

**Trinity Public Utilities District**  
**MINUTES OF THE REGULAR MEETING OF THE BOARD**  
**January 11, 2024**

Location: Trinity Public Utilities District Community Room  
26 Ponderosa Lane, Weaverville, California

Board Present: Alex Cousins, Nicholas Goulette, Andrew Johnson, Michael Rourke

Board Absent: Amanda Barragar

Others Present: Paul Hauser, Jim Underwood, Mike Garcia, Julie Catanese, Sarah Sheetz, David DeLange, James Aven, Josh Cozine, Andrea Tuthill and Jeff Morris

**1. President Rourke called the meeting to order at 2:00 p.m.**

**2. Approval of the Agenda Order**

Director Cousins made a motion to approve the Agenda Order. Director Johnson seconded the motion. The motion passed with the following voice vote:

Ayes: Alex Cousins, Nick Goulette, Andy Johnson, Mike Rourke  
Noes: None  
Absent: Amanda Barragar  
Abstain: None

**3. Public Input**

None

**4. Consent Calendar**

Director Goulette made a motion to approve the Consent Calendar. Director Cousins seconded the motion. The Consent Calendar included:

- a. Approve Minutes of the Regular Meeting December 14, 2023
- b. Accept Minutes of the Safety Meeting December 11, 2023
- c. Accept Minutes of the Safety Meeting January 2, 2024
- d. Validate Bills of December, 2023
- e. Approve Financial Reports for November, 2023

The motion passed with the following voice vote:

Ayes: Alex Cousins, Nick Goulette, Andy Johnson, Mike Rourke  
Noes: None  
Absent: Amanda Barragar  
Abstain: None

**5. Action Items**

- a. Items Pulled from Consent Calendar  
None

**6. Conduct a Public Hearing to Consider Rate Restructuring**

Mr. Hauser provided a presentation on two scenarios for the Rate restructuring.

The Summary Budget Forecast (Forecast) in Scenario One projects a deficit of \$1.7 million dollars in Total Reserves at the end of Fiscal Year 24/25. Mr. Hauser advised that power acquisition costs plays a large part in this scenario, and that the total Reserves figure assumes a worst case scenario for power acquisition costs. The expectation is that there will be a reduction in power acquisition costs in 2024 provided the precipitation pattern continues. The Wholesale Power Charge would be adjusted whenever the cost of power acquisition changes, typically, in April and October of each

year. Staff also anticipates that the adjustments would be smaller than when the Drought Relief Surcharge is implemented or removed. He advised that while the Forecast for Scenario 2 still projects a negative reserve balance at the end of Fiscal Year 24/25 of approximately \$112 thousand dollars, it again, anticipates a worst-case scenario. He advised that if the Budget doesn't perform much better than the Forecast, the District will need to revisit rates in the future. Mr. Hauser advised that in contemplating a reduction in expenses, the order of magnitude required to correct the declining Reserves would include significant reductions to staffing and vegetation management expenses.

Mr. Hauser provided a summary of significant capital expenditures in recent years, primarily to accommodate additional load on remote parts of the system. Projects included:

- Hayfork Substation Improvements, including a new transformer with associated structure a bus work.
- Reconductoring of the Hayfork 1201, 1202, and 1203 circuits to larger wire sizes to increase capacity and balance load.
- Addition of a third phase in the Barker Valley area, which increased capacity by thirty percent.
- Reconductoring a portion of the Weaverville 1102 Circuit to Junction City.
- Addition of a third phase in areas of Junction City to balance load.
- Reconductoring of the Lewiston 1101 Circuit.
- Ability to tie the Lewiston 1101 and 1102 Circuits together.
- Upgraded Regulators at the Lewiston Substation.
- Upgraded Regulators at the Big Flat Substation.

Mr. Hauser advised that Vegetation Management expenses have increased from \$700,000 per year in Fiscal Year 17/18 to more than \$2.5 million in Fiscal Year 22/23. Director Cousins inquired if the increase in Vegetation Management was due to state mandates. Mr. Hauser reminded the Board that not only is the state mandating increased vegetation management activities through the District's Wildfire Mitigation Plan, but the state also nearly doubled the prevailing wage rate for certified tree trimmers, which is reflected in the Vegetation Management contract. Mr. Hauser advised that aside from reducing the risk of wildfire, the District recognizes additional benefits from increased vegetation management activities, including a reduced number of outages caused by trees falling on District lines, improvements that will be further improved by wider rights-of-way within the District.

Mr. Hauser stated that the District continues to be impacted by inflationary pressures which began in 2020, noting that a 167 kVa pole mounted transformer that used to cost \$1,000 three years ago, now costs \$10,000.

Finally, Mr. Hauser referenced the District's Credit Rating Report issued by S&P Global Ratings affirming its 'BB+' rating and stable outlook, advising that the report is accurate. Mr. Hauser advised that he is unaware of any peer utility in California who isn't also looking at rate increases right now, and that while the rates of other utilities are not considered a basis for increasing the District's rate, the District will continue to have the lowest rates in the State.

Director Johnson inquired about the calculation for the \$0.046 for residential on Scenario 2. Mr. Hauser advised that the rate is calculated by accelerating the previously approved Residential rates to Year 4 and adding the Drought Relief Surcharge amount to that, to calculate a new total rate (.06422 + .017=0.08122)per kWh. The Wholesale Power Charge is calculated by dividing the Annual Power Acquisitions Costs by the kWhs sold to get the Cost per kWh ( $\$4,130,944/120,000,000=\$0.0344$ ). The proposed Residential Rate is the Difference between the new total rate and the Wholesale Power Charge (.08122-.0344=0.04682) Mr. Hauser stated that the Financials indicate that the District should be raising rates even more, but that the preference is to make the transition less burdensome for customers.

Director Goulette inquired about what is driving the difference in Power Acquisition Cost to make them different in Scenarios 1 and 2? Ms. Catanese advised that Scenario 2 is based on actuals through December 2023.

Director Goulette stated that the Summary Budget Forecast, which is holding power purchase at the current, historically high, level. He asked if the forecast in Scenario 2 is somewhat better if we get one more wet year. Mr. Hauser advised that is true, but to keep in mind, that it will get better for District customers, but not necessarily for the District's overall Budget. Director Goulette surmised that the District is then solving a one year problem, and will be looking at a future rate increase. Mr. Hauser confirmed.

Director Cousins inquired when the Western Area Power Administration (WAPA) makes adjustments to the cost of Wholesale Power for the District. Mr. Hauser responded that the adjustments are made in April and October through a complicated process, advising that WAPA owns the transmission lines and receives information from the Bureau of Reclamation (BOR). The BOR makes projections based on reservoir levels and how much precipitation has occurred to date, to estimate how much power will be generated in the next 12 months. There is a continual process of projecting generation and truing up for past projections.

Director Rourke asked if there is a threshold for adjustments to the cost of Wholesale power. Mr. Hauser advised yes, if the adjustment is not significant enough it gets rolled through to the next 6-month period.

Director Goulette stated that the Board had a good discussion at the last meeting about many of these topics. He wondered how the District could, in the future, reduce expenses. Mr. Hauser advised the only tool that is significant enough to reduce expenses in a meaningful way would be to reduce staff. He advised that the legislation requiring the District to adopt a Wildfire Mitigation Plan (WMP), and the subsequent implementation of the plan yielded substantial work for the District. The District added a third crew to complete that work, while also making system improvements to accommodate increased load. The WMP creates a liability if our lines were to be involved in a fire. If the District were to reduce staff by 30 percent it would see a significant reduction in cost, the problem is that the District still has a substantial backlog of work. When the work is put on hold, reliability suffers and fire liability increases. Given the State's strict liability standards, where the District can be forced to pay for fires suppression and damage even when the District is not at fault. These expenses do come with the benefits of reduced outages, but they don't come with increased revenue.

Director Rourke stated that the work being performed is a different form of Risk Management, advising that it is an investment in the right direction. He surmised that there is going to be a cost, whether the District continues with a proactive approach, or slows down on its efforts. Director Goulette stated that the District's strategy of keeping reserves low, while not having the ability to acquire fire liability insurance, will continue to require the need to be responsive on rates.

Director Rourke opened the Public Hearing at 2:35 p.m.

Jeff Morris, with Trinity County Office of Education inquired if the schools and other public entities would continue to get the same percentage discount on usage. Mr. Hauser confirmed that the discount is not changing as part of this process.

With no further public input, Director Rourke closed the Public Hearing at 2:37 p.m.

Director Goulette made a motion to proceed with Scenario 2, Director Cousins seconded the motion.

Director Johnson advised that he was still concerned that projected reserves won't meet 6 months operating expenses for Fiscal Year 24/25, and that negative reserves are still in the future forecast. He advised he preferred not to be reactive, and wondered when and what a future rate increase may look like. Mr. Hauser advised there are some significant unknowns, including grants that the District has applied for which would have a significant effect on the timing of future rate increases. Mr. Hauser stated that although he agreed with Director Johnson that the proposed rates are low in terms of revenue requirements, his preference is to keep rates as low as possible.

Mr. Hauser reminded the Board that the assumptions are the worst case scenario, and suggested that perhaps the Board review projections for future rate increases after the new rates come out from WAPA. Director Johnson advised that he views that as one variable, and that he is concerned about the budget forecast with the proposed 'Base Rate.'

Director Rourke concurred with Director Johnson and stated that he believes that the Budget Forecast presented is more pragmatic than optimistic. Director Rourke stated that he was in favor of a scenario that gets us through this year rather than trying to project the worst-case scenario, surmising that the longer we wait, the more information we have and more accurate projections are available.

Director Goulette stated that he agreed that having the projections would be helpful, and that the Board has a fair sense that there will be rate increases in the future just because of inflationary pressures. He advised that he endorses keeping the conversation going. Director Johnson asked that during next year's Budget discussion staff incorporate looking six months in advance and providing a rate projection as part of the Budget. He would like to provide improved projections and transparency for customers. He then inquired what assumptions were included for outages and mutual aid expenses. Ms. Catanese responded that approximately \$300,000 is included for storm events.

Director Johnson recognized that the District does not have an official policy on reserves, that he felt that 6 months of operating expenses was supposed to be the bare minimum. He advised he is uncomfortable without any reserves. Director Goulette

stated that the District has two lines of credit, and that if the credit rating is at risk future borrowing would be affected.

Director Johnson made a competing motion to proceed with Scenario 2, and to include a rate discussion during the Fiscal Year 24/25 Budget Discussion. Director Goulette amended his motion to proceed with Scenario 2 and to include a rate discussion during the Fiscal Year 24/25 Budget Discussion. Director Cousins seconded the motion. The motion passed with the following roll call vote:

Alex Cousins	– aye
Mike Rourke	– aye
Andy Johnson	– aye
Nick Goulette	– aye
Amanda Barragar	– absent

## 7. Reports:

### a. Wildfire Mitigation Plan (WMP) Reporting Metrics Update

Mr. DeLange advised that the District has increased spending on Vegetation Management over the last three years, which significantly impacts the budget.

The District has approximately 700 poles requiring intrusive inspections this year, and approximately 305 poles to replace.

There are approximately 1200 poles to be manually cleared this year, and while that number will decrease as fault tamers are installed, it will never be zero.

The District is adding legacy tree attachments to its reporting this year and is attempting to phase them out. The District has no primary attachments, but quite a few secondary attachments.

### b. General Managers Reports:

#### i. Land Exchange

Mr. Hauser advised that the District is awaiting approval of the appraisals from the Forest Service.

#### ii. Right-of-Way Project Update

Mr. Hauser advised that although the Visual Analysis work slowed progress, the report is now being finalized for release to the public for comment.

#### iii. Balancing Authority of Northern California (BANC)

Mr. Hauser advised that the effort to get into the Energy Day Ahead Market is taking longer than expected.

#### iv. Power Outage Summary – December 2023

Mr. Hauser reviewed the Power Outage Summary, noting only two tree caused outages in December. Director Cousins asked Superintendent Garcia to thank the crews for getting the power back on earlier than scheduled for the recent East Weaver Maintenance Outage.

#### v. Re-initiation of Consultation on the Long-Term Operation (ROC on LTO) of the Central Valley Project

Mr. Hauser advised the progress seems to have stalled in the process, and that his impression is that the co-leads are struggling to come to consensus.

vi. Watershed Partnership

Mr. Hauser advised that the District has been invited to participate in a partnership with members that include Trinity County, Sierra Pacific Industries, the Trinity County Resource Conservation District and the Watershed Research and Learning Center which may offer the opportunity to bring in some significant grant money for watershed work.

vii. Sweep Account

Ms. Catanese reported on a discussion with Tri Counties Bank who advised that the District's deposits are FDIC insured up to \$250,000. Anything over that amount is deposited in other entities that invest in government backed securities and is insured at 110 percent.

viii. Cal Fire Grant

Mr. Hauser advised that the District submitted a fuels reduction application in the amount of \$1.9 million. The proposed projects include fuel breaks on the District's 60kV Circuits from Weaverville to Hayfork and from Hyampom to Grouse Creek.

ix. Letter of Support – Trinity County Caltrans Sustainable Transportation Planning Grant

Mr. Hauser received a request from Trinity County to provide a letter of support for a Caltrans Planning Grant for Zero Emission Charging Stations. Director Johnson inquired what the District may need to do should the County determine that charging stations are needed. Mr. Hauser stated that if the proposed locations are in outlying areas, similar to high impact load scenario, the District will need to do determine load capacity as part of the process.

x. United States Bureau of Reclamation Payment

Mr. Hauser reported that the District recently received a payment from the USBR in the amount of \$675,000. The total payment expected for Fiscal Year 23/24 is \$963,000, the remainder of which is anticipated in March/April 2024.

c. Committee Reports

- Ad-hoc Forestry Committee  
None

d. Board Member Reports

Director Goulette expanded on the watershed partnership, stating that there are many beneficiaries to the upper trinity river watershed that are outside of the County. A formalized watershed partnership to coordinate efforts and deal with risk at scale is a process that has proven effective. This type of partnership can also be used to raise money. This partnership defines the Trinity watershed as critical infrastructure in California. Director Goulette advised that partners in the Sierra Nevada have raised millions to do work in those counties. Given that water security

is the foundation of our power security, it makes the District's participation important.

**8. Discussion Items**

None

**9. Communications Received**

None

**10. Meetings and/or Workshops**

- a. California Municipal Utilities Association, Capitol Day  
The Sheraton Grand Hotel, Sacramento, CA  
February 5, 2024  
*Director Barragar, Mr. Hauser and Ms. Sheetz plan to attend.*
- b. Golden State Power Cooperative Capitol Day  
Sacramento, CA  
February 21, 2024  
*Mr. Hauser and Ms. Sheetz plan to attend.*
- c. American Public Power Association – 2024 Legislative Rally  
Mayflower Hotel, Washington DC  
February 26-28, 2024  
*Director Barragar, Mr. Hauser and Ms. Sheetz plan to attend.*
- d. California Municipal Utilities Association Annual Conference  
Monterey Marriott, Monterey, CA  
April 7-9, 2024  
*Ms. Sheetz plans to attend.*
- e. Northwest Public Power Association – Annual Conference  
Salt Lake City, UT  
May 12-15, 2024  
*Director Cousins and Mr. Hauser plan to attend.*
- f. Golden State Power Cooperative – Annual Conference  
Sacramento, CA  
September 23, 2024
- g. National Rural Electric Cooperative Association – Region 7/9 Meeting  
Sacramento, CA  
September 24-26, 2024
- h. Northern California Power Agency Annual Conference  
Napa, CA  
September 24-27, 2024

**11. Public Input**  
None

The Board took a brief recess at 3:19 p.m. and entered into Closed Session at 3:27p.m.

**12. Closed Session**

- a. Closed Session Item Under Government Code Section 54956.9  
**Conference with Legal Counsel – Existing Litigation**  
Claimant: Jean and Alfred Baldocchi  
*No reportable action*

There being no further business, President Rourke adjourned the meeting at 3:38 p.m.

/s/ Michael Rourke  
Michael Rourke, President

ATTEST: /s/ Andrew Johnson  
Andrew Johnson, Clerk