

MINUTES
TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
COMMISSION MEETING
MARCH 20, 2019

Chair McFall (Modesto Irrigation District) called the March 20, 2019 Transmission Agency of Northern California (TANC) Commission meeting to order at 10:00 a.m. Meeting attendees are listed in Attachment 1.

Approval of Agenda

Chair McFall inquired as to any recommended additions, deletions, or modifications to the draft agenda. After hearing no requests, Mr. Gill (Turlock Irrigation District) made a motion to approve the agenda. Ms. Bertolino (Roseville Electric Utility) seconded the motion, which was unanimously approved by the Commission. The approved agenda for the March 20, 2019 Commission meeting is included as Attachment 2.

PUBLIC COMMENT

Chair McFall asked if there were any members of the public that wished to address the Commission. There were no requests.

CONSENT CALENDAR

Chair McFall asked if any Commissioner would like discussion or removal of any item under the Consent Calendar. With no items to highlight, Mr. Willis (Sacramento Municipal Utility District (SMUD)) made a motion to approve the Consent Calendar. Mr. Zettel (Redding Electric Utility) seconded the motion, which was approved by the Commission via roll-call vote. The approved minutes from the TANC Commission meeting of February 20, 2019 are included as Attachment 3.

INFORMATION ITEMS

Report from the General Manager

Mr. Griess provided the Commission a report on the following matters: 1) an update on the Western Area Power Administration (WAPA) overhead costs and consideration of an amendment to the Project Operation and Maintenance Agreement (POMA) wherein Mr. Griess reported that TANC was not going to pursue an amendment to the POMA as regulated by WAPA to cover additional overhead costs; 2) an update on Commissioner outreach meetings; and 3) an update on the Colusa-Sutter Project and the recent SMUD decision to cancel the project.

Report on TANC OASIS Matters

Mr. Griess updated the Commission on February 2019 Open Access Same-Time Information System sales. Mr. Griess noted that the recent Annual product sale became effective February 1, 2019.

Report on CAISO and Related Matters

Mr. Griess reported that TANC continues to monitor the California Independent System Operator (CAISO) stakeholder initiative regarding the 2018-2019 Transmission Planning Process (TPP). With regards to the TPP, Mr. Griess noted that several projects proposed by Pacific Gas and Electric Company have the potential to improve the amount of time the California-Oregon Intertie (COI) can be operated at its full 4,800-megawatt rating. Mr. Griess noted that TANC submitted comments in support of those projects, which will be competitively solicited by the CAISO. Mr. Griess also discussed the 2019-2020 TPP; noting that the CAISO published a draft Study Plan on February 21, 2019.

Report on Wildfire Activities

Mr. Griess reported that in development of TANC's Wildfire Mitigation Plan (WMP), TANC will review the Investor Owned Utilities' WMPs for the activities being advanced on transmission facilities. Mr. Matchim noted that the Governor's Office of Planning and Research established a Commission on Catastrophic Wildfire Cost and Recovery (Wildfire Commission) as required by Senate Bill 901. Mr. Matchim also reported that to date, two meetings of the Wildfire Commission have been held, with two more scheduled. The Wildfire Commission is expected to make final recommendations by July 2019. Mr. Matchim also reported that WAPA has been added to the TANC Ad Hoc Wildfire Committee. WAPA has also been asked to evaluate measures that can be implemented in the most extreme wildfire areas prior to the start of this year's fire season. The TANC WMP is expected to be submitted to the Commission for consideration of approval in the September-October 2019 time frame.

Report and Discussion of TANC Engagement in FERC TO Cases

Mr. Griess provided an update on the status of development of Project Agreement 6 noting that a draft agreement was previously sent to Members for their consideration. The TANC Commission discussed the draft agreement as well as cost implications and expenditures for continued engagement, tracking, and monitoring of transmission owner cases at the Federal Energy Regulatory Commission. The Commission directed that the Contracts Committee review and provide comments on the draft agreement excluding Appendix 1. The TANC Commission will continue to consider Project Agreement 6 at the next TANC Commission meeting.

Report and Presentation on TANCs Available Cash Balances

Ms. Yee gave a presentation on available cash to the Commission. Mr. Griess recommended that TANC continue holding the available cash for a number of reasons, including the uncertainty associated with the replacement of reactive devices for the California-Oregon Transmission Project (COTP). After a discussion by the Commission, no action was taken, and funds will continue to be held at TANC.

ACTION ITEMS

Report and Potential Action Regarding TANC's Reliability Standards Compliance Program

Mr. Griess stated that since the last TANC Commission meeting, TANC has had no reportable compliance actions. Mr. Griess also noted that staff filed the annual self-certification to the Western Electricity Coordinating Council on February 27, 2019. Further, staff is reviewing the

compliance evidence for 2018 provided by SMUD and WAPA as part of the annual review completed pursuant to TANC's Internal Compliance Program, which is expected to be completed by the end of June 2019. Upon conclusion of discussion, the Reliability Standards and Compliance report was accepted by the Commission on a motion by Mr. Willis and seconded by Ms. Hatcher (Silicon Valley Power).

Report and Resolution Authorizing the Placement of the 2019-2020 COTP Insurance Program

Mr. Matchim presented information on the coverage and estimated costs of the 2019-2020 COTP Insurance Program and noted that the current program will expire at the end March and the program will need to be placed by then. The Commission also discussed the increase in premiums for Wildfire excess liability insurance. Upon conclusion of the discussion, a motion was made by Mr. Gill (Turlock Irrigation District) to give authority to the General Manager or his designee to vote on behalf of TANC at the March 20, 2019 COTP Management Committee, and to place the 2019-2020 Insurance Program following final review by the Insurance Task Force. The motion was seconded by Mr. Willis and approved by the Commission via roll-call vote. Resolution 2019-03 is included as Attachment 4.

Report and Resolution Identifying Certain Routine COTP O&M Activities as Categorically Exempt from CEQA

Mr. Griess provided the Commission with an update on the routine Operation and Maintenance (O&M) activities that have determined to be categorically exempt from California Environmental Quality Act (CEQA) analyses. Mr. Griess noted that the list of O&M activities is considered annually and proposed changes in this year's list are minor and reflect O&M activities planned for Fiscal Year 2020. After a discussion, a motion was made by Mr. Willis to adopt a resolution approving a list of O&M Activities as Categorically Exempt from CEQA. This motion was seconded by Mr. Zettel and approved by the Commission via roll-call vote. Resolution 2019-04 is included as Attachment 5.

Report and Resolution Adopting the FY 2020 COTP O&M Budget and Work Plan

Mr. Matchim presented the proposed Fiscal Year (FY) 2020 COTP O&M Budget reporting that the budget reflects input from the February 13, 2019 Budget Workshop and represents an increase of 22.5% over the FY 2019 budget due in large part to capital improvements. Mr. Matchim noted that at their March 13, 2019 meeting, the Joint COTP/TANC Engineering and Operations Committee recommended approval. After discussion a motion was made by Mr. Willis to approve a resolution adopting the FY20 COTP O&M Budget as well as authorize the General Manager, or his designee, to vote for approval of this Budget at the March 20, 2019 COTP Management Committee meeting. This motion was seconded by Ms. Hatcher and adopted by the Commission via roll-call vote. Resolution 2019-05 is included as Attachment 6.

Report and Resolution Adopting the Fiscal Year 2020 OTRIP Budget

Mr. Matchim presented the proposed FY 2020 Olinda-Tracy Rights-of-Way Improvement Program (OTRIP) Budget reporting that the budget reflects input from the February 13, 2019 Budget Workshop and represents the same funding level as FY 2019. Mr. Matchim noted that at

their March 13, 2019 meeting, the Joint COTP/TANC Engineering and Operations Committee recommended approval. After discussion, a motion was made by Mr. Willis to approve a resolution adopting the FY20 COTP O&M Budget as well as authorize the General Manager, or his designee, to vote for approval of this Budget at the March 20, 2019 COTP Management Committee meeting. This motion was seconded by Mr. Gill and adopted by the Commission via roll-call vote. Resolution 2019-06 is included as Attachment 7.

Report and Resolution Approving an Audit Services Contract as to form with Baker Tilly Virchow Krause, LLP

Mr. Mealy discussed with the Commission a recommendation for approval of an agreement with Baker Tilly Virchow Krause (Baker Tilly) to provide auditor services to TANC for the next three years, with an option for a two-year extension. Mr. Mealy reported that the TANC Audit/Budget Committee conducted a competitive solicitation and has recommended that TANC award the contract to Baker Tilly. After discussion, a motion was made by Ms. Bertolino to authorize the General Manager to finalize contract language with Baker Tilly and execute a contract. This motion was seconded by Mr. Willis and adopted by the Commission via roll-call vote. Resolution 2019-07 is included as Attachment 8.

Report and Resolution Approving a Contract with Power Engineers to Complete a Reactive Study

Mr. Griess provide an update on the recently issued Request for Proposal to complete a Reactive Study of the COTP. Mr Griess indicated TANC received responsive bids from Burns McDonnell and Power Engineers, and a subset of representatives from the Joint COTP/TANC E&O Committee conducted a “blind” evaluation during which they rated both proposals in accordance with evaluation criteria provided in the RFP. Mr. Griess noted that at their March 13, 2019 meeting, the Joint COTP/TANC E&O discussed the recommendation made by the bid evaluation group and then recommended a contract be awarded to Power Engineers. Mr. Griess also reported that the issuance of an RFP resulted in over a \$300,000 savings from the initial WAPA federal procurement process last year. After discussion, a motion was made by Mr. Willis to authorize the General Manager to finalize contract language with Power Engineers and execute a contract. This motion was seconded by Mr. Gill and adopted by the Commission via roll-call vote. Resolution 2019-08 is included as Attachment 9.

Report and Resolution Approving TANC LTLA Capital Costs Accounting and Reporting Mechanism and True-UP for 2009 LTLA Amendment No. 1 (Roseville Return)

Mr. Mealy discussed a recommended reporting mechanism for COTP capital cost true-ups, for the 2009 Long-Term Layoff Agreement (2009 LTLA) and the 2014 Long-Term Layoff Agreement (2014 LTLA). Mr. Mealy noted that the 2009 LTLA and 2014 LTLA provide that at the end of the term of those agreements, a true-up payment would be required, and the payment would be dependent upon how TANC elected to fund replacements and/or additions (capital expenditures) that occurred during the term of the two LTLA’s. Mr. Mealy also noted that an annual reporting mechanism is now being requested in part to true-up the 2009 LTLA to reflect the 2009 LTLA Amendment No. 1 – the return of the City of Roseville’s COTP entitlement; and to create a transparent methodology to account for future true-up requirements. After discussion,

the Commission determined that more time was needed to review the request and no action was taken. This issue will be considered again at the next TANC Commission meeting.

Report and Resolution Approving an Amendment to Exhibit 2 of the COTP Operations Agreement

Mr. Matchim reported that an amendment to Exhibit 2 of the COTP Operations Agreement has been requested by WAPA to update loss factors on COTP schedules in recognition of the changes in COTP scheduling. Mr. Matchim reported that at their March 13, 2019 meeting, the Joint COTP/TANC E&O Committee reviewed, discussed and recommended that this request to update COTP loss factors in the Agreement be approved. The recommendation was conditioned on providing an estimate of potential cost impacts and subject to a review of relevant agreements. After discussion, a motion was made by Mr. Willis to approve an update to the COTP loss factors in the COTP Operations Agreement. This motion was seconded by Mr. Zettel and adopted by the Commission via roll-call vote. Resolution 2019-09 is included as Attachment 10.

CLOSED SESSION

Pursuant to subsections (a) and (b) of California Code Section 54956.9, and California Code Section 54957 (b) (1), Mr. De Cuir (TANC General Counsel) placed the Commission in closed session.

END OF CLOSED SESSION

Upon returning from Closed Session, Mr. De Cuir reported that the Commission had taken action regarding a 1) Common Interest Agreement between TANC and the Northern California Power Agency, 2) a separate agreement between legal counsel and TANC, and 3) use up to \$70,000 cash on hand for these activities in Fiscal Year 2019; all in relation to the retention of Pacific Gas and Electric Company bankruptcy legal counsel. This action was taken on a motion by Ms. Bertolino, seconded by Mr. Willis, and approved by the Commission via voice vote.

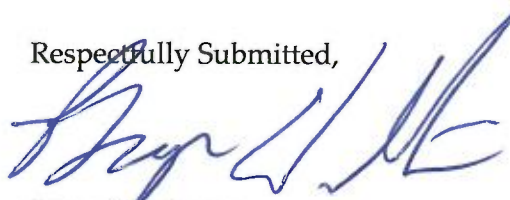
Administrative Matters

Mr. David Olivares (Modesto Irrigation District) was named as the new Open Access Transmission Tariff Committee chair. The chair for the Audit/Budget Committee remains vacant.

Meeting Calendar

The next TANC Commission meeting is scheduled for April 17, 2019. There being no further business, Chair McFall adjourned the meeting.

Respectfully Submitted,



Bryan W. Griess
General Manager