenses	2,500
Akin, Gump (Estimate)	\$10,000

B. Consulting Services

If efforts will be required by SMUD, NCPA, and California Cities to conduct requisite environmental studies and provide requested supplemental information:

1. R. W. Beck Technical Studies

Feasibility Report	\$25,000	<sup>1/</sup>
Power Utilization	15,000	<sup>1/</sup>
Transmission	15,000	<sup>1/</sup> & <sup>2/</sup>
Mapping	20,000	
Power Plant Inspection	4,000	
Total	<u>\$79,000</u>	

2. R. W. Beck Environmental Studies

The field studies recommended to be performed are consistent with the March 21, 1983 revised FERC Exhibit E. Initiation of these studies may be limited by the ability to obtain Forest Service permits in a timely manner.

Resolution & Implementation of NOA	\$ 10,000
Initiate Water Quality Studies	20,000
Initiate IFIM Studies	30,000
Initiate Fish Study	15,000
Traffic & Recreation Wildlife Conflict Study	20,000
Supplemental Information	<u>40,000</u>
Total	<u>\$135,000</u>

3. Washington D. C. Public Information Consultant - \$10,000

Project Participants wishing additional information can contact the NCPA office.

1/ Incremental cost to be added to estimate for Feather River (Rock Creek-Cresta) project.

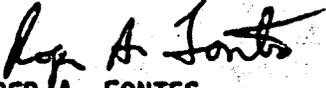
2/ Technical evaluation of existing studies, as available, to determine the availability of transmission capacity to deliver the hydroelectric power to NCPA, SMUD, and the five-city area of southern California.

Recommendation

It is recommended that the NCPA Commission approve Resolution No. 83-43, which approves the form of the Second Phase Agreement and authorizes the NCPA General Manager to transport the agreement to Participating Members for their execution by July 28, 1983.

It is further recommended that the NCPA Commission approve a voluntary special assessment of \$120,000 to cover project costs incurred through June 30, 1982. The assessment will be made according to the individual city percentage participation as shown on the attached May 12, 1983 table. Unless otherwise instructed, each city's assessment will reflect a credit prior to NCPA billing of any (and all) remaining Phase 2A funds, as per attachment.

Respectfully submitted,



ROGER A. FONTES  
Manager, System Planning & Engineering

Attachments

RESOLUTION NO. 83-43  
NORTHERN CALIFORNIA POWER AGENCY

BE IT RESOLVED BY THE COMMISSION OF THE NORTHERN CALIFORNIA POWER AGENCY,  
as follows:

Section 1. The form of "Agreement for Financing of Planning and Development Activities for Relicensing of the Haas-King River Project" presented to this meeting is hereby approved.

Section 2. The General Manager is authorized and directed to transmit such Agreement to the members with a request that they authorize its execution by resolution on or before June 22, 1983.

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
City of - Alameda	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

ADOPTED AND APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 1983.

AGREEMENT  
FOR  
FINANCING OF PLANNING AND DEVELOPMENT ACTIVITIES  
FOR RELICENSING OF THE HAAS-KINGS RIVER PROJECT

This Agreement dated as of September 24, 1982, by and between Northern California Power Agency, a joint powers agency of the State of California, hereinafter called "NCPA" and those of its members who execute this Agreement witnesseth:

WHEREAS, NCPA, Sacramento Utility District, hereinafter called SMUD, and the Cities of Anaheim, Azusa, Banning, Colton, and Riverside, California, hereinafter called the Southern Cities, have entered into a Haas-Kings River Licensing Application Agreement pursuant to which they will undertake to pursue a joint application with the Federal Energy Regulatory Commission (FERC) for a license for the constructed Haas-Kings River Project No. 1988, hereinafter called the "Project"; and

WHEREAS, NCPA has by its Resolution No. 82-44 authorized the filing of such a joint application with the FERC; and

WHEREAS, NCPA will be entitled to receive 24.61% of the power from the Project if the license is granted, and is obliged to pay 24.61% of the costs associated with said proceedings before FERC, which NCPA obligation is now estimated to be approximately \$350,000; and

WHEREAS, it is desirable that those NCPA members who retain a participation percentage, herein called the "Project Members," formalize their understanding regarding sharing of the benefits

and burdens assigned to NCPA under the Haas-Kings River Licensing Application Agreement and associated with their participation in the FERC proceedings on the Project; and

NOW THEREFORE, the parties hereto agree as follows:

Section 1. Obligation Formalized-Percentage Participation Collection and Documentation. Each Project Member hereby agrees to pay or advance to NCPA, from its electric department revenues only, its percentage share of the costs authorized by Project Members in accordance with this Agreement in connection with its participation in the FERC proceedings on the Project before the Federal Energy Regulatory Commission. Each Project Member further agrees that it will fix the rates and charges for services provided by its electric department so that it will at all times have sufficient money in its electric department revenue funds to meet this obligation. The percentage participation of each NCPA member which has tentatively determined to be a Project Member is initially established as follows:

Alameda	12.43%
Biggs	1.05
Gridley	2.38
Healdsburg	3.97
Lodi	12.70
Lompoc	5.56
Palo Alto	15.61
Redding	0.00
Roseville	40.74

Santa Clara	0.00
Ukiah	0.00
Plumas-Sierra R.E.C.	<u>5.56</u>
	100.00%

The above participation percentages shall be revised proportionately if less than all of the above NCPA members become Project Members, and thereafter if and when any Project Member withdraws in whole or in part. Any Project Member wholly withdrawing shall thereupon cease to be a Project Member for all purposes except for purposes of Section 4.

Hereafter, NCPA shall demand from each Project Member its share of its agreed to financial commitment on a concurrent basis. Any part of such demand by NCPA which remains unpaid for sixty days after its billing date shall bear interest from such sixtieth day at the prime rate of the Bank of America NT&SA then in effect computed on a daily basis plus two percent until paid. Interest so earned shall not change any Project Member's participation percentage, and shall become a part of the working capital fund defined below.

The funds advanced according to this Section 1 shall be used to establish a working capital fund if and when approved by the Project Members, and in an amount and subject to any limitations approved by the Project Members.

Section 1A. Notwithstanding the revised participation percentages established pursuant to Section 1, expenses incurred by NCPA for the Project prior to the effective date of this

agreement, repaid to NCPA members pursuant to Section 4 hereof, shall be distributed in the following percentages:

Alameda	7.97%
Biggs	0.64
Gridley	1.55
Healdsburg	2.57
Lodi	8.19
Lompoc	3.64
Palo Alto	16.98
Redding	0.00
Roseville	26.15
Santa Clara	28.72
Ukiah	0.00
Plumas-Sierra	<u>3.59</u>
	100.00%

**Section 2. Limited Rights to Participate In Final Implementation and Financing.**

(a) Discretion - Disposition of Power. In consideration of the payments provided for in Section 1 hereof, each Project Member who has not wholly withdrawn, or who is not then in default shall have an exclusive option to enter into a contract for all or a part of its participation percentage of all power made available to NCPA under the Haas-Kings River Licensing Application Agreement.

(b) Increase in Purchases. A Project Member can, at the time of entering into its Final Power Contract, purchase

more than its participation percentage of Project power if additional power is available by reason of the non-participation in the Final Power Contract by one or more Project Members. Such excess power shall be reallocated among those who do participate in the same proportion as their shares bear to the total shares of those who do participate. If Project Members so entitled do not wish to contract for all the excess power, such remaining excess shall be disposed of as agreed to by the Project Members.

(c) Exercise and Effect of Taking Less Than Full Entitlement. The Project Members shall establish the terms and provisions of an agreement to purchase power of the Project prior to the expiration of this Agreement, to be known as the Final Power Contract. They shall also establish the date by which the Final Power Contract must be executed by Project Members and delivered to NCPA if they are to participate in the purchase of power from the Project. Failure to execute the Final Power Contract for any of its total participation share and to deliver it to NCPA by that date or 30 days after member receipt, whichever is later, will be an irrevocable decision on part of that Project Member not to purchase any such power. Execution and delivery of the Final Power Contract for less than its total participation percentage and delivery of that Project Member executed agreement to NCPA by the date established or 30 days after Project Member's receipt, whichever is later, will likewise be an irrevocable decision on the part of that Project Member not to purchase any such power in excess of the share set forth

in its delivered agreement. Supplemental agreements or other agreements will be entered into for the excess or surplus power. The procedure for processing supplemental agreements shall be consistent with those prescribed immediately above in this subsection (c) for making purchases of power. Failure to return an executed agreement for any additional power within the prescribed period is an irrevocable decision not to purchase such additional power. The Project Member making any herein defined irrevocable decision not to purchase all of its share of power shall be foreclosed from receiving, and shall be relieved of further burdens related to, power which it has declined to purchase.

Section 3. Member Direction and Review. NCPA shall comply with all lawful directions of the Project Members with respect to this Agreement, while not stayed or nullified, to the fullest extent authorized by law. Actions of Project Members, including giving above directions to NCPA, will be taken only at meetings of authorized representatives of Project Members duly called and held pursuant to the Ralph M. Brown Act. Ordinarily, voting by representatives of Project Members will be on a one member/one vote basis, with a majority vote required for action; however, upon request of a Project Member representative, the voting on an issue will be by percentage participation with 65% or more favorable vote necessary to carry the action.

Any decision related to the Project taken by the favorable vote of representation of Project Members holding less than 65% of percentage participation can be reviewed and revised if a

Project Member holding any participation percentage gives Notice of Intention to seek such review and revision to each other Project Member within 48 hours after receiving written notice of such action. If such Notice of Intention is so given, any action taken specified in the notice shall be nullified, unless the NCPA Commissioners of Project Members holding at least 65% of the total participation percentage then in effect vote in favor thereof at a regular or specially called meeting of Project Members. If the Notice of Intention concerned a failure to act, such action shall nevertheless be taken if NCPA Commissioners of Project Members holding at least 65% of the total Participation Percentage vote in favor thereof at a regular or specially called meeting of Project Members.

Section 4. Conditional Repayment to Members. All payments and advances made heretofore, and those hereafter made pursuant to Section 1, excluding interest paid on delinquent payments, shall be repaid to each of the entities making such payments and advances pursuant to this Agreement out of the proceeds of the first issuance of the Project bonds or as and when there are sufficient funds available from partial sale of bonds. Such reimbursements shall be made within 60 days following the sale of any Project bonds and shall include interest computed monthly at a rate equivalent to the end of the month prime rate of the Bank of America NT&SA. Any interest due under the third paragraph of section 1 of this Agreement and unpaid shall be deducted from the repayment. If NCPA, SMUD, and Southern Cities are not

successful in obtaining a Project license from FERC, there shall be no reimbursement except out of unused Project funds including those then in the Working capital and Contingency Fund account, along with all other receipts to which NCPA is entitled in connection with the Project.

Section 5. Term. This Agreement shall take effect on September 23, 1982, but only if executed by NCPA members holding 85% of the initial percentage participation on or before July 27, 1983. This Agreement shall not be binding upon Plumas-Sierra Rural Electric Cooperative until approved in writing by the Administrator of the Rural Electrification Administration. This Agreement shall be superseded by a third phase agreement which Project Members shall enter any time prior to the issuance of the FERC license, but in no event later than 120 days after the receipt of the FERC license, pursuant to Section 2, except that Section 4 shall remain in effect. Changes in this provision, except as to Section 4, shall be in accordance with Section 3 hereof.

Section 6. Financial Commitments. Each Project Member agrees to a total financial commitment for its respective percentage participation of a total NCPA participation of \$350,000 in costs, including payments and advances heretofore made, as authorized and approved by Project Members.

From time to time as needs arise, representatives of Project Members may, by a favorable vote as provided in Section 3, authorize an increase in NCPA's financial commitment which can

be shown to support the completion of the Project but only after 30 days' written notice of such proposed increase has been given to all Project Members.

Section 7. Withdrawal From Further Participation. If at any time following the execution of this Agreement, there is an increase in NCPA's financial commitment, Project Members may partially withdraw, i.e., from participation in the increase, or may withdraw wholly from the Project. Such withdrawal shall be subject to honoring any commitments made by them or on their behalf pursuant to authorization of this Agreement. To withdraw, such Project Members shall give NCPA written notice of such withdrawal, in part or in whole, within thirty (30) days of the receipt of the notice by them of the increase.

Section 8. Voting Rights and Duration. A Project Member is participating for purposes of Section 3 percentage voting until it completely withdraws, but a partial withdrawal will result in a reduction in its percentage participation to the ratio of its payments after such withdrawal to the total amount of payments by all Project Members after such withdrawal. When Final Power Contracts agreements are executed, or revised, revised participation percentages for voting shall be established by dividing the amount of power agreed to be purchased by each Project Member by the total amount of power to be purchased by all Project Members except that the 65% of percentage participation specified in sections 3 and 9 shall be reduced by the amount

that the percentage participation of any Project Member shall exceed 35%, but such 65% shall not be reduced below 50%.

Section 9. Quorum Defined. The presence of either a majority of the Project Members, or of Project Members then having a combined participation percentage of at least 65% shall constitute a quorum for the purpose of action. If no quorum is present at a regular meeting of such Project Members, the absent Project Members shall pay \$50 each, the money to be paid into the working capital fund of the Project.

IN WITNESS WHEREOF, each Project Member has executed this Agreement with the approval of its governing body, and caused its official seal to be affixed, and NCPA has authorized this Agreement in accordance with the authorization of its Commission.

**NORTHERN CALIFORNIA POWER AGENCY**

By: \_\_\_\_\_

By: \_\_\_\_\_

**CITY OF ALAMEDA**

By: \_\_\_\_\_

By: \_\_\_\_\_

**CITY OF BIGGS**

By: \_\_\_\_\_

By: \_\_\_\_\_

**CITY OF GRIDLEY**

By: \_\_\_\_\_

By: \_\_\_\_\_

**CITY OF HEALDSBURG**

By: \_\_\_\_\_

By: \_\_\_\_\_

**CITY OF LODI**

By: \_\_\_\_\_

By: \_\_\_\_\_

**CITY OF LOMPOC**

By: \_\_\_\_\_

By: \_\_\_\_\_

**CITY OF PALO ALTO**

By: \_\_\_\_\_

By: \_\_\_\_\_

**CITY OF ROSEVILLE**

By: \_\_\_\_\_

By: \_\_\_\_\_

**CITY OF SANTA CLARA**

By: \_\_\_\_\_

By: \_\_\_\_\_

**PLUMAS-SIERRA RURAL ELECTRIC  
COOPERATIVE**

By: \_\_\_\_\_

By: \_\_\_\_\_

Santa Clara	0.00
Ukiah	0.00
Plumas-Sierra R.E.C.	<u>5.56</u>
	100.00%

The above participation percentages shall be revised proportionately if less than all of the above NCPA members become Project Members, and thereafter if and when any Project Member withdraws in whole or in part. Any Project Member wholly withdrawing shall thereupon cease to be a Project Member for all purposes except for purposes of Section 4.

Hereafter, NCPA shall demand from each Project Member its share of its agreed to financial commitment on a concurrent basis. Any part of such demand by NCPA which remains unpaid for sixty days after its billing date shall bear interest from such sixtieth day at the prime rate of the Bank of America NT&SA then in effect computed on a daily basis plus two percent until paid. Interest so earned shall not change any Project Member's participation percentage, and shall become a part of the working capital fund defined below.

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Section 6. Financial Commitments. Each Project Member agrees to a total financial commitment for its respective percentage participation of a total NCPA participation of \$350,000 in costs, including payments and advances heretofore made, as authorized and approved by Project Members.

From time to time as needs arise, representatives of Project Members may, by a favorable vote as provided in Section 3, authorize an increase in NCPA's financial commitment which can

HAAS-KINGS RIVER PROJECT  
NCPA ENTITLEMENT<sup>1</sup>

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Debt Service	1,721	1,721	5,817	5,817	5,817	5,817	5,817	5,817	5,817	5,817	5,817	5,817	5,817	5,817	5,817
O & M	254	274	311	352	380	411	443	479	517	559	603	652	704	760	821
A & C	99	107	121	137	148	160	173	186	201	217	235	254	274	296	319
Insurance	12	13	32	51	55	59	64	69	75	81	87	94	102	110	119
Interim Replacements	62	67	84	103	111	120	130	140	151	163	177	191	206	222	240
Taxes	42	43	44	152	155	158	161	165	168	171	175	178	182	185	189
Contingencies <sup>2</sup>	269	303	369	472	522	588	661	717	786	867	961	1,125	1,300	1,702	1,901
<b>Total Busbar Costs</b>	<b>2,459</b>	<b>2,527</b>	<b>6,778</b>	<b>7,084</b>	<b>7,188</b>	<b>7,313</b>	<b>7,449</b>	<b>7,573</b>	<b>7,715</b>	<b>7,875</b>	<b>8,055</b>	<b>8,311</b>	<b>8,665</b>	<b>9,092</b>	<b>9,406</b>
Wheeling Services	1,483	1,833	2,310	3,091	3,580	4,314	4,863	5,426	6,138	6,997	7,931	9,273	11,927	14,862	16,389
Reserves <sup>3</sup>	1,612	1,447	1,715	2,018	2,097	2,127	2,432	2,495	2,576	2,644	2,803	3,426	3,859	4,837	5,685
<b>Total Project Costs</b>	<b>5,354</b>	<b>5,807</b>	<b>10,803</b>	<b>12,193</b>	<b>12,865</b>	<b>13,754</b>	<b>14,744</b>	<b>15,494</b>	<b>16,429</b>	<b>17,516</b>	<b>18,789</b>	<b>21,010</b>	<b>24,451</b>	<b>28,791</b>	<b>31,480</b>
<b>Project Output<sup>4</sup>:</b>															
Capacity (MW)	43	43	43	57	57	57	57	57	57	57	57	57	57	57	57
Energy (GWh)	151	151	158	164	164	164	164	164	164	164	164	164	164	164	164
<b>Mills/kWh<sup>5</sup></b>	<b>35.46</b>	<b>38.46</b>	<b>68.37</b>	<b>74.35</b>	<b>78.45</b>	<b>83.86</b>	<b>89.91</b>	<b>94.48</b>	<b>100.18</b>	<b>106.81</b>	<b>114.57</b>	<b>128.11</b>	<b>149.08</b>	<b>175.56</b>	<b>191.95</b>

Escalation at: 8.00

<sup>1</sup>Based on 24.61% of total project. Assume project improvements on-line January 1988.

<sup>2</sup>Estimated at 8% of all other costs (excluding debt service and including transmission and reserves).

<sup>3</sup>Assume 20% installed and 9% spinning reserve requirements.

<sup>4</sup>Assume 7.9% losses to delivery points (4% to busbar; 3.9% to distribution level). Based on average year energy and dependable capacity.

<sup>5</sup>Delivered to City at distribution level; Assumes all reserve and other requirements are purchased from PG&E.

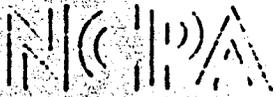
HAAS - KINGS RIVER  
 SPECIAL ASSESSMENT

8/21/83

DATE	DAYS		DAYS		TOTAL	PAID
	BEFORE AND THROUGH	AMOUNT	AFTER	AMOUNT		
	%		%			
1						
2	Alameda	7.97	\$ 289734	12.43	\$ 1059432	\$ 1349166
3						
4	Biggs	4.1	152166	1.05	27839	112095
5						
6	Grubbs	1.55	52347	2.38	199030	251377
7						
8	Huddsbury	9.87	43927	3.97	532079	455506
9						
10	Lodi	8.19	297231	12.70	1069317	1366548
11						
12	Lodi	9.64	132325	5.56	465077	597402
13						
14	Red Bluffs	16.98	417974	15.61	1905730	1923004
15						
16	Red Bluffs	31.15	250631	30.74	3407279	4358410
17						
18	Shasta County	38.72	1044058	-	-	1044058
19						
20	Shasta County	31.58	130507	5.51	465077	595584
21						
22	TOTALS	100.00	\$ 3635300	100.00	\$ 9344900	\$ 12000000
23						
24						
25						
26						
27						
28						
29						
30						

PAID IN PHASE

PAID



**Northern California Power Agency**

8421 Auburn Boulevard, Suite 160 Citrus Heights, California 95610

**ROBERT E. GRIMSHAW**  
General Manager

(916) 722-7814

June 29, 1983

KL

RECEIVED

1983 JUN 30 AM 9:16

ALICE M. REIMCHE  
CITY CLERK  
CITY OF LODI

TO: Members of the NCPA Commission  
FROM: Robert E. Grimshaw  
SUBJECT: Calaveras Project

We have received a letter from the City of Redding confirming its desire to withdraw from the Calaveras Project; a copy of that letter is attached. You will note that Redding offers its interest to the other members of NCPA, as provided for in the Calaveras Project Member Agreement.

The relevant section of the Agreement appears to be Section 9(c), a copy of which is attached to this letter for convenient reference.

Please advise NCPA, prior to the July Commission meeting, whether the member you represent desires to increase its allocation in the Calaveras Project by virtue of an assignment from Redding, and the extent of the additional participation desired.

Yours truly,

  
ROBERT E. GRIMSHAW  
General Manager

Attachments



**CITY OF REDDING**  
CALIFORNIA

*K6*

*cc: Roger  
Harris  
Martin*

June 27, 1983

Robert Grimshaw  
Northern California Power Agency  
8421 Auburn Blvd., Suite 160  
Citrus Heights, CA 95610

Subject: NCPA Calaveras Project

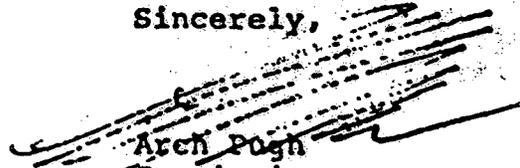
Dear Bob:

This letter will serve to confirm the notification made at the NCPA meeting of June 23, 1983, regarding Redding's decision to withdraw from the NCPA Calaveras Project.

During the regular City Council meeting of June 20, 1983, the Redding City Council voted to withdraw from the NCPA Calaveras Project, and authorized the City staff to prepare the necessary documents to provide for that withdrawal. Pursuant to Council action, Redding hereby offers its interest in the NCPA Calaveras Project to the other members of NCPA, as provided for in the Calaveras Project Member Agreement.

Please provide the appropriate notifications of the availability of Redding's interest in the Project to the other members of NCPA.

Sincerely,

  
Arch Pugh  
Commissioner

AP:pd  
05-036

cc: All Members of City Council  
City Manager  
City Attorney  
City Clerk  
Director - Electric Department

KL

(c) Prior to the date of issuance of Bonds other than Temporary Bonds, any Project Participant may, subject to subsection (b) of this Section 9, transfer, assign, sell or exchange all or a portion of the Project capacity and energy to which such Project Participant is entitled in accordance with this subsection (c). Such capacity and energy may be offered to other Project Participants. Each such Project Participant shall be limited in its right to such capacity and energy as against any other such Project Participant in proportion to their Project Entitlement Percentages thereof. Any such transferee, assignee, exchangee or vendee shall be entitled to Project capacity and energy to the extent the same are so transferred, assigned, exchanged or sold. The Project Entitlement Percentage of the Project Participant so transferring, assigning, exchanging or selling shall be decreased and the obligations of such Project Participant under this Agreement shall be discharged to the extent Project capacity and energy is transferred, assigned, exchanged or sold; provided, however, that such Project Participant shall remain liable for all obligations of NCPA incurred prior to the date of such transfer, assignment, exchange or sale to the extent of its Project Entitlement Percentage unless such obligations are specifically assumed by the transferee, assignee, exchangee or vendee of such Project Participant. Any such transaction which would discharge or reduce any Project Participant's obligation pursuant to this subsection (c) shall be subject to the prior approval of NCPA and in addition, each Significant Transaction shall be subject to the approval of each Project Participant unless NCPA determines, after consultation with its consulting engineer, that such approval should not be required. Appendix A to this Agreement shall be amended as appropriate to reflect any such transaction pursuant to this subsection (c) changing any Project Entitlement Percentage. Where a transfer, assignment, sale, or exchange is made of Project energy or capacity without decreasing a Project Participant's obligations under this Agreement, no approval is required under this subsection (c).

**CITY COUNCIL**

EVELYN M. OLSON, Mayor  
JOHN R. (Randy) SNIDER  
Mayor Pro Tempore  
ROBERT G. MURPHY  
JAMES W. PINKERTON, Jr.  
FRED M. REID

**CITY OF LODI**

CITY HALL, 221 WEST PINE STREET  
POST OFFICE BOX 320  
LODI, CALIFORNIA 95241  
(209) 334-5634

F u 7 (20)

HENRY A. GLAVES, Jr.  
City Manager

ALICE M. REIMCHE  
City Clerk

RONALD M. STEIN  
City Attorney

July 26, 1983

Gail Sipple  
Executive Assistant  
Northern California Power Agency  
8421 Auburn Blvd., Suite 160  
Citrus Heights, CA 95610

Subject: Haas-Kings River Project - Second Phase Agreement

Enclosed herewith please find two executed copies of the Agreement for Financing of Planning and Development Activities for Relicensing of the Haas-Kings River Project (Second Phase Agreement) which was approved by the Lodi City Council at its regular meeting of July 20, 1983.

Also attached, please find, certified copy of Resolution No. 83-73, the authorizing resolution.

Please return a fully executed copy of the agreement when it is convenient.

Very truly yours,

*Alice M. Reimche*  
Alice M. Reimche  
City Clerk

AMR:jj  
Enc.

F u 7/20

RESOLUTION NO. 83-73

RESOLUTION APPROVING THE AGREEMENT FOR FINANCING  
OF PLANNING AND DEVELOPMENT ACTIVITIES FOR RELICENSING  
OF THE HAAS-KINGS RIVER PROJECT (SECOND PHASE AGREEMENT)

RESOLVED that the City Council of the City of Lodi does hereby approve the Agreement for Financing of Planning and Development Activities for Relicensing of the Haas-Kings River Project (Second Phase Agreement), a copy of which is attached hereto, marked Exhibit "A" and thereby made a part hereof.

BE IT FURTHER RESOLVED that the City Council of the City of Lodi does hereby authorize the Mayor and City Clerk to execute the Subject Agreement on behalf of the City.

Dated: July 20, 1983

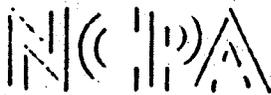
I hereby certify that Resolution No. 83-73 was passed and adopted by the City Council of the City of Lodi in a regular meeting held July 20, 1983 by the following vote:

Ayes: Council Members - Snider and Olson (Mayor)

Noes: Council Members - Pinkerton

Absent: Council Members - Reid and Murphy

*Alice M. Reinche*  
Alice M. Reinche  
City Clerk



**Northern California Power Agency**

8421 Auburn Boulevard, Suite 160 Citrus Heights, California 95610

**ROBERT E. GRIMSHAW**  
General Manager

(916) 722-7815

June 27, 1983

RECEIVED

1983 JUN 28 AM 8 23

ALICE M. REINCKE  
CITY CLERK  
CITY OF LOSI

KS

TO: Members of the NCPA Commission  
FROM: Gail Sipple  
SUBJECT: Haas-Kings River Project - Second Phase Agreement

In follow up to the Commission meeting held on June 23, 1983, attached is a copy of the "Agreement for Financing of Planning and Development Activities for Relicensing of the Haas-Kings River Project" (Second Phase Agreement), to be presented to your governing body for approval.

Please note that Resolution No. 83-43 (attached) requests that the agreement be approved by resolution on or before July 27, 1983.

Upon approval, please send me an executed copy of the resolution and agreement.

By copy of this letter I am also forwarding these documents to your City Clerk for processing.

Yours truly,

  
GAIL SIPPLE  
Executive Assistant

Attachments

KS

RESOLUTION NO. 83-43  
NORTHERN CALIFORNIA POWER AGENCY

BE IT RESOLVED BY THE COMMISSION OF THE NORTHERN CALIFORNIA POWER AGENCY,  
as follows:

Section 1. The form of "Agreement for Financing of Planning and Development Activities for Relicensing of the Haas-King River Project" presented to this meeting is hereby approved.

Section 2. The General Manager is authorized and directed to transmit such Agreement to the members with a request that they authorize its execution by resolution on or before July 27, 1983.

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
City of - Alameda			X
Biggs	<i>Aye</i>		
Gridley			X
Healdsburg	<i>Aye</i>		
Lodi	<i>Aye</i>		
Lompoc	<i>Aye</i>		
Palo Alto	<i>Aye</i>		
Redding		X	
Roseville	<i>Aye</i>		
Santa Clara		X	
Ukiah		X	
Plumas-Sierra	<i>Aye</i>		

ADOPTED AND APPROVED this 23<sup>rd</sup> day of June, 1983.

HAAS-KINGS PROJECT INFORMATION

COUNCIL PRESENTATION

JULY 12, 1983

## HAAS-KINGS RIVER POWER PLANT PROJECT

### (Relicensing/Improvements)

**DESCRIPTION:** The Haas-Kings River Project is one of three hydroelectric projects currently licensed to PG&E on the North Fork Kings River. It includes the Courtright and Wishon Reservoirs, which also serve PG&E's Helms and Balch Projects. The Helms Project, which is currently under construction, will cycle water between Courtright and Wishon Reservoirs. Water is released from the Wishon Reservoir through the Haas powerhouse to the Balch powerhouses and finally through the Kings River powerhouse. The license applicants (SMUD, NCPA, Southern Cities) propose to construct new diversions into Wishon Reservoir and the Haas tunnel and to add additional generating capacity to the existing Haas development. In addition, they propose to enter into coordination agreements with the current licensee (PG&E) and other electric utilities to ensure the maximum utilization of the water resources of the North Fork Kings River.

**PROPOSED IMPROVEMENTS:** The applicants propose to line the existing Haas tunnel with concrete and construct a new surface penstock and powerhouse annex.<sup>1</sup> This combination of improvements, coupled with three additional diversions (Rancheria, Long Meadow and Teakettle Creek), will allow the production of an additional 60 MW of capacity and 52 GWH<sup>2</sup> of energy at the Haas development.

Runoff from the Rancheria drainage basin presently flows into the North Fork Kings River at a point downstream of Wishon Reservoir. The applicants propose to construct two diversion dams, a connecting pipe, a vertical drop shaft, and approximately 3.0 miles of tunnel, to permit diversion of flows to Wishon Reservoir for regulation and generation at the Haas development.

Construction of diversion dams, connecting pipes, and vertical drop shafts are proposed to divert the flows of Long Meadow and Teakettle Creeks into the Haas tunnel. These diversions will take advantage of flows that would otherwise not be used for regulation and generation at the Haas development.

**PROJECT UTILIZATION:** The proposed improvements will be designed for unattended automatic operation, and the entire Project will be remotely controlled from a central dispatch office. The applicants propose to coordinate the operation of the Project with the operation of the Helms and Balch Projects as a coordinated river system in order to maximize the production of capacity and energy.

Assuming the timely completion of the Calaveras Hydroelectric Project, Lodi would essentially use only the peaking capacity of Haas-Kings<sup>3</sup> in the early years. Most of its share of Project energy would be marketed to other utilities as 'non-firm', during this period.

<sup>1</sup> Including adjacent switchyard and transmission line to existing Haas powerhouse switchyard.

<sup>2</sup> Million KWH.

<sup>3</sup> City's share is currently 7.5 MW.

## FERC's change of heart

The Federal Energy Regulatory Commission's dramatic waffling on its hydroelectric licensing policy has cheered investor-owned utilities, caused public-power outrage, and surprised even those lawyers who thought they had seen everything in Washington. The facts, in brief:

■ In 1980, under the Carter Administration, FERC ruled that public-power entities have preferential rights not only to new hydro projects, but also to existing projects when they come up for relicensing. In thus interpreting the Federal Power Act, FERC sought to permit the city of Bountiful, Utah, to take a hydro dam from Utah Power & Light.

■ In 1981, under the Reagan Administration, a "new" FERC—headed by Reagan appointee C.M. Butler III—stuck by the Carter FERC. The relicensing case was by that time before a U.S. Appeals Court, and the new FERC filed a brief reaffirming that, where competing applications have equal merit, the "tie-breaker" favors public power.

■ In September 1982, the appeals court upheld FERC. While agreeing with FERC that the Federal Power Act was fuzzy on the relicensing question, the court gave "great deference" to FERC's interpretation favoring public power: "We have reviewed the commission's interpretation . . . and deem such construction consistent with the statute's language, structure, scheme, and available legislative history."

■ Last February, 37 investor-owned utilities appealed to the U.S. Supreme Court. They noted the cosmic sweep of the appeals court's decision: It could force private utilities eventually to turn over 490 major hydro projects to public-power entities; the replacement cost of those plants would be some \$21-billion.

■ In April, at a closed-door meeting, Chairman Butler convinced FERC that it should reconsider the relicensing issue. The commission next asked the Justice Dept to petition the Supreme Court to accept the case, to vacate the appeals court decision, and to remand the case to the appeals court with instructions to remand it to FERC.

■ In May, giving FERC most of what it wanted, the Justice Dept asked the Supreme Court to remand the case to the appeals court\* but stopped short of asking that it be remanded all the way back to FERC. "A majority of the commissioners appear to be ready to overrule" the commission's own original decision in the case, said Justice.

The immensity of the stakes in the case is matched by the confusion and controversy over the commission's reversal.

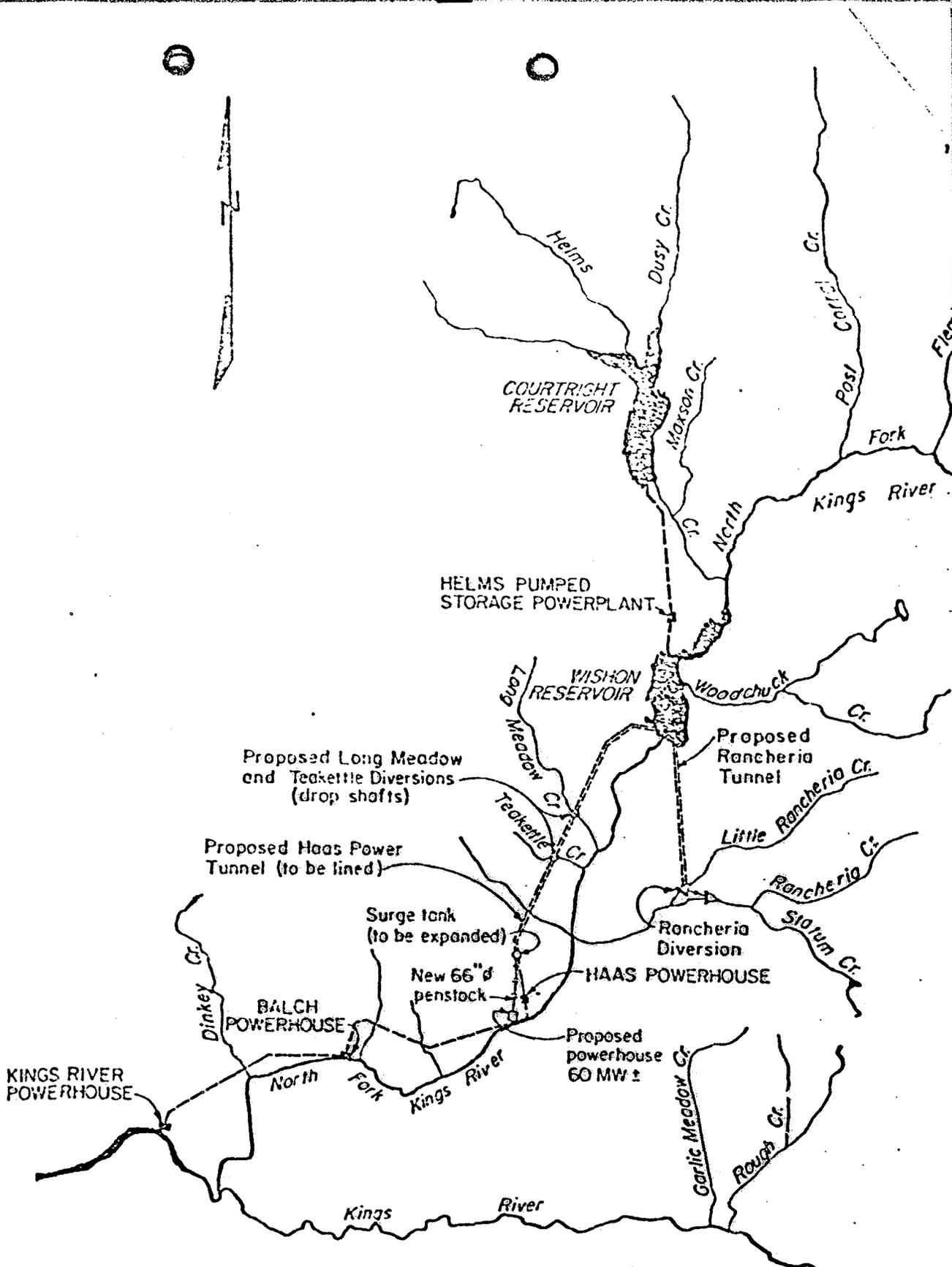
As the Justice Dept acknowledged in its petition to the Supreme Court, FERC's apparent desire to reverse itself creates an "especially delicate" situation, because the appeals court gave "great deference" to FERC in the court's 1982 decision. Assuming that the Supreme Court does send the case back, should the appeals court now give "great deference" to whatever new argument FERC makes to reverse—or at least modify—its earlier ruling?

It's not unusual for a federal agency to change its mind. This is, after all, a case of great importance, hinging on ambiguous language in a statute that's nearly 50 years old. It is unusual, though, to try to retrieve such a case from the doorstep of the Supreme Court.

By Mel Ray, Washington correspondent

\*On July 5, the Supreme Court refused. (DKC)





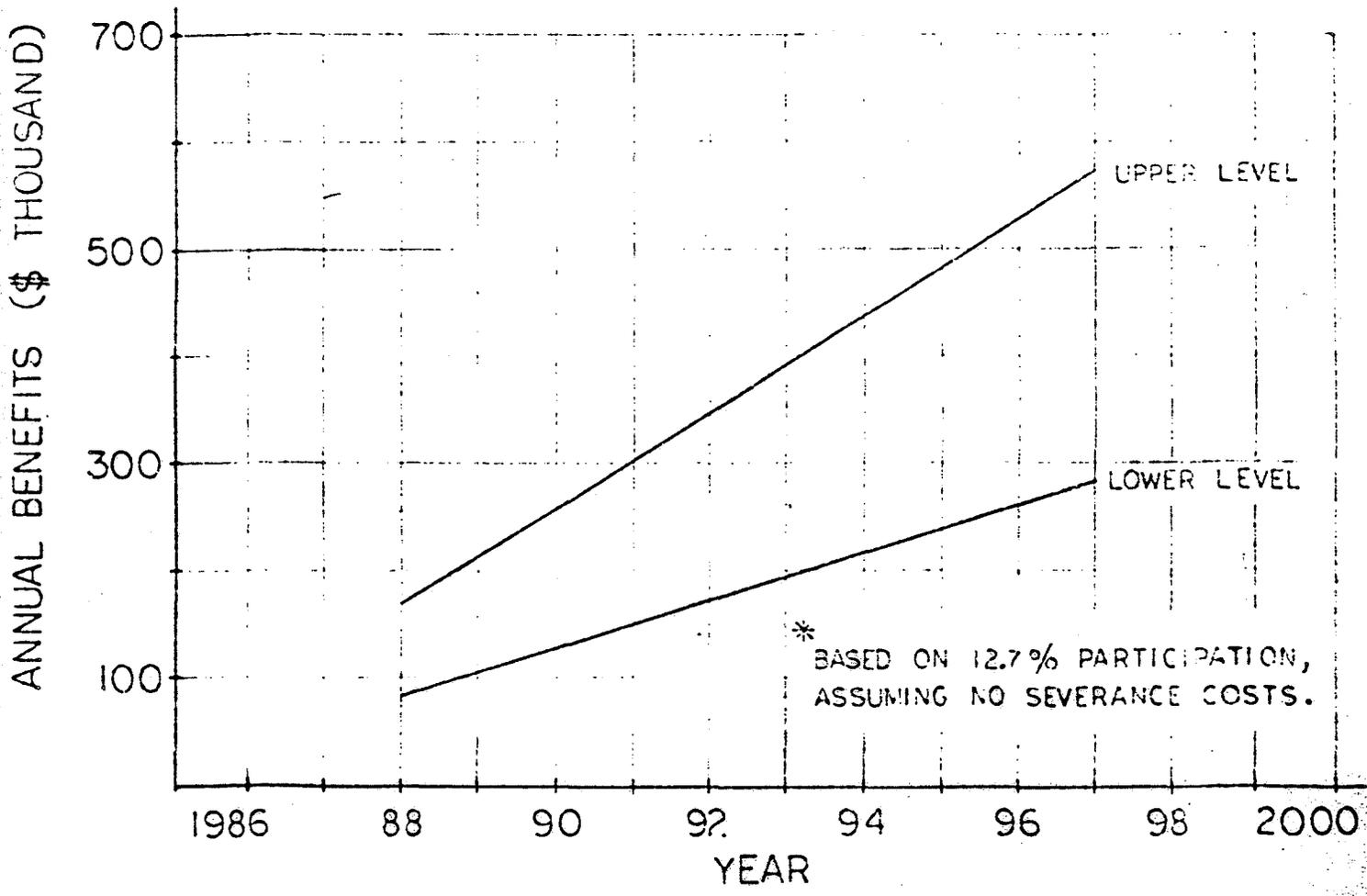
**LEGEND**

	<u>EXISTING</u>	<u>PROPOSED IMPROVEMENT</u>
Tunnel / Penstock	-----	-----
Powerplant	■	□

**PROJECT MAP**

# HAAS-KINGS RIVER PROJECT BENEFITS<sup>\*</sup>

1988 - 1997



\* BASED ON 12.7% PARTICIPATION,  
ASSUMING NO SEVERANCE COSTS.

# LOAD DURATION CURVE

