CITY COUNCIL, CITY OF LODI
CITY HALL COUNCIL CHAMBERS
June 24, 1980

An adjourned regular meeting of the City Council of the City of Lodi was held beginning at 7:30 p.m., Tuesday, June 24, 1980 in the City Hall Council Chambers.

ROLL CALL — The City Clerk recorded the roll as follows:

Present: Councilmen - Hughes, McCarty, Murphy, Pinkerton, and Katnich, (Mayor)

Absent: Councilmen - None

Also Present: City Manager Glaves, Assista City Manager Glenn, Utility Director Curry, City Attorne Stein, and City Clerk Reimche.

PLEDGE — Mayor Katnich led the Pledge of Allegiance to the flag.

NCPA — City Manager Glaves apprised the Council that the purpose of this meeting was to provide an informative session regarding the Northern California Power Agency.

City Manager Glaves then introduced NCPA Commission Chairman, Fred S. Eyerly and Philip G. Michaels former General Manager of N.C.P.A. and who now heads his own consulting firm.

Following introduction of the subject by City Manager Glaves, Mr. Eyerly gave a brief history of the Northern California Power Agency. The roll, obligation, and projects that NCPA are involved in were outlined by Mr. Eyerely.

Following an inquiry by the Council, Lodi's curre: budget for NCPA was set forth as follows:

$7,000	Dues
$56,000	Development fund
$255,000	Assessments

A lengthy discussion followed regarding the budge: Mr. Eyerly estimated that Lodi's portion of the 1980-81 budget would be $255,000, with approximately $125,000 of this amount to be used for power projects, and $130,000 will go to the Genera Operating fund for NCPA.

Mr. Eyerly then addressed the Council regarding the Feather River Project No. 1962 highlighting the project as follows:

Description of the Feather River Project No. 1962 (Project)

The members of NCPA have the right to participate in the projects which would be most beneficial to their individual needs. The NCPA Commission has elected to pursue recapture of the hydroelectric project presently under license to PG&E known as the Feather River Project No. 1962. The following list shows the NCPA members who are participating

in the project and their percentage allocation:

Alameda	7.81%
Biggs	.41
Gridley	.85
Healdsburg	2.07
Lodi	9.13
Lompoc	2.34
Palo Alto	19.20
Redding	12.11
Roseville	6.95
Santa Clara	34.69
Ukiah	2.67
Plumus Sierra R.E.C.	1.77

The project is located just south of Lake Almanor on the North Fork of the Feather River and is part of a coordinated system of hydroelectric power plants.

The project No. 1962 consists of two powerhouses (Rock Creek and Cresta on the North Fork of the Feather River in the Feather River Basin, California. Rock Creek's installed capacity is 113.4 MW, and Cresta's is 67.5 MW for a total of approximately 181 MW. These powerhouses were completed in 1949 and 1950, and PG&E'S license for this project expires on September 30, 1982. The project operates at an annual average capacity factor of 68 percent. The project utilizes the differences in elevation, and Rock Creek powerhouse is served by a 6½ mile tunnel from Rock Creek Dam, which diverts water from the North Fork, and Cresta has a 4 mile tunnel leading to its powerhouse.

PG&E holds the current license and has applied to renew its license for fifty years. The current license expires in September, 1982. Competing license applications must be submitted to the FERC by September 16, 1980.

The NCPA Commission has determined that the optimum approach would be to have the municipal systems in the Northern and Southern California participate in the filing of the application. Subject to final approval by the respective systems an application will be prepared as if the application were jointly filed by NCPA and the Southern cities of Anaheim, Riverside, Azusa, Banning, and Colton. Under this approach, NCPA has tentatively agreed to assume 53.4 percent of the project costs and capacity and energy output of the project, with the Southern California cities mentioned above picking up the remaining 46.6 percent.

Presently, it is estimated that the cost of energy from the combined powerhouses of Project No. 1962 will range between 8.4 and 32 miles per kilowatthour based on 1983 dollars. If NCPA were to purchase this same block of capacity and energy with similar characteristics from PG&E on a wholesale basis, it is estimated that it would cost NCPA 38.9 mills per kilowatthour in 1983 dollars. Because fixed costs associated with a hydroelectric project represent approximately 96 percent of the total cost of operating the project, it is anticipated that the cost of power from the proposed Feather River project would remain relatively level over the life of the project as compared to continually increasing cost of wholesale power from PG&E.

Financing Program for the Feather River Project No. 1962

In order to proceed with filing a competing application for recapture of the Feather River Project, the NCPA members who have determined to become participating members in this project have extablished a fund for use in meeting the costs of outside legal and engineering firms who are being used to assist with the preparation of this application. The total estimated budget for obtaining a license to operate the project is on the order of $750,000, of which NCPA'S members will be responsible for 53.4 percent, or approximately $400,000. A long-term financial program will be established to allow the NCPA members to recover this front-end money as well as to minimize the overall cost of project power over the life of the license to be granted by the FERC.

It should be pointed out that this long-term indebtedness will not be an obligation on the tax base of the constituency of each participating member, i.e., the debt will not be repaid through taxes in the individual member cities.

Discussion followed with questions being directed to Staff and Mr. Eyerly and Mr. Michaels.

Mr. Eyerly then addressed the Council regarding the CCWD Hydroelectric Project, highlighting the project as follows:

To meet the future power needs for NCPA members, NCPA entered into a Memorandum of Understanding (MOU) with the Calaveras County Water District to purchase all of the net electric output of the proposed hydroelectric project to be located on the North Fork of the Stanislaus River. This project and the benefits to be expected from it are described in this paper.

The members of NCPA have the right to participate in the projects which would be most beneficial to their individual needs. This hydroelectric project, which is expected to be completed in the Fall of 1984, is known as the CCWD Hydroelectric Project having a capacity of 200 MW. The following list shows the NCPA members who are currently participating and their percentage allocation in this project:

Alameda	10.88%
Biggs	.42
Gridley	1.00
Healdsburg	1.43
Lodi	9.85
Lompoc	2.18
Roseville	6.24
Santa Clara	31.08
Ukiah	3.04
Plumas-Sierra R.E.C.	1.55
	100.00%

CCWD Hydroelectric Project - Major Features and Project Discussions

The CCWD Hydroelectric Project also referred to as the North Fork Stanislaus River Hydroelectric Project would have an installed capacity of 200 MW. It will be located on the Stanislaus and North Fork Stanislaus Rivers, and Highland, Silver, Beaver, and Duck Creeks. It would be in Calaveras, Alpine, and Tuolumne Counties, California, near the towns of Sonora, City of Angels, and San Andreas, and would affect lands of the United States within the Stanislaus National Forest. Power from the project would be integrated into PG&E'S power systems in Northern California for delivery to NCPA participating members. The project would consist of the following major features:

1. The 37-foot high concrete gravity North Fork Diversion Dam, impounding a 350 acre-foot reservoir immediately downstream of the confluence of Silver and Duck Creeks; and a 11,300-foot long unlined tunnel.

2. A 200-foot high rockfill dam, 200 feet downstream of the existing dam for Spicer Meadow Reservoir, and the resulting New Spicer Meadow Reservoir, enlarged to 189,000 acre-feet of storage capacity. The crest elevation of the new dam would be at 6,610 feet. A 120-foot high rockfill dike would also be constructed. New Spicer Meadow Power Plant, at the toe of the main dam, would contain four 1,300 KW generating units to be connected with the Pacific Gas and Electric Company's (PG&E) transmission facilities near Cabbage Patch.

The 170-foot high concrete arch McKay's Point Diversion Dam, with a crest elevation of 3,395 feet, creating a 2,200 acre-foot reservoir

with a surface area of 40 acres at the normal maximum water surface elevation of 3,370 feet.

4. A 15-foot high concrete weir, the Beaver Creek Diversion Dam, to be located downstream of the Calaveras Big Trees State Park. This dam would create a 25 acre-foot reservoir with a surface area of five acres at the normal maximum water surface elevation of 4,195 feet. It would divert Beaver Creek flows through a 7-foot diameter, 900-foot long tunnel into McKay's Point Diversion.

5. Collierville Tunnel, 17 feet in diameter and 40,100 feet long, from a gated intake structure 135 feet high in the right abutment of the McKay's Point Diversion Dam to a 6,620-foot long penstock.

6. Collierville Powerhouse, to be located at Clark Flat on the Stanislaus River about a mile below the confluence of the North and Middle Fork Stanislaus Rivers. The Powerhouse will house two 100,000 KW generating units connected through transformers to an adjacent switchyard and thence to the existing area transmission system.

7. The 56-foot high concrete gravity Collierville Afterbay Dam, with a crest elevation of 1,076 feet and impounding a 920 acre-foot reservoir with a surface area of about 40 acres. The dam will reregulate releases from the Collierville and Stanislaus power plants.

8. Eleven Miles of buried 21 KV Sheated transmission cable from the New Spicer Meadow Power Plant to PG&E'S existing Cabbage Patch switchyard and 35 miles of 230 KV, double circuit, 3-phase transmission line from the Collierville Power Plant to PG&E'S existing Bellota switchyard.

9. Recreation facilities in the New Spicer Meadow Reservoir and the North Fork Diversion Dam areas.

The Federal Energy Regulatory Commission (FERC) has the responsibility of approving and granting the license for this project. The Calaveras County Water District filed an application for the FERC license on November 30, 1978. This project is referred to by FERC as Project No. 2409. The draft Environmental Impact Statement (EIS) was issued by FERC on November 21, 1979. Issuance of the draft EIS is an important step in the overall licensing process. Comments are received from all interested and intervening parties in support or opposed to the proposed project during the comment period following the issuance of the draft EIS. These comments are resolved to the extent possible and the final EIS is issued identifying unresolved concerns. Depending upon the comments received by FERC at this stage, a decision is made to either order hearings or issue preliminary license without hearings.

The final EIS is expected to be released by FERC in June 1980. There is a likelihood of the need for hearings on some relatively minor issues before the preliminary license is issued. It is anticipated at this stage that the preliminary license will be issued either in the Spring of 1981, or latest by the Fall of 1981.

NCPA, having realized this to be an attractive project for meeting future power demands from economic consideration, entered into a Memorandum of Understanding (MOU) with the Calaveras County Water District in May 1978. Under the provision of the MOU, NCPA will purchase at cost all of the net electric energy generated at the project facilities. In addition, NCPA'S purchase price for future power following the initial license period will be at fifty percent of the cost of comparable power at that time.

The current estimated cost of construction and financing this project is $424,531,00. The debt service on this amount when combined with the annual operation and maintenance costs would result in a cost of approximately 60 mills/KWH for the energy from this project in the first year of operation.

This cost of electricity will remain essentially fixed over the life of the project since the debt service represents 97 percent of the annual project cost and the debt service is a fixed amount over the life of the project. Based on the rates contained in the proposed NCPA/PG&E Interconnection Agreement and information prepared by R.W. Beck and Associates, NCPA members will realize in 1990 a net annual savings of 7.7 million from this project compared to the purchase of replacement energy from PG&E. This saving will increase each year throughout the life of the project and represents very substantial savings to all NCPA members.

NCPA has agreed to advance preliminary cost of this project until a FERC license is approved. This amount may be increased if necessary, upon agreement by the members of NCPA. After the FERC license is approved revenue bonds will be issued to fund the total project cost and the funds which have been advanced by NCPA will be refunded.

Calaveras County voters have passed a resolution authorizing CCWD to issue up to $350 million in revenue bonds for this project. Additional financing arrangements will be made to fund the remainder of the $424.5 million project cost. These alternatives include 1) Calaveras County voter approval of an additional bond issue; 2) issuance of revenue bonds by NCPA; 3) formation of a joint powers agency which would issue the additional revenue bonds; 4) formation of a nonprofit corporation which would issue the additional revenue bonds. The method to be used will be selected after final evaluation of the advantages and disadvantages of each method giving consideration to actual circumstances at the time.

Discussion followed with questions being directed to Staff and to Mr. Eyerly and Mr. Michaels.

Following an inquiry by Councilman Hughes, Mr. Michaels made the following report on the RFL Project. This Project was undertaken by nine or ten member cities sometime back. Unfortunately RFL was not all that stable and the company declared bankruptcy, and approximately $500,000 turned up missing. A trustee has been appointed and NCPA is now the owner of leases on approximately 6,000 acres.

The first well was drilled but turned out not to be of commercial value.

The first phase in obtaining licensing has been completed and approval has been received; and the second phase in obtaining licensing is now being undertaken.

Mr. Michaels then talked about the exploration phase of this project, advising that the Department of Energy has been contacted regarding subsidizing this project. Mr. Michaels estimated that there may be a 50-50% chance that such funding would be available.

Mr. Michaels stated that NCPA has expended approximately four million dollars on this project to date.

Additional discussion regarding this project followed with questions being directed to Staff and to Mr. Eyerly and Mr. Michaels.

Councilman Hughes stated that he understands there is a possibility of NCPA cities being allocated additional CVP power.

Mr. Michaels addressed the Council on the Subject stating that NCPA has applied for additional CVP power through the Western Area Power Association stating that it normally takes approximately 16 months to receive such power. Mr. Michaels indicated

that this additional CVP power would amount to approximately 102 megawatts, and that cost for this power would be approximately 25 mills.

Additional discussion followed regarding the matter with questions being directed to Staff and to Mr. Eyerly and Mr. Michaels.

Mayor Katnich then thanked Mr. Eyerly and Mr. Michaels for coming and giving the Council the opportunity to review this information.

ADJOURNMENT There being no further business to come before the Council the meeting was adjourned at approximately 9:45 p.m.

Attest: Alice M. Reimche
ALICE M. REIMCHE
CITY CLERK