



**Truckee Donner Public Utility District
Strategic Plan 2021-2024**

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Executive Summary

Over the course of the past 93 years, the Truckee Donner Public Utility District has adapted to many changes, including evolving infrastructure and technology standards, expanding service territory, customer needs, increasing regulatory compliance, and ever changing economic conditions. One thing that has not changed is the Truckee Donner Public Utility District's steadfast commitment to providing safe, reliable and affordable drinking water and electric services to the community.

Never has the delicate balance of planning and adaptability been more important than in our current environment. Having just gone through the COVID-19 pandemic and its wide ranging economic impacts, the threat of devastating wildfires throughout the state of California, and the increasing sense of urgency to adopt energy policies to mitigate the effects of climate change, clearly we must be coordinated and nimble at the same time.

One of the tremendous benefits of a community owned public utility is the opportunity to continuously add value and quality of life to our rate payers and community. Through community engagement and the public process, the District has and will continue to evolve with the ever changing needs and expectations of the community we serve. This is evident in the results of our recent community surveys in which 79% of participants indicated the Truckee Donner Public Utility District has a critical role in the quality of life here in Truckee. While we are proud of the tremendous approval rating with the customers we serve, we also understand that this success is only a starting point. We look forward to our continued collaboration in the years to come.

With the 2021-2024 Strategic Plan, the Truckee Donner Public Utility District looks forward to taking on the challenges of providing innovative ways to improve our customer experience, tailor services to meet emerging needs, ensure the success of our socially and economically diverse community, and continue to build upon our quality of life in Truckee.

Significant Challenges Moving Forward

As has been the case over the past 93 years, the future presents itself with new challenges. These will come in the form of resource management, replacement of aging infrastructure, wildfire mitigation, and the need to take an increasingly forward thinking and strategic approach to energy resources and climate impacts. The Truckee Donner Public Utility District has adopted strategic priorities to address these challenges head on.

In 2019, the Truckee Donner Public Utility District adopted a Wildfire Mitigation Plan, increasing the District's investment in vegetation management from an annual expense of approximately \$250K in 2015 to an annual expense of more than \$1.5M in 2021. Due to the nature of our geography and seasonal climates here in Truckee, the Truckee

Donner Public Utility District has a long history of investing in a higher standard of infrastructure to endure the impacts of winter storms. The increasing focus on the threat of wildfires has required the Truckee Donner Public Utility District to elevate this effort in the form of increased vegetation management, innovative alternatives in distribution system management and evaluation of new technologies and construction standards. While the Truckee Donner Public Utility District has incorporated underground utility construction standards with new development for more than 20 years, more than half of the existing distribution system remains overhead. The Truckee Donner Public Utility District's 2021-2024 Strategic Plan includes initiatives to explore the feasibility of community wide undergrounding as well as other potential wildfire mitigations measures.

Another key strategic priority for the Truckee Donner Public Utility District will be to continue to build upon our commitments to carbon free energy and the reduction of greenhouse gasses. Over the past decade, the Truckee Donner Public Utility District has raised the bar in identifying opportunities to increase clean renewable energy resources within our purchased energy portfolio. In 2021, the Truckee Donner Public Utility District purchased power imports including 65% clean renewable energy. The expectation is this will increase to 75% in 2022 as the Red Mesa Solar Plant comes on line. While these accomplishments are well ahead of California State mandates, the Strategic Plan includes initiatives for continued progress by identifying opportunities to move toward 100% clean renewable energy.

Responsibility

The Truckee Donner Public Utility District's 2021-2024 Strategic Plan establishes bold, yet achievable goals for our organization moving forward. These goals are accompanied by increasing costs of operation, labor and materials, investments in new resources and infrastructure, and improvements in technologies. Recognizing this, it will be essential for the Truckee Donner Public Utility District to increase efficiencies, identify and pursue alternative funding opportunities and maximize the value of every dollar.

What the Future Holds

In 2020, the Board of Directors identified the need to engage in the District's first formal Strategic Plan that would pivot from the perspective of the more traditional utility to exploring innovative and visionary ideas for its future. The Strategic Plan is the guiding document for the Truckee Donner Public Utility District's goals moving forward, including key components of community engagement and inclusion, staff development, environmental stewardship and enhancements to safety and reliability.

The Strategic Plan also includes new initiatives to explore opportunities and partnerships moving forward, adding value and quality to our community. Initiatives,

such as; exploring local power generation, community broadband access, renewable energy markets, and underground utility infrastructure will do just that.

While these initiatives do not come without significant costs, they address critical challenges our community currently faces regarding climate change, safety, and economic sustainability. Through collaboration with key stakeholders and partnerships, the Truckee Donner Public Utility District along with our rates payers can be one of the key partners in our community. As the Truckee Donner Public Utility District continues to identify and plan for the challenges ahead, we continue to deliver the safe and reliable services we all expect to ensure our long history of service excellence is carried forward.

Financials

The District's financial position includes \$194M in assets and \$63M in net position. The District's \$44M operating revenue budget is comprised of \$30M electric utility and \$14M water utility. Reserves total \$30M (electric \$25M and water \$5M).

The District prepares a bi-annual budget with the next cycle occurring in the fall of 2021 for the budget years 2022 and 2023. The budget includes a 10-year financial forecast, this cycle 2022-2031. This budget balancing effort will include the strategic plan initiative drivers, as well as, forecasted revenue and cost growth factors.

Strategic Planning

Truckee Donner Public Utility District embarked on a formalized strategic planning process in July of 2020. In late February, the challenges of the Pandemic (COVID 19) presented themselves worldwide. The Truckee Donner Public Utility District Board and staff showed fortitude, focus and courage to continue all strategic planning processes.

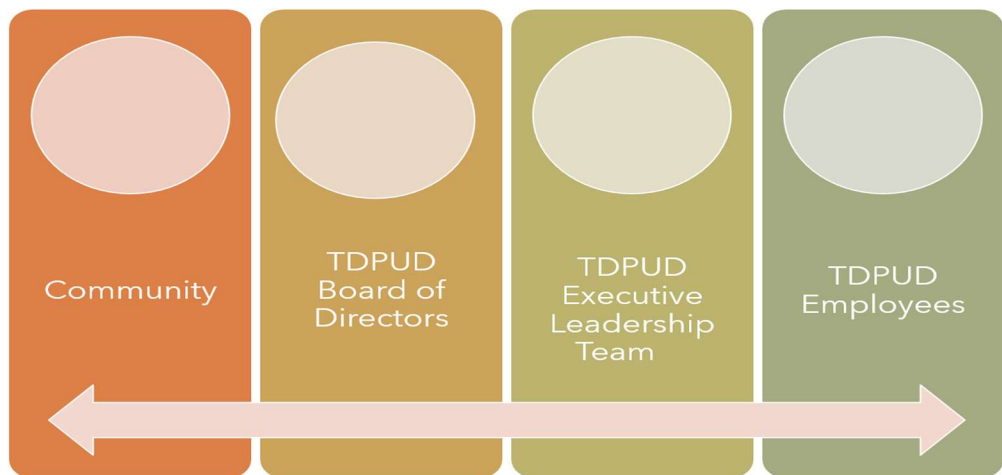
The process itself has been multi-faceted and designed to provide a critical roadmap painting the future landscape of the Truckee Donner Public Utility District. This ten-month process has been designed:

- To engage the community, Board of Directors and staff to bring resources to the community by focusing on resiliency and sustainability;
- To pioneer new ideas;
- To partner with customers and communities;
- To position for future partnerships;
- To give the opportunity for the Board and staff to engage with our stakeholders and community to focus on collaborative initiatives that will make a difference in our District and community;
- To continue to build a vibrant culture during challenging times and beyond

- To provide the focused financial long-term health for the Truckee Donner Public Utility District by developing overarching goals and strategies/ projects to achieve these goals;
- To evaluate processes and systems that need to be reinvented to ensure effectiveness and efficiencies for our ratepayers, employees and the community;
- To provide a high level of transparency and inclusivity; and
- To provide a roadmap for the Truckee Donner Public Utility District’s future.

The Truckee Donner Public Utility District engaged Pamela Hurt Associates to help design a unique strategic planning process that would include leveraging all four pillars shown below simultaneously.

The District has connected all four of these pillars with different activities, while building on future focused ideas over the last nine months. Key to this process



has been the Board of Directors and staff engaging with the community, participating in both a community survey and neighborhood focus groups to help prioritize four Board of Director Initiatives. These key Board Initiatives are to serve as catalysts for continuing community partnerships where the Truckee Donner Public Utility District plays a vital role with other districts, agencies the Town of Truckee, county, and state to enable our community to continue to evolve and become all it can be.

History of the Truckee Donner Public Utility District

The Truckee Electric Company, owned by Cecil E. Edmunds, was a private generation with electric services to a small number of people in the downtown area, operated by a water wheel on the Truckee River. Following a five-year drought, the Truckee River had limited water to turn the water wheel. Coupled with a desire to expand services, residents drew up a petition calling for a special district formation to buy electricity from the downstream generators owned by Sierra Pacific Power Company. In 1927, Nevada County received the incorporated paper from the State of California. In accordance with the provisions in the Public Utility District Act, Truckee Public Utility District was formed, with Cecil E. Edmunds filling the first General Manager's role.

In the first 20 years, the Truckee Public Utility District served a few dozen houses and shops in the downtown area contracting with Sierra Pacific Power Company to maintain

lines. Not long after, Truckee's evolving community looked to the Truckee Public Utility District to support other local government needs. During the 1940s, the Truckee Donner Public Utility District began purchasing private water companies that purveyed water from surrounding underground springs, supplying water to Truckee residents.

As Truckee grew, so did the newer generations of families with a need for water and power. As the most significant government landowner of the time, Truckee Donner Public Utility District provided essential community resources like public school sites and recreational activities. Using the proceeds to expand the water and electric services and environmental conservation for public resources, the Truckee Donner Public Utility District embarked on drilling wells to provide water. In the late 1950s, the Truckee Donner Public Utility District helped to develop and organize recreation for the community. The General Manager, several Board of Directors, and community members planned and built a community golf course on the property south of the Truckee River. Known today as the Ponderosa Golf Course, it is a private/public partnership that has stood the test of time. In the 1960s, the Truckee Donner Public Utility District supported residents in forming a separate recreation and park district.

With the completion of Interstate 80 (I-80) in 1964, and a new agriculture station moving from the Lincoln Highway (Donner Pass Road) to I-80, the Truckee Donner Public Utility District identified the old agriculture station for the administrative and operating headquarters. With expansion and tourism evident, the Truckee Donner Public Utility District borrowed money from Rural Electrification Administration during the 1960s to expand the electric system and to build the Truckee substation. The Truckee substation is still in operation in the heart of Truckee. The Truckee Donner Public Utility District purchased the Donner Lake distribution facilities from Sierra Pacific Power Company and changed its name to the Truckee Donner Public Utility District.

Of notable interest in the 1970s, the Tahoe Donner subdivision began development with its water and electric infrastructure, increasing total utility infrastructure by a factor of five; both water and electric customers doubled.

Since 1980, the Truckee Donner Public Utility District has sought alternative energy sources and pursued hydroelectric plants at Boca and Stampeded dams and joining Utah Associated Municipal Power Systems (UAMPS) to secure the Public Power Model. The community of Hirschdale was annexed and welcomed to the Truckee Donner Public Utility District. Most recently, Glenshire Mutual and the Donner Lake Water system were incorporated into the Truckee Main Water system, connecting all Truckee communities.

The Truckee Donner Public Utility District occupies 45.5 square miles, beginning four miles from the northern border just beyond Alder Creek Road, south to Placer County, and 11 miles from just beyond the western shore of Donner Lake eastward to the rim of Boca Dam and the Hirschdale community.

Organization Overview

Local governance is a special system where districts can exercise its function and responsibility to work together for the overall betterment of the community they serve. Abraham Lincoln said it best “In this age, in this country, public sentiment is everything. With it, nothing can fail; against it, nothing can succeed.”

The Truckee Donner Public Utility is a special district, formed in 1927, and governed by five elected at-large, Board members. Each elected Board member serves four-year staggered terms. Five Board of Directors serve as the governing body with respect to policy and fiduciary responsibility. The policy and spending tools for local agencies to take a collective action are; ordinances, resolutions, and action motions.

The General Manager, hired by the Board of Directors, is responsible for the professional expertise to lead, manage, organize, and execute the mission statement of the Truckee Donner Public Utility District and the goals of the governing body.

The General Manager’s Executive Leadership Team, best determines how to implement and deliver policies and services through professional acumen while adhering to Federal, State, and Local regulations and laws. The Executive Leadership Team is responsible for integrating the mission and values of the organization.

The Truckee Donner Public Utility District’s Counsel is another key position critical to effective and efficient working relationship. Serving as the “District’s” Counsel, this position advises the Truckee Donner Public Utility District on its legal matters while working closely with the Board of Directors and General Manager to ensure the highest legal standard, ethical behaviors, and that community interests are met.

The General Manager coordinates between all internal and external entities to assure the effective delivery of services meet the needs of the governing Board and community. The special relationship between the General Manager, District Counsel and the Board, provides essential relationships surrounding organizational performance, organizational reputation, value to the community, community pride, and confidence.

Organization Culture

The success of the Truckee Donner Public Utility District, like any organization, is dependent upon a strong organizational culture. The Truckee Donner Public Utility’s culture is defined by priorities, behaviors, beliefs and values. As a public agency, providing service to the Truckee community, the culture is built upon the foundation of the values: Safety, Communication, Integrity, Accountability, Timeliness, and Work-Life-Balance. Built upon this foundation is a commitment to provide an open and transparent workplace, cultivate creative and innovative ideas to improve efficiencies, foster opportunities for collaboration, reward operational excellence, maintain a high level of customer service and continue to serve as leaders in management of environmental and community resources.

The Truckee Donner Public Utility District has in the past, and will continue in the future, to strive to improve our reliable and sustainable service. In order to continue to improve and achieve all of the exciting goals in our future, it is critical that the entire Truckee Donner Public Utility District Team is involved in finding solutions and setting new standards of success. By building trust, collaboration and a truly rewarding work environment, the Truckee Donner Public Utility District will successfully deliver on our commitment to contribute positively to the quality of life here in Truckee and solidify ourselves as the employer of choice here in the Tahoe-Truckee basin.

Truckee Donner Public Utility District's Mission

The Mission of the Truckee Donner Public Utility District is to provide reliable, high quality utility and customer services while managing District resources in a safe, open, responsible, and environmentally sound manner at the lowest practical cost.

Truckee Donner Public Utility District's Values

In 2018, the Truckee Donner Public Utility District embarked on memorializing the customs and behaviors of the Truckee Donner Public Utility District's employees in our values. These values emulate how staff achieves the mission through actions. In 2020, a desire by employees to update and rank the organization's values was completed using employee meetings and an employee survey.

The Truckee Donner Public Utility District's Values Are:

Safety – Safety is our way

Safety is our first priority. We are committed to the health and safety of our employees, customers, and community through the continuous practice of prevention, education, and awareness.

Communication – Send and receive

Foster positive engagement by creating a strong communicative environment that includes; active listening, transparency, clear, concise, and the timely transmission of information, with empathy and respect. This also includes providing and receiving honest feedback.

Integrity – Honest and ethical

Highest quality service to the public and employees, utilizing honest and ethics as our base principles.

Accountability – Own it

A strong performing team with the obligation and willingness to accept responsibility for our actions, maintaining a sense of humility and inclusiveness.

Timeliness – Meet our goals and commitments

A highly effective agency and responsive organization meeting goals and expectations in a timely manner.

Work-Life-Balance – Work hard, play hard

We value every employee and foster a healthy work life balance culture, allowing employees to bring their best selves to work every day

Cultural Emphasis

The Board's strategic Goal #5 states: Developing an inclusive culture drives organizational integration and success.

The focus on culture centers on being a value-based organization that aligns our values in everything we do. This manifests the culture in a way that is authentic to the Truckee Donner Public Utility District and our employees.

Having a values-based culture helps to provide structure, expectations, and consistency for all Truckee Donner Public Utility District employees. It also provides stability, commitment, and well-being for employees while at work. The goal is for all employees to be able to focus on personal growth and achievement while serving our mission and the Truckee community.

As part of the strategic planning process, a focused effort was placed on creating processes that would enhance the values-based culture. One process included defining organizational behaviors associated with each value. With an enthusiasm for authenticity and to exemplify the values-based culture, all employees were provided the opportunity to take part in defining core value behaviors for the Truckee Donner Public Utility District. A train-the-trainer session for managers and employees provided by Pamela Hurt Associates and Human Resources prepared facilitators to gather pertinent information. Each department held meetings and produced examples of the behaviors associated with each value. Each group voted on their top three behaviors for each value.

After the meetings were completed, the voting results from each meeting were compiled and analyzed by Human Resources to determine trends and the top behaviors for each value throughout the organization. These results were shared with the entire team and the Board of Director's for greater understanding and to define expectations.

Defining behaviors associated with each value provides each Truckee Donner Public Utility District employee guidelines and expectations of actions on a daily basis. As a result of these meetings, employees quickly became empowered to act as ambassadors, helping other employees to model the behaviors describing each value and to be held accountable. This is a step to ensure the Truckee Donner Public Utility District is "walking-the-talk".

Process

- Five employee meetings occurred facilitated by Managers
- Train the Trainer was held to ensure consistency of deliverables
- Department participation
 - Electric: 18
 - Water: 8
 - District Clerk, IT and Linemen(last minute) 7
 - Admin Services: 11
 - HR, ELT, General Manager 7
 - Total: 51/65 total employees = 78%
- Note: Jillian Steward, ELT members and General Manager attended meetings as well

The Why: Mapping Values to Culture

Values and Behaviors:

Safety: Safety is our way of life

- Look out for each other
- Situational/work environment awareness
- Creating safe work habits & spaces

Communication: Send and Receive

- Collaborative two way communication
- Set clear expectations with acknowledgment & understanding from each party
- Be respectful with who you are communicating with

Integrity: Honest and Ethical

- Do the right thing when no one is watching
- Be Consistent
- Do what you say

Accountability: Own it

- Own & Learn from your mistakes
- Be responsible for your actions
- Be honest with yourself & others

Timeliness: Meet our goals and commitments

- Respect other peoples time
- Be prepared
- Be responsive

Work Life Balance: Work Hard / Play Hard

- Have fun and healthy habits at work
- Set boundaries for home and work life
- Choose to have a positive attitude/outlook

Staff Development

With identified behaviors for each of the core values reflected in demeanor, performance, and presence, it is also important to connect the values to Truckee Donner Public Utility District processes. Adding values to processes provides formal expectations and accountability. This reiterates the importance of the values and emphasizes how they are connected in every business aspect.

Here are examples of how we will be implementing the core values into our processes:

- As job descriptions are created or updated, an expectation of performing in alignment with our core values will be included as an essential duty and responsibility of all Truckee Donner Public Utility District employees. This will set the cultural tone immediately for all new employees and reiterate the importance of core values with current employees.
- Utilizing the values and behaviors as rating criteria or qualifiers for interviews to ensure candidates are a good fit with the Truckee Donner Public Utility District.
- Incorporating these values into processes allows for a training opportunity with mid-managers on how to assess if a candidate has these traits during an interview.
- Performance evaluation forms include performance ratings on each of the values. Allowing employees' evaluations to be inclusive of all aspects of their employment, not just their specific job function.
- The values are essential duties and responsibilities listed in each job description.
- A recognition program with a value focus is implemented. Recognizing and sharing examples of employee's acting on our core values will highlight the importance and create motivational opportunities for everyone to embrace the values.

Strategic Planning Process

Painting the Landscape

Strategic Planning addresses the “what and why” of strategic activities. It provides the roadmap the Truckee Donner Public Utility District needs to pursue a specific strategic direction. Painting the Landscape processes were developed by Pamela Hurt Associates to engage the Board and Staff to roll up their sleeves and evaluate what is working well with the traditional “core” business of the Truckee Donner Public Utility District and what needs to be reinvented or improved. It also provides the opportunity to define what ideas will take the Truckee Donner Public Utility District to the next level of performance.

The Board and Staff facilitated in-depth meetings and workshops to:

- Evaluate innovative ideas that needed to be explored and implemented over the next three years to ensure the Truckee Donner Public Utility Districts resiliency, relevancy to the community, sustainability, and success.
- Visioning for the future. Using the concept of there is in the box, out of the box and no box thinking, the Board and staff spent over 10 hours brainstorming ideas under the heading of “no box thinking”. Knowing the changing economic horizon and political/cultural/scientific (focus on climate change) issues, the Board and staff wanted to evaluate the changing roles of utilities of the future and our utilities impact on our community as it evolves.

Strategic Levers were defined by the Board with staff input.

What are strategic levers?

- They refer to a strategy or capability that enables long term exceptional performance to occur in an organization.
- They are 40,000 foot, in the balcony concepts.
- They are used to improve business performance and profitability.
- They become the meat and potatoes of the strategic planning process.
- Strategic levers must be linked, consistent and working together to ensure maximum efficiency for integration.
- They are meant to be catapulted out as appropriate. This ensures a nimble approach to strategic planning.
- Strategic Levers become the roadmap to the Strategic Planning Goals

During July and August, the Board and Staff developed the Truckee Donner Public Utility District’s Strategic Levers. Much dialogue occurred to be sure the levers encompassed all the ideas that were brainstormed during the early “Painting the Landscape” workshops which focused on “Traditional, Visionary and Innovative” ways of thinking about the utility’s future roadmap.

Key to adopting the strategic levers is the organizations SWOT analysis which will be discussed in detail in the next section. The SWOT outcomes were used as guideposts when creating the strategic levers.

Concepts that were key discussion points to identify the strategic levers were:

- Utilities can have a singular interest and thus create organizational mind set/inertia towards change.
- Risks associated with over and under leveraging of assets and structural constraints.
- It would be easy to revert to silos and a silo mind set.
- Focus on becoming an economic engine for our communities.
- Become an integral part or standard bearer for this community.
- Develop partnerships everywhere.
- Create sustainable methods that support delivery to our community.
- Have a high level of civic engagement.

Truckee Donner Public Utility District's Strategic Levers were identified listed below:

1. Organizational Integration

2. Engage with customers and our communities to identify opportunities

3. Modernization of this Utility

4. Take the best of private sector thinking to add value to our communities

5. Environmental Stewardship: Create a sustainable, resilient environment for all of our communities

6. Manage for Financial Stability and Resiliency

7. Developing an Inclusive Culture Drives Organizational Success

8. Be Welcoming and Transparent in How We Work

Organization SWOT Analysis

A SWOT analysis is a simple but useful framework for analyzing the Truckee Donner Public Utility District's strengths, weaknesses, opportunities, and threats. It is a very common tool used in the strategic planning process.

The SWOT

- Identifies what the Truckee Donner Public Utility District does well;
- Identifies gaps in organizational performance;
- Helps to minimize risks; and
- Takes the greatest possible advantage of identifying opportunities for future success.

Painting the Landscape/SWOT Traditional/Innovative/Visionary

Painting the Landscape	Threats	Opportunities
1. Organizational Integration	<ul style="list-style-type: none"> • Political/Regulatory Environment • Mindset/Inertia • Lack of succession planning 	<ul style="list-style-type: none"> • Authentic and evolving culture and values • Operational Excellence • Become the standard bearer for the community • Professional development/learning environment
2. Engage with customers and our communities to identify opportunities	<ul style="list-style-type: none"> • Vocal minorities • Inspecting expectations • Jurisdictional 	<ul style="list-style-type: none"> • Partner with customers and communities • Communicate, educate, and understand needs • Identify new services that we are well positioned to provide • Validate customer and communities' vision and expectations • Pioneer new ideas • Leverage relationships
3. Modernization of the utility	<ul style="list-style-type: none"> • Capacity • Mindset/Inertia • Over and under leveraging • Unmanaged risks • Security 	<ul style="list-style-type: none"> • Reduce costs and improve services • Reliability/Resiliency • Position for future partnerships

<p>4. Take the best of private sector thinking to add value to our communities</p>	<ul style="list-style-type: none"> • Mindset/inertia • Lack of experience • Structural constraints • Legacy processes and thinking 	<ul style="list-style-type: none"> • Become an economic engine for our communities • Be customer and communities driven • Leverage future partnerships
<p>5. Environmental Stewardship: Create a sustainable, resilient environment for all communities</p>	<ul style="list-style-type: none"> • Competing priorities • Technical uncertainty • Lack of resources • Political and regulatory landscape • Community fatigue/saturation • Evolving customer expectations and financial impacts 	<ul style="list-style-type: none"> • Bring resources to the community • Create sustainable methods that support delivery to our communities • Focus on sustainability and resiliency • Become renewable and carbon free • Establish community wide GHG reductions • Be cutting edge/forward thinking
<p>6. Manage for financial stability and resiliency</p>	<ul style="list-style-type: none"> • Regulatory landscape • Inverse condemnation • Broad economic uncertainty • Attracting and retaining talent • Legal liabilities • Cyber, technology risks and data breaches 	<ul style="list-style-type: none"> • Leverage our economic engine • Provide resources in times of crisis • Provide resources to pursue organizational and community needs/opportunities • Continue local financial stability • Maintain local control
<p>7. Developing an inclusive culture drives organizational success</p>	<ul style="list-style-type: none"> • Changes in leadership 	<ul style="list-style-type: none"> • “One Utility” mindset • Attract, develop and retain talent
<p>8. Be welcoming and transparent in how we work</p>	<ul style="list-style-type: none"> • Special interest interference • Reverting to silo mindset • Lack of trust • Lack of community engagement 	<ul style="list-style-type: none"> • Foster an engaged and educated customer/ community • Be the trusted advisor • Maintain local control

Community Outreach Process Overview: Engage.Involve.Enrich

The Truckee Donner Public Utility District's strategic planning effort is based on four pillars: Community; Truckee Donner Public Utility District Board of Directors; Truckee Donner Public Utility District's Executive Leadership Team; and Truckee Donner Public Utility District's employees. All are critical and interrelated in the process and through effective communication inform each other. This section focuses specifically on an innovative and comprehensive community outreach process used during this strategic planning process.

Truckee Donner Public Utility District conducted an extensive community outreach and input process that included Truckee Donner Public Utility District's Board and staff but also leveraged outside expertise in the community. Key target audiences included:

- Customers and community
- Local agencies/groups/non-profits
- Industry partners
- Hard to reach (Comunidad Espanola and under 30-years old)

The community outreach process resulted in a rich experience with a meaningful exchange of information for both the Truckee Donner Public Utility District Board/staff and our extended community.

To engage and solicit input from the above target audiences, Truckee Donner Public Utility District conducted a comprehensive communications and outreach effort using all available communications channels including:

- Direct calls/e-mails to over 50 local agencies, groups, non-profits
- Robust traditional and aggressive digital marketing campaign
- Compelling webpage, info-graphics/videos, and focus group sign-up tool
- Weekly 15-second video testimonials from local influencers
- Providing print, e-mail, and social medial kits to partners

Truckee Donner Public Utility District's communication objectives included:

- Raising awareness of the strategic planning process and the Board's Strategic Initiatives
- Educating the community regarding the strong performance of the Truckee Donner Public Utility District and the value of public power and water
- Soliciting customer and community input regarding Truckee Donner Public Utility District's performance and potential Board initiatives

Truckee Donner Public Utility District, in order to solicit meaningful customer and community input, also conducted two comprehensive engagements: Truckee Donner Public Utility District formal community survey and Truckee Donner Public Utility District Strategic Plan Neighborhood Focus Groups.

Community Outreach: The Community Survey

The first effort to solicit community input was a comprehensive community survey conducted by an outside expert with experience in the utility and government sectors. From December 3, 2020 to December 13, 2020, Probolsky Research conducted a live-interviewer telephone and on-line survey among Truckee Donner Public Utility District customers and service area residents. A total of approximately 1000 community members were contacted with 400 people being fully surveyed. This yielded a margin of error of +/- 5%, with a confidence level of 95%.

The survey was designed to ensure that those who participated represented the full demographics of the Truckee Donner Public Utility District's community. The survey included over 40 questions covering customer satisfaction with Truckee Donner Public Utility District's electric and water utilities along with input on potential Truckee Donner Public Utility District Board of Director's initiatives being considered during the strategic planning efforts.

The community survey was presented by contractor Adam Probolsky directly to the Truckee Donner Public Utility District Board in a public meeting. This information and the final report were shared with the community and made available on the Truckee Donner Public Utility District's website.

The survey results were very positive and informative regarding the community's relationship with the Truckee Donner Public Utility District, the communities preferred methodology of communication, and their interest in the Truckee Donner Public Utility District's Board's strategic planning initiatives.

Key results were:

- 81% of respondents approve of the Truckee Donner Public Utility District's job in providing water
- 77% approve of the Truckee Donner Public Utility District's job in providing electricity
- 79% believe that their general quality of life is positively impacted by water and electric infrastructure
- 87% rate their customer experience positively
- 92% say they agree that the Truckee Donner Public Utility District provides valuable services

The community also weighed in on the Board of Directors strategic planning initiatives. The community showed overwhelming support for the four Board of Director initiatives (61%-78%) which are:

1. Undergrounding of Overhead Power Lines
2. High Speed Broadband
3. 100% Clean Renewable
4. Local Clean Power Generation-solar, hydro or biomass energy

The survey results were invaluable providing specific feedback on:

- Validating the Truckee Donner Public Utility District's current communications, programs, and services
- Identifying areas to improve
- Soliciting input on the Truckee Donner Public Utility District's Board strategic planning initiatives

Community Outreach: Neighborhood Focus Groups

The second component for community outreach in the strategic planning process included direct engagement with the community. To accomplish this, the Truckee Donner Public Utility District designed an innovative and compelling series of Neighborhood Focus Groups. The focus groups distributed into neighborhoods (six total) based on an understanding that the Truckee community responds well when invited to engage with their own neighborhood.

This included one focus group conducted entirely in Spanish. Each neighborhood focus group convened via Zoom due to COVID-19 safety considerations. Board members, the Executive Leadership Team, Pamela Hurt Associates, and staff attended these meetings. Moreover, staff were trained as facilitators, taking this important lead role in the focus groups. Each neighborhood zoom was broken into "chat rooms" to provide smaller group discussion.

The Neighborhood Focus Groups were:

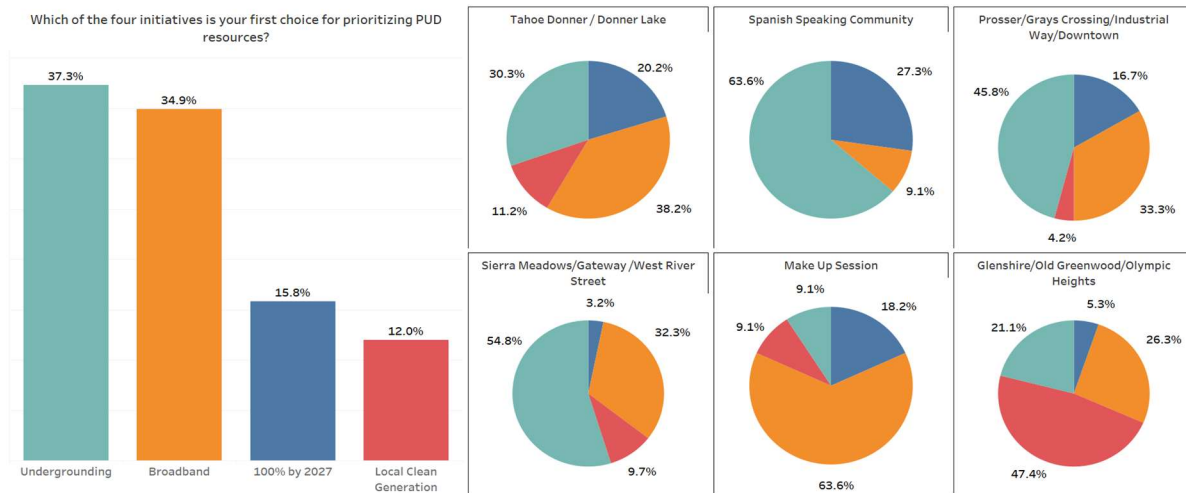
- Tahoe Donner/Donner Lake
- Spanish Speaking Community
- Prosser/Grays Crossing/Industrial Way/Downtown
- Sierra Meadows/Gateway/West River Street
- Make-up for all sessions
- Glenshire/Old Greenwood/Olympic Heights

The Truckee Donner Public Utility Districts Neighborhood Focus Groups held between January 7, 2021 and January 14, 2021, had a goal of 300 registrants. A resounding 540 community members registered and 251 attended.

Of notable mention, the Neighborhood Focus Groups communications and outreach included a targeted effort to reach two community groups – Comunidad Espanola and the under 30-year-old population. These two groups have been historically underrepresented. To accomplish this exceptional turn out, the Truckee Donner Public Utility District's website was dedicated to strategic plan/focus group outreach was translated into Spanish along with key marketing and social media materials. Truckee Donner Public Utility District also worked directly with our local partners; Sierra Community House and Tahoe Truckee Unified School District, to leverage their outreach channels and direct relationships. This included providing printed flyers, talking points on participation, as well as, providing social media kits.

Finally, the Truckee Donner Public Utility District engaged an experienced digital engagement consultant for the overall focus group social media campaign which included targeting community members under 30-years of age.

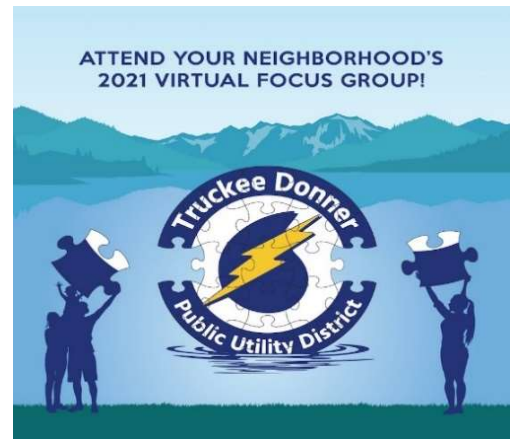
Results were documented and presented to the Truckee Donner Public Utility Board in public workshops. This information and the final report were shared with the community and made available on Truckee Donner Public Utility website. The end result, achieving the prioritization of the Board’s initiatives, while strengthening the relationship of the Truckee Donner Public Utility District’s relationship with our community.



The success of both community outreach processes were very effective due to the engagement of Andria Gutierrez of IdealWild, to provide the design of an exceptional digital marketing and social media plan.

This included:

- Branding and copywriting
- Website management
- Community leader spots
- Social Media Marketing and Advertising
- Branding and Copywriting: “Help Piece Together Our Future”



The campaign of “Help Piece Together Our Future” was used across all social media platforms as well.

Social Media Platforms used consistently were:

- Facebook/Instagram
- LinkedIn
- Twitter

- Social Media Advertising
- Geo-targeted Advertising - neighborhood specific

The Truckee Donner Public Utility District's extensive community outreach processes became invaluable in understanding community needs. Serving to inspire the initial General Manager Task Force Meetings on the Board's four initiatives. This process also demonstrates the collaborative value of listening to our community.

Staff Development Process

Below are actions currently being implemented to enhance our staff development process:

- Updating and creating job descriptions, including aligning behaviors with values are included in performance measures as an essential duty and responsibility
- Implementing a thirty day check in with Human Resources focusing on new roles for new hires
- Updating performance evaluation forms to include performance ratings on each of the values and to have a development focus
- Manager training sessions were held on how to provide effective performance evaluations using the new performance evaluation process
- Core values behavior workshops focused on establishing behaviors for each core value

Future Action Items:

Staff Professional Development & Engagement	Year Planned
Establish a "Culture Club" to build engagement and collaborative, community projects and events	2021
Create & Champion a recognition program that aligns with staff development goals and Core Values.	2021
Develop a comprehensive and inclusive new-hire onboarding and orientation program.	2021-2022
Continued to connect District Values to performance goals with a focus on development through process updates such as interview practices and performance management, and through facilitating cross-departmental engagement opportunities.	2021-2024
Develop Standard Operating Procedures and "Employee Toolkit".	2022
Establish a Leadership Academy for staff to identify and implement education and personal development opportunities.	2022

Board of Director Goals

One of the most important parts of the strategic planning process is the setting of Board Goals. These goals are multi-year and contain the ability to focus on the Truckee Donner Public Utility District's mission. They focus both the Board and staff on achieving a shared vision. Goals provide focus to the organization and serve as a measurement of success. Guiding the direction of the Truckee Donner Public Utility District so the Board and staff can measure organizational success together. They serve as stepping stones to an end result.

Overarching goals usually have a financial, environmental, staff development, community involvement, customer service and an organizational effectiveness component. They also include one or two aspirational goals. Goals not only serve to motivate employees but provide the stability for staff to trust the Truckee Donner Public Utility District's decisions and direction. They must be broad enough to allow the Truckee Donner Public Utility District the economic ability to pivot as needed.

In this strategic planning process, goal setting evolved following the identification of key strategic levers during the "Painting the Landscape" process, as described earlier. The Board and Staff discussed the key components, the eight strategic levers easily evolved to the top five Truckee Donner Public Utility District organizational goals. Each department has defined key capital projects and important projects for the Truckee Donner Public Utility District's sustainability and reliability that are included in this section of the strategic plan. These are both long and short term projects that will be updated quarterly. They are nested under each of the five Board Goals. Implementation of the projects will roll up to benchmarks and milestones for achieving the goals. They are quantifiable and provide transparency.

The 2021-2024, Truckee Donner Public Utility District's Goals are:



Manage for Financial Stability and Resiliency



Environmental Stewardship: Create a sustainable, resilient environment for all our communities



Engage with our customers and communities in a welcoming and transparent way to identify opportunities



Take the best of private sector thinking to modernize the utility and add value to our communities



Developing an inclusive culture drives organizational integration and success

We all have received a sharp reminder with the recent pandemic that predicting circumstances into the future presents risks. Recognizing this, the big picture goals laid out in the strategic plan are not set in stone but are open to a continuing process of re-evaluation as conditions evolve. The economy will continue to change as will social and environmental issues. It is important that this uncertainty does not deter from visualizing and implementing the outcomes.

The Board and staff will evaluate the progress toward these goals and evaluate the goals themselves over time. If goals are no longer useful and relevant, articulate new ways to work towards the mission. Edit and update the goals and celebrate the ability to be nimble and flexible. On the next few pages are the Capital Projects and as well as projects that focus on the Truckee Donner Public Utility Districts sustainability and resiliency. These will be shared and updated quarterly or more often as needed with the Board of Directors.

Projects to Achieve Goals:

Goal #1: Manage for financial stability and resiliency	Project Description	Year Planned
Electric Department	Capital Projects	
	1. Martis Valley Substation Rebuild	2021-2023
	2. Glenshire Substation	2021-2023
	3. New Operations Building	2022-2024
	4. TR-2 Feeder Building	2022
	5. Truckee Substation Rebuild	2023-2024
	Important Projects for District Sustainability and Reliability	
	6. Pole Replacements	Annually
	7. Field Re-closer Replacements	Annually
	8. TR-2 Feeder Re-build	2022
Water Department	Capital Projects	
	1. Pioneer Trail-Tahoe Donner Pipeline and Pump Station Project	2021-2023
	2. 6170 Tank #2 Project	2022-2024
	3. Annual Pipeline Replacement Project	2021-2024
	4. Northside Well Replacement Project	2022-2024
	5. Water Storage Tank Maintenance and Rehabilitation Project	2021-2024
	6. Water Facility Metering Project	2021-2024
	Important Projects for District Sustainability and Reliability	
	7. Water Meter Testing and Replacement Program	Annually
	8. Comprehensive Predictive Maintenance Program	Annually

Finance and Administrative Services	Capital Projects	
	1. Upgraded Customer Service Call System	2022-2023
	Important Projects for District Sustainability and Reliability	
	2. Re-engineer Work Order Workflow	2021-2022
	3. Customer Service Business Process Review	2021-2022
	4. New Debt Analysis and Debt Issuance	Annually
Information Technology	Capital Projects	
	1. SCADA Reliability Project	2021-2024
	2. Procurement and Integration of New CMMS Software System	2021-2024
	3. SCADA Radio Replacement Project	2022-2024
	Important Projects for District Sustainability and Reliability	
	4. Enhanced Integration of NISC	2021-2024
	5. Continued Network System Maintenance and Security Upgrades	Annually
District Clerk and General Manager's Office	Capital Projects	
	1. Integration of LaserFiche Software Systems	2021-2023
	Important Projects for District Sustainability and Reliability	
	2. Grant Opportunities	Annually
	3. Explore Property Tax for District's Key Initiatives	2021-2023
Public Information and Strategic Affairs	Capital Projects	
	Important Projects for District Sustainability and Reliability	
	1. Strategic L&R engagement, education, and advocacy on cost and benefits of local, State, and Federal regulations and mandates	Annually

Goal #2: Environmental Stewardship	Project Description	Year Planned
Electric Department	Capital Projects	
	1. Energy Limiting Fuses- ELF Fuse Replacements (Wildfire Mitigation)	2021-2025
	2. Transformer upgrades w/ plant based biodegradable insulating fluid	Annually
	Important Projects for District Sustainability and Reliability	
	3. Continued investment in renewable and clean energy generation resources to meet State requirements of 60% RPS and 40% carbon-free by 2030 and 2045 respectively	2021-2030
	4. Local Clean Power Generation	2021-2030
	5. Vegetation Management (Wildfire Mitigation Plan)	Annually
Water Department	Capital Projects	
	1. Water Pump Efficiency Assessment (Energy Efficiency)	2021-2024
	2. Water Quality Monitoring Program	Annually
	Important Projects for District Sustainability and Reliability	
	3. Water Utility GHG Inventory and Reduction Program	2021-2023
	4. Martis Valley Groundwater Management	Annually
Information Technology	Important Projects for District Sustainability and Reliability	
	1. Identify Local/Regional partnerships to maximize utility of existing infrastructure and technologies for environmental benefits	
	2. Continued development of GIS applications	
District Clerk and General Manager's Office	Important Projects for District Sustainability and Reliability	
	1. Continue the District's efforts in partnering with the community to advance	

	volunteer/give back programs with an emphasis on environmental resiliency	
Public Information and Strategic Affairs	Important Projects for District Sustainability and Reliability	
	1. Martis Valley Groundwater Basin Management Plan, leadership and stakeholder engagement	
	2. Representation and engagement in Truckee River Operating Agreement (TROA)	
Goal #3: Engage with our customers and communities in a welcoming and transparent way to identify opportunities	Project Descriptions	Year Planned
Electric Department	Capital Projects	
	1. District Office Building Modernization Project	2021-2022
	Important Projects for District Sustainability and Reliability	
	2. Big Truck Day	Annually
	3. Learn of Burn Program	Annually
Water Department	Important Projects for District Sustainability and Reliability	
	1. Water Quality Consumer Confidence Reports	Annually
	2. Stakeholder Workshops for Martis Valley Groundwater Basin	Annually
	3. Customer Education Programs	Annually
Finance and Administrative Services	Important Projects for District Sustainability and Reliability	
	1. GFOA Comprehensive Financial Report and Popular financial Report for 2020 Submission	2021-2024
	2. Local education and recruitment	Annually
	3. Continue to partner with Truckee Tahoe Workforce Housing Agency for housing opportunities	Annually

District Clerk and General Manager's Office	Important Projects for District Sustainability and Reliability	
	1. Analyze and implement LaserFiche capabilities for efficiency and cost savings, including a robust permanent records management program	2021-2024
	2. Create strong community engagement through website, social media, and other media sources to meet the evolving needs of our communities while maintaining transparency of excellence and building upon it	Annually
Public Information and Strategic Affairs	Important Projects for District Sustainability and Reliability	
	1. Proactive community engagement through Board Strategic Plan Initiatives	Annually
Goal #4: Take the best of private sector thinking to modernize the utility and add value to the community	Project Descriptions	Year Planned
Electric Department	Capital Projects	
	1. SCADA Reliability Project	2021-2024
	2. Utility Undergrounding	Annually
	Important Projects for District Sustainability and Reliability	
	3. Incorporation of Drone Technology to conduct overhead inspections and outage investigations	Annually
Water Department	Capital Projects	
	1. Water SCADA Replacement Project	2021-2022
	2. New Leak Detection System Technologies	2021-2024

Finance and Administrative Services	Capital Projects	
	1. ERP System assessment (upgrade or replacement)	2023
	2. Outage Management System Integration with NISC	2022-2023
	Important Projects for District Sustainability and Reliability	
	3. HR Networking and partnerships to leverage private sector resources	2021-2024
	4. Continued development of online customer service applications	2021-2024
Information Technology	Important Projects for District Sustainability and Reliability	
	1. Monitor and track emerging technologies to enhance utility operations, customer service and security	Annually
Public Information and Strategic Affairs	Important Projects for District Sustainability and Reliability	
	1. Develop and implement a formal customer survey and utility industry benchmarking protocol	Annually
Goal #5: Developing and inclusive culture drives organizational integration and success	Project Description	Year Planned
Electric Department	Projects	
	1. Conduct annual collaborative workshops with staff and partner power utilities to build communication, and collaborative interests	Annually
	2. Professional development plan for utility staff	Annually
	3. APPA National Lineman Rodeo-Lineman Skills Competition to facilitate leadership and team building opportunities	Annually
Water Department	Projects	

	1. American Water Works Association (AWWA) workshops and technical development opportunities	Annually
	2. California Rural Water Association (CRWA) collaborative workshops and training opportunities	Annually
	3. Association of California Water Agencies (ACWA) and Northern California Power Agency leadership development programs	Annually
District Clerk and General Manager's Office	Projects	
	1. Facilitate cross-departmental projects to ensure community based projects are successful	Annually
	2. Continued education and development for professional staff	Annually
Public Information and Strategic Affairs	Projects	
	1. Support internal communication efforts by sharing information on the District's overall communication, legislative and regulatory affairs, and strategic initiatives with an emphasis on the "why"	Annually
Human Resources	Projects: Staff Development and Engagement	
	1. Staff workshops to identify and enrich workplace culture	Annually
	2. Identify and connect behaviors to values	2021
	3. Establish "Culture-Club" to build engagement and collaborative, community projects and events	2021-2024
	4. Develop a comprehensive and inclusive new-hire on boarding and orientation program	2021
	5. Connect District values to performance goals with a focus on development	2021-2024
	6. Create and champion a recognition program that aligns with staff development goals and core values	2021-2024

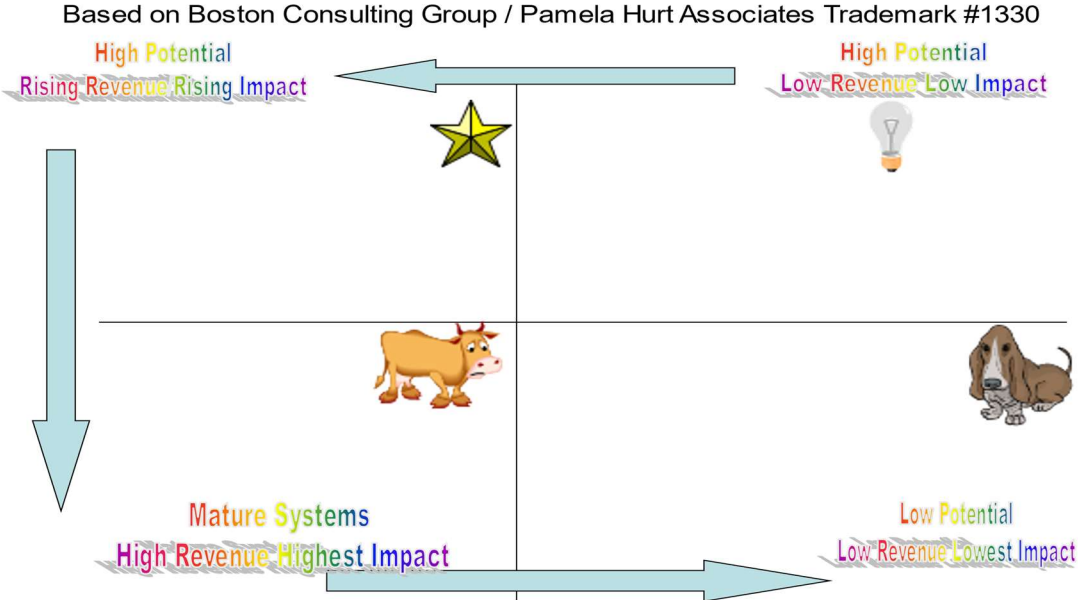
	7. Facilitate cross-departmental engagement to identify staff development and growth opportunities	Annually
	8. Develop Standard Operating Procedures (SOP) and “Employee Toolkit”	2022
	9. Establish a leadership academy for staff, identify and implement education and personal development goals	2021-2023

The Growth Share Matrix” Cash Cow” Analysis

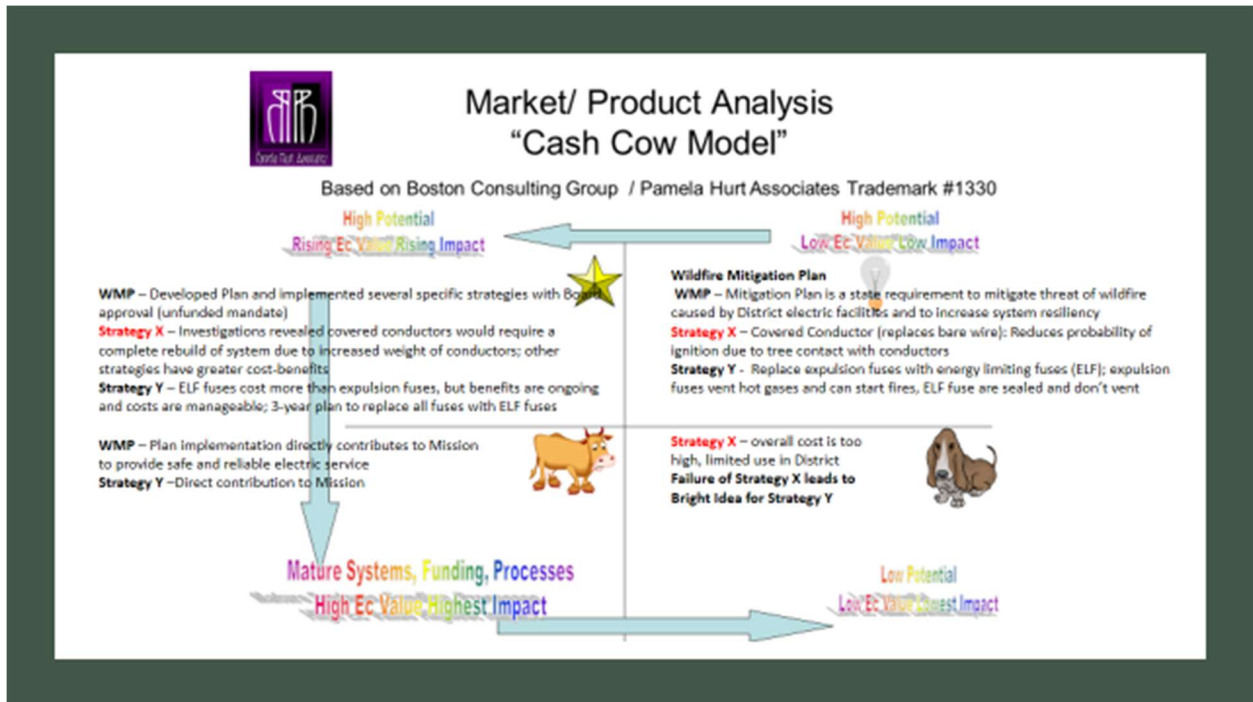
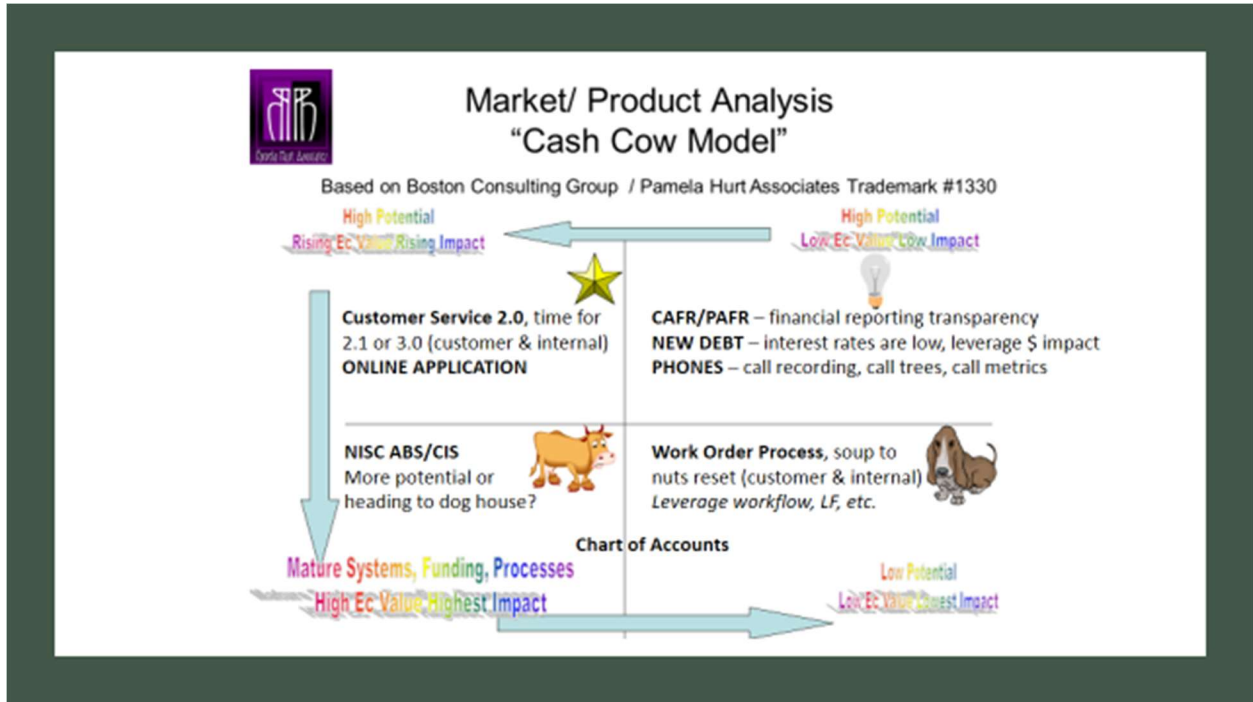
The Cash Cow Model was created in 1968 by the Boston Consulting founder, Bruce Henderson. It was first published in one of BCG’s short, thought provoking essays, called Perspective. The growth share matrix is put simply a strategic tool that provides insight into products and services.

More than 40 years after Bruce Henderson proposed the Boston Consulting Groups matrix, the concept is very much alive across public and private entities. All entities continue to need a method to manage their products, services, initiatives, and projects to manage in a discipline and systematic way. Harvard Business Review recently named it one of the frameworks that changed the world. The matrix is still central in business school teaching on strategy. (Walter Kiechel, *The Lords of Strategy*, Harvard Business Press, 2018).

**Market/ Product Analysis
“Cash Cow Model”**



During this strategic planning process, the Truckee Donner Public Utility District has used this matrix as an important tool to identify by departments areas for improvement and bright ideas for high potential value. Two Examples:

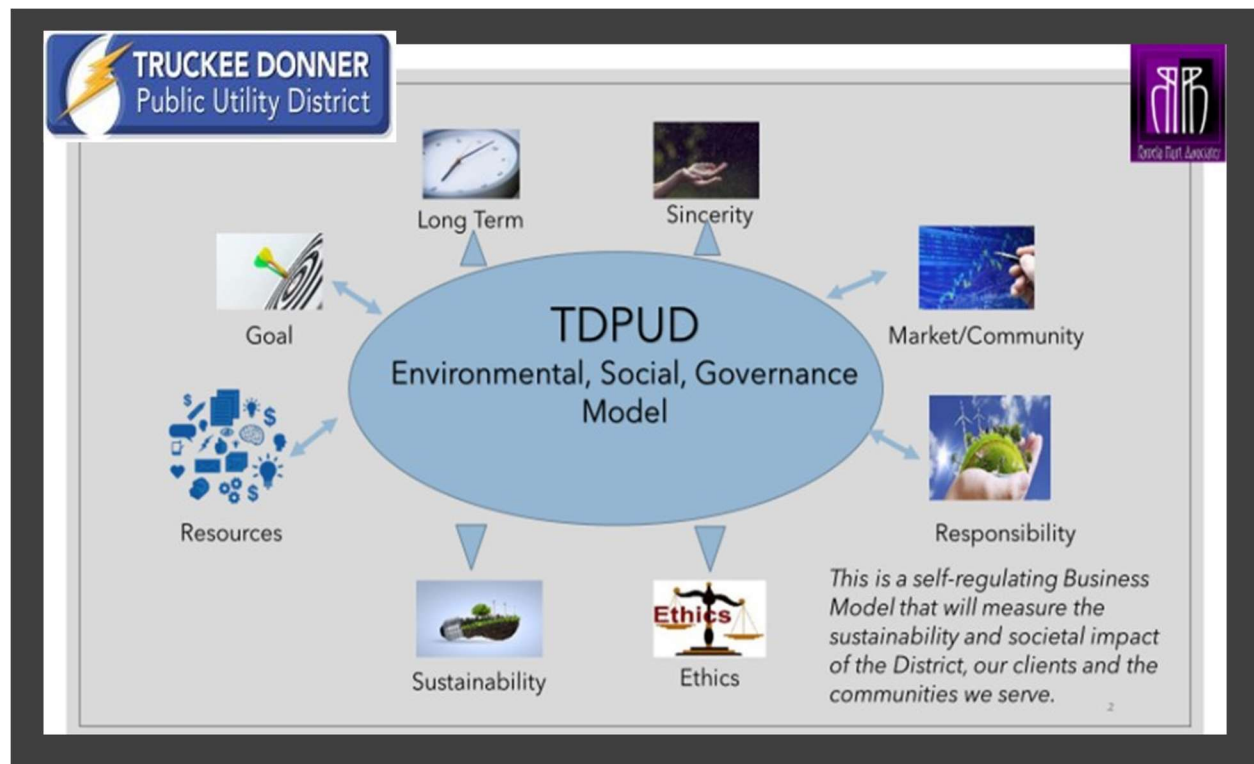


In the future, the Truckee Donner Public Utility District will utilize the model to conduct high level evaluations of initiatives, services and projects throughout each of the operational units. Application of the Cash Cow model is taking the best of private sector thinking and creating community value. The “Cash Cow” in the context of the Truckee Donner Public Utility District is community value. As we continue to engage with our communities, create innovative landscapes for the utility, and honor our environmental and financial responsibilities, the Cash Cow Model will serve as our model for the innovation, development, implementation and potential retirement of projects and services, consistent with the “Value Added” test. The model itself serves as a tool to enhance the transparent and inclusive process with the Board of Directors, staff, regional partners and community.

Environment Social Governance Model

The Environmental Social Governance Model is a self-regulating Business Model that measures the sustainability and societal impact of the Truckee Donner Public Utility District, our clients and the communities we serve. It is used extensively in both the public and private sector to validate important initiatives and goals that are highlighted by both the Board of Directors and staff.

During 2021, and 2022, the Board will participate in workshops to prioritize key projects the Truckee Donner Public Utility District is already engaged in and to provide resource allocation during the budget cycle for these priorities. The Board initiatives, as they evolve, will be housed under this model.



Implementation Strategies

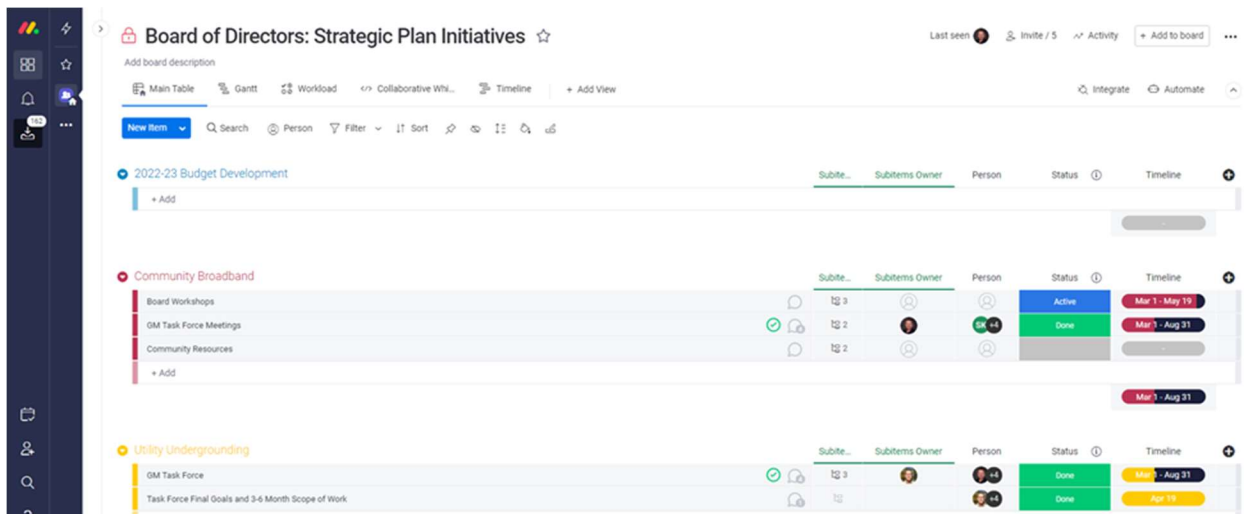
More important than the strategic planning process the Truckee Donner Public Utility District has accomplished to date, is the implementation. It is the critical actions that move a strategic plan from a document that sits in the computer to actions that drive utility growth and economic resiliency and sustainability.

This strategic plan will provide the Truckee Donner Public Utility District with the roadmap it needs to pursue a specific strategic direction. Furthermore, with the set of Truckee Donner Public Utility District's goals, projects and Board initiatives, deliver community, customer, and employee value.

The strategic plan addresses the “what and why” of activities. Implementation addresses the who, where, when and how. Implementation is as important, or even more important than strategy.

The Truckee Donner Public Utility District Board plays an important role in implementation. At the March and April workshops, implementation has been discussed in detail. The Board should continue to work collaboratively with staff to be sure implementation and the measurements of success of this plan are discussed regularly at Board meetings.

A key component of implementation is transparency and accountability. Over the course of the past two years, the Truckee Donner Public Utility District staff have worked to develop an integrated reporting tool to create an environment in which staff have access to the real time status of various projects, initiatives and services within the utility. The real time access in turn creates engagement and accountability across all levels of operations. While there are many tools available on the market to facilitate this engagement, the Truckee Donner Public Utility District is utilizing Monday.com.



This tool provides a very high level, user friendly environment for staff across all levels to become involved with, and participate in Truckee Donner Public Utility District projects and initiatives. With the adoption of the Strategic Plan, we will take this to the next level and begin to utilize the reporting tool in providing quarterly updates on key initiatives and projects to the Board and the community.

Local, Regional and State Best Practices Analysis: Benchmarking

The Truckee Donner Public Utility District – as a public, community-owned utility – has the benefit of participating in joint-action groups to leverage resources, share expertise, and collaborate. These member based, joint-action groups include:

- Northern California Power Agency (NCPA)
- California Municipal Utilities Association (CMUA)
- Association of California Water Agencies (ACWA)
- Utah Associated Municipal Power Systems (UAMPS)
- American Public Power Association (APPA)

They represent thousands of public power and water systems in California and nationally. The leadership staff of these critical organizations, have years and years of experience in the utility industry and interact with sister utilities daily.

To further inform the strategic planning process and to get specific feedback on the key Board Strategic Planning Initiatives, Truckee Donner Public Utility District leadership staff executed a structured benchmarking interview with leadership staff of the above joint-action groups. It is important to note that they each brought unique perspectives and expertise to the table.

NCPA, ACWA, and CMUA focus on California only, whereas UAMPS operates in the Intermountain West and APPA operates nationally. NCPA, UAMPS, and APPA only work with public owned electric utilities whereas ACWA works only with publicly owned water utilities. CMUA works with both.

The interviews with each joint action group were one hour long and focused on the Board Strategic Initiatives. A detailed discussion on industry best practices, pro's/con's, cost/equity, funding, and emerging trends were discussed.

The joint action groups were each represented by their CEO/GM along with key leadership staff typically including Chief Financial Officer, government/legislation and regulatory affairs and operations. The discussions were informative, two-way, and both validated and challenged key components of each initiative. Below is a summary of the benchmarking results for the four Board of Director Strategic Planning Initiatives:

Benchmarking: Undergrounding overhead electric power lines (Community Priority)

“Fire spreads some benefit but overall costs are an issue.” NCPA

Undergrounding is a major component in utility design and operations. Most utilities, like the Truckee Donner Public Utility District, require undergrounding of new construction when practical. Today, undergrounding is being considered in the context of wildfire danger, electric system reliability, and aesthetics. However, undergrounding of existing overhead power lines can be extremely expensive, there are limited State/Federal funding opportunities, it often requires the cooperation of telecoms, and has historically been the financial responsibility of the property owner.

Given the emergence of some community-wide benefits, rich discussion on the need to collaborate with stakeholders, understand the benefits of undergrounding, and prioritize resources. There are alternatives to undergrounding - with regards to wildfires and electric system reliability – that should be identified and evaluated. There is also significant regulatory uncertainty in this arena. All of this needs to be effectively communicated to customers and the community.

Benchmarking: Providing high-speed broadband Internet throughout the community (Community Priority)

“This is a challenging issue for utilities with a history of mixed results and some very damaged utilities.” APPA

This is one of the top priorities in California and has been heightened further by the COVID-19 impacts (distance learning, remote work, e-commerce) and raising awareness of the equity issues associated with the ‘digital divide’. There is not a significant amount of direct utility involvement in providing high-speed broadband services, but there is some momentum. A key question; is how to leverage existing assets to enable services either directly or through partnerships. Acknowledgement that, while this is a major need, there are significant risks and unknowns (technology evolution, regulatory changes, and competitive environment) so mitigating financial exposure to the utility is critical.

In general, the feedback was that utilities should play a role given existing infrastructure, resources, and community relationships. However, this market is discretionary for traditional utility customers and any initiative must consider the embedded telecoms and likely aggressive responses. Collaboration and partnerships were deemed important with the need to consider all models (public-public, public-private, enabling private, etc.). This is an area where State/Federal funding may become more available in the future.

Benchmarking: Local, clean power generation:

“Almost all local generation is not dispatchable and has low value to the utility.” UAMPS

There are many examples of utilities pursuing local, clean power generation in response to community demand. However, the typically increased costs need to be balanced against local benefit and equity issues. When the motivation is for renewable resources, community solar and other opt-in options are deemed most equitable. For local generation to have benefits to system reliability and redundancy, it has to be strategically designed, located, and typically needs to be paired with storage if from an

intermittent resource. All of this could dramatically increase the costs of local generation and needs to be balanced against overall cost-effective Greenhouse Gas (GHG) reduction opportunities and other ways to address community resiliency needs.

In general, one main barrier to local, clean generation is the ability to procure clean generation elsewhere for a fraction of the costs. There needs to be education regarding the benefits of local generation to electric system reliability and the performance (and limitations) of local generation as redundancy. Issues of identifying the community need and prioritizing resources were discussed in depth. This is a hard issue to tackle at the local level but, given emerging issues in California regarding electric resource adequacy and overall grid reliability (driven by PG&E's wildfire PSPS outages), there is a developing desire for more local solutions.

Benchmarking: 100% renewable electricity:

"It's much harder to be 100% renewable than it is to be 100% carbon-free." CMUA

The electric utility industry is keenly aware of past renewable mandates and the current California mandate for 100% clean/carbon-free. They are also aware that the mandates in California for 100% has yet to be fully defined in-terms of eligible resources but the first 60% needs to be renewable and the last 40% needs to be clean/carbon-free. There was also agreement that California's overall goals are based on Greenhouse Gas (GHG) impacts and electric utility reductions need to be considered in the context of the State's overall GHG reductions and impacts to the much larger transportation and industrial sectors along with heating/cooling.

In general, the feedback that any initiative to achieve 100% prior to the State mandates should be weighed against over cost-effective GHG reduction opportunities. Furthermore, making large investments prior to a State or Federal definition of clean/carbon-free is risky and could have negative impacts on costs/rates which would have a further negative impact on electrification/fuel-switching which is also a major component of the State's overall GHG reduction strategy. While achieving 100% early can have some benefits and address a community need, there needs to be a clear understanding of what 100% means and an accounting of impacts to rates, reliability, and achieving State and Federal policy objectives.

Truckee Donner Public Utility District Innovation: Board of Director Initiatives

During the Painting the Landscape process, the Truckee Donner Public Utility District Board of Directors participated in workshops that focused on innovative ideas. At the core, innovation is doing something differently from everyone else operating in your space. It differentiates the Truckee Donner Public Utility District in the community's eyes.

The Board identified four initiatives that would achieve this objective. Board initiatives are Board initiated, validated as relevant and important to the community and usually are not included in the budget. They do not have revenue streams.

Through the community focus group process, the Board Initiatives were prioritized. The prioritized initiatives are:

1. Undergrounding of Overhead Power Lines
2. High Speed Broadband
3. 100% Clean Renewable
4. Local Clean Power Generation-solar, hydro or biomass energy

General Manager Task Forces were formed that included community leaders. The Task Forces have each met several times to establish each task force initial project scope and goals that focus on the next six months of opportunities.

The summaries of each Task Force meetings are below:

Task Force Meeting:

Undergrounding of Overhead Powerlines Goal #1

Community Priority

Task Force Members: VP Laliotis; Director Harris, Dan Wilkins (Town), Bill Seline (Truckee Fire), Annie Rosenfeld (Tahoe Donner Assoc.), Sanna Schlosser, Steven Poncelet (Facilitator)

Meeting Dates:

- Thursday, March 25, 2021 10:00-11:30
- Tuesday, April 6th, 2021 11:00-12:30
- Tuesday, April 13, 2021 11:00-12:30

Key Discussion Points:

- Need to further frame the scope of the initiative in context of understanding of impacts of undergrounding and alternatives
- Continue to define and validate the problem statement, benefits/costs, and process to desired end
- Opportunity to engage with community and collaborate with partners/stakeholders/funders

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Task Force Meeting:

Undergrounding of Overhead Powerlines Goal #1

Community Priority

Initial Project Scope:

Pursue opportunities, including undergrounding of overhead electric power lines, for TDPUD to improve public safety, electric system reliability, and aesthetics

Goal Established (3-6 month): Identify key steps to define the initiative scope, initial timelines and estimated costs

- Public Outreach, education and input
- Improve understanding of overhead power line assets, benefits of undergrounding, and estimated costs
- Identify and engage with partners, funder and stakeholders

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Task Force Meeting:

High Speed Internet/Broadband Goal #4

Community Priority

Members Present: Director Bender; Steve Frisch, Kari Sinoff, Kathleen Eagan, Deirdre Henderson, Ed Hilton, Judy Price, Facilitator Brian Wright

Meeting Dates:

Thursday, March 25, 8:30-10:00am

Thursday, April 8, 10:00-11:30am

Key Discussion Points:

- Background of challenges the community currently faces
- Overview of TDPUD's existing communication infrastructure;
- Importance of reliable communication infrastructure to the economic health of our community
- Exploring various organizational structure opportunities (Public - Private Partnerships, Existing ISPs, etc.)
- Emerging funding opportunities
- Quickly integrating industry and funding expertise and identifying examples of successes and lessons learned

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Task Force Meeting:

High Speed Internet/Broadband Goal #4

Community Priority

Initial Project Scope:

Identify the level of broadband internet services the community requires to meet local needs from the perspective of public safety, economic health and community access. Based upon these needs, establish collaborative partnerships to facilitate the larger community benefit

Proposed Goals:

- Identify key stakeholders, potential partners, and local resources
- Develop a scope of work for a feasibility study
- Identify options for a potential organizational structure
- Identify funding opportunities

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Task Force Meeting

100% Clean Renewable Goal #3

Members Present Director Finn, Interim General Manager Brian Wright, Vice Mayor Courtney Henderson, Deirdre Henderson, Ward Sproat, and Joe Horvath, Facilitator

Key Discussion Points Discuss and refine draft goals and scope of work; Review work of other TFs for collaboration

Goals Established:

1. Continue to collaborate with key community partners including the Town, local agencies and other stakeholders to address communitywide climate change adaptation and mitigation goals
2. Develop a series of community learning and engagement opportunities to discuss, facilitate and propose the adoption of various energy solution offerings
3. Propose a definition for the long term 100% clean renewable goal and vision for the District

Continued Next Slide

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Task Force Meeting

100% Clean Renewable Goal #3 (cont)

Proposed Scope:

1. Conduct at least 3 educational workshops held via Zoom with subject matter experts over the next 3-6 months
2. Identify engagement opportunities with community members to discuss the adoption of various energy solution offerings
3. Identify and make contact with other community stakeholder groups which may be operating with similar goals for collaboration purposes

Next Meeting: TBD

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Task Force Meeting

Local Clean Power Generationsolar, hydro or biomass energy Goal #2

Task Force Members: President Finn; Vice Mayor Courtney Henderson (Town); Steve Frisch (Sierra Business Council); Kevin Smith (Truckee Tahoe Airport); Steven Poncelet (Facilitator)

Meeting Dates:

- Thursday, March 22, 2021 12:00-3:30
- Friday April 2, 2021 8:00-9:30
- Wednesday, April 14, 2021 3:00-4:30

Key Discussion Points:

- Environmental stewardship is important but not the only driving force behind initiative
- Public safety and community resiliency are also important – Many players and solutions
- Desire to integrate public policy objectives by identifying and understanding cobenefits (and costs)
- Need process to collaborate and engage with partners/stakeholders/funders

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Task Force Meeting

Local Clean Power Generationsolar, hydro or biomass energy Goal #2

Initial Project Scope: Pursue opportunities, including local clean generation, for TDPUD to improve public safety, electric system reliability, environmental stewardship, and integrated public policy objectives

Goals Established

Identify key steps to define initiative scope, initial timelines, and estimated costs

- Conduct public outreach, education and community input
- Identify and define co-benefits, costs and metrics for success
- Identify and engage with partners, funders and stakeholders

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With the adoption of the Strategic Plan and Board Initiatives, the Truckee Donner Public Utility District will build upon the work already accomplished by the General Manager Task Force Groups and the identification of preliminary scope and goals. The Truckee Donner Public Utility District will begin by conducting a series of workshops on each of the initiatives to identify and allocate initial funding and budgets, set parameters for project timelines, establish partnerships and consider the establishment of Board action committees.

The next phases for each of these initiatives will be development of structure, scope, and funding. While the initial General Manager Task Forces were assembled to quickly identify key resources and stakeholders, the community engagement moving forward will be much broader in terms of needs assessments, identification of critical resources, and key stakeholders for eventual project development.

Organization Financial Overview

The Truckee Donner Public Utility District's financial position includes \$194M in assets and \$63M in net position. The Truckee Donner Public Utility District's \$44M operating revenue budget is comprised of \$30M electric utility and \$14M water utility. Reserves total \$30M (electric \$25M and water \$5M), with electric's balance at 91% of policy goal, while water's balance is only 63% of policy goal. Water's recent rate increases for 2021 and forward enable the potential to improve reserve balances over time.

The electric utility has \$0.6M in annual debt service obligation, requiring 2% of operating revenues. The water utility has \$3M in annual debt service and for 2020 had a coverage ratio of 2.72 (bond requirement is 1.25 minimum). The water utility's debt service obligation in 2020 was 23% of operating revenues. At water utility's current debt levels, debt service obligation forecast for 2021 and 2022 is 21% and 13% respectively, when factoring approved/planned water rate increases.

For the Truckee Donner Public Utility District overall, with only \$22M in long-term debt, this equates to a low 16% debt to capital asset ratio. The Truckee Donner Public Utility District has a low level of debt in the near term horizon and has the capacity to finance a portion of the capital improvements plan, as applicable and appropriate, to fund large capital improvements with long-term useful life and benefit to customers.

The Truckee Donner Public Utility District net pension liability of \$14M includes a CalPERS imputed cost charge of 7%, which accordingly presents a potential cost savings opportunity by utilizing Pension Obligation Bonds at approximately 4.5% to pay down the Unfunded Actuarial Liability (UAL).

Any new debt issuance(s) shall comply with applicable Truckee Donner Public Utility District Code, which currently includes no more than 25% of revenues committed to debt service and a maximum 30 year term. Attachment A, provides summary information of the District's sources and uses of funds.

The Truckee Donner Public Utility District prepares a bi-annual budget with the next cycle occurring in fall of 2021 for the budget years 2022 and 2023. The budget includes a 10-year financial forecast, this cycle 2022-2031. This budget balancing effort will include the strategic plan initiative drivers, as well as, forecasted revenue and cost growth factors.

Acknowledgments

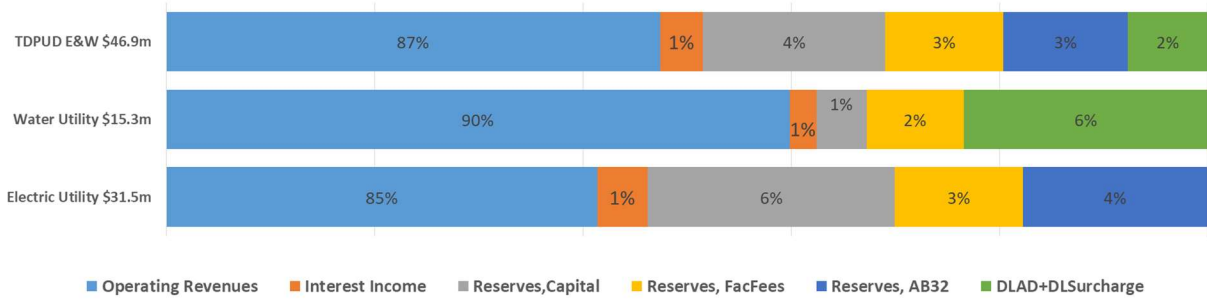
A special thank you to the Truckee Community for participating in the first Truckee Donner Public Utility's Strategic Plan. This Plan would not exist without the community as a whole and all those who attended and gave input. The Board of Directors; President Christa Finn, Vice President Tony Lalotis; Director Jeff Bender, Director Joe Aguera, and Director Kim Harris, for the tireless efforts, support, and presence throughout the last ten months of leadership to get to this point. To the Executive Leadership Team; Joe Horvath, Shanna Kuhlemier, Trey Griffin, Steven Poncelet, Jillian Steward, and Mike Salmon, and all the amazing District employees for crafting a document that provides a road map for future District success. Last, but not least, a heartfelt appreciation to Pam Hobday, Pamela Hurt Associates, for creating this amazing innovative process, keeping us on track, and helping build our future.

Thank you to everyone for your continued public service to this great community.
Humbly yours, Brian C. Wright, General Manager

Appendixes

Appendix A - Key Financial Information- Ratio & Trends

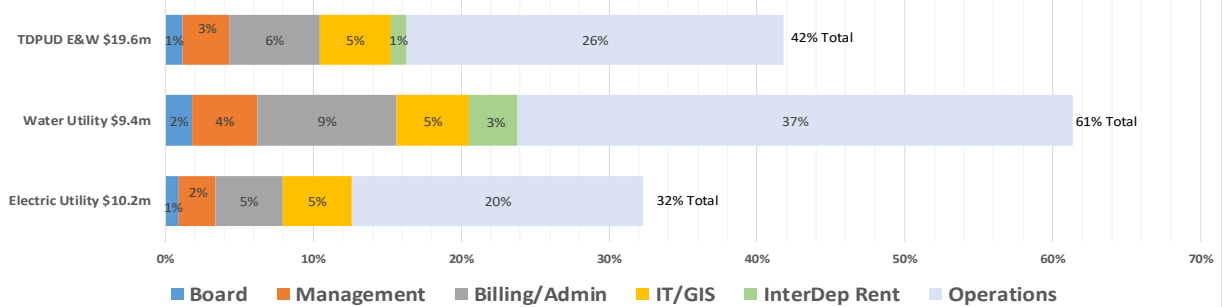
2020 Budget - Sources of Funds



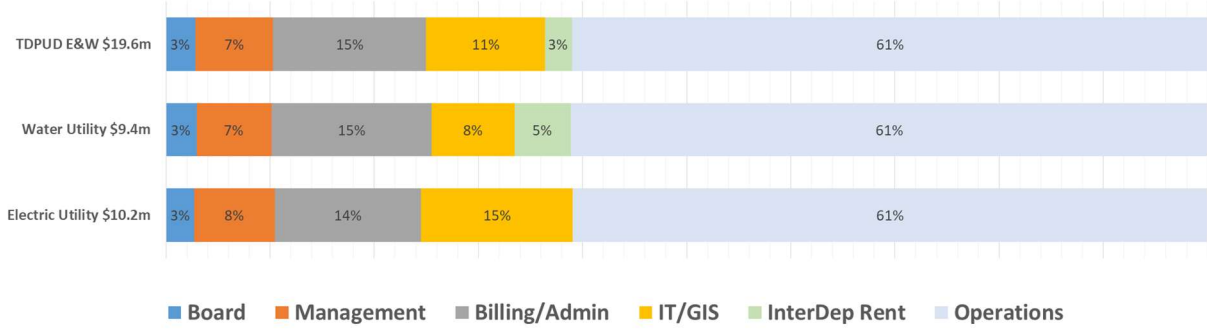
2020 Budget - Uses of Funds



2020 Budget - Distribution of Ops & Maint Costs View 1



2020 Budget - Distribution of Ops & Maint Costs View 2



Appendix B – Audited Financial Reports 2020

Attachment B1

**TRUCKEE DONNER
PUBLIC UTILITY DISTRICT**

PRIMARY GOVERNMENT ONLY

Including Report of Independent Auditors

December 31, 2019 and 2018

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Report of Independent Auditors

The Board of Directors
Truckee Donner Public Utility District

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Truckee Donner Public Utility District (the "District"), which comprise the consolidated statements of net position as of December 31, 2019 and 2018, and the related consolidated statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Truckee Donner Public Utility District as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The consolidated financial statements referred to above include only the primary government of the District which consists of all departments that comprise the District's legal entity. The consolidated financial statements do not include financial data for the District's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the District's primary government. As a result, the primary government financial statements do not purport to, and do not present fairly the financial position of the reporting entity of the District as of December 31, 2019 and 2018, the results of operations, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America, the District has issued separate reporting entity financial statements, for which we have issued our report for the 2019 and 2018 statements dated May 22, 2020.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis on pages 4 through 8, the schedule of the District's proportionate share of the net pension liability on page 49, the schedule of contributions on page 50, the schedule of the District's change in the net OPEB liability and related ratios on page 51, the schedule of the District's OPEB contributions on page 52, and the schedule of investment returns on page 52, be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures in the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise the District's consolidated financial statements. The accompanying consolidating statements of net position on page, and the related consolidating statements of revenues, expenses and changes in net position and cash flows as of and for the year ended December 31, 2019 on pages 55 through 59 are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. The consolidating statements of net position, statements of revenues, expenses and changes in net position and cash flows have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating statements of net position, statements of revenues, expenses and changes in net position and cash flows are fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

Moss Adams LLP

Portland, Oregon
May 22, 2020

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019 and 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the Truckee Donner Public Utility District (the District), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the District for the years ended December 31, 2019 and 2018. This discussion and analysis is designed to assist the reader in focusing on the significant financial topics, provide an overview of the District's financial activity and identify changes in the District's financial position.

We encourage readers to consider the information presented here in conjunction with that presented within the basic financial statements. The reader should take time to read and evaluate all sections of this report, including the footnotes and other supplementary information that is provided, in addition to this management discussion and analysis.

FINANCIAL HIGHLIGHTS

The District's current assets increased \$2.9 million (8.1%) from \$35.3 million at December 31, 2018 to \$38.2 million at December 31, 2019, predominantly due to higher than anticipated revenues and lower than anticipated purchase power costs for the Electric Utility. The District's current assets increased \$1.5 million (4.5%) from \$33.8 million at December 31, 2017 to \$35.3 million at December 31, 2018, predominantly due to higher than anticipated revenues for the Electric Utility.

The District's total net position increased \$7.9 million (6.4%) from \$122.4 million at December 31, 2018, to \$130.3 million at December 31, 2019. The total increase in net position from operating activities was \$2.9 million, primarily due to higher than anticipated revenues for the Electric Utility coupled with strong capital contributions for both Electric and Water. These contributions are related to infrastructure constructed for new development and improvements within the District's service area. There was a reduction in net position at the beginning of 2018 of \$3.4 million due to a change in accounting principal to comply with GASB statement 75 for Other Postemployment Benefit reporting. The District's total net position increased \$4.8 million (4.1%) from \$117.6 million at December 31, 2017, to \$122.4 million at December 31, 2018. The total increase in net position from operating activities was \$8.2 million, primarily due to higher than anticipated revenues for the Electric Utility coupled with strong capital contributions for both Electric and Water related to infrastructure constructed for new development within the District's service area was offset by a reduction in net position.

Operating revenues increased \$1.6 million (4.4%) from \$37.7 million in 2018 to \$39.3 million in 2019. Electric revenues increased 4.9% in 2019 compared to 2018 respectfully. A 3% rate increase in 2019 along with a colder winter can be attributed to the increase. Water revenues increased 2.6% in 2019; a 3% water rate increase also occurred in 2019 slightly offset by the colder winter resulting in later irrigation patterns by consumers than the prior year. Operating revenues decreased \$0.7 million (-1.7%) from \$38.3 million in 2017 to \$37.7 million in 2018. Electric revenues decreased 4% in 2018 compared to 2017 respectfully. A 3% rate increase in 2018 was offset by a milder winter than 2017 respectfully. Water revenues increased 4% in 2018; a 3% water rate increase also occurred in 2018 and the milder winter resulted in earlier irrigation patterns by consumers than the prior year. Other operating revenues in 2017 include CalOES and FEMA reimbursement funds from extreme winter storms during January and February 2017.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019 and 2018

Operating expenses of the District increased \$2.3 million (6.8%) from \$34.1 million in 2018 to \$36.4 million in 2019. The Water Utility had a 9.9% increase in operating expenses primarily due to internal labor shifting from capital to operations. This was planned as the District is deferring smaller pipeline replacements for a large project in 2022. In addition to the shift in labor the District as a whole experienced increased insurance, regulatory and maintenance material costs. Operating expenses of the District decreased \$1.6 million (-4.5%) from \$35.7 million in 2017 to \$34.1 million in 2018. Operating expenses in 2017 for the Electric Utility included all of the extran expenses associated with the extreme winter storms that occurred in Q1, and were subsequently reimbursed by FEMA and CalOES in 2017.

Non-operating revenues increased 53.5% at \$0.96 million in 2019 compared to \$0.63 million in 2018 due primarily to an increase in investment income. Non-operating expenses decreased 7.4% from \$0.71 million in 2018 to \$0.66 million in 2019 primarily due to a decrease in interest expense. Non-operating revenues increased 57.0% at \$0.63 million in 2018 compared to \$0.40 million in 2017 due primarily to an increase in investment income. Non-operating expenses decreased 8.3% from \$0.78 million in 2017 to \$0.71 million in 2018 primarily due to a decrease in interest expense.

No new debt was incurred in 2019 and 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report includes Management's Discussion and Analysis, Report of Independent Auditors, the Basic Financial Statements, (which includes the notes to the financial statements), Required Supplementary Information and additional Supplementary Information.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District are designed to provide readers with a broad overview of the District's finances similar to a private-sector business. They have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred, regardless of the timing of related cash flows. These statements offer short-term and long-term financial information about the District's activities.

The reporting entity consists of the primary government, which provides two utilities (electric utility and water utility), and the blended component units. Further details about the component units are provided in note 1(A).

The **Consolidated Statement of Net Position** presents information on all of the District's assets, deferred outflows of resources and liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are reported in the **Consolidated Statements of Revenues, Expenses, and Changes in Net Position**. This statement provides a measurement of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its rates and other charges.

The **Consolidated Statement of Cash Flows** provides relevant information about the District's cash receipts and cash payments during the reporting period. This statement reports cash receipts and cash payments resulting from operating, non-capital financing, capital and related financing, and investing

See accompanying auditors' report.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019 and 2018

activities. When used with related disclosures and information in the other financial statements, the statement of cash flows should provide insight into (a) the District's ability to generate future net cash flows, (b) the District's ability to meet its obligations as they come due, (c) the District's needs for external financing, (d) the reasons for differences between operating income and associated cash receipts and payments, and (e) the effects on the District's financial position of both its cash and its non-cash investing, capital, and financing transactions during the period. The changes in cash balances are an important indicator of the District's liquidity and financial condition.

The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the basic financial statements. This includes but is not limited to, significant accounting policies, significant financial statement balances and activities, material risks, commitments and obligations, and subsequent events, as applicable.

DISTRICT HIGHLIGHTS

The condensed financial statements at December 31, 2019, 2018, and 2017 are presented below.

	2019	2018	2017	Increase (Decrease) 2019 - 2018
ASSETS AND DEFERRED				
OUTFLOWS OF RESOURCES				
Current assets	\$ 38,201,392	\$ 35,328,417	\$ 33,803,415	\$ 2,872,975
Non-current assets:				
Capital assets, net	133,812,252	130,173,550	123,114,074	3,638,702
Restricted assets	1,730,450	1,753,275	1,818,513	(22,825)
Other long-term assets	1,811,627	2,605,967	3,848,264	(794,340)
Total Assets	<u>175,555,721</u>	<u>169,861,209</u>	<u>162,584,266</u>	<u>5,694,512</u>
Deferred outflows of resources	<u>3,529,595</u>	<u>3,270,661</u>	<u>4,350,842</u>	<u>258,934</u>
TOTAL ASSETS AND				
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 179,085,316</u>	<u>\$ 173,131,870</u>	<u>\$ 166,935,108</u>	<u>\$ 5,953,446</u>
 LIABILITIES, DEFERRED INFLOWS OF				
RESOURCES AND NET POSITION				
Current liabilities	\$ 7,918,712	\$ 7,908,677	\$ 7,445,020	\$ 10,035
Non-current Liabilities				
Long-term debt, net of current portion	18,209,353	21,465,155	24,609,395	(3,255,802)
Net pension liability	12,872,646	11,742,137	11,975,655	1,130,509
OPEB liability	4,328,352	4,408,729	1,116,568	(80,377)
Unearned revenues	4,575,287	4,954,941	3,654,076	(379,654)
Total Liabilities	<u>47,904,350</u>	<u>50,479,639</u>	<u>48,800,714</u>	<u>(2,575,289)</u>
Deferred inflows of resources	<u>849,728</u>	<u>259,666</u>	<u>551,932</u>	<u>590,062</u>
NET POSITION				
Net investment in capital assets	112,899,085	106,171,749	95,717,888	6,727,336
Restricted for debt service	8,258,364	6,892,478	6,419,333	1,365,886
Unrestricted	9,173,789	9,328,338	15,445,241	(154,549)
Total Net Position	<u>130,331,238</u>	<u>122,392,565</u>	<u>117,582,462</u>	<u>7,938,673</u>
TOTAL LIABILITIES, DEFERRED				
INFLOWS OF RESOURCES				
AND NET POSITION	<u>\$ 179,085,316</u>	<u>\$ 173,131,870</u>	<u>\$ 166,935,108</u>	<u>\$ 5,953,446</u>

The District's current assets increased \$2.9 million in 2019 and increased \$1.5 million in 2018, predominantly due to increased cash reserves associated with the Electric Utility. The District continued to focus on capital asset replacements including Envision Donner Pass Road Project, completion of the

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019 and 2018

Electric meter replacement project, phase 5 of the SCADA reliability project, Old Greenwood well repairs, upgrading data collector units and the continuation of the SCADA replacement project. Capital assets increased by a total of \$3.6 million in 2019 compared to \$7.0 million in 2018. Net Long Term debt decreased \$3.2 million in 2019 and decreased \$4.4 million in 2018, due to annual reduction of existing debt. See note 5 for details on remaining debt. In 2018, Other Long Term assets decreased \$1.2 million, due to the scheduled collection of special assessments receivable. No new debt was issued in 2019 and 2018.

"Restricted for debt service" represents amounts restricted for payments related to outstanding revenue bonds.

The District had income before capital contributions of \$3.3 million, \$3.5 million, and \$2.3 million for the years ended December 31, 2019, 2018, and 2017, respectively. Changes in the District's net position can be determined by reviewing the following Condensed Revenues, Expenses, and Changes in Net Position.

	2019	2018	2017	Increase (Decrease) 2019 - 2018
Sales to consumers	\$ 37,029,653	\$ 35,486,412	\$ 34,462,146	\$ 1,543,241
Other operating revenues	2,303,918	2,198,605	3,873,207	105,313
Total Operating Revenues	39,333,571	37,685,017	38,335,353	1,648,554
Operating expenses	36,383,962	34,092,086	35,702,131	2,291,876
Operating Income	2,949,609	3,592,931	2,633,222	(643,322)
Non-operating revenues (expenses)	305,965	(84,083)	(377,526)	390,048
Income before capital contributions	3,255,574	3,508,848	2,255,696	(253,274)
Capital contributions, net	4,683,099	4,652,720	2,096,828	30,379
Change in net position	7,938,673	8,161,568	4,352,524	(222,895)
Net Position, Beginning of Year	122,392,565	114,230,997	113,229,938	8,161,568
NET POSITION, END OF YEAR	\$ 130,331,238	\$ 122,392,565	\$ 117,582,462	\$ 7,938,673

Total operating revenues were \$39.3 million in 2019, \$37.7 million in 2018, and \$38.3 million in 2017. Electric revenues increased 4.9% in 2019 compared to 2018. A 3% rate increase in 2019 along with a colder winter can be attributed to the increase. Water revenues increased 2.6% largely due to a 3% rate increase implemented in 2019 slightly offset by the colder winter resulting in later irrigation patterns. Electric revenues decreased 4% in 2018 compared to 2017. A 3% rate increase in 2018 was offset by a mild winter compared to the 2017 extreme winter. Water revenues increased 4.0%; a 3% rate increase in 2018 was implemented. Additionally, irrigation patterns for consumers started earlier in 2018 due to the milder winter than 2017.

Total operating expenses were \$36.4 million in 2019, \$34.1 million in 2018, and \$35.7 million in 2017. Increased operating expenses in 2019 can be attributed to increased tree trimming costs to reduce the risk of wildfire along with increased insurance and maintenance material costs. Electric expenses normalized in 2018 compared to 2017 as 2017 includes extraordinary expenses incurred from the extreme winter storms that year that were subsequently reimbursed by CalOES and FEMA.

Non-operating revenues and expenses increased \$0.4 million in 2019 and increased \$0.3 million in 2018 due to an increase in investment income coupled by a decrease in interest expense.

In 2018 the District implemented Governmental Accounting Standards (GASB) Statement of Governmental Accounting Standard No. 75 "Accounting and Financial Reporting for Postemployment Benefits other than Pensions" (GASB No. 75). The primary objective of GASB No. 75 is to improve accounting and financial

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019 and 2018

reporting for postemployment benefits. Under GASB No. 75, the District is required to report the net other postemployment benefit liability and deferred inflow and outflows in the statement of Net Position. The District's net position at the beginning of 2018 was reduced \$3.4 million for this new standard.

CAPITAL ASSETS

As of December 31, 2019, 2018, and 2017, the District had \$133.8 million, \$130.2 million, and \$123.1 million, respectively, invested in a variety of capital assets, net of accumulated depreciation. A summary of capital assets is reflected in the following schedule.

	CAPITAL ASSETS		
	2019	2018	2017
Electric distribution facilities	\$ 67,692,718	\$ 64,204,691	\$ 60,416,921
Water distribution facilities	120,131,130	116,378,593	112,596,747
General plant	18,450,144	16,513,295	15,782,620
Sub-totals	206,273,992	197,096,579	188,796,288
Less: Accumulated depreciation	(78,575,819)	(74,092,843)	(68,563,235)
Net of accumulated depreciation	127,698,173	123,003,736	120,233,053
Construction work in progress	6,114,079	7,169,814	2,881,021
Net capital assets	\$ 133,812,252	\$ 130,173,550	\$ 123,114,074

Net capital assets (additions, less retirements and depreciation) increased \$3.6 million in 2019 compared to \$7.0 million in 2018. The District ended 2019 with decreased construction work in progress of \$6.1 million compared to \$7.2 million in 2018; this includes the overhead pole replacement project, District upstairs remodel, Aclara MTU replacement project and the SCADA reliability phase 5 project.

LONG-TERM DEBT

Long-term debt includes revenue bonds and installment loans. At December 31, 2019, 2018, and 2017, the District had \$18.2 million, \$21.5 million, and \$24.6 million, respectively, in long-term debt outstanding, net current maturities. In 2019 and 2018, the District did not enter into any new debt agreements and the overall decrease in long-term debt was due to scheduled debt payments.

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The District operates on a two year budget. The FY20 & FY21 Board approved Budget includes an assumption for growth in fiscal year 2020 of 1%, Consistent with what the District experienced in fiscal year 2019. Revenue projections for fiscal year 2020 include rate increases of 3% for both Electric and Water. Rates by rate class can be found on the District's website at www.tdpud.org. Expenditures for Electric and Water excluding debt service, were projected to increase approximately 3% compared to fiscal year 2020 budgeted expenditures.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide readers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Truckee Donner Public Utility District
Attn: Treasurer
11570 Donner Pass Road
Truckee, CA 96161

See accompanying auditors' report.

FINANCIAL STATEMENTS

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

CONSOLIDATED STATEMENTS OF NET POSITION

December 31, 2019 and 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		<u>2019</u>	<u>2018</u>
CURRENT ASSETS			
Cash Funds			
Operating	\$	12,607,007	\$ align="right">9,602,733
Designated		12,635,745	13,958,250
Restricted		6,697,191	5,308,325
Total Cash Funds		<u>31,939,943</u>	<u>28,869,308</u>
Accounts receivable, net		1,705,864	1,767,648
Unbilled revenues		2,945,446	2,907,072
Accrued interest receivable		105,596	98,105
Materials and supplies		736,544	884,238
Prepaid expenses		643,240	684,816
Other		124,759	117,230
Total Current Assets		<u>38,201,392</u>	<u>35,328,417</u>
NON-CURRENT ASSETS			
Other Non-Current Assets			
Restricted investment fund		1,730,450	1,753,275
Special assessments receivable		1,562,702	2,294,810
Other		248,925	311,157
Total Other Non-Current Assets		<u>3,542,077</u>	<u>4,359,242</u>
CAPITAL ASSETS			
Utility plant		206,273,992	197,096,579
Accumulated depreciation		(78,575,819)	(74,092,843)
Construction work in progress		6,114,079	7,169,814
Total Capital Assets		<u>133,812,252</u>	<u>130,173,550</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension		2,350,006	2,286,573
OPEB		600,263	344,700
Unamortized loss on refunding		511,174	543,976
Unamortized redemption premium		68,152	95,412
Total Deferred Outflows of Resources		<u>3,529,595</u>	<u>3,270,661</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		<u>\$ 179,085,316</u>	<u>\$ 173,131,870</u>

The accompanying notes are an integral part of these consolidated financial statements.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

CONSOLIDATED STATEMENTS OF NET POSITION

December 31, 2019 and 2018

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES		
Other Liabilities		
Accounts payable	\$ 3,107,418	\$ 3,173,938
Customer deposits	454,959	448,968
Other	995,795	1,035,235
Total Other Liabilities	<u>4,558,172</u>	<u>4,658,141</u>
Current Liabilities Payable From Restricted Assets		
Current portion of long-term debt	3,239,930	3,117,221
Accrued interest payable	120,610	133,315
Total Current Liabilities Payable from Restricted Assets	<u>3,360,540</u>	<u>3,250,536</u>
Total Current Liabilities	<u>7,918,712</u>	<u>7,908,677</u>
NON-CURRENT LIABILITIES		
Long-term debt, net of discounts and premiums	18,184,411	21,428,556
Net pension liability	12,872,646	11,742,137
Net OPEB liability	4,328,352	4,408,729
Installment loans	24,942	36,599
Unearned revenues	4,575,287	4,954,941
Total Non-Current Liabilities	<u>39,985,638</u>	<u>42,570,962</u>
 Total Liabilities	 <u>47,904,350</u>	 <u>50,479,639</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	544,868	244,597
OPEB	304,860	15,069
Total Deferred Inflows of Resources	<u>849,728</u>	<u>259,666</u>
NET POSITION		
Net investment in capital assets	112,899,085	106,171,749
Restricted for debt service	8,258,364	6,892,479
Unrestricted	9,173,789	9,328,337
Total Net Position	<u>130,331,238</u>	<u>122,392,565</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	 \$ 179,085,316	 \$ 173,131,870

The accompanying notes are an integral part of these consolidated financial statements.

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TRUCKEE DONNER PUBLIC UTILITY DISTRICT

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

December 31, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Sales to customers	\$ 37,029,653	\$ 35,486,412
Standby fees	137,580	143,320
Cap and trade proceeds	1,503,495	1,186,320
Other	662,843	868,965
Total Operating Revenues	39,333,571	37,685,017
OPERATING EXPENSES		
Purchased power	10,754,898	11,001,858
Operations and maintenance	9,768,460	9,056,263
Consumer services	2,667,957	2,152,817
Administration and general	5,772,396	5,002,288
Depreciation	7,420,251	6,878,860
Total Operating Expenses	36,383,962	34,092,086
Operating Income	2,949,609	3,592,931
NON-OPERATING REVENUE (EXPENSES)		
Investment income	954,122	629,092
Interest expense	(628,860)	(681,414)
Amortization	(33,045)	(33,045)
Gain on disposition of assets	13,748	1,284
Total Non-Operating Revenue (Expenses)	305,965	(84,083)
Income Before Contributions	3,255,574	3,508,848
CAPITAL & OTHER CONTRIBUTIONS	4,683,099	4,652,720
CHANGE IN NET POSITION	7,938,673	8,161,568
Net Position - Beginning of Year	122,392,565	114,230,997
NET POSITION - END OF YEAR	\$ 130,331,238	\$ 122,392,565

The accompanying notes are an integral part of these consolidated financial statements.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 39,359,150	\$ 38,294,792
Paid to suppliers for goods and services	(19,925,045)	(18,317,973)
Paid to employees for services	<u>(7,090,512)</u>	<u>(7,139,320)</u>
Net Cash Flows from Operating Activities	<u>12,343,593</u>	<u>12,837,499</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Principal payments on long-term debt	(920,000)	(1,269,000)
Interest payments on long-term debt	<u>(80,177)</u>	<u>(160,464)</u>
Net Cash Flows from Noncapital Financing Activities	<u>(1,000,177)</u>	<u>(1,429,464)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital expenditures for utility plant	(9,589,498)	(11,609,527)
Cost of disposal of property net of salvage	(170,589)	(125,836)
Capital contributions, connection and facility fees	2,540,734	3,573,769
Special assessments receipts	732,107	710,368
Principal payments on long-term debt	(2,213,093)	(2,169,333)
Interest payments on long-term debt	<u>(534,370)</u>	<u>(565,765)</u>
Cash Flows From Capital and Related Financing Activities	<u>(9,234,709)</u>	<u>(10,186,324)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	<u>843,289</u>	<u>660,870</u>
Cash Flows from Investing Activities	<u>843,289</u>	<u>660,870</u>
Net Change in Cash and Cash Equivalents	2,951,996	1,882,581
CASH AND CASH EQUIVALENTS – Beginning of Year	<u>28,935,963</u>	<u>27,053,382</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 31,887,959</u>	<u>\$ 28,935,963</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Developer and customer added capital assets	<u>\$ 1,762,711</u>	<u>\$ 2,379,814</u>
Recognition of prior period unearned revenues	<u>\$ 5,688,114</u>	<u>\$ 4,028,393</u>

The accompanying notes are an integral part of these consolidated financial statements.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 2,949,609	\$ 3,592,931
Noncash items included in operating income		
Depreciation and amortization	7,420,251	6,878,870
Depreciation charged to other accounts	477,592	178,114
Changes in assets and liabilities		
Accounts receivable and unbilled revenues	19,591	649,002
Materials and supplies	147,695	(206,340)
Prepaid expenses	41,575	(51,625)
Accounts payable	(66,520)	828,192
Customer deposits	5,991	(39,228)
Deferred Pension Contributions - GASB 68	1,367,347	435,033
Deferred Pension Contributions - GASB 75	(46,149)	-
Other current liabilities	26,611	572,550
	<u>\$ 12,343,593</u>	<u>\$ 12,837,499</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES		
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET		
Operating	\$ 12,607,007	\$ 9,602,733
Designated	12,635,745	13,958,250
Restricted funds - current	6,697,191	5,308,325
Restricted funds - non-current	1,730,450	1,753,275
Total Cash and Investments	<u>33,670,393</u>	<u>30,622,583</u>
Less: Long-term investments	(1,698,880)	(1,698,880)
Mark to market adjustments	(83,554)	12,260
	<u>\$ 31,887,959</u>	<u>\$ 28,935,963</u>
TOTAL CASH AND CASH EQUIVALENTS		

The accompanying notes are an integral part of these consolidated financial statements.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

The Truckee Donner Public Utility District (the District) was formed and operates under the State of California Public Utility District Act. The District is governed by a board of directors which consists of five elected members. The District provides electric and water service to portions of Nevada and Placer Counties described as Truckee. The electric and water service operations are separately maintained and operated. These financial statements reflect the combined electric and water operations of the District. All significant transactions between electric and water operations have been eliminated. These eliminations include power purchases and rent for shared facilities.

The District's blended component units consist of organizations whose respective governing boards are comprised entirely of the members of the District's Board of Directors. These organizations are reported as if they are a part of the District's operations. The entities are legally separate, however, in the case of the Truckee Donner Public Utility District Financing Corporation, financial support has been pledged and financial and operational policies may be significantly influenced by the District.

The financial results of these blended component units are not included in this report. However, the District has issued an additional consolidated report that includes these component units. A copy of that report can be requested from the District.

Truckee Donner Public Utility District Financing Corporation is a legal entity that was created to issue and administer Certificates of Participation on behalf of the District. (See note 5).

Separate standalone financial statements are not available for the blended component units described above. Unless noted, disclosures relating to the component units are the same as for the District.

B. ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities, that are a result of exchange and exchange like transactions, are recognized when the exchange takes place.

C. USE OF ESTIMATES

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. CASH AND CASH EQUIVALENTS

For the purpose of the accompanying statement of cash flows, the District considers all highly liquid instruments with original maturities of three months or less when purchased to be cash equivalents and are shown in the financial statements as “Cash Funds”.

E. INVESTMENTS

The District pools cash and investments. The District’s investment policy allows for investments in instruments permitted by the California Government Code and/or the investments permitted by the trust agreements on District financing. The District’s investment policy contains provisions intended to limit the District’s exposure to interest rate risk, credit risk, and concentration of credit risk. Investment income from pooled investments is allocated to all funds in the pool. Interest is allocated on the basis of month end cash amounts for each fund as a percentage of the total balance.

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an assets fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs.

F. DESIGNATED ASSETS

The board has designated certain resources for future capital projects, replacements, and operational needs.

G. RESTRICTED ASSETS

Restricted assets are assets restricted by the covenants of long-term financial arrangements or other third party legal restrictions. Restricted assets are used in accordance with their requirements and where both restricted and unrestricted resources are available for use, restricted resources are used first and then unrestricted as they are needed.

H. ACCOUNTS RECEIVABLE AND ALLOWANCES FOR DOUBTFUL ACCOUNTS

Accounts receivable are recorded at the invoiced amount and are reported net of allowances for doubtful accounts of \$13,100 and \$18,100 for 2019 and 2018, respectively. Receivables are considered past due after 30 days and routine collection efforts begin. District Code allows for the Treasurer to write off delinquent account balances up to 0.17% of the amounts billed. This write off process occurs semi-annually.

I. MATERIALS AND SUPPLIES

Materials and supplies are recorded at average cost.

J. DEBT PREMIUM, BOND ISSUANCE COSTS, AND DISCOUNTS

Original issue and reacquired bond premiums and discounts relating to revenue bonds are amortized over the terms of the respective bond issues using the effective interest method. Debt issuance costs are expensed in the period incurred.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. SPECIAL ASSESSMENT RECEIVABLE

Special assessment receivable represent amounts due from property owners within the Donner Lake Assessment District for improvements made by the District pursuant to an agreement with the property owners to improve their water quality as discussed in note 7.

L. AMORTIZED EXPENSES

In 2003, the District entered into a broadband dark fiber maintenance agreement with Sierra Pacific Communications (SPC) which is included in the line item “other non-current assets” in the accompanying Statement of Net Position. SPC subsequently assigned the agreement to AT&T. The agreement is expected to provide benefit to the District over the estimated 20-year life of the agreement. (See note 4).

M. CAPITAL ASSETS

Capital assets are generally defined by the District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life of at least two years.

Capital assets of the District are stated at the lower of cost or the acquisition value at the time of contribution to the District. Major outlays for plant are capitalized as projects are constructed. Depreciation on capital assets is calculated using the straight-line method over the estimated useful lives of the assets, which are as follows:

Distribution Plant	
Electric	23 – 35 years
Water	15 – 40 years
Computer software and hardware	3 – 7 years
Building and improvements	20 – 33 years
Equipment and furniture	4 – 10 years

It is the District’s policy to capitalize interest paid on debt incurred for significant construction projects while those projects are under construction, less any interest earned on related unspent debt proceeds. No new debt related to capital assets was issued in 2019 and 2018; no interest was capitalized in 2019 or in 2018.

N. COMPENSATED ABSENCES

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Vested vacation and sick leave pay is accrued when earned in the financial statements. The liability is liquidated from general operating revenues of the utility.

O. REVENUE RECOGNITION

Unbilled revenues, representing estimated consumer usage for the period between the last meter reading and the end of the period, are accrued in the period of consumption. Water customers without meters are billed on a flat-rate basis, and revenues are recorded as billed. Revenues from connection fees are recognized upon completion of the connection. Income that the District has earned through investing its excess cash is reflected within income from investments when earned.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. REVENUE AND EXPENSE CLASSIFICATION

The District distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. Operating revenues and expenses generally result from providing electric and water services in connection with the District's principal ongoing operations. The principal operating revenues are sales to customers. The District's operating expenses include power purchases, labor, materials, services, and other expenses related to the delivery of electric and water services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, or capital contributions and other.

Q. POWER PURCHASES AND TRANSMISSION

In 1999, the District entered into an agreement with Sierra Pacific Power Company dba NV Energy (SPPC), whereby SPPC will provide transmission services to the District through December 31, 2027. The District uses this transmission service to import energy over SPPC's transmission system to serve District load. In addition, the District purchases scheduling services from Utah Municipal Power Systems (UAMPS) and the scheduling services are included in the monthly power billings from UAMPS. The purchase of transmission services from SPPC represented 7.8% and 7.7% of total purchased power costs in 2018 and 2019, respectively.

In December of 2005, the District entered into an agreement with UAMPS. Subsequently, the District entered into several pooling appendices for power capacity and energy that relate to various time periods from January 2008 through March 2028. Also in 2009, the District signed an agreement with UAMPS for approximately 5 MW of the Nebo natural gas generation plant capacity. In August 2012, the Horse Butte Wind project began commercial operation and the District owns approximately 15 MW of nameplate capacity that generates about 5 MW on average. The District has also invested in the Veyo Heat Recovery project that came on line in mid-2016. The District receives about 1.7 MW of carbon-free generation from this resource. In September 2019 the District entered into 25-year Purchase Power Agreement with UAMPS for a 6MW share of the Red Mesa Solar Project. The Project is being developed by UAMPS and the Navajo Tribal Utility Authority for use by UAMPS members. It is scheduled to be online by June 1, 2022. The Red Mesa Solar Project price for energy is among the lowest wholesale price paid by the District for any resource. It is estimated that a 6MW share equates to about 10 percent of total annual District energy requirements.

In August of 2007, the District entered into an agreement with Western Area Power Administration (WAPA) for the delivery of Stampede Dam Hydroelectric generation. In accordance with this agreement, the District is entitled to a portion of the power generated by Stampede Dam. This generation is dependent upon the amount of water that is made available to the generator. This agreement is effective through 2024.

In 2018 and 2019, the UAMPS contract, along with its appendices, and the WAPA contract for Stampede Dam Hydroelectric generation comprised the majority of a diversified power portfolio that balanced risk and costs for the District.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. CAP AND TRADE PROGRAM PROCEEDS

California Assembly Bill 32 (AB32) is an effort by the State of California to set a 2020 greenhouse gas (GHG) emissions reduction goal into law. AB32 requires California to lower greenhouse gas emissions to 1990 levels by 2020. Central to this initiative is the implementation of a cap and trade program, which covers major sources of GHG emissions in the State including power plants. The California Cap and Trade Program is designed to achieve cost-effective emissions reductions across the capped sectors. The program sets maximum statewide GHG emissions for all covered sectors each year (“cap”), and allows covered entities to sell off allowances (“trade”). An allowance is a tradable permit that allows the emission of one metric ton of CO₂. The California carbon price is driven by allowance trading. The District is subject to AB32 and has excess allowances due to reducing carbon-based generation in its power portfolio.

In 2019 and 2018, the District sold its excess allowances in the program auctions and the proceeds were recorded as \$1,503,495 and \$1,186,320 operating revenue for the respective years. The auction proceeds are held in a restricted fund and are used to purchase qualified renewable power. (See note 2)

S. INCOME TAXES

As a government agency, the District is exempt from payment of federal and state income taxes.

T. CONTRIBUTED CAPITAL ASSETS

A portion of the District’s capital assets have been obtained through amounts charged to developers for plant constructed by the District; direct contributions of capital assets from developers and other parties; as well as assessments of local property owners. These items are recognized within capital assets as construction is completed for plant constructed by the District based on the cost of the items, when received for contributed capital assets based on the actual or estimated fair value of the contributed items, or upon completion of the related project for development agreements. The District records amounts received within capital contributions when a legally enforceable claim is established. Until the District meets the criteria to record the amounts described above as capital contributions, any amounts received are recorded within unearned revenues on the Statement of Net Position.

U. OTHER – PENSION SIDEFUND

As a result of implementing GASB Statement No. 68, the pension side-fund payoff that occurred in 2011 and which had been reported in the financial statements as an asset was written off due to the District’s participation in CalPERS cost-sharing multi-employer retirement benefit plan. However, the liability for the payoff remains until paid in full thru 2022. The intercompany fund transfers for the principal portion of the debt service between the electric and water utility is included as “other.”

V. PENSION

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District’s California Public Employee’s Retirement System (CalPERS) plans (Plans) and the additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

W. RECENT ACCOUNTING PRONOUNCEMENTS IMPLEMENTED BY THE DISTRICT

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (ARO's). The District has determined that this pronouncement had no impact on the District's financial position or results of operations.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this Statement is to provide temporary relief from certain new accounting and financial reporting requirements to districts in light of the COVID-19 pandemic. With the statement being effective immediately, the District has adopted this pronouncement for fiscal year 2019 resulting in postponement of implementing GASB Statement No. 84, *Fiduciary Activities* and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. Other statements impacted by this statement are not effective for the fiscal year end 2019. The District will continue to evaluate the financial statement impact of adopting this Statement.

X. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred Outflows of Resources: This separate financial statement element represents consumption of net position or fund balance that applies to future period(s) and so will not be recognized until that time.

Deferred Inflows of Resources: This separate financial statement element represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources until that time.

Y. UNAMORTIZED LOSS ON BOND REFUNDING

For current and advanced refunding results in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt (Gain or loss) is deferred and amortized as a component of interest expense over the remaining life of the old debt or the new debt, whichever is shorter. These amounts are reported as deferred outflow on the statements of net position.

Z. ACCOUNTING PRONOUNCEMENTS TO BE IMPLEMENTED IN UPCOMING YEARS

GASB Statement No. 84, *Fiduciary Activities*, addresses identifying fiduciary activities of all state and local governments. The general focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District has not determined what impact, if any, this pronouncement will have on the financial statements. This statement is effective for the District fiscal year ending December 31, 2020.

GASB Statement No. 87, *Leases*, addresses accounting and financial reporting for leases by governments. This Statement increases the usefulness of financials statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases by establishing a single model of lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The District has not determined what impact, if any, this pronouncement will have on the financial statements. This statement is effective for the District fiscal year ending December 31, 2021.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Z. ACCOUNTING PRONOUNCEMENTS TO BE IMPLEMENTED IN UPCOMING YEARS (Continued)

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, addresses information that is disclosed in notes related to debt including direct borrowing and direct placements. It also clarifies which liabilities the District should include when disclosing information related to debt. This statement is effective for the District fiscal year ending December 31, 2020.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, addresses interest costs incurred before the end of a construction period to be recorded as an expenditure in the applicable period. As a result, interest costs incurred before the end of a construction period will not be included in the historical cost of a capital asset reported. The District has not determined what impact this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending December 31, 2022.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, cash equivalents and investments are recorded in accounts as either restricted or unrestricted as required by the District's certificates of participation indentures or other third-party legal restrictions. Restricted assets represent funds that are restricted by certificates of participation covenants or third party contractual agreements. Assets that are allocated by resolution of the Board of Directors are considered to be Board designated assets. Board designated assets are a component of unrestricted assets as their use may be redirected at any time by approval of the Board. Upon Board approval, assets from board designated accounts may be used to pay for selected capital projects. Such accounts have been designated by the Board for the following purposes:

Electric Capital Replacement

Starting in 2009, the Board set aside funds designated for future electric infrastructure replacement.

Electric Vehicle Reserve

Beginning in 2009, the Board set aside funds designated for future electric utility vehicle replacements.

Electric Rate Reserve

In compliance with Board rules, the District created an electric rate stabilization fund in anticipation of future costs. During both 2019 and 2018, there was no utilization of these funds to offset increased power costs in lieu of raising electric rates.

Water Vehicle Reserve

Beginning in 2009, the Board set aside funds designated for future Water Utility vehicle replacements.

Prepaid Connection Fees

In compliance with Board rules, the District has set aside prepaid connection fees to cover installation costs of water services.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Debt Service Coverage and Operating Reserve Fund

Effective 2007, the Board has voluntarily set aside funds to improve the District's cash-to-debt-service ratio. In 2019 funds were used for capital improvement projects.

Donner Lake Assessment District Surcharge Fund

The District established a monthly billing surcharge in the amount of \$6.65 applicable to customers in the Donner Lake area to provide revenue to pay the remainder of the cost of reconstruction effective October 2006.

Deferred Liabilities Reserve

Starting in 2017, the Board established a reserve to protect the District from volatility in pension, other post-employment benefits, and worker's compensation premiums.

As of December 31, Board designated accounts at fair value consisted of the following:

	<u>2019</u>	<u>2018</u>
Electric capital replacement fund	\$ 2,419,674	\$ 3,547,434
Electric vehicle reserve	402,741	521,293
Electric rate reserve	5,852,452	5,545,624
Electric deferred liabilities reserve	2,053,044	2,010,947
Water vehicle reserve	-	235,493
Prepaid connection fees	76,837	75,957
Debt service & operating reserve fund	1,592,690	1,799,719
Donner Lake Assessment District surcharge fund	133,379	119,751
Water deferred liabilities reserve	104,928	102,032
Totals	<u>\$ 12,635,745</u>	<u>\$ 13,958,250</u>

Certain assets have been restricted by bond covenants or third party contractual agreements for the following purposes:

Certificates of Participation

Prepayments to the Trustee from the District for upcoming debt payments.

Facilities Fees

The District charges facilities fees to applicants for new service to cover the costs of infrastructure needed to meet their systems demand. The use of such funds is restricted by California state law.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Donner Lake Special Assessment District Improvement and Reserve Fund

The District established the Donner Lake Special Assessment District (DLAD) Improvement Fund to account for all funds received from the Special Assessment Receivable, which will be used to pay the debt service costs related to the Donner Lake Water System project. The DLAD Improvement Fund also has a reserve fund as required by the California – Safe Drinking Water – State Revolving Fund (SRF). This fund is required to set aside \$40,043 semi-annually for ten years beginning in 2006. The reserve fund was fully funded as of December 31, 2016.

AB32 Cap and Trade Auction Fund

The District electric utility is identified as an “Electric Distribution Utility” under the Cap and Trade regulations and is therefore eligible to receive a direct allocation of allowances that can be sold in an auction. The proceeds from quarterly allowance auctions are held in this restricted fund and

are used to purchase qualified renewable power. These funds are intended to mitigate the burden on the consumer without impacting a carbon price signal.

Other (Area Improvement Funds)

The District received funds from the County of Nevada, which are to be used only for improvements to specific areas within the District’s boundaries in Nevada County. These areas include various Nevada County assessment districts.

As of December 31, restricted cash and cash equivalents and investments at fair value consisted of the following:

	2019	2018
Certificates of Participation	\$ 557,673	\$ 575,626
Facilities fees	2,349,620	1,416,480
DWR-Prop 55 reserve fund	336,596	327,308
Donner Lake Special Assessment District improvement	2,767,820	2,679,245
Donner Lake Special Assessment District reserve fund	821,579	811,379
AB 32 Cap and Trade Auction fund	1,538,615	1,197,362
Other (area improvement funds)	55,738	54,200
Total Restricted Cash and Cash		
Equivalents and Investments	\$ 8,427,641	\$ 7,061,600

Cash and investments are comprised of the following cash and cash equivalents and investments as of December 31:

	2019	2018
Cash and cash equivalents	\$ 31,939,943	\$ 28,869,308
Investments – government bonds	1,730,450	1,753,275
Totals	\$ 33,670,393	\$ 30,622,583

Cash and cash equivalents and investments were \$33,670,393 and \$30,622,583 at December 31, 2019 and 2018, respectively. Cash equivalents substantially consist of deposits in the state pooled fund, Placer County pooled fund, money market funds and investments.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Adjustments necessary to record investments at fair market value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

FAIR VALUE MEASUREMENT

The District applies the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which requires governmental entities, to report certain investments at fair value on the Statements of Net Position.

Investments are valued at fair value at December 31. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical instruments in active markets. Level 2 inputs are quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model derived valuations in which all significant inputs are observable. Level 3 inputs are valuations derived from valuation techniques in which significant inputs are unobservable.

The District classifies its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The District has the following fair value measurements as of December 31, 2019:

- US Government bonds are valued using observable inputs (Level 2 inputs).

INVESTMENTS AUTHORIZED BY THE DISTRICT'S INVESTMENT POLICY

The District adopted an investment policy in 2006 which allowed for investments in instruments permitted by the California Government Code and/or the investments permitted by the trust agreements on District financing, including investments in the local government investment fund pool administered by the State of California (LAIF), Placer County Treasurer's Investment Portfolio (PCTIP) pooled investment and Utah Public Treasurers' Investment Fund (UPTIF). The District's investment policy contains provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk. At December 31, 2019 and 2018 the District's deposits and investments at fair value were held as follows:

	<u>2019</u>	<u>2018</u>
Cash on hand	\$ 2,400	\$ 2,400
Deposits	1,287,103	1,538,997
LAIF	13,390,301	10,284,840
PCTIP	8,271,436	8,068,948
UPTIF	8,856,197	8,813,143
Money Market Funds	132,506	160,980
Government Bonds	1,730,450	1,753,275
Totals	<u>\$ 33,670,393</u>	<u>\$ 30,622,583</u>

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

DISCLOSURES RELATING TO INTEREST RATE RISK

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the District's investments by maturity for 2019 and 2018:

<u>Investments and Deposits</u>	<u>Maturity</u>
LAIF	3 months or less
PCTIP	3 months or less
UPTIF	3 months or less
Morgan Stanley Treasury	3 months or less
Fidelity Money Market Government Portfolio 57	3 months or less
Dreyfus Treasury Securities	3 months or less
Federal Farm Credit Banks	03/02/2021

DISCLOSURES RELATING TO CREDIT RISK

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF, PCTIF and UPTIF do not have a rating provided by a nationally recognized statistical rating organization. The Morgan Stanley Treasury is rated AAAM by S&P and Aaa-mf by Moody's. Federal Farm Credit Banks is rated AA+ by S&P and Aaa by Moody's. The Dreyfus Treasury Securities is rated Aaa-mf by Moody's and AAAM by S&P. The Fidelity Money Market is rated AAA-mf by Moody's and AAAM by S&P.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless waived by the government unit). The market value of pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

As of December 31, 2019 and 2018 all deposits were fully insured or collateralized.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker/dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or governmental investment pools (such as LAIF).

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

DEPOSIT IN STATE INVESTMENT POOL

The District is a voluntary participant in the Local Agency Investment Fund (LAIF). This investment fund has an equity interest in the State of California's (State's) Pooled Money Investment Account (PMIA). PMIA funds are on deposit with the State's Centralized Treasury System and are managed in compliance with the California Government Code according to a statement of investment policy which sets forth permitted investment vehicles, liquidity parameters, and maximum maturity of investments. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the LAIF, which are recorded on an amortized cost basis.

DEPOSIT IN PLACER COUNTY TREASURER INVESTMENT POOL

The District is a voluntary participant in the Placer County Investment Portfolio (PCTIP). The District is eligible to participate in PCTIP because a portion of the District's service area is in Placer County. Investments are on deposit with the Placer County Treasurer and are managed in compliance with the California Government Code according to a statement of investment policy which sets forth permitted investment vehicles, liquidity parameters, and maximum maturity of investments. The fair value of the

District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by Placer County Treasurer for the entire PCTIP (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the Placer County Treasurer, which are recorded on an amortized cost basis.

DEPOSIT IN UTAH PUBLIC TREASURERS' INVESTMENT FUND

The District is a voluntary participant in the Utah Public Treasurers' Investment Fund (UPTIF). The District is eligible to participate in (UPTIF) through its membership with Utah Associated Municipal Power Systems (UAMPS). Investments are on deposit with State of Utah public treasury and investments are restricted to those authorized by the Utah Money Management Act and rules of the Money Management Council of Utah. The fair value of the District's investments in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by UPTIF through UAMPS Member Retention Fund.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 3 – CAPITAL ASSETS

Capital assets consist of the following at December 31, 2019 and 2018:

	January 1, 2019	Additions	Reductions	December 31, 2019
Electric distribution facilities	\$ 64,204,692	\$ 5,482,262	\$ (1,994,235)	\$ 67,692,719
Water distribution facilities	116,378,593	4,138,345	(385,808)	120,131,130
General plant	16,513,294	2,787,341	(850,492)	18,450,143
	197,096,579	12,407,948	(3,230,535)	206,273,992
Less: Accumulated depreciation	(74,092,843)	(7,782,420)	3,299,444	(78,575,819)
Construction work in progress	7,169,814	10,013,133	(11,068,868)	6,114,079
Totals	<u>\$ 130,173,550</u>	<u>\$ 14,638,661</u>	<u>\$ (10,999,959)</u>	<u>133,812,252</u>

	January 1, 2018	Additions	Reductions	December 31, 2018
Electric distribution facilities	\$ 60,416,921	\$ 5,100,497	\$ (1,312,726)	\$ 64,204,692
Water distribution facilities	112,596,747	3,836,606	(54,760)	116,378,593
General plant	15,782,620	921,628	(190,954)	16,513,294
	188,796,288	9,858,731	(1,558,440)	197,096,579
Less: Accumulated depreciation	(68,563,235)	(7,203,036)	1,673,428	(74,092,843)
Construction work in progress	2,881,021	11,929,099	(7,640,306)	7,169,814
Totals	<u>\$ 123,114,074</u>	<u>\$ 14,584,794</u>	<u>\$ (7,525,318)</u>	<u>\$ 130,173,550</u>

As of December 31, 2019 and 2018, the plant in service included land and land rights of \$3,318,346 which are not being depreciated.

A portion of the plant has been contributed to the District. When replacement is needed, the District replaces the contributed plant with District-financed plant.

NOTE 4 – TELECOMMUNICATION SERVICES

In 1999, the District initiated a project to expand its basic service offerings to include internet access, cable television and voice delivered over fiber optic networks (the broadband project). The District completed the broadband design project and obtained the necessary regulatory approvals and franchises needed to construct and launch the broadband project. A local cable television service provider filed an objection in September 2004 with the Nevada County Local Agency Formation Commission (LAFCO), the entity responsible for providing regulatory approval for the broadband project. After denying the cable television provider's request for a reconsideration of their approval of the District's project, the cable television provider filed a lawsuit against LAFCO. The District was not named in the lawsuit. A ruling on the lawsuit was received in January 2006. LAFCO prevailed on all portions of the cable television provider's claim. The cable television provider filed an appeal; however, in June of 2007, the Court ruled in favor of LAFCO, upholding the initial ruling.

Since 2009, the District has been exploring options to sell or lease the existing infrastructure to provide a return on investment in the project. Expenses incurred by the District to date on the broadband project total \$2,834,079, of which \$496,990 was expensed in 2014 for legal fees and preliminary feasibility studies. In 2019 and 2018 there were no material expenditures for this project.

In 2018, The District signed a Memorandum of Understanding with Plumas Sierra Telecommunications to offer services utilizing these four fibers from Reno to Sacramento in future years.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 5 – LONG-TERM DEBT

Long-term debt consisted of the following at December 31, 2019:

	January 1, 2019	Additions	Reductions	December 31, 2019	Due within one year
Pension Obligation Bonds					
Electric, 2.47% due semi-annually to 2022	\$ 3,476,000	\$ -	\$ (920,000)	\$ 2,556,000	\$ 978,000
State Revolving Fund Loan –					
Water, 2.34%, due semi-annually beginning in 2006 to 2026	5,479,589	-	(676,565)	4,803,024	692,489
Certificates of Participation –					
Water, 1.54% due serially to 2021 refinanced in 2016	1,990,000	-	(659,000)	1,331,000	667,000
Certificates of Participation –					
Water, 2.00% to 4.00%, due serially to 2035 (net premiums of \$421,023)	12,858,041	-	(592,018)	12,266,023	585,000
Department of Water Resources, 3.18%, due semiannually to 2021, secured by real and personal property	731,001	-	(285,510)	445,491	294,638
Installment loan, 4.58% due serially to 2023	47,745	-	-	47,745	22,803
Totals	<u>\$ 24,582,376</u>	<u>\$ -</u>	<u>\$ (3,133,093)</u>	<u>\$ 21,449,283</u>	<u>\$ 3,239,930</u>

Long-term debt consisted of the following at December 31, 2018:

	January 1, 2018	Additions	Reductions	December 31, 2018	Due within one year
Pension Obligation Bonds					
Electric, 2.47% due semi-annually to 2022	\$ 4,745,000	\$ -	\$ (1,269,000)	\$ 3,476,000	\$ 920,000
State Revolving Fund Loan –					
Water, 2.34%, due semi-annually beginning in 2006 to 2026	6,140,596	-	(661,007)	5,479,589	676,565
Certificates of Participation –					
Water, 4.00% to 5.00% due serially to 2021 refinanced in 2016	2,634,000	-	(644,000)	1,990,000	659,000
Certificates of Participation –					
Water, 2.00% to 4.00%, due serially to 2035 (net premiums of \$448,041)	13,435,059	-	(577,018)	12,858,041	565,000
Department of Water Resources, 3.18%, due semiannually to 2021, secured by real and personal property	1,007,651	-	(276,650)	731,001	285,510
Installment loan, 4.58% due serially to 2023	58,403	-	(10,658)	47,745	11,146
Totals	<u>\$ 28,020,709</u>	<u>\$ -</u>	<u>\$ (3,438,333)</u>	<u>\$ 24,582,376</u>	<u>\$ 3,117,221</u>

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 5 – LONG-TERM DEBT (Continued)

During April 2004, the District obtained financing in the form of a State Revolving Fund Loan, the proceeds of which were utilized in the replacement of the Donner Lake water system. The District submitted expenditures to the State for reimbursement of \$12,732,965. The semi-annual principal and interest payments are \$400,426 and commenced in 2006. In 2004, the remaining balance of \$12,227,122 was used to pay off the temporary lines of credit obtained in 2001 and 2002 to fund the Donner Lake project. (See note 7).

On October 12, 2006, through the Truckee Donner Public Utility District Financing Corporation on behalf of the District issued \$26,570,000 of Certificates of Participation to refund 100% of the outstanding balance of Certificates issued in 1996, complete the funding of the Donner Lake Assessment District water system, and fund water system capital improvements. The refunding portion of the 2006 COP's, totaling \$8,465,000, has an average interest rate of 4.10%. The refunded 1996 COP's had an average interest rate of 5.41%. The net proceeds of \$7,500,557 (after payment of \$63,733 in underwriting fees, insurance and other issuance costs) plus an additional \$1,315,194 of reserve fund monies were used to prepay the outstanding debt service requirements on the 1996 COP's. The terms of the Certificates call for payments to be made only from the net revenues of the Water Division and the debt is secured by this revenue. These revenues are required to be at least equal to 125% of the debt service for each year.

In 2015, a portion of the 2006 COP was refunded. Since a portion of the 2006 COP was used for advance refunding of previous COP, that portion could not be advance refunded at the time of the refunding. The new 2015 refunding did not require a reserve fund. The reserve fund was liquidated and applied towards reducing the debt principal. The estimated net present value savings were \$1,600,000 or 10% over the remaining life of issuance.

In 2016, the remaining portion of the 2006 COP was refunded. Due to the refunding an estimated net present value savings of \$222,000 was achieved.

Under the Safe Drinking Water Bond Law of 1986, the Department of Water Resources provided a \$5,000,000 loan to the District in 1993. The loan was to finance capital improvements to the public water supply and to reduce water quality hazards. The terms of the loan call for payments to be made only from the net revenues of the Water Division, which are required to be sufficient to pay the debt service for each year.

In June 2011, the District refunded (refinanced) an existing \$7.8 million pension side fund obligation for its participation in CalPERS. Prior to 2011, the annual side fund payments were expensed and described in the Notes to Financial Statements. The pension side fund liability was amortized through June 2022 with a 7.75% rate. This liability was not required to be reported on the District's Statement of Net Position, but the future pension expense was included in budget and rate calculations. The new refunding rate of 5% reduced the District's annual pension costs by almost \$100,000 through 2022. In 2016, the District refunded the pension side fund again earning the District annual savings of \$30,000 or \$164,000 in total.

As a normal part of its operations, the District finances the acquisition of certain assets through the use of installment loans. These loans have been used to finance the purchase of vehicles, equipment, and certain water system improvements. There were no additional installment loans in 2019 or in 2018.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 5 – LONG-TERM DEBT (Continued)

Scheduled payments on debt are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,239,930	\$ 650,634	\$ 3,890,564
2021	3,179,833	563,954	3,743,787
2022	1,907,221	486,560	2,393,781
2023	1,397,546	437,044	1,834,590
2024	1,440,023	393,367	1,833,390
2025-2029	4,998,707	1,365,421	6,364,128
2030-3034	4,570,000	593,425	5,163,425
2035-2039	295,000	11,800	306,800
	<u>\$ 21,028,260</u>	<u>\$ 4,502,205</u>	<u>\$ 25,530,465</u>
Plus: Unamortized premiums	421,023		
	<u><u>\$ 21,449,283</u></u>		

NOTE 6 – UNEARNED REVENUES

Transactions that have not yet met revenue recognition requirements are recorded as a non-current liability and reflected in the accompanying Statement of Net Position. As of December 31, 2019 and 2018, unearned revenues consist of unearned special assessment revenues, development agreement deposits, connection fees, and other deposits.

Unearned revenues consisted of the following at December 31, 2019 and 2018:

	<u>January 1,</u> <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2019</u>
Development agreement deposits	3,727,796	2,051,670	(2,568,805)	3,210,661
Connection fees and other deposits	1,227,145	1,612,713	(1,475,232)	1,364,626
Totals	<u>\$ 4,954,941</u>	<u>\$ 3,664,383</u>	<u>\$ (4,044,037)</u>	<u>\$ 4,575,287</u>

	<u>January 1,</u> <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2018</u>
Development agreement deposits	2,768,422	2,306,700	(1,347,326)	3,727,796
Connection fees and other deposits	885,654	1,440,232	(1,098,741)	1,227,145
Totals	<u>\$ 3,654,076</u>	<u>\$ 3,746,932</u>	<u>\$ (2,446,067)</u>	<u>\$ 4,954,941</u>

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 7 – DONNER LAKE WATER COMPANY ACQUISITION

In 2001, the District acquired the Donner Lake Water Company by initiating an eminent domain lawsuit. As a part of the takeover, the District replaced the entire water system, which cost approximately \$15.6 million and was completed in 2006. The District initially estimated the replacement cost to be \$13 million. The Donner Lake property owners agreed to reimburse the District for the full costs of the replacement. Therefore, an assessment was placed on each Donner Lake homeowner's property for a pro-rata share of the \$13 million payable immediately or with an option to pay over 20 years. The assessment is collected by Nevada County and Placer County on behalf of the District and is secured by the Donner Lake property owners. A monthly \$6.65 water system upgrade surcharge is paid by the Donner Lake customers to reimburse the District for the \$2.6 million cost incurred in excess of the assessment.

In April 2004, the District obtained financing in the form of a State Revolving Fund Loan for \$12,732,965 at a rate of 2.34%. The District is required to fund a reserve account by making semi-annual reserve payments in the amount of \$40,043 for a 10-year period. The reserve fund was fully funded as of December 31, 2016.

As of December 31, 2019 and 2018, the assessment receivable from the property owners was \$1,562,702 and \$2,294,810. These amounts are shown as Special Assessments Receivable in the Statement of Net Position. The proceeds of the assessment and surcharge are placed in the Donner Lake Special Assessment District Improvement Fund and used to pay the debt service for the water system improvements.

NOTE 8 – EMPLOYEE BENEFIT PLANS

A. PENSION PLANS

Plan Description – All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual costs of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefits is Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The 2.7% at 55 Miscellaneous Plan is closed to new entrants.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

A. PENSION PLANS (Continued)

The plans' provisions and benefits in effect at December 31, 2019 are summarized as follows:

Hire Date	Miscellaneous	
	Prior to January 1, 2013	On or after January 1,
Benefit Formula	2.7% @ 55	2% @ 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50 and Up	52 and Up
Monthly Benefits, as a % of eligible compensation	2.0% - 2.7%	1.0% to 2.5%
Required Employee Contributions Rates	8%	6.75%
Required Employer Contributions Rates	12.514%	6.985%

Contributions – Section 208149(c) of the California Public Employee's Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions shown below are for the fiscal year of July 1, 2018 through June 30, 2019.

Hire Date	Miscellaneous	
	Prior to January 1, 2013	On or after January 1,
Benefit Formula	2.7% @ 55	2% @ 62
2019 Employer Contributions	\$1,248,232	\$160,568
2018 Employer Contributions	\$1,136,849	\$109,627

B. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS

As of December 31, 2019, the District reported net pension liabilities for its proportionate shares of the net pension liability as follows:

Proportionate Share of Net Pension Liability	
Fiscal Year Ending	
June 30, 2019	June 30, 2018
\$12,872,646	\$11,742,137

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

B. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS *(Continued)*

The District's net pension liability is measured as a proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan for the measurement date of June 30, 2019 and June 30, 2018 is as follows:

Measurement Date	Percentage Share of Risk Pool		Change
	June 30, 2019	June 30, 2018	
Percentage of Plan NPL	0.32145%	0.31157%	0.00988%

At December 31, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 396,231	\$ -
Differences between expected and actual experience	824,788	-
Differences between projected and actual investment earnings	-	225,054
Differences between employer's contributions and proportionate share of contributions	-	319,814
Change in employer's proportion	348,223	-
Pension contributions made subsequent to the measurement date	780,764	-
Total	\$ 2,350,006	\$ 544,868

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,010,564	\$ -
Differences between expected and actual experience	297,214	-
Differences between projected and actual investment earnings	58,050	-
Differences between employer's contributions and proportionate share of contributions	-	244,597
Change in employer's proportion	215,948	-
Pension contributions made subsequent to the measurement date	704,797	-
Total	\$ 2,286,573	\$ 244,597

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

B. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS (*Continued*)

\$780,764 is reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31</u>	<u>Amount</u>
2020	\$ 970,823
2021	(111,347)
2022	119,421
2023	45,477
	<u>\$ 1,024,374</u>

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous 2019</u>
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality (1)	Derived using CalPERS membership data for all funds

(1) The mortality table used was developed based on CalPERS' specific data. The Table includes 15 years of mortality improvements using 90 percent of Scale MP 2016 published by the Society of Actuaries. For more details on this table, please refer to the 2017 experience study report.

All underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on results of a December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability as of December 31, 2019 was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate used is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

B. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS *(Continued)*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long term (11 + years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown below was adopted by CalPERS' Board effective on July 1, 2018.

Asset Class	New Strategic Allocation
Global Equity	50.0%
Private Equity	8.0%
Fixed Income	28.0%
Real Assets	13.0%
Liquidity	1.0%
Total	100.0%

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

- The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Miscellaneous	
Measurement Date	June 30,2019
1% Decrease	6.15%
Net Pension Liability	\$20,033,641
Current Discount Rate	7.15%
Net Pension Liability	\$12,872,646
1% Increase	8.15%
Net Pension Liability	\$6,961,750

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

B. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

C. PAYABLE TO THE PENSION PLAN

At December 31, 2019 and 2018 respectively the District did not report a payable for outstanding required contributions to the pension plan.

D. DEFERRED COMPENSATION PLAN

The District maintains two deferred compensation plans: a 401(a) and a 457 plan, (the Plans) for certain qualified employees. The District matches 6.78% of eligible employee contributions. In 2019 the total match was \$162,913 compared to \$137,045 in 2018. The District has no liability for losses under the Plans, but does have the duty of due care that would be required of an ordinary prudent investor. The District has not reflected the Plans’ assets and corresponding liabilities (if any) on the accompanying Statement of Net Position.

E. OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information - As discussed in Note 1, beginning with the year ended December 31, 2018, the District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The District’s retiree Benefits Plan (the Plan) recognizes benefit payments when due and payable in accordance with the benefit terms. The Plan’s fiduciary net position has been determined on the same basis as is reported by the Plan in calculating the fiduciary net position (Net OPEB Liability), deferred outflows of resources and deferred inflows of resource and associated OPEB expense.

The District administers a single-employer defined-benefit post-employment healthcare plan. Dependents are eligible to enroll.

Benefits Provided – Retirees are eligible for a District contribution towards premiums for the retiree health plans(s) if they have 10+ years of District service. The maximum District contribution is based on years of service. The Retiree is eligible for 50% of the following maximums, with a minimum of 10 years of service, plus 5% for each year of service over 10 years: \$475 per person enrolled in the plan, if not eligible for Medicare, and \$375 per person enrolled, if eligible for Medicare.

Employees Covered – At June 30, 2017 (the valuation date), the benefit terms covered the following employees:

Category	Count
Active Employees:	68
Inactive Employees, spouses, or beneficiaries currently receiving payment(s):	53
Inactive employees entitled to but not yet receiving benefit payment(s):	0
Total	121

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

E. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Contributions – The District pays benefits as they come due and contributes additionally to the Trust annually. The District's annual contribution to the Trust as of December 31, 2019 was \$100,000.

Net OPEB Liability – The District's net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions

The total OPEB Liability in the December 31, 2018 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation: 2.00%

Salary Increases: Base salary increases in year one: 2.750%. Additional merit-based increases based on CalPERS.

Investment Rate of Return: 7.59%

Healthcare cost trend rates: 6.50% in the first year, trending down to 3.84% over 57 years

Mortality Rates: Based on CalPERS tables

Actuarial Assumptions (Continued)

The discount rate used to measure the total OPEB liability was 7.59%. The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

E. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate - The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.59%) or one percentage point higher (8.59%) is as follows:

	<u>1% Decrease</u> 6.59%	<u>Discount Rate</u> 7.59%	<u>1% Increase</u> 8.59%
Net OPEB Liability	\$4,899,679	\$4,328,352	\$3,687,036

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50%) or one percentage point higher (7.50%) than current healthcare cost trend rates is as follows:

	<u>1% Decrease</u> 5.50%	<u>Trend Rate</u> 6.50%	<u>1% Increase</u> 7.50%
	Decreasing to 2.84%	Decreasing to 3.84%	Decreasing to 4.84%
Net OPEB Liability	\$3,944,244	\$4,328,352	\$4,596,413

OPEB Plan Fiduciary Net Position – CERBT issues a publicly available financial report for the overall OPEB plan's fiduciary net position which may be obtained from CalPERS at PO Box 942709, Sacramento, Ca. 94229-2709.

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB - For the year ended December 31, 2019, the District recognized an OPEB expense of \$469,313. At December 31, 2019 and 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the follow sources:

	2019	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (25,566)
Changes of assumptions	-	(279,294)
Net Difference between Projected and Actual		
Earnings on OPEB Plan Investments	212,101	-
District contributions made subsequent to the measurement date	388,162	-
Total	<u>\$ 600,263</u>	<u>\$ (304,860)</u>

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

E. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	(15,069)
District contributions made subsequent to the measurement date	344,700	-
Total	\$ 344,700	\$ (15,069)

The \$388,162 reported as deferred outflows of resources related to contributions subsequent to the December 31, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	Amount
2020	\$1,273
2021	\$1,273
2022	\$1,272
2023	\$5,039
2024	(\$50,811)
remaining	(\$50,805)
Total	(\$92,759)

NOTE 9 – SELF FUNDED INSURANCE

The District has a self-funded vision insurance program and claims were processed by and on behalf of the District. The District did not maintain a claim liability; rather claims were expensed as paid. The amount of claims paid for each of the past three years have not been material.

NOTE 10 – SEGMENT DISCLOSURE

The District has issued revenue bonds to finance electric and water distribution facilities. The District also issued special tax bonds secured by tax revenues from Mello-Roos Community Facilities Districts. Each project has an external requirement to be reported separately, and investors in the revenue bonds and special tax bonds rely solely on the revenue generated by the individual projects for repayment. Summary financial information for each project is presented on the following pages for the years ending December 31, 2019 and 2018.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 10 – SEGMENT DISCLOSURE (Continued)

STATEMENTS OF NET POSITION

	<u>December 31, 2019</u>			
	<u>Electric</u>	<u>Water</u>	<u>Eliminations</u>	<u>Grand Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets	\$ 27,392,285	\$ 10,812,929	\$ (3,822)	\$ 38,201,392
Non-current assets:				
Capital assets, net	58,755,925	75,056,327	-	133,812,252
Restricted assets	-	1,730,450	-	1,730,450
Other long-term assets	248,925	1,562,702	-	1,811,627
Total Noncurrent Assets	<u>59,004,850</u>	<u>78,349,479</u>	<u>-</u>	<u>137,354,329</u>
Deferred outflows of resources				
Pension	1,410,003	940,003	-	2,350,006
OPEB	360,158	240,105	-	600,263
Unamortized loss on refunding		511,174	-	511,174
Unamortized redemption premium	68,152	-	-	68,152
	<u>1,838,313</u>	<u>1,691,282</u>	<u>-</u>	<u>3,529,595</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 88,235,448</u>	<u>\$ 90,853,690</u>	<u>\$ (3,822)</u>	<u>\$ 179,085,316</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current liabilities	\$ 5,083,892	\$ 2,838,642	\$ (3,822)	\$ 7,918,712
Non-current Liabilities				
Long-term debt, net of current portion	1,602,942	16,606,411	-	18,209,353
Net pension liability	7,723,588	5,149,058	-	12,872,646
OPEB liability	2,597,011	1,731,341	-	4,328,352
Unearned revenues	3,431,825	1,143,462	-	4,575,287
Total Noncurrent Liabilities	<u>15,355,366</u>	<u>24,630,272</u>	<u>-</u>	<u>39,985,638</u>
Total Liabilities	<u>20,439,258</u>	<u>27,468,914</u>	<u>(3,822)</u>	<u>47,904,350</u>
Deferred inflows of resources				
Pension	326,921	217,947	-	544,868
OPEB	182,916	121,944	-	304,860
Total Deferred Inflows of Resources	<u>509,837</u>	<u>339,891</u>	<u>-</u>	<u>849,728</u>
Net Position				
Net investment in capital assets	56,177,122	56,721,963	-	112,899,085
Restricted for debt service	2,455,343	5,803,021	-	8,258,364
Unrestricted	8,653,888	519,901	-	9,173,789
Total Net Position	<u>67,286,353</u>	<u>63,044,885</u>	<u>-</u>	<u>130,331,238</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 88,235,448</u>	<u>\$ 90,853,690</u>	<u>\$ (3,822)</u>	<u>\$ 179,085,316</u>

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 10 – SEGMENT DISCLOSURE (Continued)

	December 31, 2018			
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Electric	Water	Eliminations	Grand Total
Current assets	\$ 25,903,974	\$ 9,424,443	\$ -	\$ 35,328,417
Non-current assets:				
Capital assets, net	53,535,186	76,638,364	-	130,173,550
Restricted assets	-	1,753,275	-	1,753,275
Other long term assets	311,157	2,294,810	-	2,605,967
Total Noncurrent Assets	<u>53,846,343</u>	<u>80,686,449</u>	<u>-</u>	<u>134,532,792</u>
Deferred outflows of resources				
Pension	1,371,944	914,629	-	2,286,573
OPEB	206,820	137,880	-	344,700
Unamortized loss on refunding	-	543,976	-	543,976
Unamortized redemption premium	95,412	-	-	95,412
Total Deferred Outflows of Resources	<u>1,674,176</u>	<u>1,596,485</u>	<u>-</u>	<u>3,270,661</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 81,424,493</u>	 <u>\$ 91,707,377</u>	 <u>\$ -</u>	 <u>\$ 173,131,870</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current liabilities	\$ 5,114,243	\$ 2,794,434	\$ -	\$ 7,908,677
Non-current Liabilities				
Long-term debt, net of current portion	2,592,599	18,872,556	-	21,465,155
Net pension liability	7,045,282	4,696,855	-	11,742,137
OPEB liability	2,645,237	1,763,492	-	4,408,729
Unearned revenues	3,451,288	1,503,653	-	4,954,941
Total Noncurrent Liabilities	<u>15,734,406</u>	<u>26,836,556</u>	<u>-</u>	<u>42,570,962</u>
Total Liabilities	<u>20,848,649</u>	<u>29,630,990</u>	<u>-</u>	<u>50,479,639</u>
Deferred inflows of resources				
Pension	146,758	97,839	-	244,597
OPEB	9,041	6,028	-	15,069
Total Deferred Inflows of Resources	<u>155,799</u>	<u>103,867</u>	<u>-</u>	<u>259,666</u>
Net Position				
Net investment in capital assets	50,048,040	56,123,709	-	106,171,749
Restricted for debt service	1,777,693	5,114,785	-	6,892,478
Unrestricted	8,594,312	734,026	-	9,328,338
Total Net Position	<u>60,420,045</u>	<u>61,972,520</u>	<u>-</u>	<u>122,392,565</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	 <u>\$ 81,424,493</u>	 <u>\$ 91,707,377</u>	 <u>\$ -</u>	 <u>\$ 173,131,870</u>

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 10 – SEGMENT DISCLOSURE (Continued)

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

	Year ended December 31, 2019			
	Electric	Water	Eliminations	Grand Total
Operating Revenues				
Sales to consumers	\$ 24,239,706	\$ 12,789,947	\$ -	\$ 37,029,653
Other operating revenues	3,568,272	417,479	(1,681,833)	2,303,918
Operating expenses	(21,093,225)	(9,552,319)	1,681,833	(28,963,711)
Depreciation	(2,893,711)	(4,526,540)	-	(7,420,251)
Non-operating revenues (expenses)	572,803	(266,838)	-	305,965
Income (loss) before capital & other contributions	4,393,845	(1,138,271)	-	3,255,574
Capital contributions, net	2,472,463	2,210,636	-	4,683,099
CHANGE IN NET POSITION	6,866,308	1,072,365	-	7,938,673
Net Position, Beginning	60,420,045	61,972,520	-	122,392,565
NET POSITION, ENDING	\$ 67,286,353	\$ 63,044,885	\$ -	\$ 130,331,238

	Year ended December 31, 2018			
	Electric	Water	Eliminations	Grand Total
Operating Revenues				
Sales to consumers	\$ 23,045,437	\$ 12,440,975	\$ -	\$ 35,486,412
Other operating revenues	3,454,838	429,540	(1,685,773)	2,198,605
Operating expenses	(20,236,775)	(8,662,224)	1,685,773	(27,213,226)
Depreciation	(2,730,525)	(4,148,335)	-	(6,878,860)
Non-operating revenues (expenses)	344,897	(428,980)	-	(84,083)
Income (loss) before capital & other contributions	3,877,872	(369,024)	-	3,508,848
Capital contributions, net	2,446,189	2,206,531	-	4,652,720
CHANGE IN NET POSITION	6,324,061	1,837,507	-	8,161,568
Net Position, Beginning	56,106,863	61,475,599	-	117,582,462
Less, Restatement for change in accounting period	(2,010,879)	(1,340,586)	-	(3,351,465)
Net Position, Beginning of Year, as adjusted	54,095,984	60,135,013	-	114,230,997
NET POSITION, ENDING	\$ 60,420,045	\$ 61,972,520	\$ -	\$ 122,392,565

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 10 – SEGMENT DISCLOSURE (Continued)

STATEMENTS OF CASH FLOWS

	Year ended December 31, 2019			
	Electric	Water	Eliminations	Grand Total
NET CASH PROVIDED BY (USED IN)				
Operating activities	\$ 8,270,006	\$ 4,073,587	\$ -	\$ 12,343,593
Noncapital financing activities	(1,000,177)	-	-	(1,000,177)
Capital and related financing activities	(6,146,527)	(3,088,182)	-	(9,234,709)
Investing activities	499,432	343,857	-	843,289
Net increase (decrease) in cash and cash equivalents	1,622,734	1,329,262	-	2,951,996
Cash and Cash Equivalents, Beginning	21,552,862	7,383,101	-	28,935,963
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 23,175,596</u>	<u>\$ 8,712,363</u>	<u>\$ -</u>	<u>\$ 31,887,959</u>

	Year ended December 31, 2018			
	Electric	Water	Eliminations	Grand Total
NET CASH PROVIDED BY (USED IN)				
Operating activities	\$ 8,346,474	\$ 4,491,025	\$ -	\$ 12,837,499
Noncapital financing activities	(1,429,464)	-	-	(1,429,464)
Capital and related financing activities	(5,164,526)	(5,021,798)	-	(10,186,324)
Investing activities	350,522	310,348	-	660,870
Net increase (decrease) in cash and cash equivalents	2,103,006	(220,425)	-	1,882,581
Cash and Cash Equivalents, Beginning	19,449,856	7,603,526	-	27,053,382
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 21,552,862</u>	<u>\$ 7,383,101</u>	<u>\$ -</u>	<u>\$ 28,935,963</u>

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 11 – MARTIS VALLEY GROUNDWATER MANAGEMENT EFFORTS

The Martis Valley aquifer underlies about 35,000 acres in both Placer and Nevada counties, near the Town of Truckee. It is the main groundwater supply for numerous public and private entities. This area has seen significant growth in the last few decades with more planned for the future. Maintaining an adequate water supply and protecting water quality are critical for the region's future.

The Truckee Donner Public Utility District (TDPUD), Northstar Community Services District (NCSD) and Placer County Water Agency (PCWA) are the three primary public water agencies with jurisdiction in the Martis Valley Groundwater Basin (MVGB). Together, the TDPUD, NCSD and PCWA (Partnership Agencies) partnered to submit a Groundwater Management Plan and to help develop a groundwater model for the Martis Valley basin.

The Martis Valley Groundwater Management Plan (GMP) was prepared in 2013 to reflect current water resources planning in the region and to incorporate the latest information and understanding of the underlying groundwater basin. This collaborative effort provided the guidance necessary to align groundwater policy. In addition to the GMP, a computer model of the groundwater basin was developed by the Desert Research Institute, which incorporated available data and enhanced understanding of the groundwater basin. A climate change modeling component out to the end of the century was part of the overall Federal study effort.

Partner agencies each adopted the GMP in February 2012 and the model and associated report was completed in 2015. The total cost of the project was approximately \$1,000,000, which includes federal funding of approximately \$500,000 from the U.S. Bureau of Reclamation and \$250,000 from the Lawrence Livermore National Laboratory; and contributions of \$150,000 from TDPUD and \$100,000 from the other members of the Partnership Agencies.

In mid-2016, the California Sustainable Groundwater Management Act of 2014 (SGMA) took effect for which the District was the submitting agency of a SGMA Alternate Submittal in December, 2016 on behalf of the Town of Truckee, Placer County, Nevada County, PCWA, and Northstar CSD (Local SGMA Agencies). The SGMA Alternative Submittal was intended to comply with the new regulations. There was an adopted MOA amongst the six local agencies for this compliance project which covers the time period for preparation of the SGMA Alternative Submittal, possible conditional acceptance of the plan by DWR, and submittal of a first-year annual report. DWR had two years by statute to review the SGMA Alternative Submittal.

In 2018, DWR was required to undergo groundwater basin prioritization which is the basis for compliance obligation for SGMA. The MVGB had previously been prioritized as medium priority. DWR's final Determination was to re-prioritize MVGB to low priority. This was a significant act that resulted in a direct reduction in regulatory burden and future regulatory costs that would be required for groundwater management. To ensure continued stewardship and management of the MVGB, the District and its local partners have agreed to return to the 2013 GMP framework which was never fully implemented due to SGMA. There was a kick-off meeting for the GMP in 2019 and the three local water agencies have hired a hydro geologic consultant to prepare the first annual report as required by the GMP. The consultant's report will be presented to the GMP Stakeholder Working Group at the annual meeting this summer.

NOTE 12 – CLAIMS AND JUDGMENTS

From time to time, the utility is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the utility's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the utility's financial position or results of operations.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 13 – RISK MANAGEMENT

The utility is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 14 – SUBSEQUENT EVENT

Subsequent to year end, an outbreak of a novel coronavirus (COVID-19) occurred in the United States, along with various other countries globally. On March 11, 2020, the World Health Cooperative assessed the novel coronavirus outbreak and characterized it as a pandemic. Subsequent to the declaration of a pandemic, a variety of federal, state and local governments have taken actions in response to the pandemic, which have ranged by jurisdiction, but are generally expected to result in a variety of negative economic consequences, the scope of which are not currently known or quantifiable. The duration and intensity of the impact of the coronavirus and resulting impact to the District is unknown.

REQUIRED SUPPLEMENTARY INFORMATION

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019 and 2018

COST SHARING DEFINED BENEFIT PENSION PLANS

Schedule of the District's Proportionate Share of the Net Pension Liability

Cost Sharing Defined Benefit Plans

As of June 30

Last Ten Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Portion of Net Pension Liability	0.32145%	0.31157%	0.30379%	0.29837%	0.29209%	0.09982%
Proportionate Share of The Net Pension Liability	\$12,872,646	\$11,742,137	\$11,975,655	\$10,250,329	\$8,013,400	\$6,210,985
Covered - Employee Payroll	\$7,602,120	\$7,375,933	\$7,071,938	\$6,670,248	\$6,162,431	\$6,278,545
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	169.33%	159.20%	168.47%	153.67%	130.04%	98.92%
Plan's Fiduciary Net Position (in \$000s)	\$31,179,414	\$29,308,590	\$27,244,095	\$30,950,578	\$30,725,516	\$30,386,101
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.26%	75.26%	73.31%	75.12%	79.31%	89.17%

* Fiscal year 2014 was the 1st year of implementation, therefore only six years are shown

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019 and 2018

COST SHARING DEFINED BENEFIT PENSION PLANS - CONTINUED

	Schedule of Contributions					
	Cost Sharing Defined Benefit Plans					
	December 31					
	Last Ten Years*					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution (Actuarially Determined)	\$1,408,800	\$1,246,476	\$1,138,758	\$1,011,908	\$950,147	\$943,118
Contributions in Relation to the Actuarially Determined Contributions	<u>\$1,408,800</u>	<u>\$1,246,476</u>	<u>\$1,138,758</u>	<u>\$1,048,897</u>	<u>\$949,634</u>	<u>\$943,118</u>
Contribution deficiency (excess)	\$0	\$0	\$0	(\$36,989)	\$513	\$0
Covered - Employee Payroll	\$7,602,120	\$7,375,933	\$7,071,938	\$6,670,248	\$6,162,431	\$6,278,545
Contributions as a percentage of covered-employee payroll	19%	17%	16%	16%	15%	15%

* Fiscal year 2014 was the 1st year of implementation, therefore only six years are shown

TRUCKEE DONNER PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2019 and 2018

Schedule of Changes in The District's Net OPEB Liability and Related Ratios

	December 31, 2018	December 31, 2017
Measurement Date:	December 31, 2018	December 31, 2017
Report Date:	December 31, 2019	December 31, 2018
<u>Total OPEB Liability</u>		
Service Cost	\$ 178,856	\$ 170,473
Interest	457,563	448,374
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	(29,828)	-
Changes of Assumptions	(233,084)	-
Benefit Payments	(244,700)	(214,280)
Implicit Rate Subsidy Credit	(270,061)	(254,930)
	<hr/>	<hr/>
Net Change in Total OPEB Liability	(141,254)	149,637
Total OPEB Liability - Beginning of Year	6,615,140	6,465,503
	<hr/>	<hr/>
Total OPEB Liability - End of Year (a)	\$ 6,473,886	\$ 6,615,140
<u>Plan Fiduciary Net Position</u>		
Net Investment Income	\$ (110,318)	\$ 167,459
Contributions		
Employer - District's Contribution	294,698	256,280
Employer - Implicit Subsidy	270,061	254,930
Benefit Payments, Including Refunds of Employee Contributions	(244,700)	(214,280)
Implicit Rate Subsidy Fulfilled	(270,061)	(254,930)
Administrative Expense	(557)	(519)
	<hr/>	<hr/>
Net Change in Plan Fiduciary Net Position	(60,877)	208,940
Plan Fiduciary Net Position - Beginning of Year	2,206,411	1,997,471
	<hr/>	<hr/>
Plan Fiduciary Net Position - End of Year (b)	\$ 2,145,534	\$ 2,206,411
	<hr/>	<hr/>
District's Net OPEB liability - End of Year = (a) -(b)	\$ 4,328,352	\$ 4,408,729
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	33.14%	33.35%
Covered Employee Payroll	\$ 7,400,587	\$ 7,202,518
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	58.49%	61.21%

Notes to Schedule: The District adopted GASB 75 for the fiscal Year Ending December 31,2018

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019 and 2018

Other Post Employment Benefits - Schedule of Investment Returns

	Measurement Date: December 31, 2018	December 31, 2017
	Report Date: December 31, 2019	December 31, 2018
Annual Money-Weighted Rate of Return, Net of Investment Expense	-4.94%	8.30%

The annual money-weighted rate of return, net of investment expenses, is the net investment income for the year divided by the average net position for the year (less investment expenses.)

Notes to Schedule: The District adopted GASB 75 for the fiscal Year Ending December 31, 2018.

Other Post Employment Benefits - Schedule of Contributions

	Report Date: December 31, 2019	December 31, 2018
Actuarially Determined Contribution	\$614,761	\$569,210
Less: Actual Contributions	564,759	511,210
Contribution Deficiency	<u>\$50,002</u>	<u>\$58,000</u>
Covered - Employee Payroll	<u>\$7,400,587</u>	<u>\$7,202,518</u>
Contributions as a Percentage of Covered-Employee Payroll	7.63%	7.10%

Notes to Schedule: The District adopted GASB 75 for the fiscal Year Ending December 31, 2018.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2019 and 2018

Other Post Employment Benefits - Actuarial Assumptions

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2019 were from the June 30, 2017 valuation.

Methods and assumptions used to determine contributions:

Assumptions and Methods

Actuarial Cost Method	Entry age normal, level percent of pay
Amortization Method	Closed period, level percent of pay
Amortization Period	20 years
Inflation	2.00%
Assumed Payroll Growth Year 1	2.750%
Healthcare Trend Rates	6.50%, trending down to 3.84% over 57 years
Rate of Return on Assets	7.59%
Mortality Rate	CalPERS Rates utilizing the decrement table Mort and Disb Rates_PA Misc from the CalPERS OPEB assumption model revised December 20, 2017.
Retirement Rates	CalPERS Rates based on CalPERS Experience Study for the period from 1997 to 2014.

SUPPLEMENTARY INFORMATION

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

SUPPLEMENTARY INFORMATION

December 31, 2019

CONSOLIDATING STATEMENT OF NET POSITION

As of December 31, 2019

	Electric Operations	Water Operations	Eliminations	Totals
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Funds				
Operating	\$ 10,006,682	\$ 2,600,325	\$ -	\$ 12,607,007
Designated	10,727,912	1,907,833	-	12,635,745
Restricted	2,458,043	4,239,148	-	6,697,191
Total Funds	<u>23,192,637</u>	<u>8,747,306</u>	-	<u>31,939,943</u>
Accounts receivable, net	1,054,052	655,634	(3,822)	1,705,864
Unbilled revenues	2,095,002	850,444	-	2,945,446
Accrued interest receivable	59,314	46,282	-	105,596
Materials and supplies	560,563	175,981	-	736,544
Prepaid expenses	370,535	272,705	-	643,240
Other	60,182	64,577	-	124,759
Total Current Assets	<u>27,392,285</u>	<u>10,812,929</u>	<u>(3,822)</u>	<u>38,201,392</u>
NON-CURRENT ASSETS				
Other Non-Current Assets				
Restricted funds	-	1,730,450	-	1,730,450
Special assessments receivable	-	1,562,702	-	1,562,702
Other	248,925	-	-	248,925
Total Other Non-Current Assets	<u>248,925</u>	<u>3,293,152</u>	<u>-</u>	<u>3,542,077</u>
CAPITAL ASSETS				
Utility plant	81,892,502	124,381,490	-	206,273,992
Accumulated depreciation	(27,996,387)	(50,579,432)	-	(78,575,819)
Construction work in progress	4,859,810	1,254,269	-	6,114,079
Total capital assets	<u>58,755,925</u>	<u>75,056,327</u>	<u>-</u>	<u>133,812,252</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	1,410,003	940,003	-	2,350,006
OPEB	360,158	240,105	-	600,263
Unamortized loss on refunding	-	511,174	-	511,174
Unamortized redemption premium	68,152	-	-	68,152
Total deferred outflows of resources	<u>1,838,313</u>	<u>1,691,282</u>	<u>-</u>	<u>3,529,595</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 88,235,448</u>	<u>\$ 90,853,690</u>	<u>\$ (3,822)</u>	<u>\$ 179,085,316</u>

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

SUPPLEMENTARY INFORMATION

December 31, 2019

	Electric Operations	Water Operations	Eliminations	Totals
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION				
CURRENT LIABILITIES				
Other liabilities				
Accounts payable	\$ 3,043,343	\$ 64,075	\$ -	\$ 3,107,418
Customer deposits	356,608	98,351	-	454,959
Other	680,951	318,666	(3,822)	995,795
Total other liabilities	<u>4,080,902</u>	<u>481,092</u>	<u>(3,822)</u>	<u>4,558,172</u>
Current liabilities payable from restricted assets:				
Current portion of long-term debt	1,000,803	2,239,127	-	3,239,930
Accrued interest payable	2,187	118,423	-	120,610
Total Current Liabilities Payable from Restricted Assets	<u>1,002,990</u>	<u>2,357,550</u>	<u>-</u>	<u>3,360,540</u>
Total Current Liabilities	<u>5,083,892</u>	<u>2,838,642</u>	<u>(3,822)</u>	<u>7,918,712</u>
NON-CURRENT LIABILITIES				
Long-term debt, net of discounts and premiums	1,578,000	16,606,411	-	18,184,411
Net pension liability	7,723,588	5,149,058	-	12,872,646
OPEB liability	2,597,011	1,731,341	-	4,328,352
Installment loans	24,942	-	-	24,942
Unearned revenues	3,431,825	1,143,462	-	4,575,287
Total non-current liabilities	<u>15,355,366</u>	<u>24,630,272</u>	<u>-</u>	<u>39,985,638</u>
Total Liabilities	<u>20,439,258</u>	<u>27,468,914</u>	<u>(3,822)</u>	<u>47,904,350</u>
DEFERRED INFLOWS OF RESOURCES				
Pension	326,921	217,947	-	544,868
OPEB	182,916	121,944	-	304,860
Total deferred inflows of resources	<u>509,837</u>	<u>339,891</u>	<u>-</u>	<u>849,728</u>
NET POSITION				
Net investment in capital assets	56,177,122	56,721,963	-	112,899,085
Restricted for debt service	2,455,343	5,803,021	-	8,258,364
Unrestricted	8,653,888	519,901	-	9,173,789
Total Net Position	<u>67,286,353</u>	<u>63,044,885</u>	<u>-</u>	<u>130,331,238</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 88,235,448	\$ 90,853,690	\$ (3,822)	\$ 179,085,316

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

SUPPLEMENTARY INFORMATION

December 31, 2019

CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended December 31, 2019

	Electric Operations	Water Operations	Eliminations	Totals
OPERATING REVENUES				
Sales to customers	\$ 24,239,706	\$ 12,789,947	\$ -	\$ 37,029,653
Interdepartmental sales	1,205,537	2,292	(1,207,829)	-
Standby fees	19,260	118,320	-	137,580
Cap and trade proceeds	1,503,495	-	-	1,503,495
Other	839,980	296,867	(474,004)	662,843
Total Operating Revenues	<u>27,807,978</u>	<u>13,207,426</u>	<u>(1,681,833)</u>	<u>39,333,571</u>
OPERATING EXPENSES				
Purchased power	10,754,898	-	-	10,754,898
Operations and maintenance	5,197,190	5,779,099	(1,207,829)	9,768,460
Consumer services	1,779,030	888,927	-	2,667,957
Administration and general	3,362,107	2,884,293	(474,004)	5,772,396
Depreciation	2,893,711	4,526,540	-	7,420,251
Total Operating Expenses	<u>23,986,936</u>	<u>14,078,859</u>	<u>(1,681,833)</u>	<u>36,383,962</u>
Operating Income	<u>3,821,042</u>	<u>(871,433)</u>	<u>-</u>	<u>2,949,609</u>
NON-OPERATING REVENUE (EXPENSES)				
Special tax revenue	-	-	-	-
Investment income	593,366	360,756	-	954,122
Interest expense	(851)	(628,009)	-	(628,860)
Amortization	(27,261)	(5,784)	-	(33,045)
Other non-operating revenues	-	-	-	-
Other non-operating expenses	-	-	-	-
Gain (loss) on disposition of assets	7,549	6,199	-	13,748
Total Non-Operating Expenses	<u>572,803</u>	<u>(266,838)</u>	<u>-</u>	<u>305,965</u>
Income Before Contributions	4,393,845	(1,138,271)	-	3,255,574
CAPITAL & OTHER CONTRIBUTIONS, net				
Capital Contributions	2,132,170	2,550,929	-	4,683,099
Intercompany Debt Service - Pension Sidefund	340,293	(340,293)	-	-
Total Capital and Other Contributions, net	<u>2,472,463</u>	<u>2,210,636</u>	<u>-</u>	<u>4,683,099</u>
CHANGE IN NET POSITION	6,866,308	1,072,365	-	7,938,673
NET POSITION - Beginning of Year	<u>60,420,045</u>	<u>61,972,520</u>	<u>-</u>	<u>122,392,565</u>
NET POSITION - END OF YEAR	<u>\$ 67,286,353</u>	<u>\$ 63,044,885</u>	<u>\$ -</u>	<u>\$ 130,331,238</u>

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

SUPPLEMENTARY INFORMATION

December 31, 2019

CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2019

	Electric Operations	Water Operations	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 28,191,131	\$ 12,849,852	\$ (1,681,833)	\$ 39,359,150
Paid to suppliers for goods and services	(15,354,990)	(6,251,888)	1,681,833	(19,925,045)
Paid to employees for services	(4,566,135)	(2,524,377)	-	(7,090,512)
Net Cash Flows from Operating Activities	8,270,006	4,073,587	-	12,343,593
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal payments on long-term debt	(920,000)	-	-	(920,000)
Interest payments on long-term debt	(80,177)	-	-	(80,177)
Net Cash Flows from Noncapital Financing Activities	(1,000,177)	-	-	(1,000,177)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital expenditures for utility plant	(7,832,201)	(1,757,297)	-	(9,589,498)
Cost of disposal of property net of salvage	(176,622)	6,033	-	(170,589)
Capital contributions, connection and facility fees	1,782,121	758,613	-	2,540,734
Special assessments receipts	-	732,107	-	732,107
Special tax receipts	-	-	-	-
Principal payments on long-term debt	-	(2,213,093)	-	(2,213,093)
Interest payments on long-term debt	80,175	(614,545)	-	(534,370)
Cash Flows From Capital and Related Financing Activities	(6,146,527)	(3,088,182)	-	(9,234,709)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income received	499,432	343,857	-	843,289
Cash Flows from Investing Activities	499,432	343,857	-	843,289
Net Change in Cash and Cash Equivalents	1,622,734	1,329,262	-	2,951,996
CASH AND CASH EQUIVALENTS – Beginning of Year	21,552,862	7,383,101	-	28,935,963
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 23,175,596	\$ 8,712,363	\$ -	\$ 31,887,959

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

SUPPLEMENTARY INFORMATION

December 31, 2019

For the Year Ended December 31, 2019

	Electric Operations	Water Operations	Eliminations	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH				
FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 3,821,042	\$ (871,433)	\$ -	\$ 2,949,609
Noncash items included in operating income				
Depreciation and amortization	2,893,711	4,526,540	-	7,420,251
Depreciation charged to other accounts	232,508	245,084	-	477,592
Intercompany Transfer	340,293	(340,293)	-	-
Accounts receivable and unbilled revenues	47,590	(28,000)	-	19,590
Materials and supplies	150,548	(2,854)	-	147,694
Prepaid expenses	30,220	11,356	-	41,576
Accounts payable	(66,421)	(99)	-	(66,520)
Customer deposits	(4,729)	10,720	-	5,991
Deferred Pension Contributions - GASB 68	820,409	546,938	-	1,367,347
Deferred Pension Contributions - GASB 75	(27,688)	(18,461)	-	(46,149)
Other current liabilities	32,523	(5,911)	-	26,612
	<u>\$ 8,270,006</u>	<u>\$ 4,073,587</u>	<u>\$ -</u>	<u>\$ 12,343,593</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES				
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
TO THE BALANCE SHEET				
Operating	\$ 10,006,682	\$ 2,600,325	\$ -	\$ 12,607,007
Designated	10,727,912	1,907,833	-	12,635,745
Restricted bond funds - current	2,458,043	4,239,148	-	6,697,191
Restricted bond funds - non-current	-	1,730,450	-	1,730,450
Total Cash and Investments	<u>23,192,637</u>	<u>10,477,756</u>	<u>-</u>	<u>33,670,393</u>
Less: Long-term investments	-	(1,698,880)	-	(1,698,880)
Mark to market adjustment	(17,041)	(66,513)	-	(83,554)
	<u>\$ 23,175,596</u>	<u>\$ 8,712,363</u>	<u>\$ -</u>	<u>\$ 31,887,959</u>
TOTAL CASH AND CASH EQUIVALENTS				

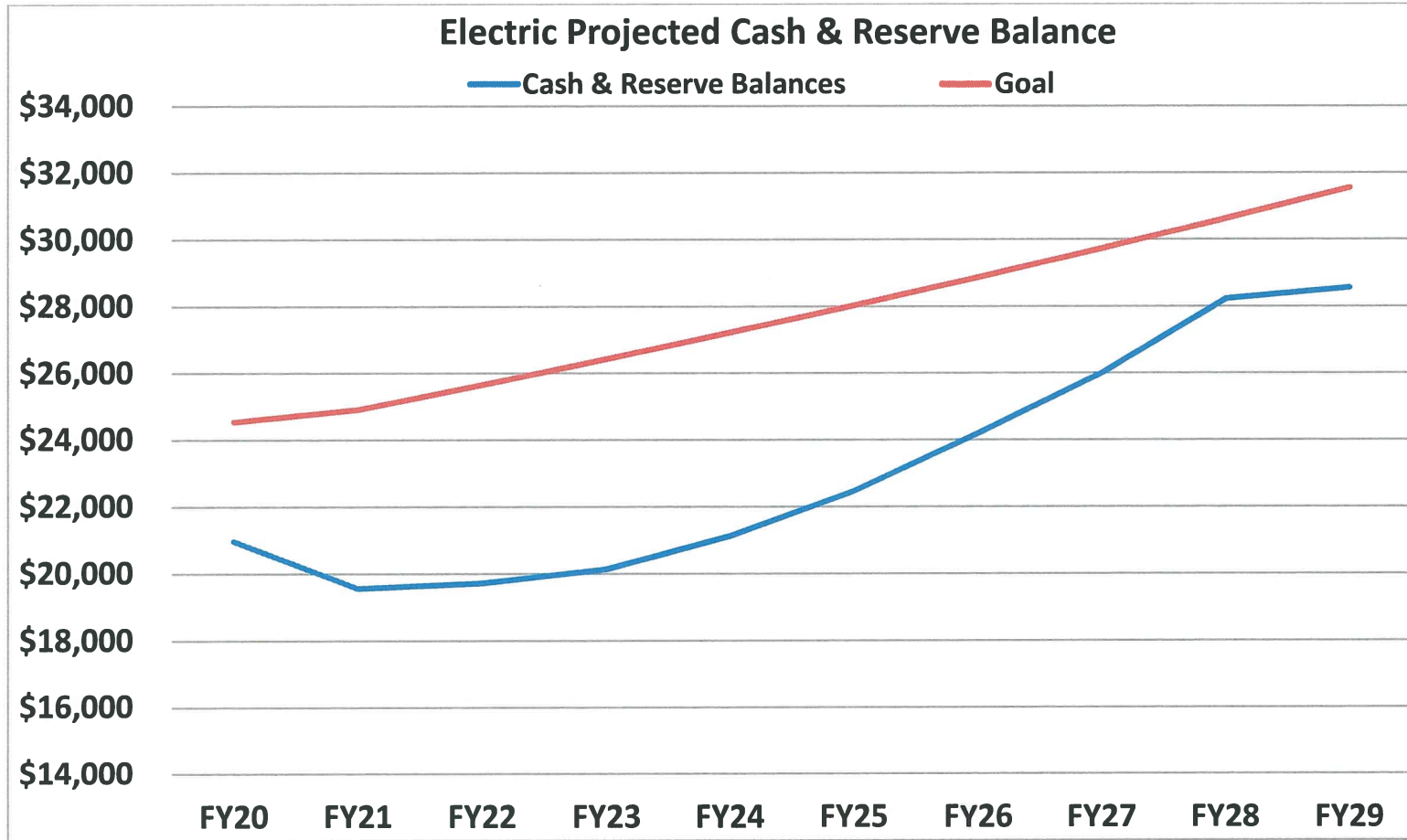
Appendix C - Financial Master Plan – October 2019

Truckee Donner Public Utility District
Financial Master Plan Summary
FY20 through FY29
(in thousands)

FMP as presented at 10/2/2019 Board Workshop as part of Budget 2020/2021 process.
In fall 2021, the 10yr FMP will be updated for 2022 / 2023 Budget cycle.

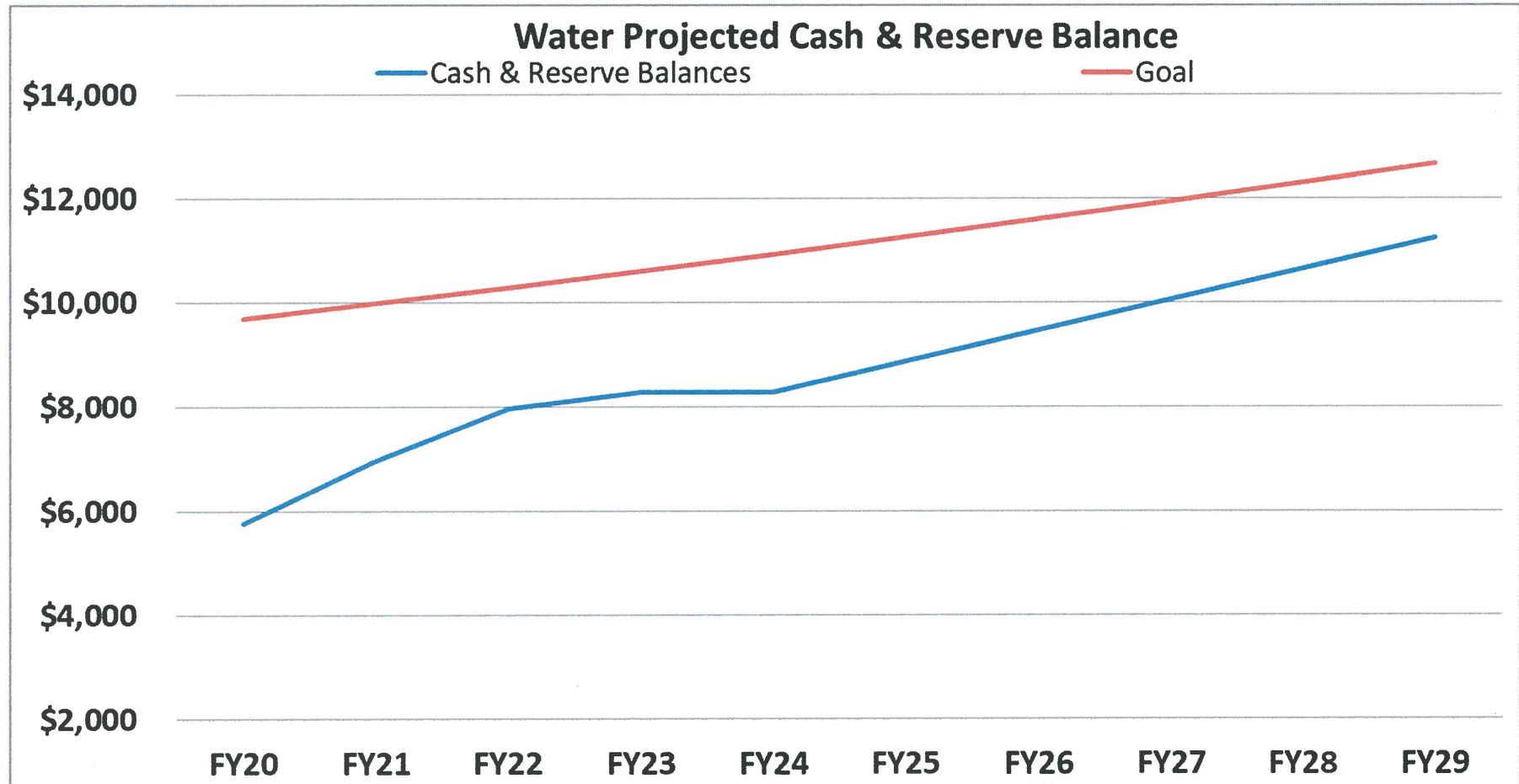
ELECTRIC

	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Operating Cash Flow										
Operating revenue	\$ 26,912	\$ 27,685	\$ 28,785	\$ 29,930	\$ 31,121	\$ 32,359	\$ 33,331	\$ 34,333	\$ 35,365	\$ 36,427
Operating expenses	(23,928)	(24,168)	(24,893)	(25,640)	(26,409)	(27,201)	(28,017)	(28,858)	(29,723)	(30,615)
Other revenue/(expenses)	347	369	182	186	196	212	242	272	310	350
Net Income	\$ 3,331	\$ 3,886	\$ 4,074	\$ 4,476	\$ 4,908	\$ 5,370	\$ 5,556	\$ 5,747	\$ 5,952	\$ 6,162
Transfer from/(to) funds	4,029	3,243	93	332	74	364	54	343	33	22
Debt principle payments	(587)	(623)	(323)	-	-	-	-	-	-	-
Capital projects	(6,773)	(6,506)	(3,844)	(4,311)	(4,168)	(4,279)	(4,083)	(4,191)	(3,993)	(6,098)
Change in Operating Cash	\$ (0)	\$ (1)	\$ (0)	\$ 498	\$ 814	\$ 1,455	\$ 1,526	\$ 1,900	\$ 1,992	\$ 86
Cash & Reserve Balances										
Operating Cash Balance	\$ 9,309	\$ 9,309	\$ 9,309	\$ 9,807	\$ 10,621	\$ 12,076	\$ 13,603	\$ 15,502	\$ 17,493	\$ 17,579
Rate Reserve Balance	5,982	6,102	6,224	6,349	6,476	6,605	6,737	6,872	7,009	7,149
Deferred Liability	2,090	2,132	2,175	2,218	2,263	2,308	2,354	2,401	2,449	2,498
Facility Fee Reserve Balance	139	251	386	274	409	253	401	259	419	590
Capital & Vehicle Reserve Balance	3,452	1,771	1,628	1,488	1,352	1,220	1,093	971	855	743
Cash & Reserve Balances	\$ 20,972	\$ 19,565	\$ 19,722	\$ 20,136	\$ 21,121	\$ 22,462	\$ 24,188	\$ 26,005	\$ 28,225	\$ 28,559
Debt service coverage (1.10 required until 2022)	3.07	3.45	7.37	no debt	no debt	no debt	no debt	no debt	no debt	no debt
Proposed rate change	2.7%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%



**Truckee Donner Public Utility District
Electric Capital Projects
FY20 through FY29**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Operations Funded										
Line Extension & Upgrades	482,651	500,583	315,600	325,068	334,820	344,865	355,211	365,867	376,843	388,149
Pole Replacements	554,254	574,324	591,554	609,300	627,579	646,407	665,799	685,773	706,346	727,536
Various District Projects	266,798	275,011	283,261	291,759	300,512	309,527	318,813	328,377	338,229	348,376
Electric Master Plan Projects	705,212	1,370,095	756,198	894,534	921,370	649,011	668,481	388,536	400,192	412,198
Reclosers & Regs - Field Scada	188,402	195,014	200,864	206,890	213,097	219,490	226,075	232,857	239,842	247,038
Distribution Repl & Improvement	450,506	466,110	480,094	494,497	509,331	524,611	540,350	556,560	573,257	590,455
Meter Replacement	-	-	-	-	-	-	-	-	-	2,000,000
District Administration Building Imp.	1,000,000	550,000	250,000	255,000	260,100	265,302	270,608	276,020	281,541	287,171
Electric Operations Building	121,526	1,222,658	-	-	-	-	-	-	-	-
SCADA Reliability Phase 5 & 6	875,153	103,232								
Electric SCADA Update	87,036	79,388								
IT Projects	<u>626,479</u>	<u>646,143</u>	<u>566,755</u>	<u>583,757</u>	<u>601,270</u>	<u>619,308</u>	<u>637,887</u>	<u>657,024</u>	<u>676,735</u>	<u>697,037</u>
	5,358,015	5,982,558	3,444,325	3,660,806	3,768,080	3,578,521	3,683,224	3,491,014	3,592,985	5,697,959
Facility Fee Projects										
Truckee Substation Rebuild	970,273	72,428	-	250,000	-	300,000	-	300,000	-	-
Vehicle Reserve Funded										
Vehicles	445,000	450,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Total Capital Projects	<u>6,773,289</u>	<u>6,504,986</u>	<u>3,844,325</u>	<u>4,310,806</u>	<u>4,168,080</u>	<u>4,278,521</u>	<u>4,083,224</u>	<u>4,191,014</u>	<u>3,992,985</u>	<u>6,097,959</u>



**Truckee Donner Public Utility District
Water Capital Projects
FY20 through FY29**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Rate Funded/Op Reserves										
Facilities Metering Improvements	999,330	-	-	-	-	-	-	-	-	-
Pipeline Replacement	-	-	1,000,000	2,000,000	1,500,000	1,545,000	1,591,350	1,639,091	1,688,263	1,738,911
Well Rehabilitation	101,100	121,777	-	-	400,000	500,000	515,000	530,450	546,364	562,754
Glenshire Drive Discharge Assembly	102,292	-	-	-	-	-	-	-	-	-
Martis Woods Pump Station Replacement	-	537,895	-	-	-	-	-	-	-	-
Well & Pump Station Maintenance	-	-	450,000	454,500	895,045	903,995	913,035	922,166	931,387	940,701
Tank Coating	114,244	115,500	100,000	101,000	102,010	103,030	104,060	105,101	106,152	107,214
Water SCADA Replacement	645,133	670,110	676,811	683,579	690,415	-	-	-	-	-
IT Projects	143,383	147,865	152,301	156,870	161,576	166,423	171,416	176,558	181,855	187,311
Control Valve Rehabilitation Project	104,801	99,746	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Water Production Meter Project	<u>42,585</u>	<u>46,061</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Rate Funded Capital	2,252,867	1,738,954	2,529,112	3,495,949	3,849,046	3,318,449	3,394,862	3,473,366	3,554,021	3,636,891
Funded from Vehicle Reserve										
Vehicles	160,000	270,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total Capital Projects	<u>2,412,867</u>	<u>2,008,954</u>	<u>2,729,112</u>	<u>3,695,949</u>	<u>4,049,046</u>	<u>3,518,449</u>	<u>3,594,862</u>	<u>3,673,366</u>	<u>3,754,021</u>	<u>3,836,891</u>

Appendix D - 2020 & 2021 Budget



**TRUCKEE DONNER
PUBLIC UTILITY DISTRICT**

**FY20 & FY21
BUDGET**

**November 6, 2019
Resolution 2019-26**

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EXECUTIVE SUMMARY

Truckee Donner Public Utility District (District) provides electric power to 13,887 customers and water to 13,085 customers. This service, along with capital replacements, is paid by rates. Expanding electric and water systems in response to growth in the community is paid by developer fees.

The District compiles a two-year budget (FY20 and FY21) for the years ending December 31, 2020 and 2021. The budget reflects past performance, current requirements, future opportunities, and risks. The FY20 and FY21 Budget is a balanced budget for both the District's Electric Utility and Water Utility. That is to say, the revenue and transfers from reserves are equal to the sum of expenses, debt service, capital projects, and transfers to reserves.

The budget includes a scheduled 2.7% and 3.0% electric rate increase for the FY20 and FY21 budget respectfully, and a scheduled 3% water rate increase for FY20 and assumes a 3% increase for FY21. The Electric Utility power supply continues along the path of a balanced, diversified portfolio, including increased carbon free energy purchases. Operations continue to concentrate efforts on development work and system maintenance while also responding to new regulations and Wildfire risk mitigation measures. The Water Utility continues with operations and maintenance programs, system replacement and capital projects to reduce water loss and unaccounted water. Both utilities are improving the reliability of the District's SCADA and communication systems. The District continues to emphasize return on equity for all programs, resulting in stable rates and improvements in the District's and customers' bottom lines.

This budget consists of five distinct parts.

Part I	Mission Statement
Part II	Electric Utility's operations, maintenance and repairs
Part III	Water Utility's operations, maintenance and repairs
Part IV	Capital budget for the electric and water systems
Part V	Appendices

The following table is a comparison of the FY20 and FY21 Budget to the FY19 Budget:

	FY19 Budget			FY20 Budget			FY21 Budget			FY20 vs FY19 % Variance			FY21 vs FY20 % Variance		
	Electric	Water	Total	Electric	Water	Total	Electric	Water	Total	Elec	Water	Total	Elec	Water	Total
Revenue	\$25,526	\$13,216	\$38,742	\$27,293	\$13,897	\$41,190	\$28,073	\$14,309	\$42,382	7%	5%	6%	3%	3%	3%
Expenses	22,120	8,492	30,612	23,928	9,505	33,434	24,168	9,795	33,963	8%	12%	9%	1%	3%	2%
Income	\$ 3,406	\$ 4,724	\$ 8,130	\$ 3,365	\$ 4,391	\$ 7,756	\$ 3,905	\$ 4,514	\$ 8,419						
Plus:															
From Funds	\$ 2,380	\$ 1,914	\$ 4,294	\$ 4,238	\$ 1,439	\$ 5,677	\$ 3,715	\$ 1,878	\$ 5,593	78%	-25%	32%	-12%	31%	-1%
Less:															
Debt Service	600	3,228	3,828	621	3,243	3,864	643	3,088	3,730	4%	0%	1%	4%	-5%	-3%
Capital Projects	4,827	3,220	8,047	6,773	2,413	9,186	6,505	2,009	8,514	40%	-25%	14%	-4%	-17%	-7%
To Reserves	359	190	549	208	175	383	472	1,296	1,768	-42%	-8%	-30%	127%	642%	362%
Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -						

Budget Assumptions

The key assumptions used in the FY20 and FY21 Budget include:

- 3% inflation;
- No new debt;
- Budgeted Electric Revenue includes 2.7% scheduled rate increase for FY20 and 3% for FY21;
- Budgeted Water Revenue includes the maximum potential rate increase of 3% for FY30 and 3% assumption for FY21; and
- Labor cost increase of 3% budgeted for FY20 and FY21 for all employee classes.

Overall Budget

The Electric Utility budget is balanced with revenue collections, Carbon Cap & Trade (AB32) proceeds, and use of reserve funds. The Water Utility budget is balanced with revenue collections and the use of reserve funds.

The Electric Utility revenue is projected to increase 7% in FY20 due to increased usage combined with a 2.7% rate increase compared to the FY19 budget. The Water revenue is projected to have a 5% increase in FY20 due to increased usage combined with a 3% rate increase. The 3% projected Electric and Water revenue increases in FY21 are due to 3% rate assumptions in that year compared to FY20.

The Electric Utility is projecting a 8% increase in expenses in FY20 compared to FY19. The primary drivers being additional costs associated with the General Manager's transition, continued increase in unfunded mandates in operations including significant increased vegetation management for wildfire mitigation, and increased staffing and operating expenses for Information Technology.

The Water Utility is projecting a 12% increase in expenses in FY20 compared to FY19. The primary drivers being the General Manager's transition, in addition to an increase in expenses to comply with unfunded regulatory compliance measures for meter maintenance operations and maintenance of distribution lines.

Electric Utility

The utility continues to focus on system maintenance, tree trimming and a high level of Renewable Portfolio Standards. The capital projects include; District Administration Offices Remodel, Substation Projects, Maintenance and Distribution Replacement and Improvement Projects, and additional projects included in the Electric Master Plan.

Water Utility

The utility continues to focus on repair and maintenance of District facilities and equipment. Capital projects include the continuation of the SCADA Replacement Project, Facilities Metering Improvements, and Pump Station and Well Maintenance Projects.

PART I

THE FY20 & FY21 BUDGET

MISSION STATEMENT

MISSION STATEMENT

The mission of Truckee Donner Public Utility District is to provide reliable, high quality water and electrical power services while meeting customer demand, and to manage District resources in a safe, open, responsible, environmentally sound manner at the lowest practical cost.

1.05.020 Objectives:

1. Responsibly serve the public.
2. Provide a healthy and safe work environment for all District employees.
3. Provide reliable and high quality water supply and distribution system to meet current and future needs.
4. Provide reliable and high quality electric supply and distribution system to meet current and future needs.
5. Manage the District in an environmentally sound manner.
6. Manage the District in an effective, efficient, and fiscally responsible manner.

1.05.030 Goals:

1. Responsibly serve the public.
 - 1.1 Conduct the District's business in a legal, ethical, open, and transparent manner.
 - 1.2 Implement a proactive public outreach program.
 - 1.3 Promote communication and cooperation with other public and private agencies.
 - 1.4 Develop and implement high standards of customer service.
 - 1.5 Develop and implement high operational standards, procedures, and Codes of Conduct.
2. Provide a healthy and safe work environment for all District employees.
 - 2.1 Reduce the OSHA reportable injury frequency and severity rates relative to previous reporting year.
 - 2.2 Comply with all State and Federal regulations regarding worker safety.
 - 2.3 Maintain the District's wellness program.
 - 2.4 Reduce employee injuries by maintaining an active and effective safety program.
3. Provide reliable and high quality water supply and distribution system to meet current and future needs.
 - 3.1 Maintain and implement a current Urban Water Management Plan which includes current and future projections of water quality, demand, and supply.
 - 3.2 Maintain and implement a current Water Master Plan, including the required facilities to meet current and future demand and supply.
 - 3.3 Secure the necessary water rights and other legally required documentation.
 - 3.4 Conduct effective and efficient operations, maintenance, and replacement programs.

4. Provide reliable and high quality electric supply and distribution system to meet current and future needs.
 - 4.1 Develop and implement Risk Management Policy that considers quality and quantity of all energy supply and transmission contracts and facilities.
 - 4.2 Maintain and implement a long-term energy and load forecast consistent with Risk Management Policy.
 - 4.3 Procure and contract for low cost electric power supplies to reliably meet current and future loads, consistent with the Renewable Portfolio Standards and Risk Management Policy.
 - 4.4 Maintain and implement an Electric System Master Plan, including the required facilities to meet the current and future demand and reliable supply.
 - 4.5 Provide effective and efficient maintenance and replacement programs.
 - 4.6 Provide an effective, efficient, and safe operations program.

5. Manage the District in an environmentally sound manner.
 - 5.1 Seek power supply from a resource mix that satisfies its Renewable Portfolio Standard.
 - 5.2 Develop and implement a program of water and electric power use efficiency and conservation.
 - 5.3 Support a program of distributed generation within the District's service area.
 - 5.4 Conduct District business in an environmentally lawful manner.
 - 5.5 Minimize negative impact of District operations on the environment.
 - 5.6 Provide key leadership in the stewardship of the District's aquifer, watershed, and natural infrastructure.

6. Manage the District in an effective, efficient and fiscally responsible manner.
 - 6.1 Utilize modern, cost effective work methods and equipment.
 - 6.2 Employ a qualified and productive workforce.
 - 6.3 Provide safe work conditions and procedures that encourage employee growth, productivity and retention.
 - 6.4 Control the growth of the District's discretionary-operational spending to a rate less than the rate of inflation.
 - 6.5 Review and update the Financial Goals policy to achieve a stable financial condition to include planning, revenue, debt, and reserve goals.
 - 6.6 Develop appropriate financial procedures to assure responsible financial management.

PART II

THE FY20 & FY21 BUDGET

OPERATING, MAINTENANCE, AND REPAIR

ELECTRIC UTILITY

ELECTRIC OPERATING, MAINTENANCE & REPAIR PLAN INTRODUCTION

The Electric budget projects total operating expenditures and transfers to reserve funds for FY20 and FY21 in the amounts of \$24,757,770 and \$25,282,855 respectively. Capital expenditures are budgeted for FY20 and FY21 in the amounts of \$7,743,497 and \$7,504,686 respectively. Total operating revenues and transfers from various reserve funds total \$31,531,058 and \$31,787,842. Of the \$7,743,497 for FY20 capital expenditures, \$3,969,692 is paid by operating funds. Of the \$7,504,686 for FY21 capital expenditures, \$4,209,900 is paid by operating funds. The remaining projects are funded by reserves and customer contributions. The Electric budget includes a 2.7% electric rate increase in FY20 and a 3% increase in FY21 as previously approved by the Board and achieves an overall balanced budget.

During FY20 and FY21, the District continues along the path of a balanced, diversified power supply, including increased carbon free energy purchases.

In FY20 and FY21, we continue to commit resources to improving reliability in our service area and addressing increasing unfunded regulatory mandates and wildfire mitigation measures.

No new debt will be acquired.

ELECTRIC OPERATIONS REVENUE STATEMENT

OPERATING REVENUE	BUDGET FY19	PRIOR 12 MOS ENDING 3.2019	BUDGET FY20	\$ BUDGET CHANGE	% BUDGET CHANGE	BUDGET FY21	\$ BUDGET CHANGE	% BUDGET CHANGE
<i>Residential Sales</i>	\$13,347,313	\$13,661,469	\$14,290,594	\$943,281	7%	\$14,705,571	\$414,977	3%
<i>Commercial Sales</i>	9,821,805	9,888,947	10,366,563	544,758	6%	10,677,560	310,997	3%
<i>Interdepartmental Sales</i>	1,237,009	1,234,390	1,295,816	58,807	5%	1,308,775	12,958	1%
<i>Miscellaneous Operating Revenue</i>	167,217	193,446	168,889	1,672	1%	170,578	1,689	1%
<i>Standby Revenue</i>	20,884	20,040	18,789	(2,096)	-10%	18,225	(564)	-3%
<i>Pole Replacements and Contacts</i>	262,000	497,640	264,620	2,620	1%	267,266	2,646	1%
<i>Interdepartmental Rent</i>	542,329	467,967	506,843	(35,486)	-7%	536,536	29,693	6%
TOTAL OPERATING REVENUE	\$25,398,558	\$25,963,899	\$26,912,115	\$1,513,557	6%	\$27,684,511	\$772,396	3%
<i>Interest Income</i>	127,500	398,575	381,090	253,590	199%	388,712	7,622	2%
<i>Transfer in from Vehicle Reserve Fund</i>	0	456,674	445,000	445,000	-	450,000	5,000	1%
<i>Transfer in from Capital Reserve Fund</i>	1,205,775	2,476,702	1,388,324	182,549	15%	1,772,658	384,334	28%
<i>Transfer in from Facility Fees Fund</i>	0	0	970,273	970,273	-	72,428	(897,845)	-93%
<i>Transfer in from overhead to cover CalPers sidefund interest payment</i>	48,106	54,600	34,256	(13,850)	-29%	19,532	(14,724)	-43%
<i>Transfer in from AB32 Reserve Fund</i>	1,126,330	1,196,093	1,400,000	273,670	24%	1,400,000	0	0%
TOTAL ELECTRIC REVENUE & TRANSFERS	\$27,906,269	\$30,546,543	\$31,531,058	\$3,624,789	13%	\$31,787,842	\$256,784	1%

SUMMARY OF ELECTRIC REVENUES AND EXPENSES

RECAP REVENUES LESS EXPENSES	BUDGET FY19	PRIOR 12 MOS ENDING 3.2019	BUDGET FY20	\$ BUDGET CHANGE	% BUDGET CHANGE	BUDGET FY21	\$ BUDGET CHANGE	% BUDGET CHANGE
ELECTRIC REVENUES & TRANSFERS	\$27,906,269	\$30,546,543	\$31,531,058	\$3,624,789	13%	\$31,787,842	\$256,784	1%
LESS EXPENSES:								
<i>Board of Directors</i>	148,344	119,014	275,812	127,468	86%	166,110	(109,702)	-40%
<i>General Management</i>	801,281	778,936	787,784	(13,497)	-2%	902,536	114,752	15%
<i>Administrative Services</i>	1,466,221	1,275,612	1,433,057	(33,164)	-2%	1,417,121	(15,935)	-1%
<i>Conservation</i>	938,112	644,995	946,279	8,167	1%	817,370	(128,909)	-14%
<i>Electric Operations</i>	4,763,503	5,221,530	5,785,319	1,021,816	21%	5,979,295	193,976	3%
<i>Information Technology (IT)</i>	701,955	763,993	1,486,077	784,122	112%	1,529,658	43,582	3%
<i>Purchased Power</i>	12,784,886	10,957,184	12,787,524	2,638	0%	12,915,399	127,875	1%
<i>Building Maintenance (managed by Water Ops)</i>	515,352	430,904	426,555	(88,797)	-17%	440,391	13,836	3%
TOTAL OPERATING EXPENSES	\$22,119,654	\$20,192,168	\$23,928,406	\$1,808,752	8%	\$24,167,880	\$239,474	1%
<i>Debt Service (Appendix VIII)</i>	600,106	589,812	621,056	20,950	3%	642,933	21,877	4%
<i>Transfer to Vehicle Reserve</i>	202,239	202,239	208,307	6,068	3%	214,556	6,249	3%
<i>Transfer to Electric Rate Reserve Fund</i>	157,271	157,271	0	(157,271)	-100%	0	0	-
<i>Transfer to Electric Capital Fund</i>	0	0	0	0	0%	257,486	257,486	0%
TOTAL EXPENSES & TRANSFERS	23,079,270	21,141,490	24,757,770	1,678,500	7%	25,282,855	525,086	2%
NET AVAILABLE FOR CAPITAL	\$4,826,999	\$9,405,053	\$6,773,289	\$1,946,290	40%	\$6,504,986	(\$268,302)	-4%

BOARD OF DIRECTORS (Electric Budget)

The Board of Directors consists of five publically elected members who serve four-year terms. The Truckee Donner Public Utility District is a multi-county agency; including Nevada and Placer counties. The Board generally meets twice each month on the first and third Wednesdays. The Board conducts its business in a legal, ethical, open, and transparent manner.

The Directors of the District represent customer interests, set policies and rates, study and assess implications of new legislation and alternatives. The Board of Directors are responsible for District policies, governance, and decision making for the District. The Board evaluates and provides direction and guidance on District business. The Board reviews and takes action on the overall District performance and performance reviews with the General Manager.

The Board's adopted Mission Statement and Statement of Objectives and Goals, were used to guide the FY20 and FY21 budget process.

Staff continues with their commitments, at the Board's direction, as it relates to public outreach, increase in efficiencies, cooperation, collaboration, and setting a high standards of ethical conduct. Meetings of the Board continue to be televised and live streamed in compliance with the Board's dedication to transparency. All Board meetings meet and exceed the requirements set forth in the Ralph M. Brown Act.

All of these actions help manage the District in an effective, efficient and fiscally responsible manner.

ELECTRIC EXPENDITURE DETAIL

<i>BOARD OF DIRECTORS</i>	<i>BUDGET FY19</i>	<i>PRIOR 12 MOS ENDING 3.19</i>	<i>BUDGET FY20</i>	<i>\$ BUDGET CHANGE</i>	<i>% BUDGET CHANGE</i>	<i>BUDGET FY21</i>	<i>\$ BUDGET CHANGE</i>	<i>% BUDGET CHANGE</i>
<i>Outside Services Employed</i>	<i>\$25,750</i>	<i>\$12,505</i>	<i>\$25,750</i>	<i>\$0</i>	<i>0%</i>	<i>\$26,523</i>	<i>\$773</i>	<i>3%</i>
This account is utilized to reflect costs associated with the District's general counsel attendance at board meetings and his performance of research on legal issues presented at the board level.								
<i>Miscellaneous General Expenses</i>	<i>122,594</i>	<i>106,509</i>	<i>250,062</i>	<i>127,468</i>	<i>104%</i>	<i>139,588</i>	<i>(110,474)</i>	<i>-44%</i>
This account covers compensation and benefits paid to directors, election, annual employee recognition dinner, training and conferences attended by directors, minor office supplies and equipment.								
<i>TOTAL</i>	<i>\$148,344</i>	<i>\$119,014</i>	<i>\$275,812</i>	<i>\$127,468</i>	<i>86%</i>	<i>\$166,110</i>	<i>(\$109,702)</i>	<i>-40%</i>

GENERAL MANAGEMENT (Electric Budget)

The District's General Management Department consists of the General Manager; District Clerk, support staff, and the Public Information Officer/ Strategic Affairs Director. The General Manager is the administrative head of the District with responsibility for managing the day-by-day affairs of the organization. The District Clerk manages the General Managers office and is responsible for all legislative actions for the Board of Directors, serves as the custodian of records and Election Officer for the District, ensures compliance with laws and regulations as it relates to the Clerk's office, provides high level administrative duties to the General Manager and Board of Directors. As well as, acts as the District's real property representative, LAFCo, and oversees the District complex facilities. The Public Information Officer/Strategic Affairs Director is responsible for continued public outreach on all affairs of the District ensuring communication and collaboration with the community and ensuring compliance on strategic, legislative, and regulatory affairs of the District.

The primary role of the General Manager is to lead the District and serve as the primary contact between the elected Board and District staff. This includes overall fiscal responsibility, negotiating with the Union, operations, process, procedures, controls, staffing, and ensuring that the District is meeting its goals and objectives. The General Manager ensures certain matters appearing on the agenda are adequately researched and presented to the Board of Directors.

The main District goals for FY20 and FY21 are:

- 6.1 Utilize modern, cost effective work methods and equipment;
- 6.2 Employ a qualified and productive workforce;
- 6.3 Provide safe work conditions and procedures that encourage employee growth, productivity and retention;
- 6.4 Control the growth of the District's discretionary-operational spending to a rate less than the rate of inflation; and
- 6.5 Ensure that the Districts various capital projects are implemented in a smooth and cost effective manner.

In order to maintain the improved reporting relationship between the General Manager and the Board of Directors, the General Manager will continue to hold semi-annual performance reviews with the Board.

The District's remains committed to the safe and healthy work environment to all District employees.

ELECTRIC EXPENDITURE DETAIL

GENERAL MANAGEMENT	BUDGET FY19	PRIOR 12 MOS ENDING 3.2019	BUDGET FY20	\$ BUDGET CHANGE	% BUDGET CHANGE	BUDGET FY21	\$ BUDGET CHANGE	% BUDGET CHANGE
Public Information	\$103,768	\$90,451	\$102,362	(\$1,406)	-1%	\$90,685	(\$11,676)	-11%
This account includes the activities of the PIO plus the website and newsletter.								
Legislature & Regulations	78,476	80,587	92,899	14,423	18%	96,082	3,183	3%
This account is for legislation and regulation tracking labor.								
Administrative & General - Salaries	365,882	378,311	276,429	(89,453)	-24%	411,319	134,889	49%
This account is used to charge general administrative staff time other than safety and board related activities.								
Office Supplies & Expenses	47,535	74,262	50,505	2,970	6%	77,020	26,515	53%
This account is used to cover cell phone use, computer expenses, dues & memberships including LAFCO and NCPA, industry meetings, office supplies, postage, training, assessment, personnel expenses and safety .								
Outside Services Employed	74,813	34,807	128,450	53,637	72%	64,581	(63,869)	-50%
This account is used to charge the costs of general counsel to review contracts and agreements, property issues, insurance claims, bid issues, capital contract issues and union matters.								
Injuries & Damages	18,647	18,511	1,564	(17,083)	-92%	2,305	742	47%
This account includes labor for department safety meetings and training and the organization's wellness program.								
General Advertising Expenses	50,537	36,344	69,074	18,537	37%	91,861	22,787	33%
This account is used for the cost of publishing ordinances, surplus material, and other legal ad requirements.								
Misc General Expenses	61,624	65,663	66,501	4,877	8%	68,683	2,181	3%
This account is used to perform board related activities such as preparing meeting minutes, resolutions and ordinances; it is also charged with dues and memberships in electric utility organizations.								
TOTAL	\$801,282	\$778,936	\$787,784	(\$13,498)	-2%	\$902,536	\$114,752	15%

ADMINISTRATIVE SERVICES (Electric Budget)

The Administrative Services Department supports both the Electric and Water utilities and is organized into two primary functional areas: Customer Service and Finance and Accounting. These functional areas include responsibility for the District's customer services, conservation, collections, billing, meter reading, accounting, finance, and purchasing. It is staffed by 19 people co-managed by the Human Resources/Business Operations Manager and Finance and Accounting Manager.

Administrative Services will continue to utilize technology to increase customer engagement efficiently and accurately. The continued development of the District's web-based portal, called, "Smart Hub," enables customers to have easy, remote access to their power and water consumption, in addition to the already existing capability of paying bills on-line and establishing automatic recurring payments. The Department continues to integrate significant advancements in technology with the existing suite of electronic tools available to support advancements available to our customers including the data from the new electric meter system. Staff will continue to optimize these and other tools to minimize costs and still maximize customer engagement.

Staff will continue to take advantage of opportunities to lower costs and improve internal controls and operating procedures for billing, accounting, and computer operations.

Staff will continue to be trained and developed to provide safe work conditions and encourage employee growth, productivity and retention.

The District's financial goals will be reviewed annually to achieve a stable financial condition including planning, revenue, debt, and reserve goals.

ELECTRIC EXPENDITURE DETAIL

ADMINISTRATIVE SERVICES	BUDGET FY19	PRIOR 12 MOS ENDING 3.2019	BUDGET FY20	\$ BUDGET CHANGE	% BUDGET CHANGE	BUDGET FY21	\$ BUDGET CHANGE	% BUDGET CHANGE
Meters/Services Operations Expenses	\$53,893	\$44,443	\$0	(\$53,893)	-100%	\$0	\$0	-
This account is used by the meter readers to charge their time to perform meter connects, disconnects and service transfers.								
Customer Installation Expense	787	918	0	(787)	-100%	0	0	-
This account includes charges for GO165 inspections for the electric department as well as investigations of energy diversion.								
Customer Account Operations Expense-Salaries	89,731	96,925	147,619	57,888	65%	155,783	8,164	6%
This account includes the management staff supervision of the customer service and billing functions.								
Meter Reading Expense	52,596	48,404	8,592	(44,004)	-84%	8,850	258	3%
This account is used to charge meter reading expenses which includes meter reader labor, overheads, and the hardware and software that supports the meter readers; it also includes their clothing allowance, uniform expenses, vehicle expenses and training.								
Customer Records & Collections Expense	512,292	429,569	575,604	63,312	12%	551,863	(23,742)	-4%
This account includes the major expenses involved in serving our customers. Included are answering and directing phone calls, answering customer questions, customer account setup expenses, taking and processing customer payments, creating connect, disconnect and transfer paperwork for the crews, creating and reviewing bills, expenses related to the printing and mailing of the bills, account collection expense, billing software and hardware support, standby billing expenses, billing equipment maintenance expenses, printed billing and collection forms, billing postage and customer service staff training.								
Customer Records & Collections - Meter Readers	23,338	17,919	18,946	(4,392)	-19%	19,636	690	4%
This account includes the meter readers labor and overheads to deliver 48 hour notices and perform disconnect and reconnects relating to non-payment of utility bills.								
Provision for Bad Debts	18,760	0	12,851	(5,909)	-31%	12,851	0	0%
This account represents the amount of uncollectable bills for the year.								
Administrative & Operations General-Salaries	481,449	382,062	470,287	(11,162)	-2%	462,481	(7,806)	-2%
This account includes most of the labor for the administration department except meter reading and customer account related expenses. It includes preparation of the budget and financial statements, accounts payable and payroll, construction accounting, cash management activities and processing the daily mail.								
Office Supplies & Expenses	77,004	73,004	64,229	(12,775)	-17%	66,156	1,927	3%
This account includes bank charges, answering service charges, phone charges, computer and network operating expenses, software maintenance and support for the accounting system, printed forms and material, office equipment leases and equipment maintenance expenses.								
Outside Services Employed	32,418	30,778	13,843	(\$18,576)	-57%	14,258	\$415	3%
This account includes any professional services hired from the outside such as audit or accounting services, trust services for our certificates of participation and community facilities districts and arbitrage calculation services for the same.								
Insurance	117,681	142,921	103,638	(14,043)	-12%	106,747	3,109	3%
This account Includes annual insurance premiums for property, liability, umbrella liability, directors & officers liability, difference in conditions, boiler & machinery coverage insurance.								
Injuries & Damages (Safety)	6,272	8,669	17,447	11,176	178%	18,496	1,049	6%
This account Includes costs for safety training, Department of Transportation Drug and Alcohol training, worker's compensation expenses for employees who have been injured and safety related equipment.								
TOTAL	\$1,466,221	\$1,275,612	\$1,433,057	(\$33,164)	-2%	\$1,417,121	(\$15,935)	-1%

CONSERVATION (Electric Budget)

This section will describe specific electric conservation objectives within the FY20 and FY21 budgets.

The Conservation Department is responsible for providing energy and water conservation services, supporting the State's carbon reduction goals, and management of the District's State-mandated Public Benefits Programs.

The Department was physically integrated into the Administrative Services department in the FY17 in order to provide customers enhanced and more efficient customer service. The integration has included the cross training of Customer Service Representatives (CSRs), which has improved the promotion and adoption of the District's programs and eliminated the need to pass customers between departments to have their questions answered. The knowledge of conservation programs has also provided CSRs with options to help customers as they answer high bill, leak and/or shutoff questions, which has further enabled the District to be customers' trusted energy provider.

The Department has had a very successful portfolio of energy efficiency and conservation programs. Significant progress has been made developing the District's energy conservation programs with a continued emphasis on return on investment. Historically, the District's energy efficiency programs have focused on the most cost effective end use loads to target which have been residential lighting and commercial retrofit projects. Lighting has dominated the strong evaluation, measurement and verification (EM&V) results and has been serviced by product giveaways, rebates, and holiday LED lights. The portfolio has also had strong emphasis on helping commercial customers reduce energy usage through lighting retrofits, refrigeration upgrades, and custom projects. Residential lighting and commercial retrofit projects account for almost 70% of the District's Conservation portfolio's energy savings. In addition, the District offers appliances rebates and education programs through the Residential Energy Survey as well as with the Tahoe Truckee Unified School District.

However, annual program participation has been steadily declining. The majority of low-cost improvements have already been upgraded and the next tier of conservation upgrades are significantly more expensive to replace. Also, some of the District's most successful programs are being phased out by new regulatory standards. For example, driven by changes to the building code (Title 24), 2019 will be the last year the District will be able to claim LED lighting savings. The combination of program saturation plus regulatory changes will require new programs to continue the District's successful support of conservation.

While the District has and will continue to support and expand our energy and water conservation programs, customer programs have been expanding to serve emerging customer needs. For FY20 & FY 21, conservation programs will focus

on developing new programs and services that leverage our new AMI equipment, electrification, and increasing engagement with our commercial programs.

Prepaid Metering will be the most significant program to be launched in FY20, and is a priority due to the customer and utility advantages that have been demonstrated by other utilities that have implemented the program. Customers will benefit from reduced deposits/fees, no credit checks, and better energy usage management through more awareness of account balance and energy usage alerts. The ability for customers to proactively manage their energy usage and account balances benefits the District by reducing delinquencies, disconnects, and lower average final bills and write-offs.

Solar and local Distributed Energy Resources is another investment area for the upcoming budget cycle. Funds have been allocated to support the District's Solar Awning project in development. In addition, the California Title 24 Building Code starting in 2020 will require all new residential buildings to have solar. The code allows for the requirement to be met through a Community Solar installation, so the District will investigate how a utility scale installation can reduce the cost of compliance and better serve the power needs of our customers.

Lastly, the District will be looking for opportunities within the Water Department to support water conservation efforts that drive energy savings. The team will utilize new sensors and monitoring equipment to detect leaks, and analyze SCADA and AMI data to identify opportunities more efficient equipment upgrades. These efforts will be in support of the upcoming AB 1668 and SB 606 mandates.

The budget also reflects decrease of spending in certain program areas due to continued saturation of some of the District's energy conservation programs. FY19 is the last year the District will support lighting programs.

ELECTRIC EXPENDITURE DETAIL

CONSERVATION	BUDGET FY19	PRIOR 12 MOS ENDING 3.2019	BUDGET FY20	\$ BUDGET CHANGE	% BUDGET CHANGE	BUDGET FY21	\$ BUDGET CHANGE	% BUDGET CHANGE
Public Benefits - Conservation	\$412,470	\$247,418	\$204,541	(\$207,930)	-50%	\$207,530	\$2,989	1%
The account includes general energy conservation and efficiency programs and wire to water.								
Public Benefits - Research & Development	13,586	13,950	97,648	84,062	619%	103,156	5,508	6%
This account includes energy conservation and efficiency R&D activities.								
Public Benefits - Income-Qualified	84,382	23,725	54,100	(30,282)	-36%	55,954	1,854	3%
This account includes income-qualified programs.								
Public Benefits - Renewable Power	152,637	182,478	300,000	147,363	97%	150,000	(150,000)	-50%
This account includes renewable purchases and programs.								
Public Benefits - Rebates	244,448	131,560	222,589	(21,859)	-9%	230,609	8,020	4%
This account includes energy conservation and efficiency rebates.								
Admin & General Salaries	5,080	3,685	26,456	21,375	421%	27,947	1,491	6%
This account includes the administrative salaries to perform various administrative								
Office Supplies & Expenses	22,138	17,033	15,783	(6,356)	-29%	16,256	473	3%
This account includes office supplies, dues, memberships and meeting and training expenses.								
General Advertising	684	15,261	18,164	17,480	2557%	18,709	545	3%
This account includes TDPUD marketing and media activities.								
Misc General Expense	2,686	9,885	7,000	4,314	161%	7,210	210	3%
This account includes support of community activities such as sponsorship of the Truckee Home Show, Chamber activities, etc.								
TOTAL	\$938,112	\$644,995	\$946,279	\$8,167	1%	\$817,370	(\$128,909)	-14%

ELECTRIC OPERATIONS

The Electric Operations is responsible for operating, maintaining, repairing, and expanding the District's electric distribution system. The primary responsibility is to provide effective and efficient maintenance and replacement programs and provide an effective, efficient, and safe operations program.

The FY20 and FY21 budget staffs the Department with an Electric Utility Director, an Electric Engineering Manager, an Electric Operations Manager, an Assistant Electric Operations Manager, two Electric System Engineers, three Electrician / Meter Technicians, one Meter Reader Coordinator/Utility Worker, one Foreman Electrician, three Electric Foremen, a Lead Lineman, a Substation Lineman, eight Lineman, two Apprentice Lineman and a Vehicle Maintenance Foreman.

Electric Operations provides work conditions and procedures that encourage employee safety, growth, productivity, and retention. Apprentices are trained both internally and externally. Journeymen are trained to utilize approved rubber gloving practices. Employees are trained on underground practices and materials, as the District increasingly transitions to underground utility facilities.

During FY19, District customer growth continued to increase at a modest pace. This modest growth is forecasted to continue in FY20 and FY21. The department will concentrate efforts on development work and system maintenance projects. Approximately sixty poles have been identified for replacement each year. Vegetation management (tree trimming) operations are a high priority due to recent regulatory changes affecting the District including the requirement to develop and implement a Wildfire Mitigation Plan.

Capital improvements will be implemented as identified in the Electric System Master Plan.

ELECTRIC EXPENDITURE DETAIL

ELECTRIC OPERATIONS	BUDGET FY19	PRIOR 12 MOS ENDING 3.2019	BUDGET FY20	\$ BUDGET CHANGE	% BUDGET CHANGE	BUDGET FY21	\$ BUDGET CHANGE	% BUDGET CHANGE
Operations/PM Sup & Engineering	\$1,224,189	\$1,352,339	\$1,081,876	(\$142,314)	-12%	\$1,147,465	\$65,590	6%
This account is utilized by the electric superintendent and electric engineer for supervision, engineering and management of District electric operations and electric projects. It also includes design and engineering labor of District electric projects.								
Substation Operations/PM	180,364	190,097	216,845	36,481	20%	218,472	1,626	1%
This account Includes all work done on, and within, substations including snow removal, maintenance, repairs and associated materials and employee training.								
Distribution Operations/PM	1,395,589	1,655,567	2,301,220	905,632	65%	2,365,482	64,262	3%
This account Includes all maintenance work such as mandated programs, pole testing, tree trimming, pole clearing, small tools and employee training.								
Security/Street Light Operations/PM	1,279	1,371	1,443	164	13%	1,489	46	3%
This account Includes the purchase and installation of street and security lights throughout the District.								
Meter Operations/PM	95,799	152,782	217,647	121,848	127%	210,658	(6,989)	-3%
This account includes connecting and disconnecting meters, checking the operation of demand meters, meter audits where we verify the wiring and accuracy of commercial meter installations, rebuilding of old commercial meter installations and training of meter technicians.								
Customer Installation Operations/PM	256,862	262,793	228,759	(28,103)	-11%	236,065	7,305	3%
This account primarily includes the inspection of new residential services including checks of wiring code compliance. It is also used to do field investigations of customer high bill complaints, voltage irregularities and energy diversion.								
Misc General Operations/PM	516,539	548,340	558,427	41,888	8%	579,762	21,335	4%
This account includes testing of transformer oil to determine PCB content, GIS mapping of the electric system, SCADA repairs and maintenance, cell phones and pagers. It also includes computer hardware and software maintenance, clothing allowance, DMV physicals, meals, uniforms, land fill charges, meeting expenses, advertising, new employee testing, employee development and training, and Underground Service Alert marking of utilities.								
Maintenance of Station Equipment	20,600	7,654	3,352	(17,248)	-84%	3,457	105	3%
This account Includes labor and material to maintain the reclosers and regulators within the substations.								
Maintenance of Distribution Lines	478,081	603,134	701,844	223,762	47%	724,927	23,083	3%
This account primarily includes labor and material material for recloser repair, distribution line repair, damage tree clearing, standby labor and storm damage repair.								
Maintenace of Security/Street Lights	1,728	3,988	5,550	3,822	221%	5,748	198	4%
This account includes labor, materials and supplies (replacement bulbs, photocells and fixtures) for the maintenance and repair of security and street lights.								
Professional Services	218,034	144,071	150,000	(68,034)	-31%	154,500	4,500	3%
This account includes payments to Energy Source and Power Supply consultants. It also includes UAMPS expenditures.								
Injuries & Damages (Safety)	252,433	252,971	260,726	8,293	3%	270,919	10,193	4%
This account Includes labor for safety meetings, safety equipment and safety meeting/training expenses.								
Regulatory Commission Expense	122,005	46,423	57,629	(64,376)	-53%	60,351	2,722	5%
This account includes staff labor and legal fees for any FERC activity.								
TOTAL	\$4,763,503	\$5,221,530	\$5,785,319	\$1,021,816	21%	\$5,979,295	\$193,976	3%

INFORMATION TECHNOLOGY (IT) (Electric Budget)

The Information Technology (IT) Department is headed by the Chief Information Officer / IT Director and also includes the Systems Engineer, SCADA Engineer, Cyber Security & Applications Engineer, GIS Coordinator, and Data Analyst & Administrator positions. The IT Department is responsible for networks, servers, communications, operations technology, physical and cyber security, geographic information systems, databases, systems integration, business intelligence, AML and desktops. Internal IT staff helps reduce outside contractor costs for the District's data and technology needs, increase IT knowledge of systems security, and provide additional accountability and redundancy.

The IT Department implements technology strategies that optimize the operations of the District by providing tools that enable the District to operate faster, better, and more cost efficiently, while providing secure access to critical control, mapping, and information systems. Information Technology's aim is to provide timely, relevant, and accurate information, when and where it is needed, to support sound decisions that improve the quality, efficiency, cost, safety, and environmental footprint of the products and services the District delivers and uses.

To achieve the goals and implement the strategies in the IT Master Plan, the IT Department utilizes the following guiding principles below focusing on leadership and excellence through quality of service, responsiveness, innovation, professionalism, and teamwork. These principles require commitment not only from the District's IT professionals, but from all District employees.

1. Consult and advise department heads to drive IT initiatives according to business needs, goals, and objectives, and developing a sound business case before making any new investment.
2. View IT from the perspective of the entire District and not from the perspective of individual departments.
3. Acquire, manage, and use technology resources economically and efficiently through standardized information technology selection and implementation processes.
4. Securely hold and manage technology assets to protect private information.
5. Develop mechanisms and processes to share information easily within the organization and with customers and partners.
6. Understand that availability and access to technology is a given, and design and build systems accordingly.
7. Aggregate, where feasible, to reduce duplication, and employ information technology that is flexible and interoperable to respond quickly and efficiently to changing business needs.
8. Devise strategies to leverage investments in the District's existing technology.
9. Train the workforce in the skills needed to effectively use IT systems and the information they contain.

ELECTRIC EXPENDITURE DETAIL

INFORMATION TECHNOLOGY (IT)	BUDGET FY19	PRIOR 12 MOS ENDING 3.2019	BUDGET FY20	\$ BUDGET CHANGE	% BUDGET CHANGE	BUDGET FY21	\$ BUDGET CHANGE	% BUDGET CHANGE
Engineering & SCADA Operations	\$66,580	\$91,538	\$175,258	\$108,678	163%	\$185,610	\$10,352	6%
This account is for the operational use of SCADA, Outage Management and Engineering support.								
GIS/Engineering Operations	158,830	123,142	246,108	87,278	55%	255,619	9,511	4%
This account is for the maintenance of software and data that supports engineering and SCADA.								
Meter Reading	12,416	51,789	150,655	138,239	1113%	156,022	5,367	4%
This account is for the maintenance of software and data that supports meter technology and AMI.								
Customer Records	125,117	124,915	164,241	39,124	31%	151,309	(12,932)	-8%
This account is for the maintenance of software and data that supports Customer Information and Customers.								
Administrative & General IT Ops	285,458	338,196	677,281	391,823	137%	706,064	28,783	4%
This account is for the maintenance of hardware and software infrastructure that supports data transport, storage and security.								
Office Supplies & Expenses	23,201	26,840	16,543	(6,659)	-29%	17,039	496	3%
This account includes office supplies, dues, memberships, meeting and training expenses.								
Outside Services Employed	28,840	4,152	40,000	11,160	39%	41,200	1,200	3%
This account is for outside professional services contracted to maintain hardware, software and data.								
Safety	1,513	3,421	15,991	14,478	957%	16,796	805	5%
This account includes department labor for safety meetings, safety equipment and training expenses.								
TOTAL	\$701,955	\$763,993	\$1,486,077	\$784,122	112%	\$1,529,658	\$43,582	3%

PART III

THE FY20 & FY21 BUDGET

OPERATING, MAINTENANCE, AND REPAIR

WATER UTILITY

WATER OPERATIONS INTRODUCTION

The Water budget projects total operating expenditures and transfers to reserve funds for FY20 and FY21 in the amount of \$12,923,028 and \$14,177,852 respectively. The Water budget also forecasts capital expenditures for FY20 and FY21 in the amount of \$2,412,868 and \$2,008,954 respectively. For capital expenditures, \$2,252,867 and \$1,738,954 will be paid by rates each year. The remaining costs will be paid from reserve funds. Operating revenues and transfers from various reserve funds total \$15,335,896 for FY20 and \$16,186,807 for FY21. The water budget proposes a 3% rate increase in FY20, achieving an overall balanced budget. The District plans to implement a cost of service and rate study in 2020 to evaluate potential rate increase for 2021.

The mechanics and hydraulics of water utility service is very complex in a mountain environment. The majority of the District's water supply comes from the Martis Valley Aquifer in the southeast portion of the service territory. The customer base is spread over forty six square miles and covers an elevation change from 5,700 feet to 7,500 feet. The system currently consists of 13 wells, 230 miles of pipeline, 36 storage tanks, and 24 pump stations. The complexity of the system and challenges associated with an alpine environment impact the overall fiscal requirements to operate, maintain, repair and replace key infrastructure. One of the primary goals of the water utility is to control the operating costs and minimize future rate increases.

During FY20 and FY21, the Water Utility will continue with operations and maintenance programs, system replacement and capital projects, the SCADA replacement project and various on-going projects to reduce water loss and unaccounted water. These projects are in alignment with the key components of the District's mission to maintain a sustainable and reliable potable water service.

WATER OPERATIONS REVENUE STATEMENT

OPERATING REVENUE	BUDGET FY19	PRIOR 12 MOS ENDING 3.2019	BUDGET FY20	\$ BUDGET CHANGE	% BUDGET CHANGE	BUDGET FY21	\$ BUDGET CHANGE	% BUDGET CHANGE
<i>Residential Sales</i>	\$11,060,382	\$10,932,423	\$11,742,532	\$682,150	6%	\$12,094,808	\$352,276	3%
<i>Commercial Sales</i>	1,623,946	1,566,860	1,613,548	(10,398)	-1%	1,661,919	48,371	3%
<i>Misc. Operating Revenue</i>	253,978	223,734	241,738	(12,240)	-5%	252,578	10,841	4%
<i>Miscellaneous Rents</i>	70,121	75,223	75,518	5,397	8%	76,651	1,133	1%
<i>Standby Revenue</i>	129,437	123,280	123,280	(6,157)	-5%	119,582	(3,698)	-3%
TOTAL OPERATING REVENUE	\$13,137,864	\$12,921,520	\$13,796,616	\$658,752	5%	\$14,205,538	408,922	3%
<i>Interest Income</i>	77,633	126,693	100,000	22,367	29%	103,000	3,000	3%
<i>Transfer in from Facilities Fees & Reserve - Debt - 2006 COP</i>	355,324	355,804	357,617	2,293	1%	356,179	(1,438)	0%
<i>Transfer in from DLAD surcharge for debt payment</i>	800,852	800,852	800,852	0	0%	800,852	0	0%
<i>Transfer in from DLAD billing surcharge - 2006 COPs</i>	100,207	98,504	97,973	(2,234)	-2%	96,216	(1,757)	-2%
<i>Transfer in from Meter Reserve Fund</i>	196,319	0	0	(196,319)	-100%	0	0	-
<i>Transfer in from Vehicle Reserve Fund</i>	429,838	0	160,000	(269,838)	-63%	270,000	110,000	100%
<i>Transfer in from overhead to cover CalPers sidefund interest payment</i>	32,070	36,399	22,838	(9,232)	100%	13,022	(9,816)	-43%
<i>Transfer in from Prop 55 reserve for final debt payment</i>	0	0	0	0	100%	342,000	342,000	-
TOTAL WATER REVENUE & TRANSFERS	\$15,130,107	\$14,339,771	\$15,335,896	\$205,789	1%	\$16,186,807	\$850,911	6%

SUMMARY OF WATER REVENUES AND EXPENSES

RECAP REVENUES LESS EXPENSES	BUDGET FY19	PRIOR 12 MOS ENDING 3.2019	BUDGET FY20	\$ BUDGET CHANGE	% BUDGET CHANGE	BUDGET FY21	\$ BUDGET CHANGE	% BUDGET CHANGE
WATER REVENUES & TRANSFERS	\$15,130,107	\$14,339,771	\$15,335,896	\$205,789	1%	\$16,186,807	\$850,911	6%
LESS EXPENSES								
<i>Board of Directors</i>	148,344	116,415	275,812	127,468	86%	166,110	(109,702)	-40%
<i>General Management</i>	717,413	687,694	677,706	(39,706)	-6%	798,223	120,517	18%
<i>Administrative Services</i>	1,374,588	1,202,291	1,444,943	70,355	5%	1,429,134	(15,809)	-1%
<i>Conservation</i>	118,978	93,559	100,659	(18,319)	-15%	104,752	4,093	4%
<i>Water Operations</i>	4,963,125	5,202,263	5,750,469	787,344	16%	5,991,979	241,510	4%
<i>Information Technology (IT)</i>	627,662	651,177	749,045	121,383	19%	767,900	18,855	3%
<i>Interdepartmental Rent (Appendix I)</i>	542,329	483,225	506,843	(35,486)	-7%	536,536	29,693	6%
TOTAL OPERATING EXPENSES	\$8,492,439	\$8,436,624	\$9,505,478	\$1,013,038	12%	\$9,794,634	\$289,157	3%
<i>Debt Service (Appendix IX)</i>	3,228,003	3,215,064	3,242,842	14,839	0%	3,087,521	(155,321)	-5%
<i>Transfer to Vehicle Reserve Fund</i>	169,620	169,620	174,709	5,089	3%	279,950	105,241	60%
<i>Transfer to Capital Reserve</i>	20,000	20,000	0	(20,000)	-100%	1,015,747	1,015,747	-
TOTAL EXPENSES & TRANSFERS	\$11,910,062	\$11,841,308	\$12,923,028	\$1,012,966	9%	\$14,177,852	\$1,254,824	10%
NET AVAILABLE FOR CAPITAL	\$3,220,045	\$2,498,463	\$2,412,868	(\$807,177)	-25%	\$2,008,954	(\$403,913)	-17%

BOARD OF DIRECTORS (Water Budget)

The Board of Directors consists of five publically elected members who serve four-year terms. The Truckee Donner Public Utility District is a multi-county agency; including Nevada and Placer counties. The Board generally meets twice each month on the first and third Wednesdays. The Board conducts its business in a legal, ethical, open, and transparent manner.

The Directors of the District represent customer interests, set policies and rates, study and assess implications of new legislation and alternatives. The Board of Directors are responsible for District policies, governance, and decision making for the District. The Board evaluates and provides direction and guidance on District business. The Board reviews and takes action on the overall District performance and performance reviews with the General Manager.

The Board's adopted Mission Statement and Statement of Objectives and Goals, were used to guide the FY20 and FY21 budget process.

Staff continues with their commitments, at the Board's direction, as it relates to public outreach, increase in efficiencies, cooperation, collaboration, and setting a high standards of ethical conduct. Meetings of the Board continue to be televised and live streamed in compliance with the Board's dedication to transparency. All Board meetings meet and exceed the requirements set forth in the Ralph M. Brown Act.

All of these actions help manage the District in an effective, efficient and fiscally responsible manner.

WATER EXPENDITURE DETAIL

BOARD OF DIRECTORS	BUDGET FY19	PRIOR 12 MOS ENDING 3.2019	BUDGET FY20	\$ BUDGET CHANGE	% BUDGET CHANGE	BUDGET FY21	\$ BUDGET CHANGE	% BUDGET CHANGE
Outside Services Employed	\$25,750	\$12,505	\$25,750	\$0	0%	\$26,523	\$773	3%
This account is utilized to reflect costs associated with the District's general counsel attendance at Board meetings and his performance of research on legal issues presented at the Board level.								
Miscellaneous General Expenses	122,594	103,910	250,062	127,468	104%	139,588	(\$110,474)	-44%
This account covers compensation and benefits paid to Directors, election, annual employee recognition dinner, training and conferences attended by Directors, minor office supplies and equipment.								
TOTAL	\$148,344	\$116,415	\$275,812	\$127,468	86%	\$166,110	(\$109,702)	-40%

GENERAL MANAGEMENT (Water Budget)

The District's General Management Department consists of the General Manager; District Clerk, support staff, and the Public Information Officer/ Strategic Affairs Director. The General Manager is the administrative head of the District with responsibility for managing the day-by-day affairs of the organization. The District Clerk manages the General Managers office and is responsible for all legislative actions for the Board of Directors, serves as the custodian of records and Election Officer for the District, ensures compliance with laws and regulations as it relates to the Clerk's office, provides high level administrative duties to the General Manager and Board of Directors. As well as, acts as the District's real property representative, LAFCo, and oversees the District complex facilities. The Public Information Officer/Strategic Affairs Director is responsible for continued public outreach on all affairs of the District ensuring communication and collaboration with the community and ensuring compliance on strategic, legislative, and regulatory affairs of the District.

The primary role of the General Manager is to lead the District and serve as the primary contact between the elected Board and District staff. This includes overall fiscal responsibility, negotiating with the Union, operations, process, procedures, controls, staffing, and ensuring that the District is meeting its goals and objectives. The General Manager ensures certain matters appearing on the agenda are adequately researched and presented to the Board of Directors.

The main District goals for FY20 and FY21 are:

- 6.1 Utilize modern, cost effective work methods and equipment;
- 6.2 Employ a qualified and productive workforce;
- 6.3 Provide safe work conditions and procedures that encourage employee growth, productivity and retention;
- 6.4 Control the growth of the District's discretionary-operational spending to a rate less than the rate of inflation; and
- 6.5 Ensure that the Districts various capital projects are implemented in a smooth and cost effective manner.

In order to maintain the improved reporting relationship between the General Manager and the Board of Directors, the General Manager will continue to hold semi-annual performance reviews with the Board. An end-of-year performance review is scheduled February 2018 to review all of the General Manager's accomplishments over the past year.

The District's remains committed to the safe and healthy work environment to all District employees.

WATER EXPENDITURE DETAIL

GENERAL MANAGEMENT	BUDGET FY19	PRIOR 12 MOS ENDING 3.2019	BUDGET FY20	\$ BUDGET CHANGE	% BUDGET CHANGE	BUDGET FY21	\$ BUDGET CHANGE	% BUDGET CHANGE
Public Information	\$103,768	\$95,394	\$102,362	(\$1,407)	-1%	\$90,685	(\$11,676)	-11%
This account includes the activities of the PIO plus the website and newsletter.								
Legislature & Regulations	55,635	39,649	44,722	(10,913)	-20%	46,256	1,534	3%
This account is for legislation and regulation tracking labor.								
Administrative & General - Salaries	365,882	373,708	276,429	(89,452)	-24%	411,319	134,889	49%
This account is used to charge general administrative staff time other than safety and board related activities.								
Office Supplies & Expenses	47,535	72,258	50,505	2,971	6%	77,020	26,515	53%
This account is used to cover cell phone use, computer expenses, dues & memberships including LAFCO, industry meetings, office supplies, postage, training, assessment, personnel expenses and safety .								
Outside Services Employed	62,813	23,098	115,050	52,238	83%	60,049	(55,001)	-48%
This account is used to charge the costs of general counsel to review contracts and agreements, property issues, insurance claims, bid issues, capital contract issues and union matters.								
Injuries & Damages (Safety)	18,647	17,765	1,564	(17,083)	-92%	2,305	742	47%
This account includes labor for department safety meetings and training and the organization's wellness program.								
General Advertising Expenses	23,757	18,601	42,774	19,017	80%	64,772	21,998	51%
This account is used for the cost of publishing ordinances, surplus material, and other legal ad requirements.								
Misc General Expenses	39,376	47,221	44,301	4,925	13%	45,817	1,515	3%
This account is used to perform board related activities such as preparing meeting minutes, resolutions and ordinances; it is also charged with dues and memberships in electric utility industry organizations.								
TOTAL	\$717,413	\$687,694	\$677,707	(\$39,705)	-6%	\$798,223	\$120,516	18%

ADMINISTRATIVE SERVICES (Water Budget)

This section will describe specific water considerations within the FY20 and FY21 Budget. The narrative contained in the electric section of the budget describes the general function and organization of Administrative Services, which also apply to the Water Utility.

Beginning in FY09, residential water meters were installed. Over 98% of all customers have a meter and are being billed volumetrically. The remaining 2% will be complete no later than FY24, as they are in areas that will be coordinated with mainline replacements.

The residential water meters identify continuous flow including malfunctioning stop-and-drain valves. The District is continuing to advance technology and continues to maintain an automatic customer notification system to contact customers who have possible leaks so that they may quickly identify and correct problems. This continues to be a coordinated implementation of custom software called the "Water Tool" that allows customers to view their own water consumption through Smarthub on the internet to help identify leaks and monitor water conservation efforts. This tool provides customers a visual target to aid in achieving overall water conservation and stewardship.

WATER EXPENDITURE DETAIL

ADMINISTRATIVE SERVICES	BUDGET FY19	PRIOR 12 MOS ENDING 3.2019	BUDGET FY20	\$ BUDGET CHANGE	% BUDGET CHANGE	BUDGET FY21	\$ BUDGET CHANGE	% BUDGET CHANGE
Meters/Services Operations Expenses	\$2,836	\$0	\$0	(\$2,836)	-100%	\$0	\$0	-
This account is used by the meter readers to charge their time to perform meter connects, disconnects and service transfers. It is also used for investigating customer high bill complaints.								
Customer Account Operations Expense-Salaries	89,731	97,060	147,619	57,888	65%	155,783	8,164	6%
This account includes the management staff supervision of the customer service and billing functions.								
Meter Reading Expense	1,889	1,848	939	(950)	-50%	967	28	3%
This account is used to charge meter reading expenses which includes meter reader labor, overheads, and the hardware and software that supports the meter readers; it also includes their clothing allowance, uniform expenses, vehicle expenses and training.								
Customer Records & Collections Expense	512,292	375,494	575,604	63,312	12%	551,863	(23,742)	-4%
This account includes the major expenses involved in serving our customers. Included are answering and directing phone calls, answering customer questions, customer account setup expenses, taking and processing customer payments, creating connect, disconnect and transfer paperwork for the crews, creating and reviewing bills, expenses related to the printing and mailing of the bills, account collection expense, billing software and hardware support, standby billing expenses, billing equipment maintenance expenses, printed billing and collection forms, billing postage and customer service staff training.								
Provision for Bad Debts	9,240	0	5,249	(3,991)	-43%	5,249	0	0%
This account represents the amount of uncollectable bills for the year.								
Administrative & Operations General-Salaries	481,449	433,194	470,287	(11,162)	-2%	462,481	(7,806)	-2%
This account includes most of the labor for the administration department except meter reading and customer account related expenses. It includes preparation of the budget and financial statements, accounts payable and payroll, construction accounting, cash management activities, processing the daily mail.								
Office Supplies & Expenses	77,004	70,517	69,043	(7,961)	-10%	71,114	2,071	3%
This account includes bank charges, answering service charges, phone charges, computer and network operating expenses, software maintenance and support for the accounting system, printed forms and material, office equipment leases and equipment maintenance expenses.								
Outside Services Employed	48,311	47,601	26,398	(\$21,914)	-45%	27,189	792	3%
This account includes any professional services hired from the outside such as audit or accounting services, trust services for our certificates of participation and community facilities districts and arbitrage calculation services for the same.								
Insurance	148,756	169,274	136,191	(12,565)	-8%	140,277	4,086	3%
This account includes annual insurance premiums for property, liability, umbrella liability, directors & officers liability, difference in conditions, boiler & machinery coverage insurance.								
Injuries & Damages (Safety)	3,079	7,303	13,613	10,534	342%	14,211	598	4%
This account includes costs for safety training, Department of Transportation Drug and Alcohol training, worker's compensation expenses for employees who have been injured and safety related equipment.								
TOTAL	\$1,374,588	\$1,202,291	\$1,444,943	\$70,355	5%	\$1,429,134	(\$15,809)	-1%

CONSERVATION (Water Budget)

This section will describe specific water conservation objectives within the FY20 and FY21 budgets.

The District is facing significant change regarding the Legislative and Regulatory environment at State levels. The upcoming AB1668/SB606 mandates will require significant savings from residential and commercial customers to meet the District's usage limits.

The District has been successful at delivering water conservation programs, including an automated process to inform customers electronically if the District detects continuous flow of water; a potential leak situation. This allows the District to proactively contact customers and effectively address potential water waste situations. In addition, staff has continued to support the Water Efficient Toilet Rebate, Water Efficient Toilet Exchange, Customer Water Leak Repair Rebate, and Green Partners Water programs along with the Patricia S. Sutton Conversation Garden.

However new programs and campaigns must be developed to drive a further reduction in water use. The priority for FY20 and FY21 will be a combination of data analysis and pilot programs to determine the best end uses and customer segments to target to reduce water use prior to the law taking effect in FY22. Rebates and proactive engagement have been successful with some customers, but the restrictive nature of the upcoming regulations will require a balance of punitive measures as well. The roll out of these programs will require careful coordination with the Public Information Officer to maintain customer satisfaction while still meeting the District's legal obligations.

WATER EXPENDITURE DETAIL

CONSERVATION	BUDGET FY19	PRIOR 12 MOS ENDING 3.2019	BUDGET FY20	\$ BUDGET CHANGE	% BUDGET CHANGE	BUDGET FY21	\$ BUDGET CHANGE	% BUDGET CHANGE
Water Conservation This account includes water conservation & efficiency programs.	\$111,387	\$73,070	\$74,252	(37,134)	-33%	\$77,282	3,030	4%
Admin & General Salaries This account includes the administrative salaries to perform various administrative projects.	2,177	1,564	8,858	6,681	307%	9,395	536	6%
Office Supplies & Expenses This account includes office supplies, dues, memberships and meeting and training expenses.	3,970	7,848	6,764	2,794	70%	6,967	203	3%
General Advertising This account includes TDPUD marketing and media activities.	293	6,961	7,784	7,491	2557%	8,018	234	3%
Misc General Expense This account includes support of community activities such as sponsorship of the Truckee Home Show, Chamber activities, etc.	1,151	4,116	3,000	1,849	161%	3,090	90	3%
TOTAL	\$118,978	\$93,559	\$100,659	(\$18,319)	-15%	\$104,752	\$4,093	4%

WATER OPERATIONS

The mission for Water Utility Operations and Maintenance is to provide a reliable, high quality water supply and distribution system to meet current and future customer demand in a manner that is safe as well as environmentally and fiscally responsible. The objective will be accomplished through the implementation of the approved Water Master Plan, including the day to day operation of critical facilities and effective long term infrastructure maintenance and replacement programs.

The Water Department is organized into three operational groups:

1. Distribution system operations, maintenance and repairs;
2. Facilities operation, maintenance and repair, including water supply and quality; and
3. System engineering and planning.

The FY20 and FY21 budget includes staffing of a Water Utility Director (the Assistant Water Utility Director position will be vacated during the General Manager Transition Plan in 2020), a Water System Engineer, a Water Operations Manager, a Senior Water Quality Technician/Inspector, an Operations Foreman, an Operations Leadman, a Distribution Foreman, a Distribution Leadman, and 7 Water Service Technicians.

The Water Department's operations, distribution, and engineering staff are licensed by the California State Water Resources Control Board for the operation and maintenance of the District's public water system. This requires staff to participate regularly in continuing education and training to ensure compliance with current Best Management Practices and renewal of Water System Operator certifications. Staff is also trained in water utility safety procedures and OSHA standards on an annual basis. This training ensures the workforce is qualified and productive with an uncompromising emphasis on safety. Embracing these values encourage employee retention, growth, and productivity.

The primary challenges for the Water Utility Operations group in FY20 and FY21 will be striking a balance between the continued goal of building capital reserves and effectively managing the District's long term maintenance and capital improvement needs. Staff will continue to progress toward completing the District's Water SCADA replacement project, administer annual infrastructure maintenance programs, and rehabilitate aging pumping and storage facilities. An additional challenge continuing to develop in the FY20 and FY21 for public water systems across the State of California will be meeting the expanding regulatory requirements and unfunded mandates associated with the State Water Resource Control Boards Water Use Performance Standards.

WATER EXPENDITURE DETAIL

WATER OPERATIONS	BUDGET FY19	PRIOR 12 MOS ENDING 3.2019	BUDGET FY20	\$ BUDGET CHANGE	% BUDGET CHANGE	BUDGET FY21	\$ BUDGET CHANGE	% BUDGET CHANGE
Operations Supervision & Engineering	\$332,760	\$369,488	\$351,526	\$18,766	6%	\$383,476	\$31,950	9%
This account is utilized by the water manager, superintendent and engineer for supervision, engineering and management of District water system.								
Facilities Operations	844,927	1,058,562	819,687	(25,240)	-3%	889,761	70,074	9%
This account includes the operation of wells, pump stations, water treatment, water quality, DHS reports and fees and water quality reports. It also includes snow removal and related employee training.								
Power Supply	1,244,781	1,297,021	1,319,957	75,176	6%	1,333,468	13,511	1%
This account includes the cost of electrical power for the operation of the wells and pump stations.								
Distribution Operations/PM	670,772	712,619	559,652	(111,120)	-17%	563,891	4,239	1%
This account includes the labor and materials to operate the water distribution system.								
Misc General Operations/PM	351,001	456,410	419,486	68,485	20%	442,803	23,317	6%
This account includes a variety of items such as environmental compliance, GIS mapping of the water system, SCADA repairs and maintenance, cell phones, pagers, computer hardware and software, clothing allowance, DMV physicals, meals, uniforms, land fill charges, meeting expenses, advertising and testing for new employees, training, and Underground Service Alert marking of utilities and associated fees and costs.								
Meters/Service Operation	160,258	133,453	486,178	325,920	203%	508,956	22,778	5%
Maintenance of Operations Sup & Engineering	132,395	170,335	200,511	68,116	51%	221,355	20,844	10%
Used by water manager, superintendent and engineer for supervision, engineering and management of District water system.								
Maintenance of Sources	744,284	651,963	821,218	76,934	10%	844,156	22,938	3%
This account includes the maintenance and repair of pumps, motors, electrical control equipment and building repair.								
Maintenance of Distribution Lines	401,856	274,035	689,858	288,002	72%	718,575	28,718	4%
This account includes the maintenance and repair of distribution line leaks, broken fire hydrants, etc.								
Injuries & Damages	80,091	78,377	82,397	2,306	3%	85,537	3,140	4%
This account includes labor for safety meetings, equipment and training expenses.								
Maintenance of District Office Building (Div 1)	515,352	453,633	426,555	(88,797)	-17%	440,391	13,836	3%
TOTAL	\$5,478,477	\$5,655,896	\$6,177,024	698,547	13%	\$6,432,370	\$255,345	4%

INFORMATION TECHNOLOGY (IT) (Water Budget)

The Information Technology (IT) Department is headed by the Chief Information Officer / IT Director and also includes the positions Systems Engineer, SCADA Engineer, Cyber Security & Applications Engineer, GIS Coordinator, and Data Analyst & Administrator positions, responsible for networks, servers, communications, operations technology, physical and cyber security, geographic information systems, databases, systems integration, business intelligence, AMI and desktops. Internal IT staff helps reduce outside contractor costs for the District's data and technology needs, increase IT knowledge of systems security, and provide additional accountability and redundancy.

Information Technology is to implement technology strategies that optimize the operations of the District by providing tools that enable the District to operate faster, better, and more cost efficiently, while providing secure access to critical control, mapping, and information systems. Information Technology's aim is to provide timely, relevant, and accurate information, when and where it is needed, to support sound decisions that improve the quality, efficiency, cost, safety, and environmental footprint of the products and services the District delivers and uses.

To achieve the goals and implement the strategies in the IT Master Plan, utilizing the guiding principles below focusing on leadership and excellence through quality of service, responsiveness, innovation, professionalism, and teamwork. These principles require commitment not only from the District's IT professionals, but from all District employees.

1. Consult and advise department heads to drive IT initiatives according to business needs, goals, and objectives, and developing a sound business case before making any new investment.
2. View IT from the perspective of the entire District and not from the perspective of individual departments.
3. Acquire, manage, and use technology resources economically and efficiently through standardized information technology selection and implementation processes.
4. Securely hold and manage technology assets to protect private information.
5. Develop mechanisms and processes to share information easily within the organization and with customers and partners.
6. Understand that availability and access to technology is a given, and design and build systems accordingly.
7. Aggregate, where feasible, to reduce duplication, and employ information technology that is flexible and interoperable to respond quickly and efficiently to changing business needs.
8. Devise strategies to leverage investments in the District's existing technology.
9. Train the workforce in the skills needed to effectively use IT systems and the information they contain.

WATER EXPENDITURE DETAIL

INFORMATION TECHNOLOGY (IT)	BUDGET FY19	PRIOR 12 MOS ENDING 3.2019	BUDGET FY20	\$ BUDGET CHANGE	% BUDGET CHANGE	BUDGET FY21	\$ BUDGET CHANGE	% BUDGET CHANGE
Engineering & SCADA Operations	\$97,032	\$118,536	\$112,333	\$15,301	16%	\$117,822	\$5,490	5%
This account is for the operational use of SCADA, Outage Management and Engineering support.								
GIS/Engineering Operations	93,281	82,415	89,245	(4,036)	-4%	92,927	3,682	4%
This account is for the maintenance of software and data that supports engineering and SCADA.								
Meter Reading	14,871	15,656	38,385	23,514	158%	39,819	1,434	4%
This account is for the maintenance of software and data that supports meter technology and AMI.								
Customer Records	111,677	99,535	109,494	(2,183)	-2%	100,873	(8,622)	-8%
This account is for the maintenance of software and data that supports Customer Information and Customers.								
Administrative & General IT Ops	260,994	307,782	364,690	103,696	40%	380,188	15,499	4%
This account is for the maintenance of hardware and software infrastructure that supports data transport, storage and security.								
Office Supplies & Expenses	20,574	23,515	8,908	(11,667)	-57%	9,175	267	3%
This account includes office supplies, dues, memberships, meeting and training expenses.								
Outside Services Employed	27,810	453	10,000	(17,810)	-64%	10,300	300	3%
This account is for outside professional services contracted to maintain hardware, software and data.								
Safety	1,423	3,285	15,991	14,568	1024%	16,796	805	5%
This account includes department labor for safety meetings, safety equipment and training expenses.								
TOTAL	\$627,662	\$651,177	\$749,045	\$121,383	19%	\$767,900	\$18,855	3%

PART IV
THE FY20 & FY21 BUDGET
CAPITAL IMPROVEMENT PLAN
ELECTRIC UTILITY

ELECTRIC UTILITY CAPITAL PLAN

SOURCE OF FUNDS

<u>SOURCE OF FUNDS</u>		<u>SOURCE OF FUNDS</u>	<u>BUDGET FY20</u>		<u>BUDGET FY21</u>
Operations (OP)	OP	\$	3,969,692	\$	4,209,900
Customer Contributions (CC)	CC		970,208		999,700
Facility Fees (FF)	FF		970,273		72,428
Capital Reserve (CR)	CR		1,388,324		1,772,658
Vehicle Reserve (VR)	VR		445,000		450,000
Total Source of Funds			\$7,743,497		\$7,504,686

USE OF FUNDS

ELECTRIC OPERATIONS:

<u>SOURCE OF FUNDS</u>		<u>SOURCE OF FUNDS</u>	<u>BUDGET FY20</u>		<u>BUDGET FY21</u>
New Services - BWO	CC	\$	28,330	\$	29,185
Commercial Services - BWO	CC		7,277		7,498
Meter Test & Purchase - BWO	CC		94,148		92,511
Purchase & Ins. Transformers - BWO	CC		74,800		77,113
Development Agreements - BWO	CC		692,535		717,792
Flat Fee Construction - BWO	CC		46,591		48,271
Secondary Poles & Conductors - BWO	CC		15,035		15,492
Conduit & Boxes - BWO	CC		11,491		11,838
Line Extension & Upgrades	OP		482,651		500,583
Pole Replacements	OP		554,254		574,324
Various District Projects	CR/OP		266,798		275,011
Electric Master Plan Projects	OP		705,212		1,370,095
Reclosers & Regs - Field Scada	OP		188,402		195,014
Distribution Repl & Improvement	OP		450,506		466,110
Truckee Substation Rebuild	FF		970,273		72,428
SCADA Reliability Phase 5 & 6	OP		875,153		103,232
Electric Operations Building	CR		121,526		1,222,658
Electric SCADA Update	OP		87,036		79,388
Vehicles	VR		445,000		450,000
Subtotal			\$6,117,018		\$6,308,543

ELECTRIC UTILITY CAPITAL PLAN

BUILDING MAINTENANCE:

	SOURCE OF FUNDS	BUDGET FY20	BUDGET FY21
<i>Upstairs Remodel</i>	CR	\$ 550,000	\$ 550,000
<i>District Building Exterior Paint</i>	CR	100,000	-
<i>Ashpalt and Drainage System for Back 40</i>	CR	350,000	-
<i>Subtotal</i>		\$1,000,000	\$550,000

INFORMATION TECHNOLOGY (IT):

	SOURCE OF FUNDS	BUDGET FY20	BUDGET FY21
<i>Network Infrastructure Improvement</i>	OP	\$ 431,379	\$ 445,160
<i>Various IT Supported Department Projects</i>	OP	195,100	200,983
<i>Subtotal</i>		\$626,479	\$646,143
<i>Total Capital Projects & Equipment</i>		\$7,743,497	\$7,504,686

PART IV
THE FY20 & FY21 BUDGET
CAPITAL IMPROVEMENT PLAN
WATER UTILITY

WATER CAPITAL PLAN

SOURCE OF FUNDS

<u>SOURCE OF FUNDS</u>		<u>BUDGET FY20</u>		<u>BUDGET FY21</u>
Operations (OP)	OP	\$ 2,252,867	\$	1,738,954
Vehicle Reserve Fund (VR)	VR	160,000		270,000
Operating Reserve Fund (OR)	OR	-		-
Total Source of Funds		\$2,412,867		\$2,008,954

USE OF FUNDS

<u>SOURCE OF FUNDS</u>		<u>BUDGET FY20</u>		<u>BUDGET FY21</u>
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WATER OPERATIONS:

Facilities Metering Improvements	OP	\$ 999,330	\$	-
Water SCADA Replacement Project	OP	645,133		670,110
Martis Woods Pump Station Replacement	OP	-		537,895
Sanders Well Rehabilitation	OP	-		76,696
Control Valve Rehabilitation Project	OP	104,801		99,746
Fiberboard Well Rehabilitation Project	OP	59,764		-
Water Tank Coatings	OP	114,244		115,500
Water Production Meter Replacement	OP	42,585		46,061
Southside Well #1 Rehabilitation	OP	41,336		-
Airport Well	OP	-		45,081
Glenshire Drive Discharge Assembly	OP	102,292		-
Vehicles	VR	160,000		270,000
Subtotal		\$2,269,484		\$1,861,089

INFORMATION TECHNOLOGY (IT):

Network Infrastructure Improvements	OP	88,355		91,177
Various IT Projects	OP	55,028		56,687
		\$143,383		\$147,865

Total Capital Projects & Equipment

\$2,412,867

\$2,008,954

PART V

THE FY20 & FY21 BUDGET

APPENDICES

**2020 APPENDIX 1
INTERDEPARTMENTAL RENT**

DISTRICT HEADQUARTERS:

<i>Building operation/PM/repair</i>	420,885
<i>Depreciation of jointly used assets</i>	<u>592,801</u>
TOTAL COSTS	<u><u>\$1,013,686</u></u>

The Electric Utility owns the district headquarters.

The Water Utility pays the Electric Utility rent for the use of the District headquarters and jointly used assets.

The rent is calculated as 50% of the above costs, which is \$506,843 through a monthly rental charge of \$42,237.

**2021 APPENDIX 1
INTERDEPARTMENTAL RENT**

DISTRICT HEADQUARTERS:

<i>Building operation/PM/repair</i>	433,606
<i>Depreciation of jointly used assets</i>	<u>639,467</u>
<i>TOTAL COSTS</i>	<u><u>\$1,073,073</u></u>

The Electric Utility owns the district headquarters.

The Water Utility pays the Electric Utility rent for the use of the District headquarters and jointly used assets.

The rent is calculated as 50% of the above costs, which is \$536,536 through a monthly rental charge of \$44,711.

**APPENDIX 2
BUDGETED POSITIONS BY DEPARTMENT**

POSITION	BUDGET FY20	BUDGET FY21
<u>ADMINISTRATION</u>		
General Manager (January to July)	\$177,181	\$278,512
General Manager (July to December)	135,200	-
Public Information & Strategic Affairs Director	181,228	186,665
Executive Secretary	100,913	103,940
Contract Administrator - most dollars in cc6 and cc7	88,073	90,715
Record Coordinator/Tech	60,736	65,686
Administrative Tech	-	<u>67,621</u>
	<u>\$743,332</u>	<u>\$793,139</u>
<u>ADMINISTRATIVE SERVICES</u>		
Business Operations Manager, HR & Risk Manager	\$145,465	\$157,321
Finance & Accounting Manager	160,368	165,179
Senior Accountant/Accounting Analyst	122,660	126,339
Accounting/Computer Operations Supervisor	88,073	90,715
Work Order Accounting Supervisor	88,073	79,880
Work Order Succession (Jun - Dec 2020, transitioned 2021)	36,930	-
Work Order Clerk	72,413	74,585
Payroll and Accounts Payable Clerk	72,413	74,585
Buyer/Clerk	76,076	78,358
Warehouse/Utility Worker	74,212	76,438
Customer Services Manager	125,661	129,430
Customer Billing and CSR Supervisor	81,819	84,273
Billing Clerk	72,413	74,585
Conservation Specialist	76,034	78,316
Administrative/Community Outreach Coordinator	76,034	-
Customer Service Representatives (4)	266,277	287,980
Overtime	<u>22,488</u>	<u>23,209</u>
	<u>\$1,657,412</u>	<u>\$1,601,193</u>
<u>CONSERVATION</u>		
Program Manager, CSR & Conservation	<u>\$105,961</u>	<u>\$114,598</u>
	\$105,961	\$114,598
<u>ELECTRIC OPERATIONS</u>		
Electric Utility Director	\$214,918	\$232,434
Electric Operations Manager	176,812	182,116
Assistant Electric Operations Manager	152,741	165,189
Electric Engineering Manager	176,815	182,119
Electric Engineers (2)	291,275	307,147

**APPENDIX 2
BUDGETED POSITIONS BY DEPARTMENT**

POSITION	BUDGET FY20	BUDGET FY21
Foreman, Power Services (2)	253,876	261,493
Foreman, Service Crew (1)	126,938	130,747
Foreman, Electricians(1)	126,938	130,747
Electrician/Meter Technician (4)	469,735	483,829
Substation Lineman/Inspector	126,938	130,747
Lead Lineman	120,896	124,523
Journeyman Linemen (7)	826,018	850,799
Apprentice Linemen (3)	269,701	286,428
Standby/Overtime	300,112	309,116
	\$3,633,714	\$3,777,435
 <u>IT/GIS</u>		
IT Director/CIO	\$194,896	\$200,743
IT/SCADA Engineer	134,846	138,892
GIS Coordinator	122,660	126,339
Network & System Administrator	128,804	132,669
Data Analyst & Administrator	105,968	114,604
IT Security & Applications Manager	<u>145,459</u>	<u>157,312</u>
	\$832,632	\$870,559
 <u>WATER OPERATIONS</u>		
Water Utility Director	\$160,372	\$165,183
Water System Engineer	181,228	186,665
Water Superintendent	58,411	126,341
Water Quality Inspector	115,132	118,587
Water Foremen (2)	230,264	237,174
Water Leadmen (2)	203,915	210,034
Water Service Technicians - (5)	473,574	487,781
Water Service Technicians - in Training (2)	167,729	176,975
Facilities Maintenance Coordinator	85,910	88,487
Mechanic	107,035	110,246
Standby/Overtime	<u>194,742</u>	<u>200,585</u>
	\$1,978,313	\$2,108,059
 TOTAL	 <u>\$8,951,365</u>	 <u>\$9,264,983</u>

**2020 APPENDIX 3
LABOR OVERHEAD**

VALUE OF BENEFITS

<i>Medical /Dental insurance</i>	\$2,666,384
<i>Vision insurance</i>	65,564
<i>Long term disability</i>	38,054
<i>Life insurance</i>	62,182
<i>Longevity</i>	17,840
<i>FICA</i>	556,473
<i>Fed Med</i>	130,143
<i>Worker's compensation insurance</i>	300,082
<i>Pension</i>	2,224,671
<i>Other Post Employment Benefits</i>	110,000
<i>Value of non-productive labor (vacation, sick leave, holiday)</i>	1,264,966

TOTAL VALUE OF BENEFITS

\$7,436,358

PRODUCTIVE LABOR

<i>Recommended labor (Appendix 2)</i>	\$8,951,365
<i>Less value of non-productive labor</i>	<u>(1,264,966)</u>

TOTAL PRODUCTIVE LABOR

\$7,686,399

PAYROLL OVERHEAD

(Value of benefits/productive labor)

96.75%

**2021 APPENDIX 3
LABOR OVERHEAD**

VALUE OF BENEFITS

<i>Medical /Dental insurance</i>	\$2,719,708
<i>Vision insurance</i>	67,531
<i>Long term disability</i>	39,399
<i>Life insurance</i>	64,392
<i>Longevity</i>	19,570
<i>FICA</i>	575,917
<i>Fed Med</i>	134,690
<i>Worker's compensation insurance</i>	308,441
<i>Pension</i>	2,525,170
<i>Other Post Employment Benefits</i>	113,300
<i>Value of non-productive labor (vacation, sick leave, holiday)</i>	1,256,225

TOTAL VALUE OF BENEFITS

\$7,824,343

PRODUCTIVE LABOR

<i>Recommended labor (Appendix 2)</i>	\$9,264,983
<i>Less value of non-productive labor</i>	<u>(1,256,225)</u>

TOTAL PRODUCTIVE LABOR

\$8,008,758

PAYROLL OVERHEAD

(Value of benefits/productive labor)

97.70%

**2020 APPENDIX 4
TRANSPORTATION OVERHEAD**

This appendix assumes that the cost of operating, maintaining and replacing District vehicles and equipment will be recognized as an overhead charged against direct labor that uses the vehicles.

TRANSPORTATION & EQUIPMENT EXPENSE

<i>Vehicle operation, repair, fuels & misc expenses</i>	\$560,631
<i>Insurance</i>	28,150
<i>Replacement (depreciation expense)</i>	<u>369,721</u>
TOTAL TRANSPORTATION EXPENSE	<u><u>\$958,502</u></u>

DIRECT LABOR HOURS

<i>General Manager</i>	3,927
<i>Administrative Services</i>	185
<i>Conservation</i>	334
<i>Electric Operations</i>	44,255
<i>Water Operations</i>	33,625
<i>Power Supply</i>	<u>2,320</u>
TOTAL DIRECT LABOR HOURS	<u><u>84,646</u></u>

TRANSPORTATION/EQUIPMENT OVERHEAD PER HOUR COST

\$11.32

**2021 APPENDIX 4
TRANSPORTATION OVERHEAD**

This appendix assumes that the cost of operating, maintaining and replacing District vehicles and equipment will be recognized as an overhead charged against direct labor that uses the vehicles.

TRANSPORTATION & EQUIPMENT EXPENSE

<i>Vehicle operation, repair, fuels & misc expenses</i>	\$578,545
<i>Insurance</i>	28,995
<i>Replacement (depreciation expense)</i>	<u>380,812</u>
TOTAL TRANSPORTATION EXPENSE	<u><u>\$988,352</u></u>

DIRECT LABOR HOURS

<i>General Manager</i>	5,445
<i>Administrative Services</i>	185
<i>Conservation</i>	334
<i>Electric Operations</i>	44,255
<i>Water Operations</i>	34,595
<i>Power Supply</i>	<u>2,320</u>
TOTAL DIRECT LABOR HOURS	<u><u>87,134</u></u>

TRANSPORTATION/EQUIPMENT OVERHEAD PER HOUR COST

\$11.34

**2020 APPENDIX 5
ADMINISTRATIVE OVERHEAD**

COMMON SUPPLY COSTS:

Purchasing/Warehousing of Common Supplies

<i>Labor</i>	\$136,479
<i>Accounts Payable</i>	43,792
<i>Overhead:</i>	
<i>Labor</i>	123,800
<i>Administrative</i>	6,701
	<hr/> 310,772

Warehousing Operating Costs

<i>Utilities & Building Maintenance</i>	25,005
<i>Miscellaneous (insurance)</i>	6,500
<i>Subtotal</i>	<hr/> 31,505

TOTAL PURCHASING/WAREHOUSING/COMMON SUPPLIES \$342,276

TOTAL PRODUCTIVE LABOR \$7,686,399

ADMINISTRATIVE OVERHEAD **4.45%**

**2021 APPENDIX 5
ADMINISTRATIVE OVERHEAD**

COMMON SUPPLY COSTS:

Purchasing/Warehousing of Common Supplies

<i>Labor</i>	\$140,577
<i>Accounts Payable</i>	45,106
<i>Overhead:</i>	
<i>Labor</i>	127,518
<i>Administrative</i>	6,902
	<hr/> 320,103

Warehousing Operating Costs

<i>Utilities & Building Maintenance</i>	25,760
<i>Miscellaneous (insurance)</i>	6,695
<i>Subtotal</i>	<hr/> 32,455

TOTAL PURCHASING/WAREHOUSING/COMMON SUPPLIES \$352,558

TOTAL PRODUCTIVE LABOR \$8,008,758

ADMINISTRATIVE OVERHEAD **4.40%**

**2020 APPENDIX 6
CONSTRUCTION OVERHEAD**

General direction and general construction costs from budget:

Electric Operations		\$137,583
Water Operations		93,045
 Total		 <u><u>\$230,629</u></u>

Determine capitalized labor as a percent of total labor:

$$\frac{\text{Capitalized Labor}}{\text{Total Electric \& Water Labor}} = \frac{\$1,456,779}{\$5,120,231} = 28.45\%$$

Determine construction overhead to be capitalized:

Total General direction & construction costs		\$230,629
% of labor to be capitalized		<u>28.45%</u>
 General direction & construction costs to capitalize		 \$65,617
Construction accounting costs to capitalize		<u>185,227</u>
		<u>\$250,844</u>

Calculate construction overhead to be applied to capital improvements:

$$\frac{\text{Capital Overhead}}{\text{Capital Labor}} = \frac{\$250,844}{\$1,456,779} = 17.22\%$$

CONSTRUCTION OVERHEAD = 17.22%

**2021 APPENDIX 6
CONSTRUCTION OVERHEAD**

General direction and general construction costs from budget:

<i>Electric Operations</i>	\$143,307
<i>Water Operations</i>	114,409
Total	<u><u>\$257,716</u></u>

Determine capitalized labor as a percent of total labor:

$$\frac{\text{Capitalized Labor}}{\text{Total Electric \& Water Labor}} = \frac{\$1,526,321}{\$5,333,595} = 28.62\%$$

Determine construction overhead to be capitalized:

<i>Total General direction & construction costs</i>	\$257,716
<i>% of labor to be capitalized</i>	<u>28.62%</u>
<i>General direction & construction costs to capitalize</i>	\$73,751
<i>Construction accounting costs to capitalize</i>	<u>184,880</u>
	\$258,630

Calculate construction overhead to be applied to capital improvements:

$$\frac{\text{Capital Overhead}}{\text{Capital Labor}} = \frac{\$258,630}{\$1,526,321} = 16.94\%$$

CONSTRUCTION OVERHEAD = 16.94%

APPENDIX 7
ELECTRIC DEBT SCHEDULE
Principal and Interest Payments

YEAR	Refinanced Pension Liability	TOTAL
2020	1,035,094	1,035,094
2021	1,071,555	1,071,555
2022	545,657	545,657
	<u>2,652,305</u>	<u>2,652,305</u>

Loan Descriptions :

In 2011, an existing pension liability was refinanced saving the District more than \$1 million over the term.

Debt Payments:

Funded by electric and water rates.

APPENDIX 8
WATER DEBT SCHEDULE
Principal and Interest Payments

YEAR	Pipeline COP Rates	Pipeline COP FF	Pipeline COP Assmt	DWR-SRF DONNER LAKE Assmt	DWR PROP 55 Rates	TOTAL
2020	1,265,881	357,617	97,973	800,852	306,481	2,828,804
2021	1,252,412	356,179	96,216	800,852	153,241	2,658,899
2022	576,869	358,008	99,060	800,852		1,834,790
2023	577,228	358,672	97,837	800,852		1,834,590
2024	573,008	359,233	100,297	800,852		1,833,390
2025	576,529	360,884	97,925	800,852		1,836,190
2026	573,196	359,005	99,736			1,031,938
2027	575,581	359,806	97,150			1,032,538
2028	574,322	358,474	99,142			1,031,938
2029	570,555	360,101	100,444			1,031,100
2030	575,893	359,147	97,360			1,032,400
2031	574,705	359,524	98,421			1,032,650
2032	573,333	357,313	100,104			1,030,750
2033	575,711	359,424	101,490			1,036,625
2034	574,484	359,309	97,207			1,031,000
2035		306,800				306,800
	9,989,706	5,689,499	1,480,360	4,805,112	459,721	22,424,398

Loan Descriptions :

Pipeline COP - Water system improvements and Donner Lake financing

DWR/SRF - Replacement of Donner Lake Water System

DWR/Prop 55 - Water system improvement projects

Debt Payments:

The Water debt payments are funded by development (FF), current customers (rates) and special assessm

The method of payment for the water debt is listed in the column headings.

**APPENDIX 9
VEHICLE REPLACEMENT SCHEDULE**

UNIT #	DESCRIPTION	DEPARTMENT	AGE	REPLACEMENT
281	93 Fleming Spool Trailer	Electric	26	2019
203	06 Chevy Silverado 1500	Electric	13	2019
369	05 Freight liner/ Mudd Dog	Water	14	2019
580	01 Trackless Snowblower	Support Services	18	2020
200	06 Chevy Silverado	Electric	13	2020
228	08 GMC 2500HD	Electric	11	2020
	New 2500 Truck	Electric	0	2020
373	98 Dump Trailer	Water	21	2020
301	06 Chevy Silverado 3500	Water	13	2020
201	08 GMC 3500 HD	Electric	11	2020
503	06 Chevy Silverado 3500	Support Services	13	2020
324	11 Ford F-550	Water	8	2020
216	07 Int'l SC-45 Bucket Truck 4WD	Electric	12	2021
378	89 Backhoe Transport Trailer	Water	30	2021
343	08 Chevy Silverado 3500	Water	11	2021
323	11 Ford F-550	Water	8	2021
325	11 Ford F-550	Water	8	2021
379	06 Halmark Leak Trailer	Water	13	2021
206	10 Chrvy Silverado 2500 HD	Electric	9	2022
501	07 Chevy Silverado 1500	Support Services	12	2022
136	08 Chevy Colorado	Electric	11	2022
135	07 Chevy Colorado	Admin	12	2022
106	13 Ford Escape	Admin	6	2023
295	08 John Deer 35D	Electric	11	2023
306	13 GMC Sierra 2500hd	Water	6	2023
307	13 GMC Sierra 2500hd	Water	6	2023
314	08 John Deer 410 J	Water	11	2023
288	04 Underground wire puller/tugger	Electric	15	2024
289	04 SnowCat	Electric	15	2024
107	14 Jeep Cherokee	Admin	5	2024
123	14 Chevy Van	Admin	5	2024
109	15 Jeep Cherokee	Admin	4	2025
110	15 Jeep Cherokee	Admin	4	2025
207	13 GMC Sierra 2500HD	Electric	6	2025
230	18 Chevrolet K1500	Electric	1	2025

**APPENDIX 9
VEHICLE REPLACEMENT SCHEDULE**

UNIT #	DESCRIPTION	DEPARTMENT	AGE	REPLACEMENT
231	18 Chevrolet K1500	Electric	1	2025
108	15 Jeep Cherokee	Admin	4	2025
111	15 Jeep Cherokee	Admin	4	2025
320	10 International Dump Truck	Water	9	2025
205	06 Chevy Silverado 3500	Electric	13	2026
210	11 International/ Altec 3050A	Electric	8	2026
326	16 Ford F-550	Water	3	2026
399	12 New Holland	Water	7	2027
283	72 Small Spool Trailer	Electric	47	2028
208	18 Chevy 2500	Electric	1	2028
308	18 Chevy K1500	Water	1	2028
309	18 Chevy K1500	Water	1	2028
310	18 Chevy K1500	Water	1	2028
330	13 International Dump Truck	Water	6	2028
285	14 Overhead Wire Puller	Electric	5	2029
290	04 Trailer, Snowcat	Electric	15	2029
291	04 Dump Trailer	Electric	15	2029
121	19 Jeep Grand Cherokee	Electric	0	2029
233	19 Chevrolet K2500	Electric	0	2029
235	19 Chevrolet K2500	Electric	0	2029
237	19 Chevrolet K2500	Electric	0	2029
223	14 Int'l 7500 Bucket Trucke 4WD	Electric	5	2029
389	14 EH Wachs Trailer	Water	5	2029
315	15 John Deere 410 L	Water	4	2030
360	15 Caterpillar 926M	Water	4	2030
292	06 Spool Trailer	Electric	13	2031
219	16 Ford Mini Bucket F550	Electric	3	2031
225	16 International /Navistar 7400	Electric	3	2031
395	16 Compact Excavator Caterpillar 305.5E2	Water	3	2031
385	16 HALLMARK Trailer	Water	3	2031
293	06 Pole Trailer	Electric	13	2032

Appendix E - Community Survey Results

Truckee Donner Public Utility District Customer Satisfaction Survey

Presentation

December 2020



Opinion Research on
Elections and Public Policy

Probolsky Research
23 Corporate Plaza Drive Suite 150
Newport Beach CA 92660

Newport Beach (949) 855-6400
San Francisco (415) 870-8150
Washington DC (202) 559-0270

TDPUD – Customer Satisfaction Survey

Survey Methodology*

From Thursday, December 3, 2020 to Sunday, December 13, 2020, Probolsky Research conducted a live-interviewer telephone and online survey among Truckee Donner Public Utility District customers and service area residents.

A total of 400 voters were surveyed (133 by telephone, 267 online). A survey of this size yields a margin of error of +/-5%, with a confidence level of 95%. Interviews were conducted with respondents on both landline (41%) and mobile phones (59%) and were offered in English (97%) and Spanish (3%) languages. For the online survey phase, we invited participation via email and text message. Security measures precluded individuals from completing the survey more than once and allowed only the designated voter to complete the survey. Online respondents were able to use their computer, tablet or smart phone to participate.

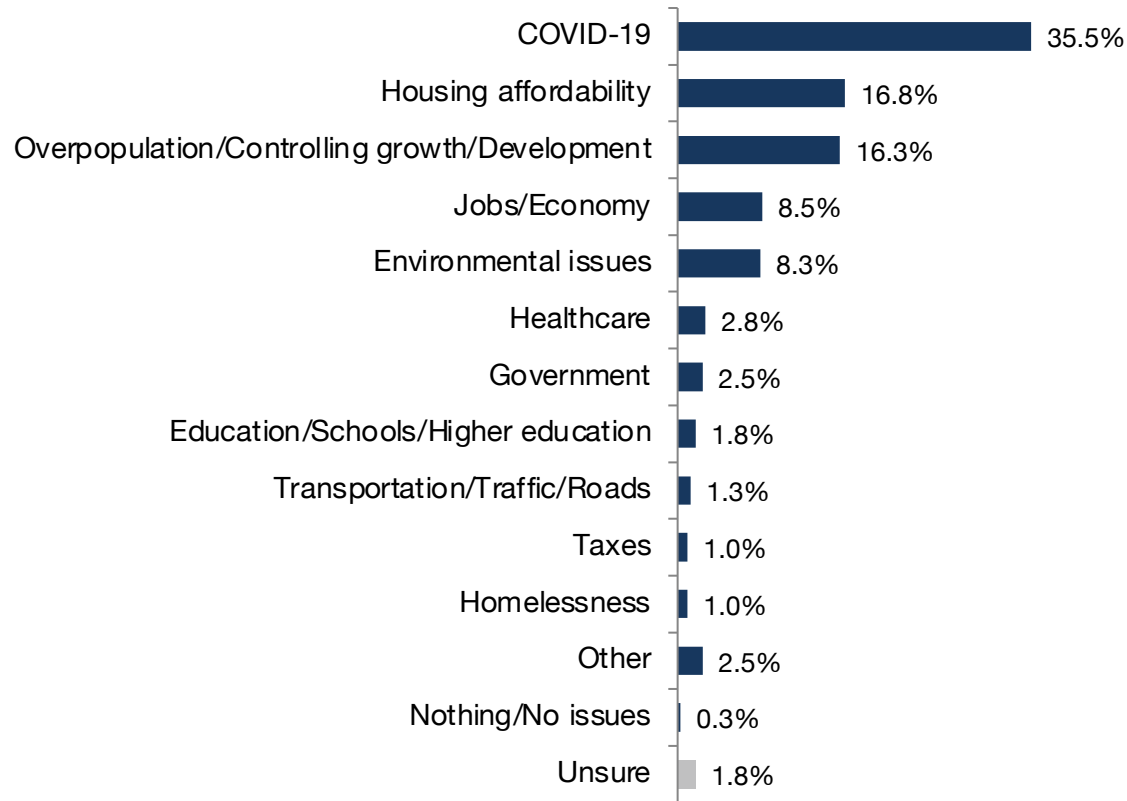
Probolsky Research is a Latina and woman owned market and opinion research firm with corporate, election, government, non-profit, and special interest clients.



**Due to rounding, totals shown on charts may not add up to 100%*

36% say COVID-19 is the most important issue facing their community today

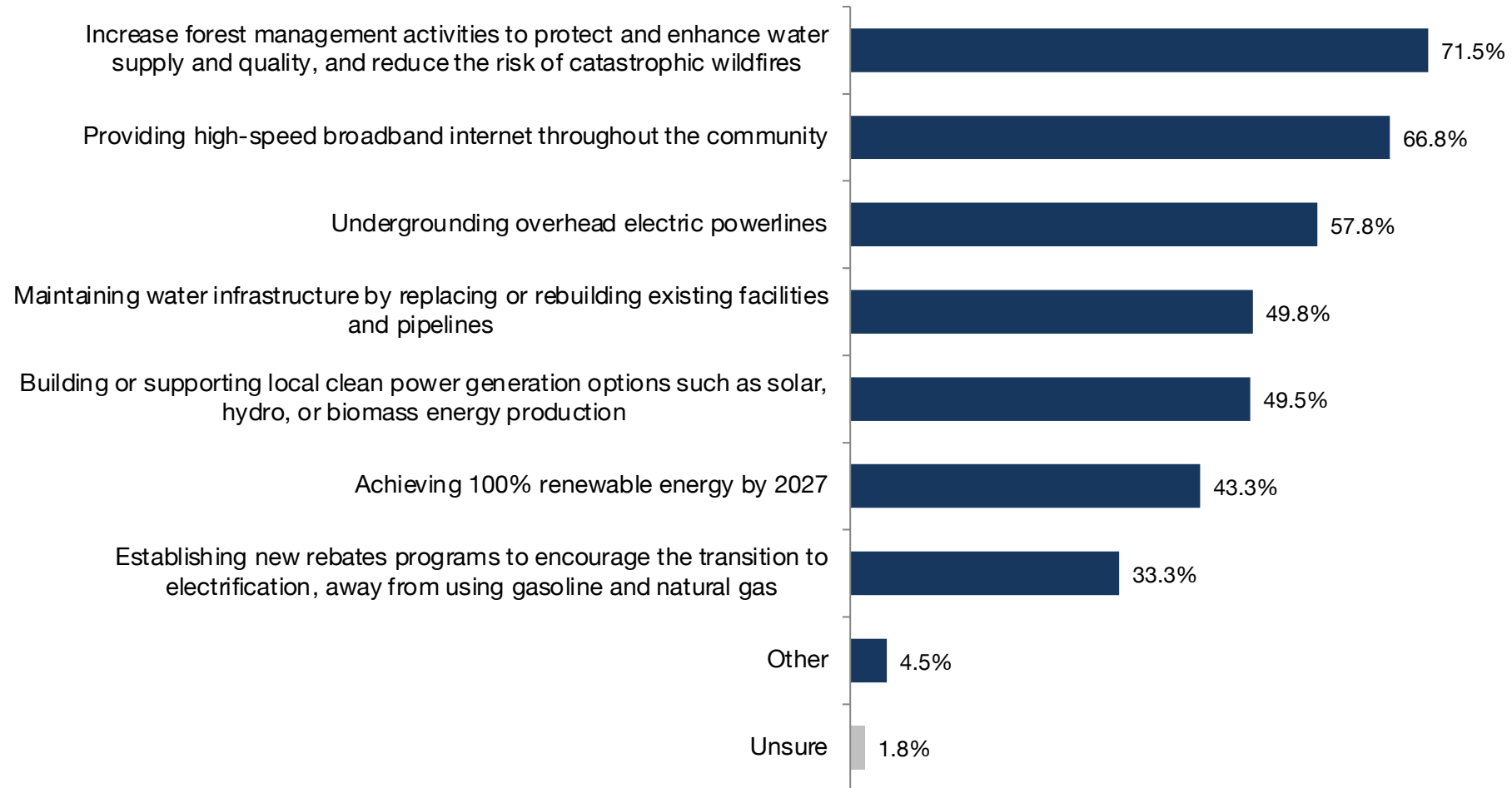
Question 1: What is the most important issue facing your community today?



72% support an increase in forest management

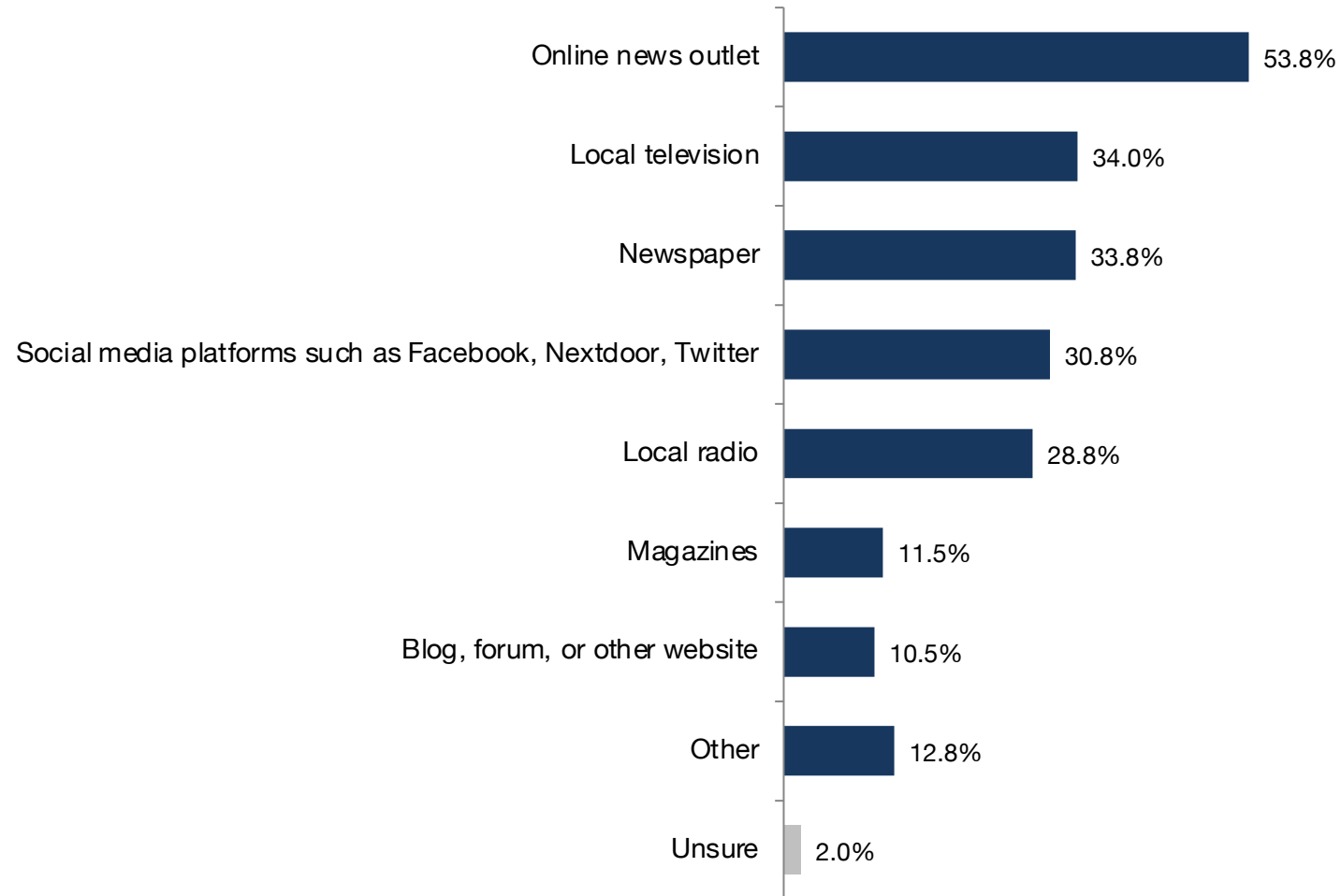
and 67% support providing high-speed internet

Question 2: Here is a list of projects that Truckee Donner Public Utility District may choose to pursue in the future. Please indicate which projects you support. Select all that apply.



54% get their news online, 31% on social media

Question 3: Where do you generally get your news and information?

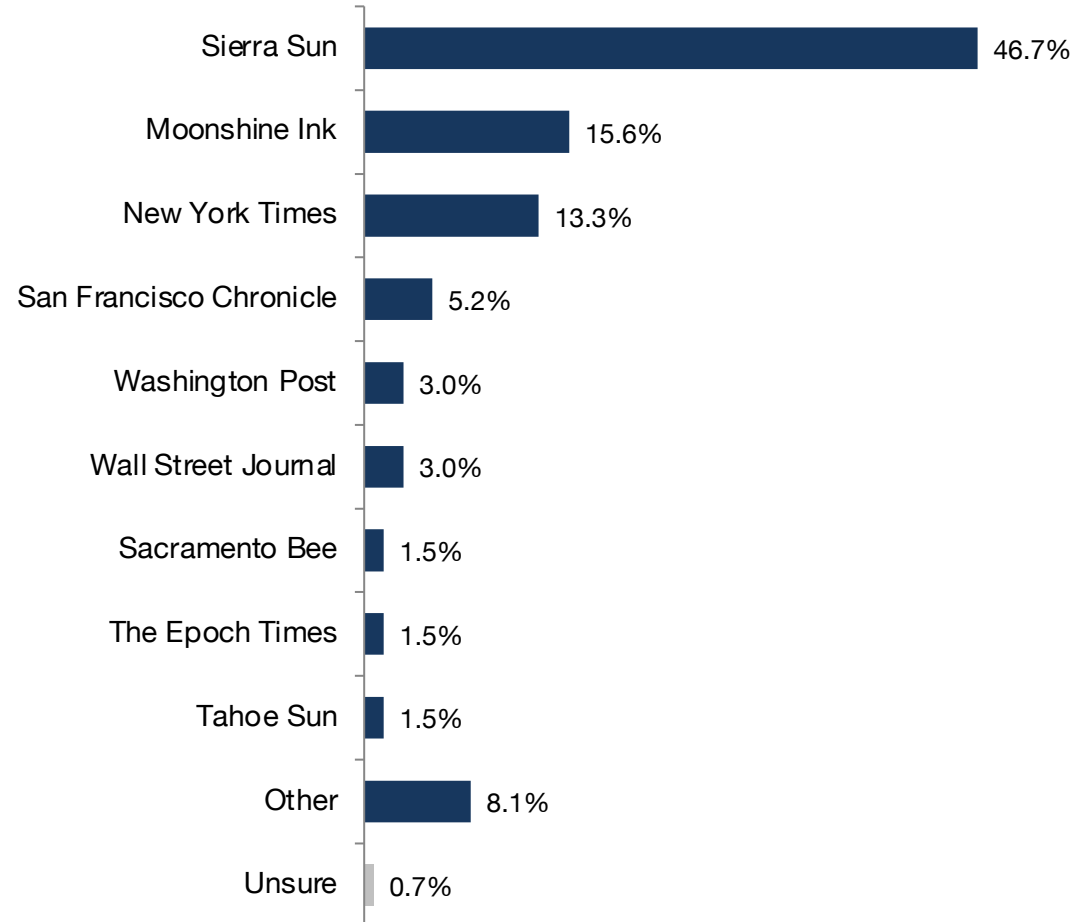


The Sierra Sun is the leading newspaper

for local news

Question 3_Newspaper: Where do you generally get your news and information?

[AMONG THOSE WHO ANSWERED NEWSPAPER]

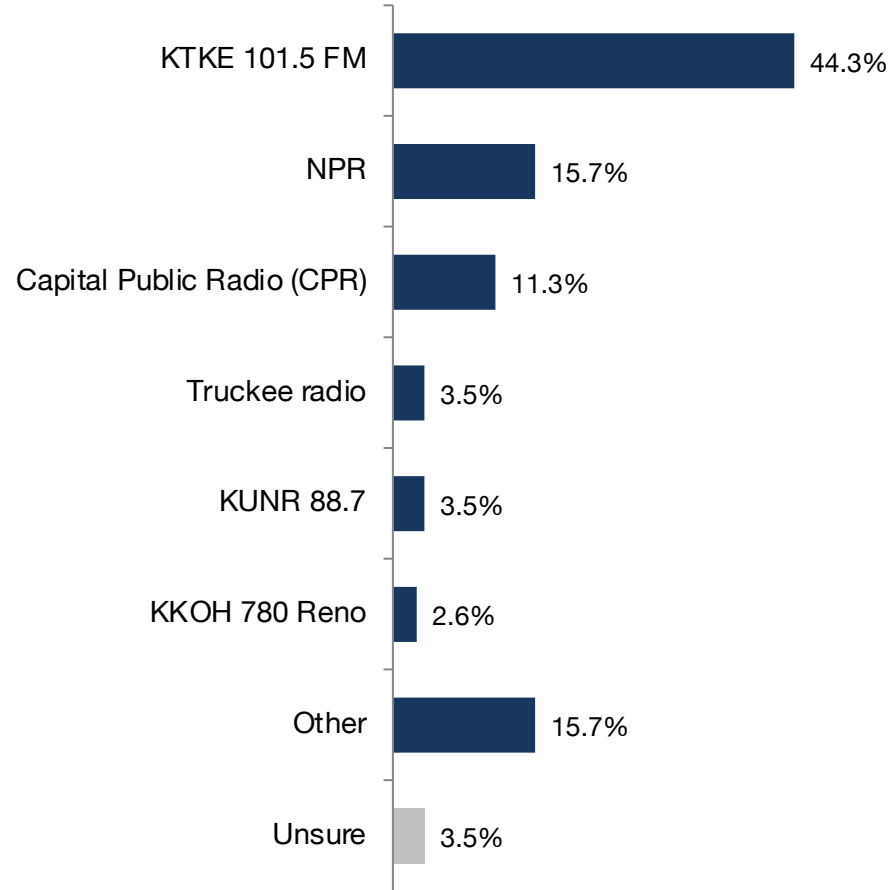


KTKE 101.5 is the leading radio station

for local news

Question 3_Radio: Where do you generally get your news and information?

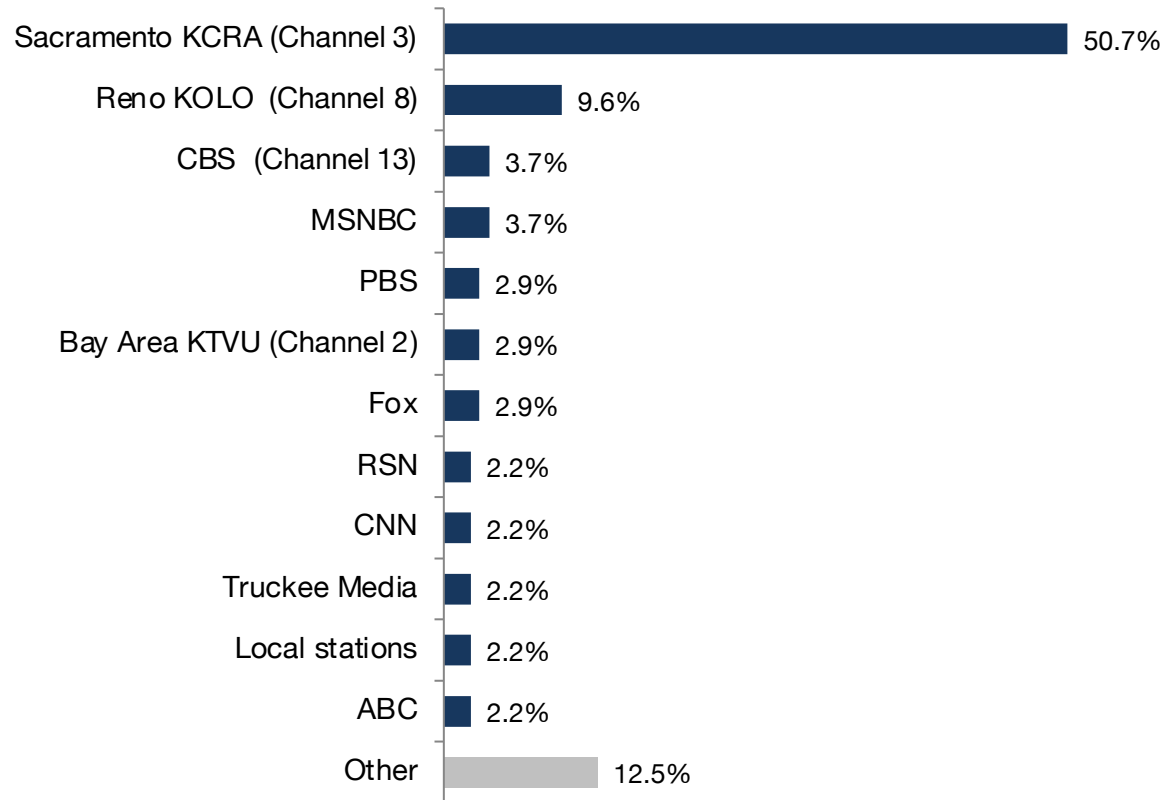
[AMONG THOSE WHO ANSWERED LOCAL RADIO]



Sacramento KCRA is the leading television network for local news

Question 3_Television: Where do you generally get your news and information?

[AMONG THOSE WHO ANSWERED LOCAL TELEVISION]

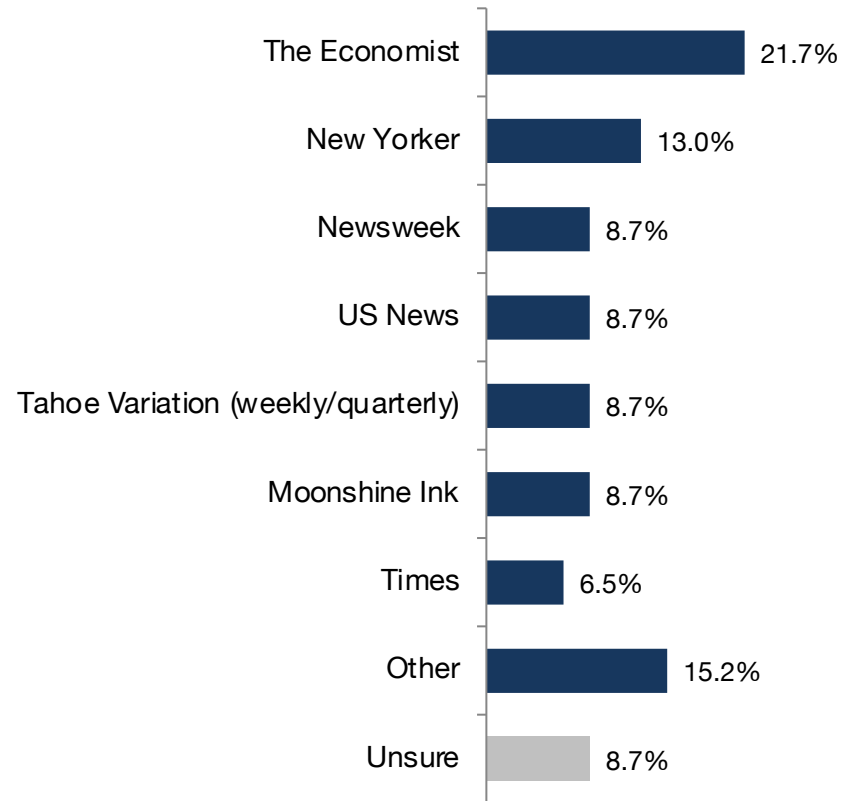


The Economist is the leading magazine

for local news

Question 3_Magazine: Where do you generally get your news and information?

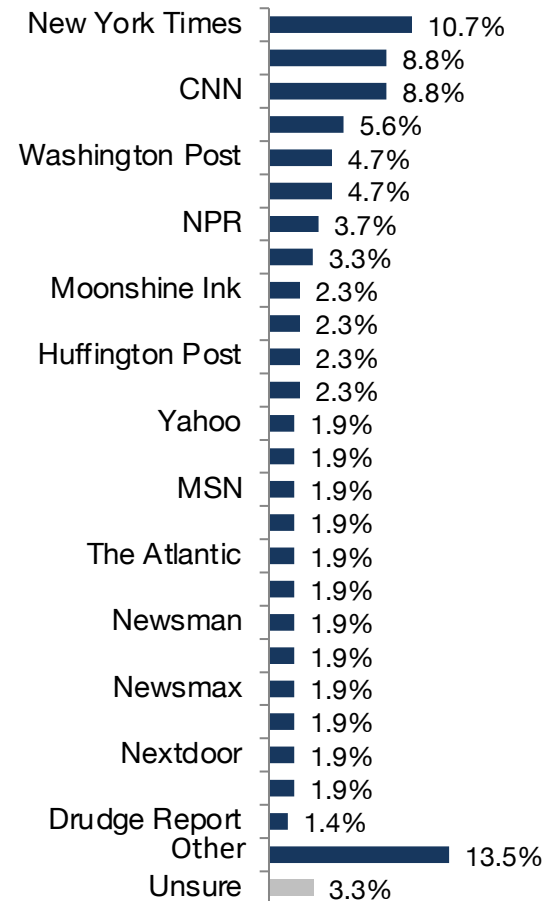
[AMONG THOSE WHO ANSWERED MAGAZINES]



New York Times is the leading online news outlet for local news

Question 3_OnlineNewsOutlet: Where do you generally get your news and information?

[AMONG THOSE WHO ANSWERED ONLINE NEWS OUTLET]

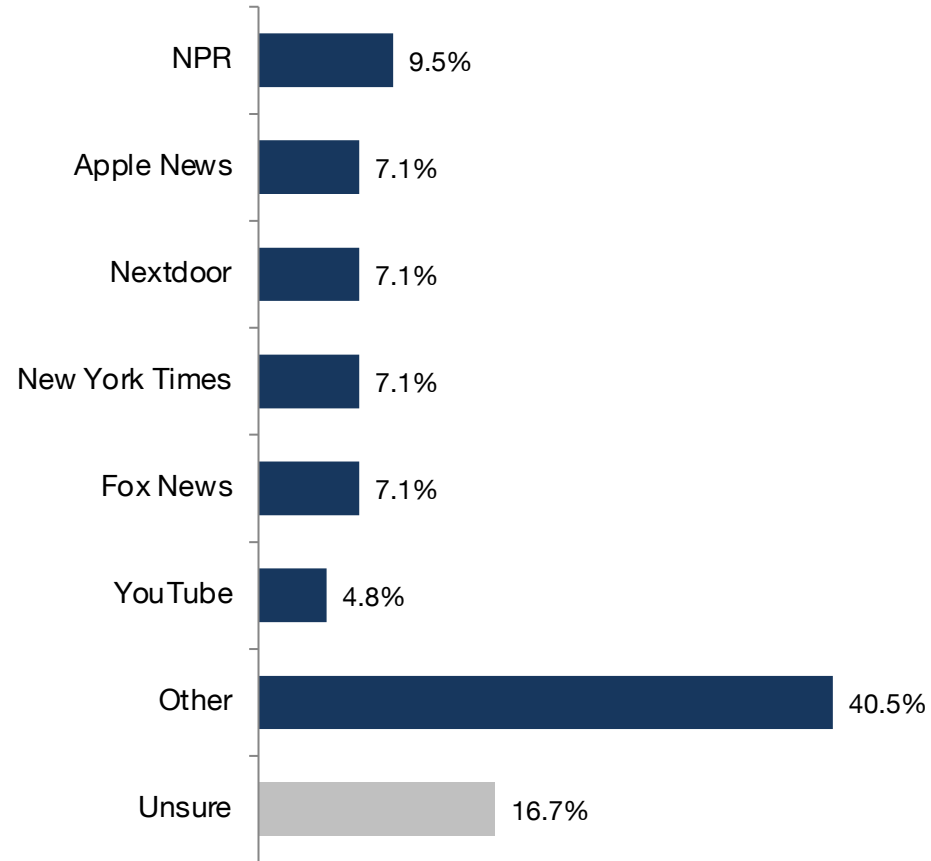


NPR is the leading podcast

for local news

Question 3_OtherWebsites: Where do you generally get your news and information?

[AMONG THOSE WHO ANSWERED BLOG, FORUM, OR OTHER WEBSITES]

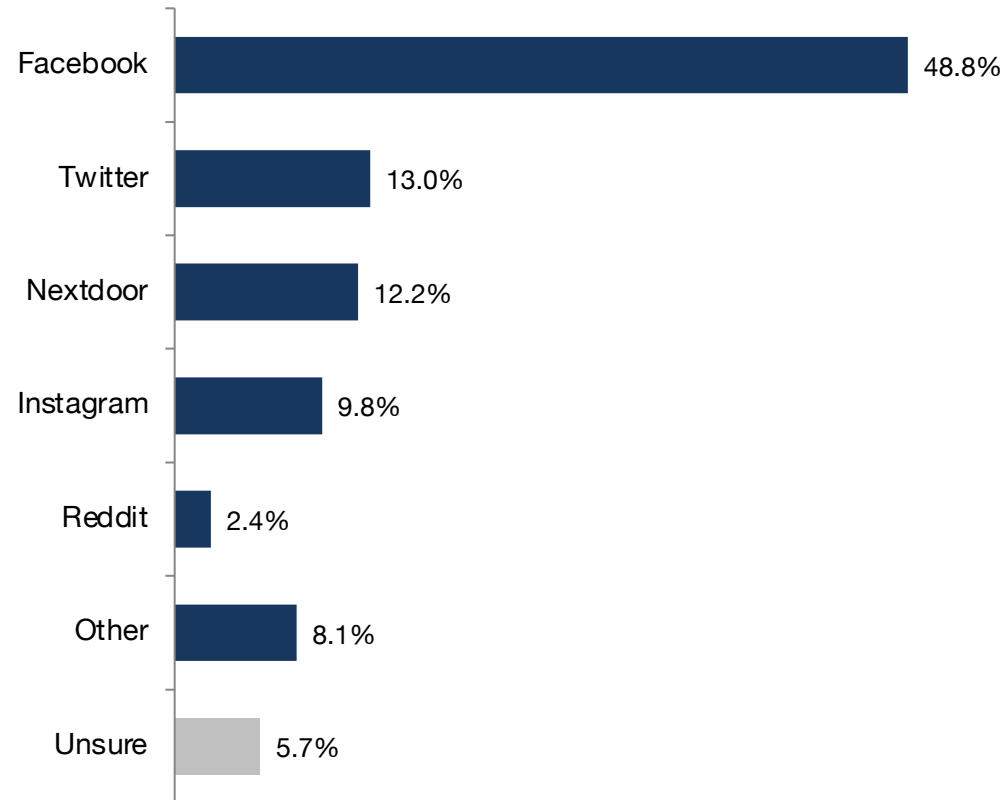


Facebook is the leading social media platform

for local news

Question 3_SocialMedia: Where do you generally get your news and information?

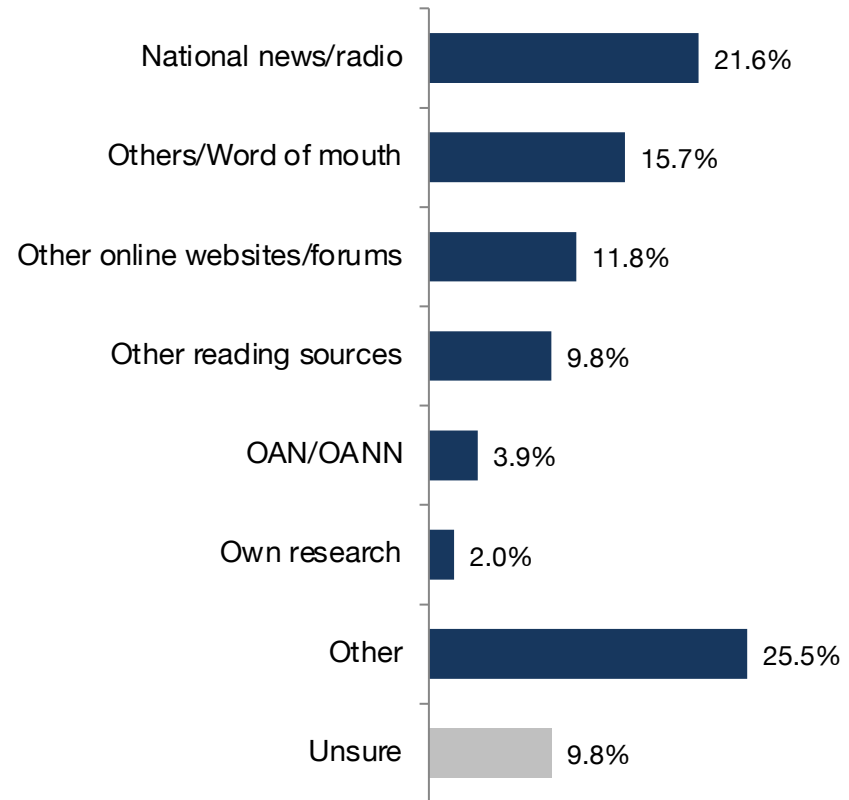
[AMONG THOSE WHO ANSWERED SOCIAL MEDIA]



Other sources of local news

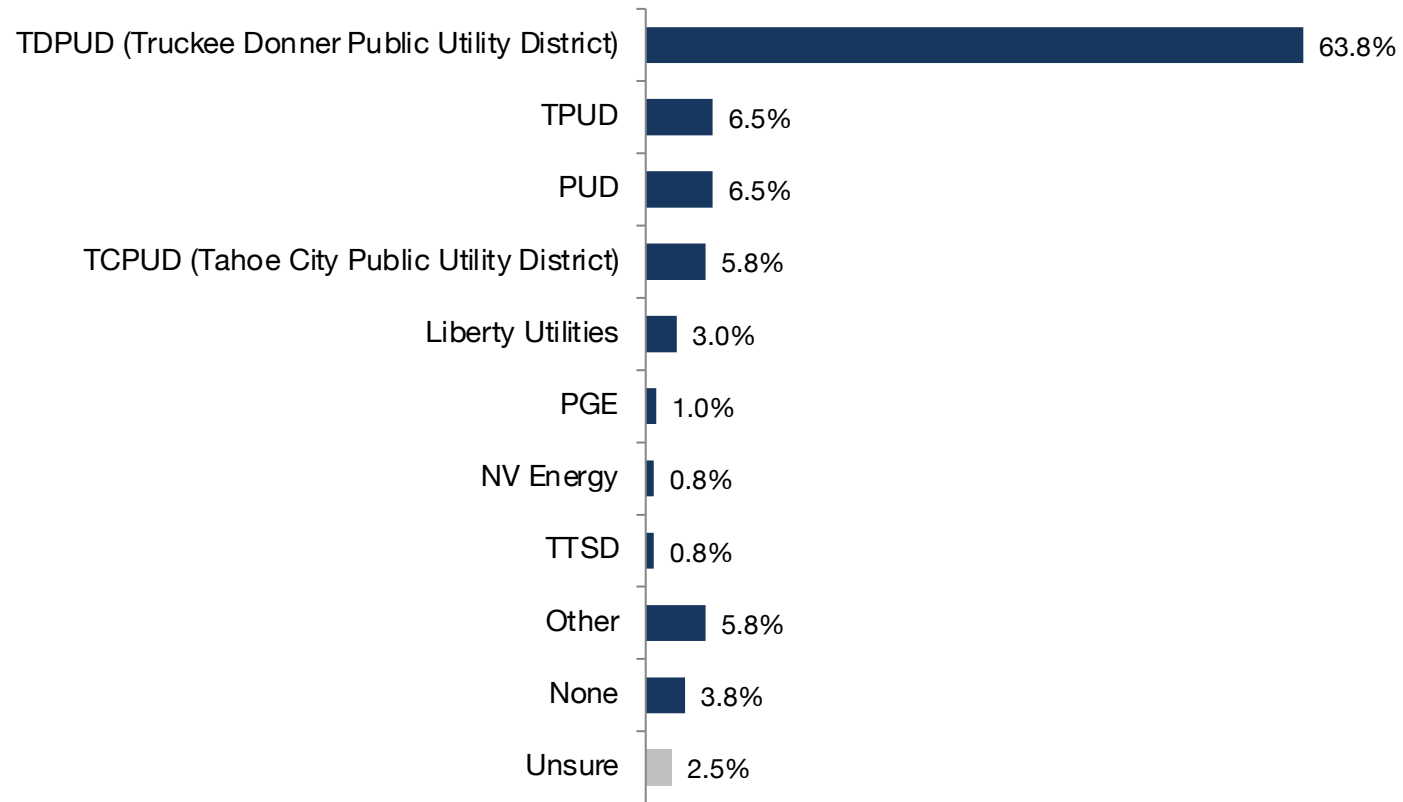
Question 3_Other: Where do you generally get your news and information?

[AMONG THOSE WHO ANSWERED OTHER]



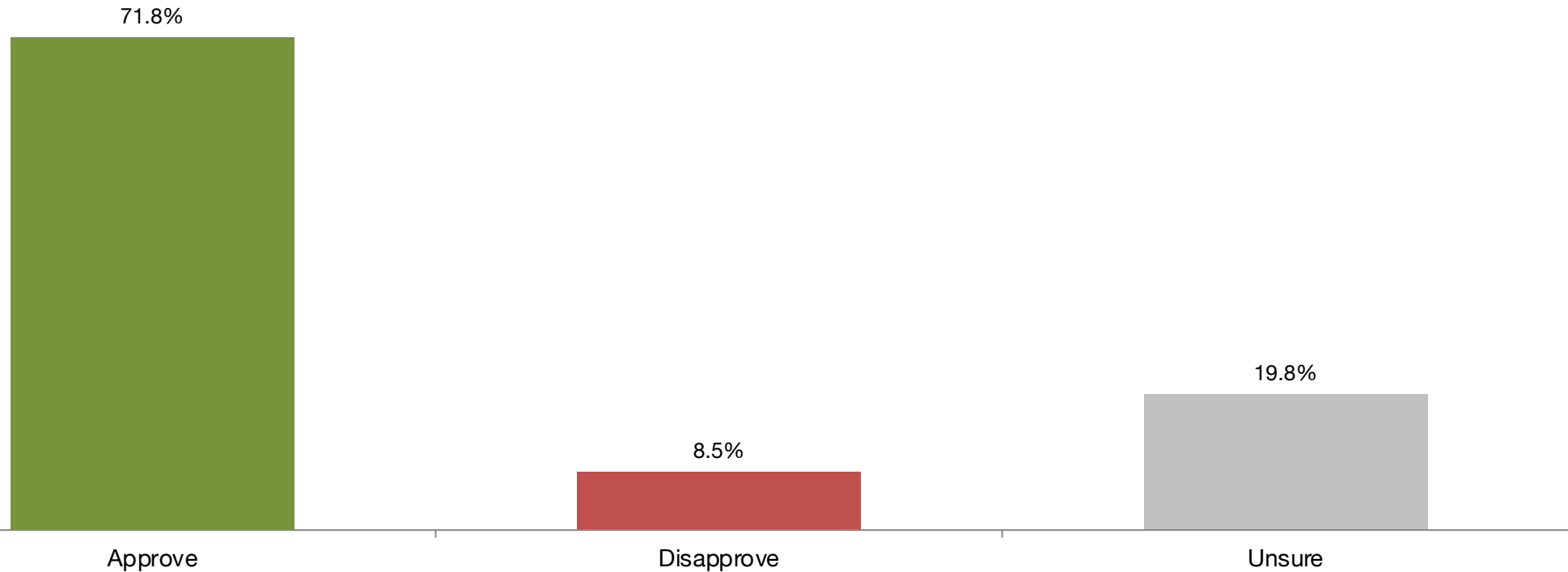
64% name TDPUD as their electricity and water provider

Question 4: Can you name the organization that provides water and electricity to your home?



72% approve of the job that TDPUD is doing

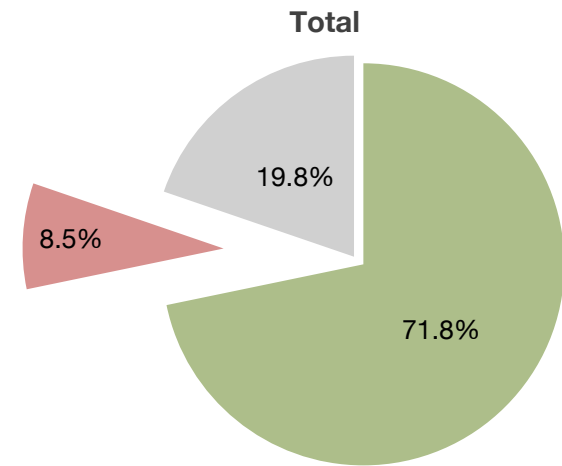
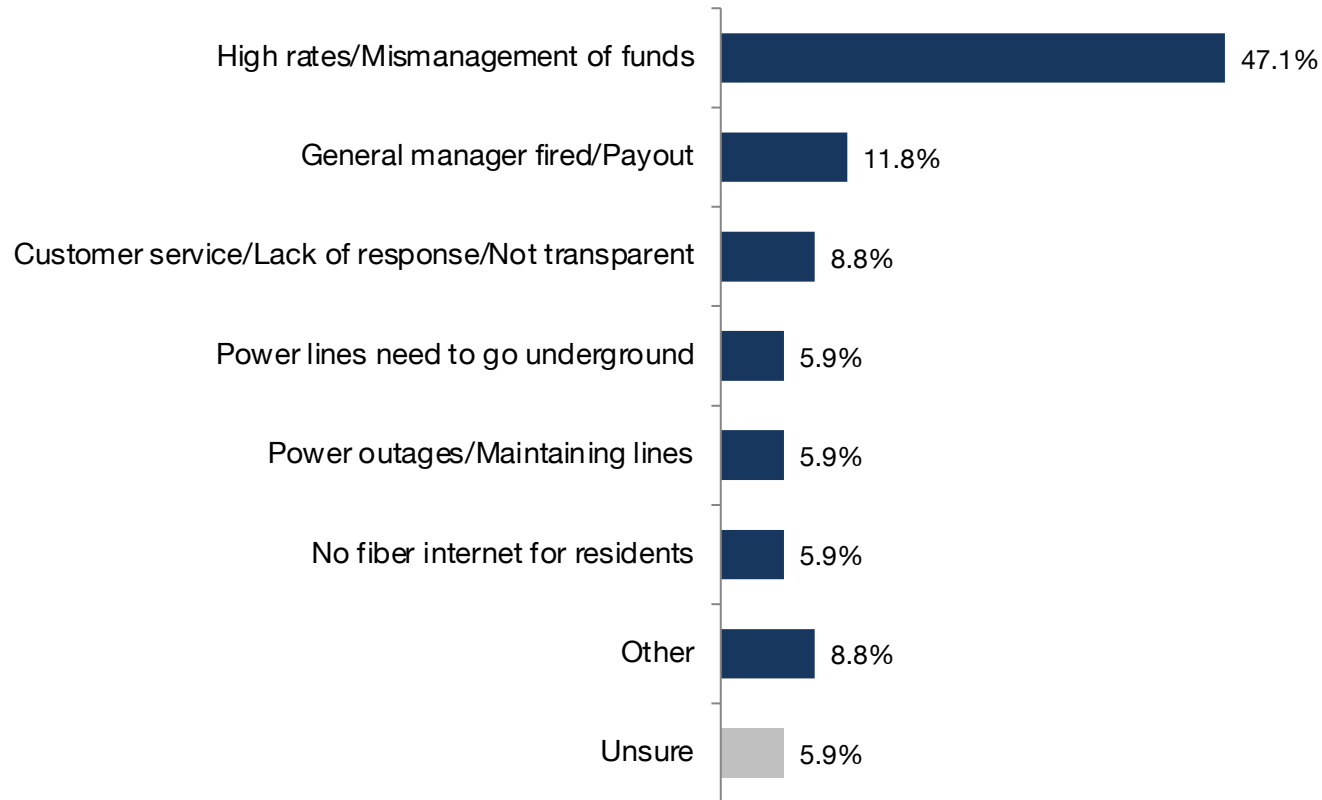
Question 5: Truckee Donner Public Utility District provides the greater Truckee area with water and electric services. Truckee Donner Public Utility District is a local government agency with a five-member elected board of directors. In general, do you approve or disapprove of the job that the Truckee Donner Public Utility District is doing?



Among those who disapprove, 47% say they disapprove because rates are too high

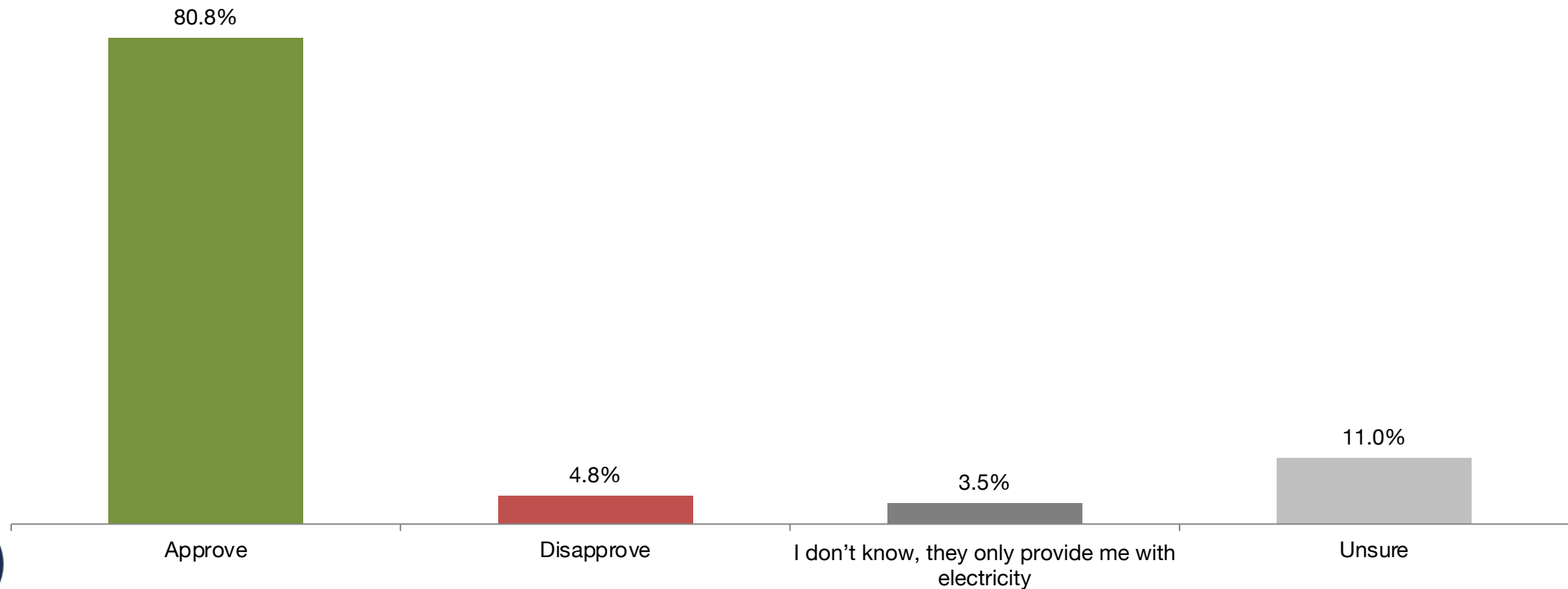
Question 6: Please explain why you disapprove of the job that Truckee Donner Public Utility District is doing.

[AMONG THE 8.5% WHO ANSWERED "DISAPPROVE" TO Q5]



81% approve of TDPUD's job in providing water

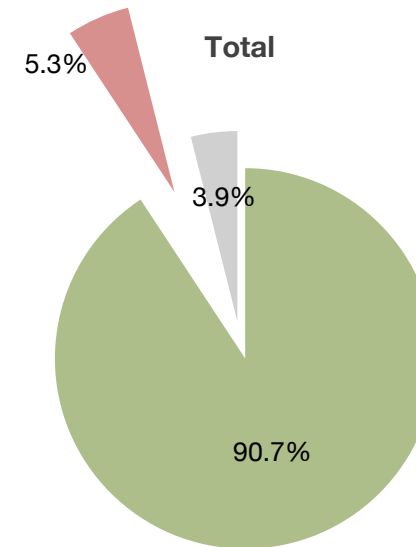
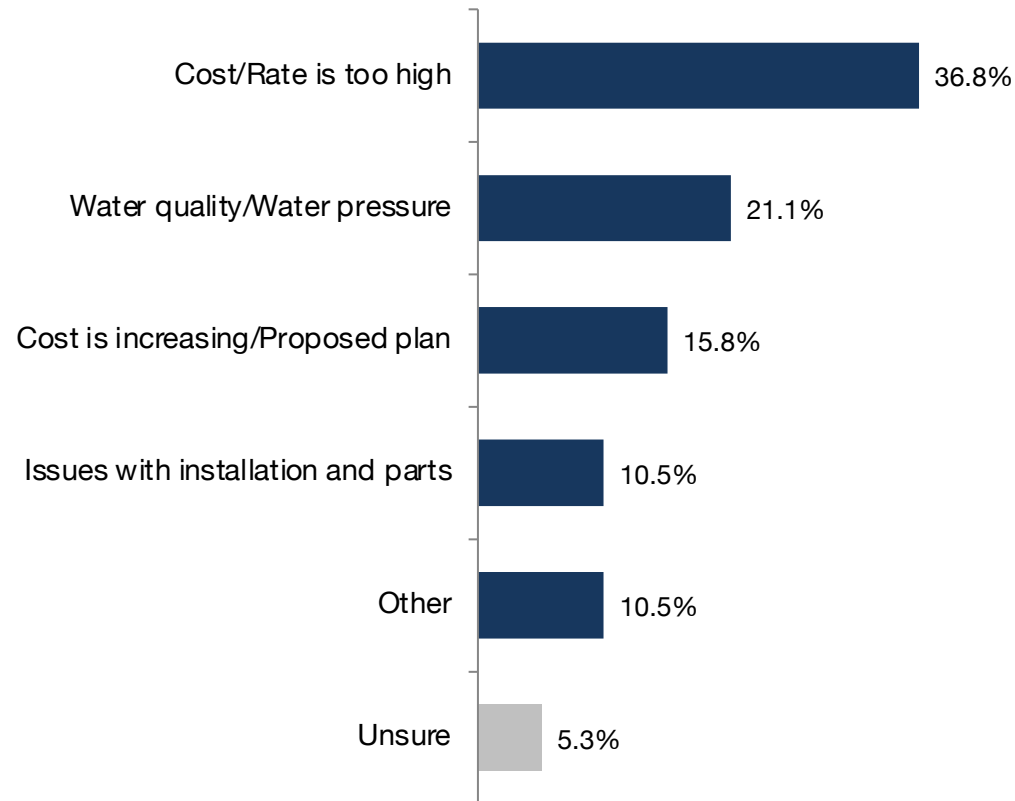
Question 7: Truckee Donner Public Utility District serves approximately 13,300 customers with water. In general, do you approve or disapprove of the job that Truckee Donner Public Utility District is doing in providing water to your home?



Among those who disapprove, 37% say it's because rates are too high

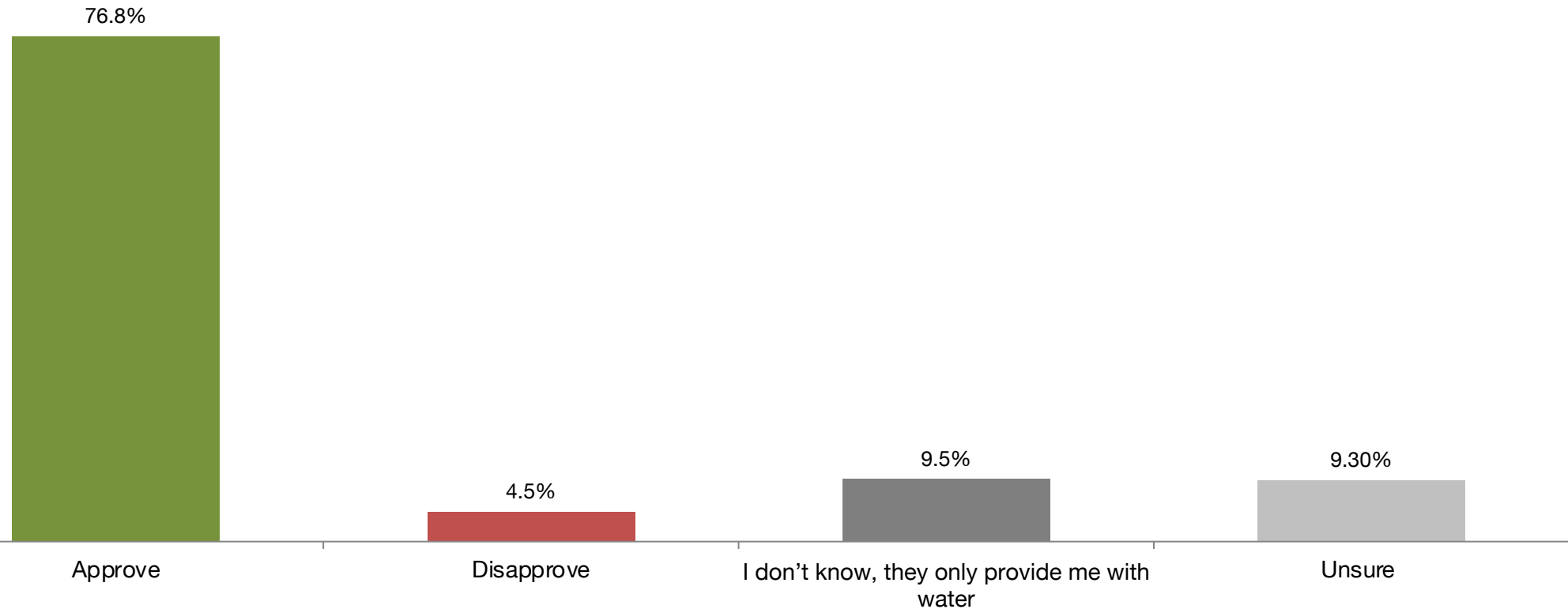
Question 8: Please explain why you disapprove of the job that Truckee Donner Public Utility District is doing in providing water to your home.

[AMONG THE 5.3% WHO ANSWERED "DISAPPROVE" TO Q7]



77% approve of TDPUD's job in providing electricity

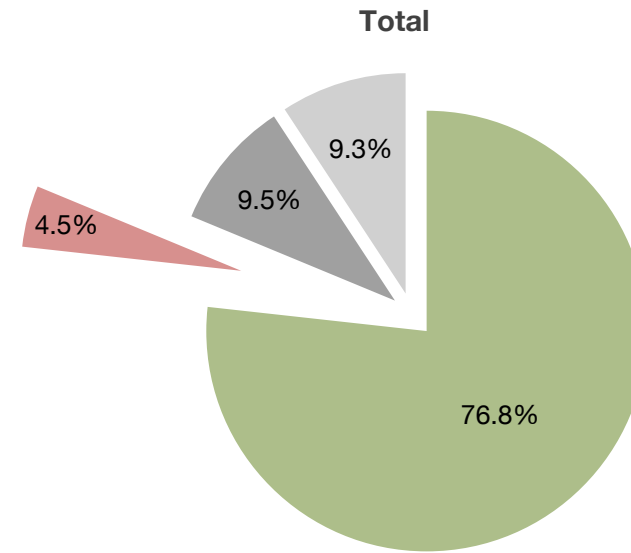
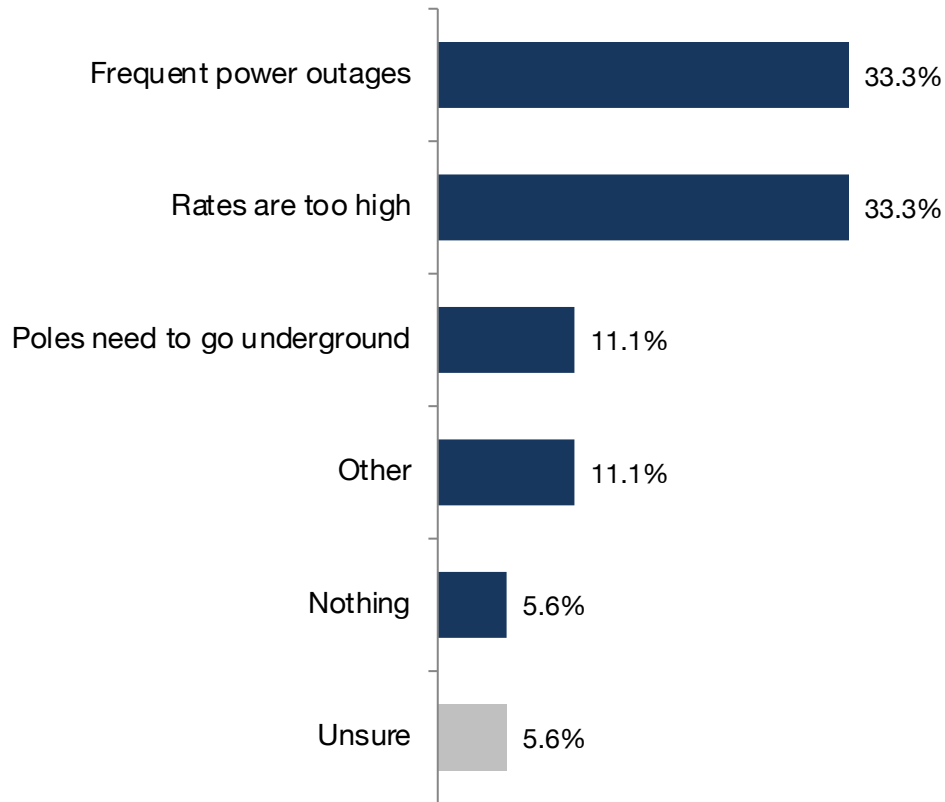
Question 9: Truckee Donner PUD serves approximately 14,200 with electricity. In general, do you approve or disapprove of the job that the Truckee Donner Public Utility District is doing in providing electricity to your home?



Among those who disapprove, 33% say it's because of frequent power outages

Question 10: Please explain why you disapprove of the job that Truckee Donner Public Utility District is doing in providing electricity to your home.

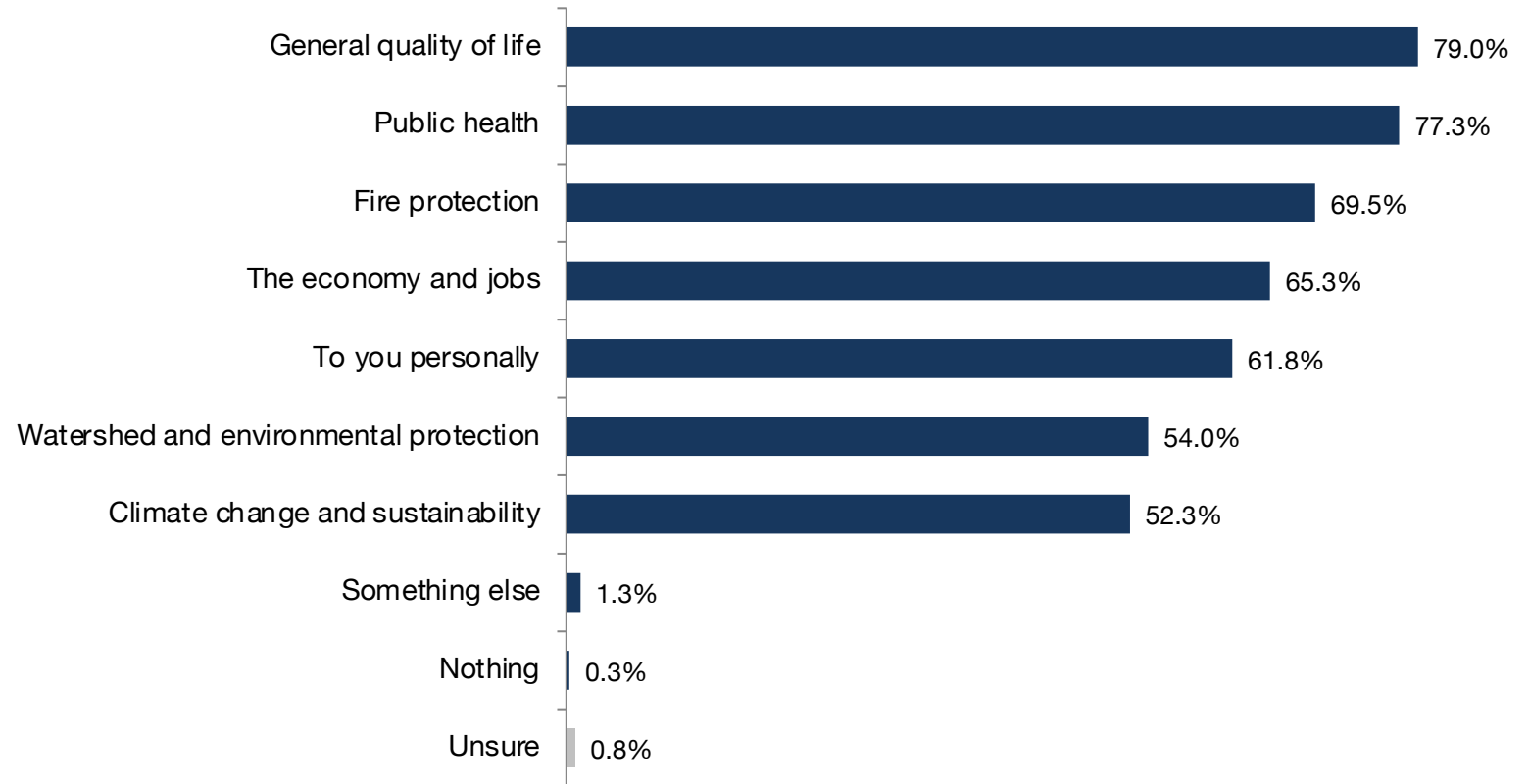
[AMONG THE 54.5% WHO ANSWERED "DISAPPROVE" TO Q9]



79% believe that their general quality of life

is positively impacted by water and electric infrastructure

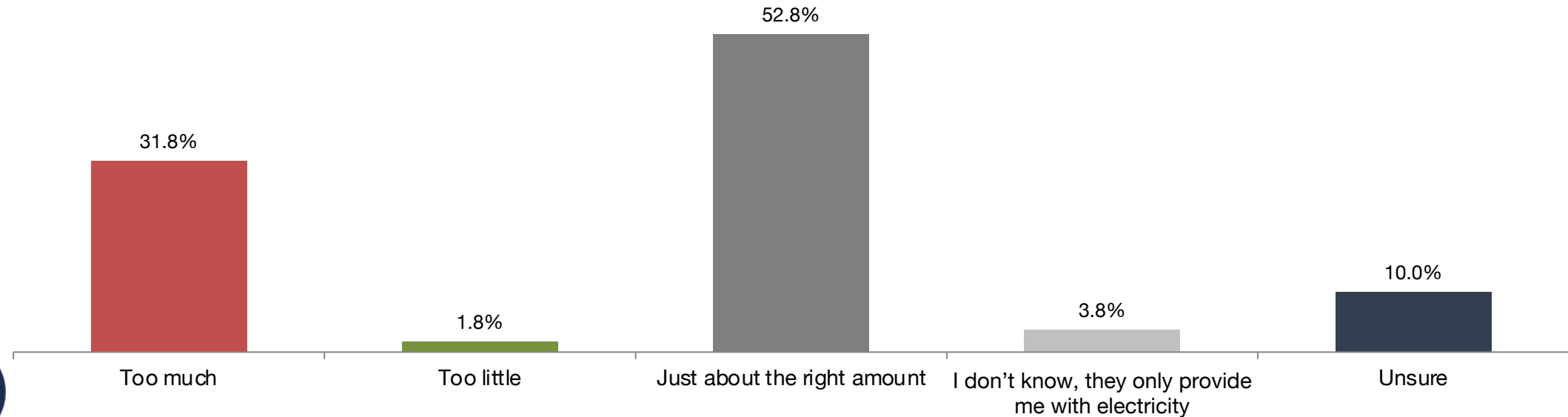
Question 11: Do you believe water and electric infrastructure are critical to any of the following? Select all that apply.



53% say they pay just about the right amount

for their TDPUD water bill

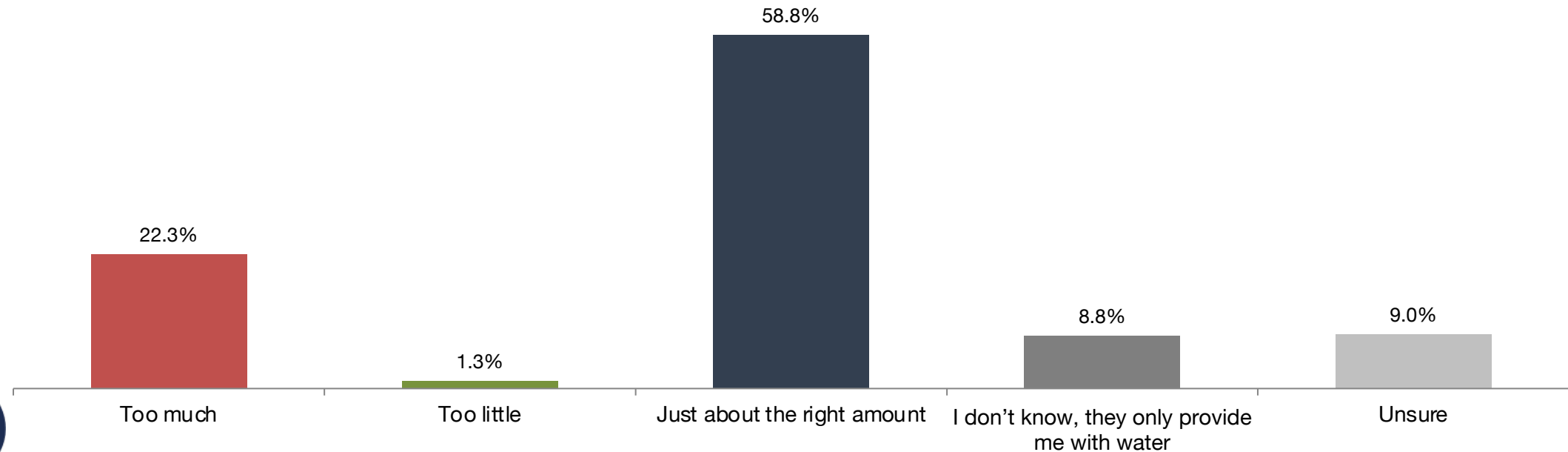
Question 12: Thinking about the amount that you pay on your Truckee Donner Public Utility District bill for water at your home, would you say that you pay too much, too little, or just about the right amount?



59% say they pay just about the right amount

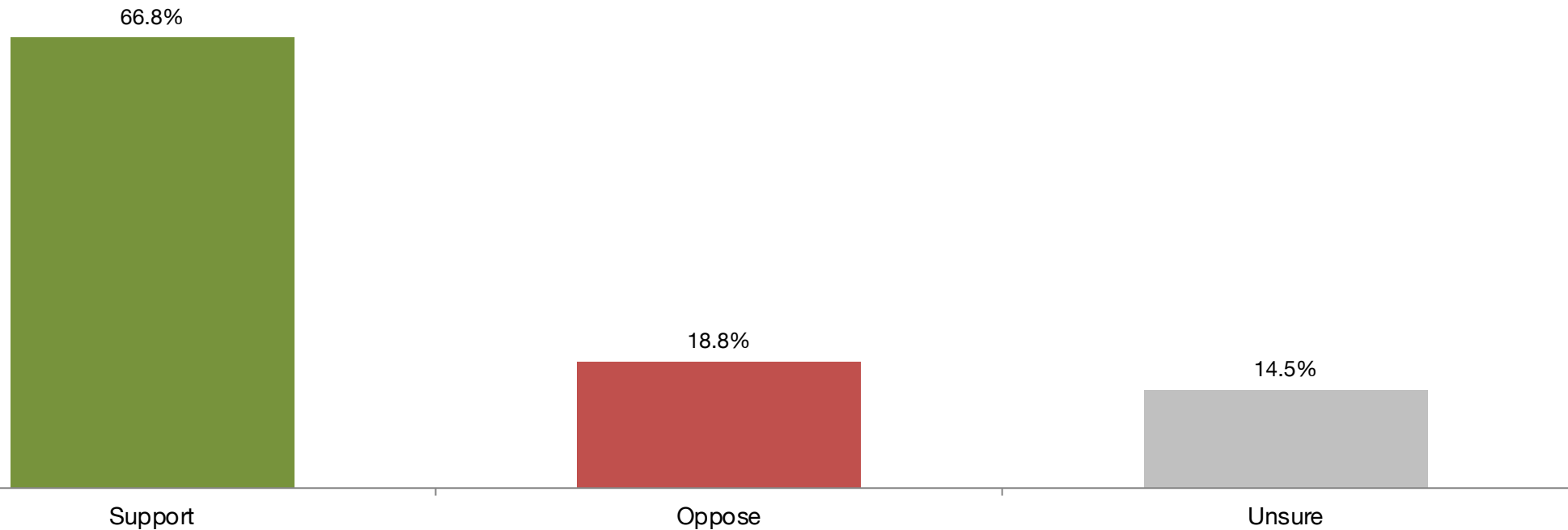
for their TDPUD electricity bill

Question 13: Thinking about the amount that you pay on your Truckee Donner Public Utility District bill for electricity at your home, would you say that you pay too much, too little, or just about the right amount?



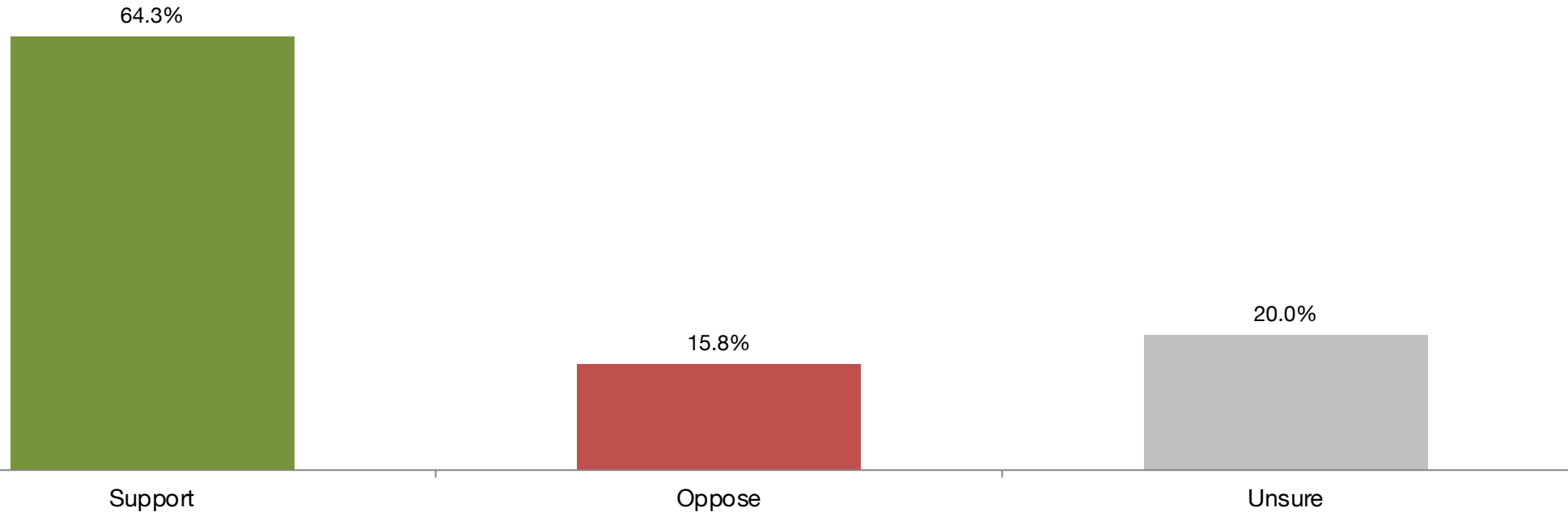
67% support the transition to renewable and/or carbon-free energy

Question 14: Do you support or oppose the idea of Truckee Donner Public Utility District achieving 100% renewable and/or carbon-free energy by 2027?



64% support the local production of biomass fuel

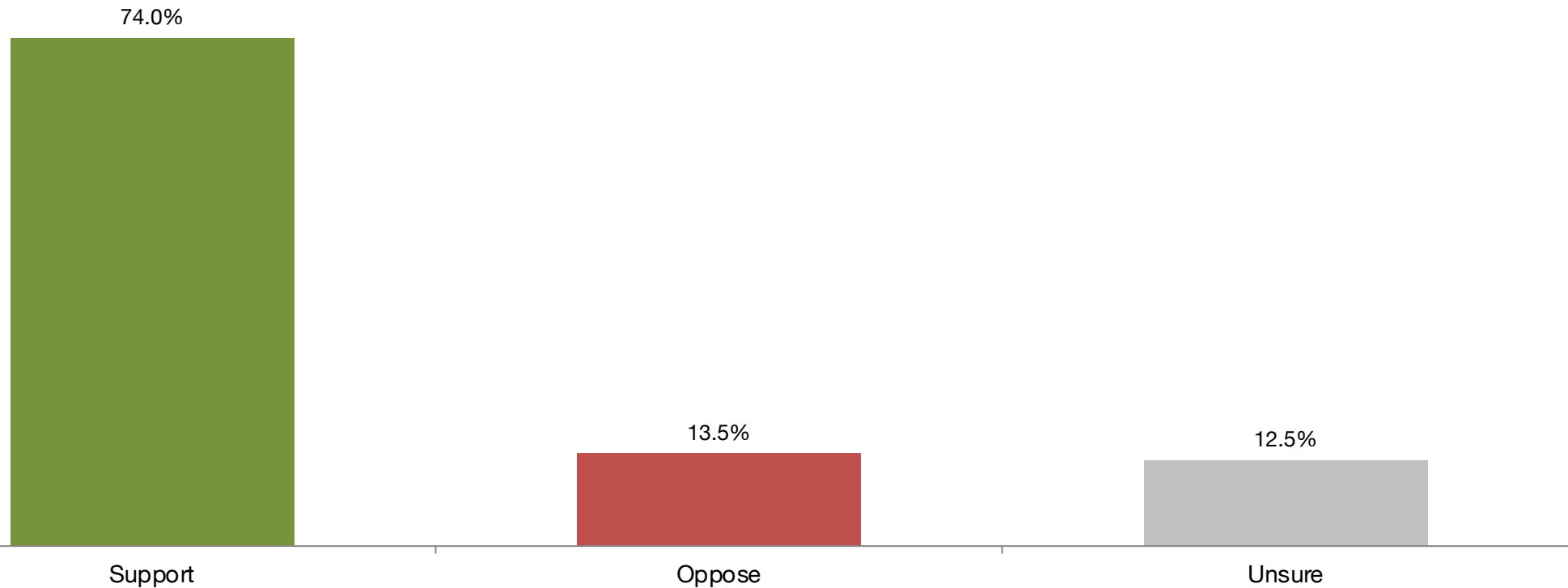
Question 15: Biomass is an organic and renewable source of energy that is harvested from plant and animal waste. Typically, biomass is converted into heat or electricity, but it may also be converted into solid, gaseous, and liquid fuels. Locally sourced and controlled biomass fuel can help mitigate the risk of wildfires to our community and increase reliability because the power is generated locally. A biomass fuel facility can help reduce pollution by limiting our community's carbon dioxide emissions. Do you support or oppose the idea of Truckee Donner Public Utility District's pursuing the production of biomass fuel as an alternative source of energy even if it would require the District to raise rates?



74% support undergrounding powerlines

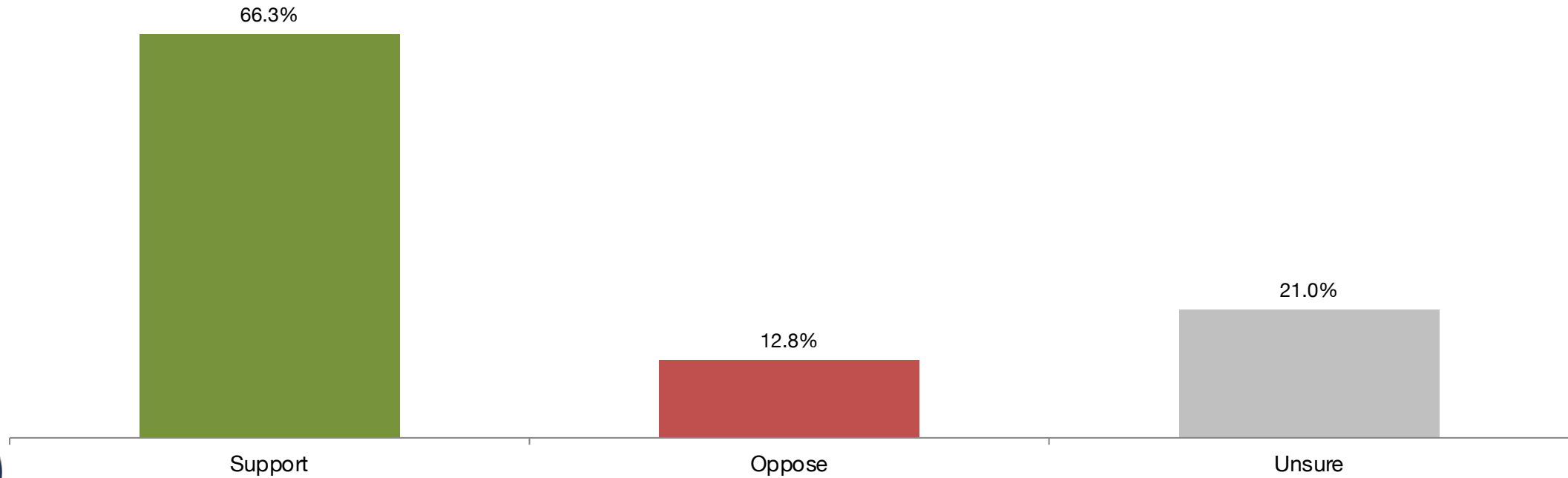
even if this means higher rates

Question 16: Undergrounding overhead electric powerlines can be expensive but is also very helpful in preventing wildfires. Do you support or oppose Truckee Donner Public Utility District undergrounding overhead electric powerlines even it would require the District to raise rates?



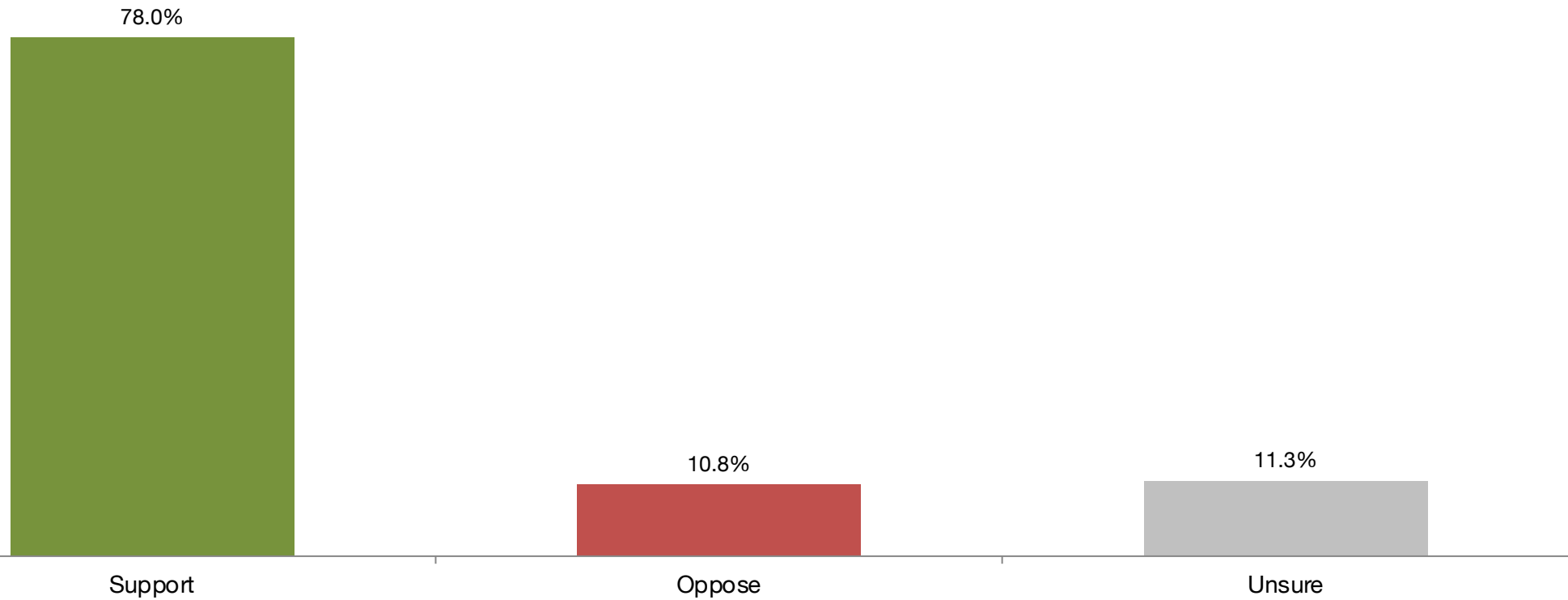
66% would support investing in water infrastructure

Question 17: Do you support or oppose Truckee Donner Public Utility District investing in maintaining water infrastructure by replacing or rebuilding older existing facilities and pipelines even it would require the District to raise rates?



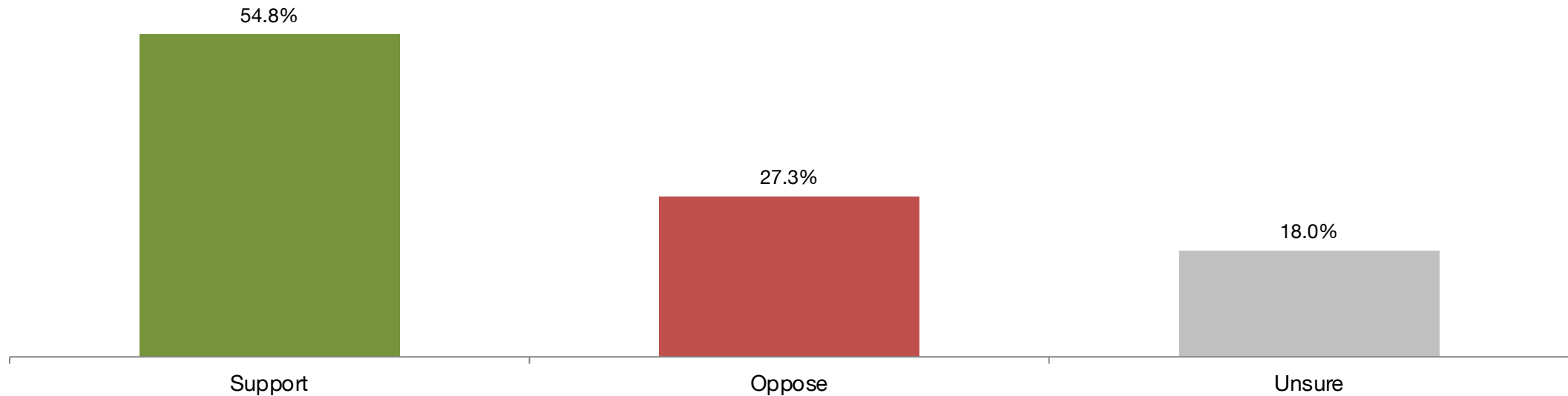
78% support providing high-speed internet

Question 18: Do you support or oppose Truckee Donner Public Utility District providing the option of locally controlled high-speed broadband internet throughout the community for an additional fee?



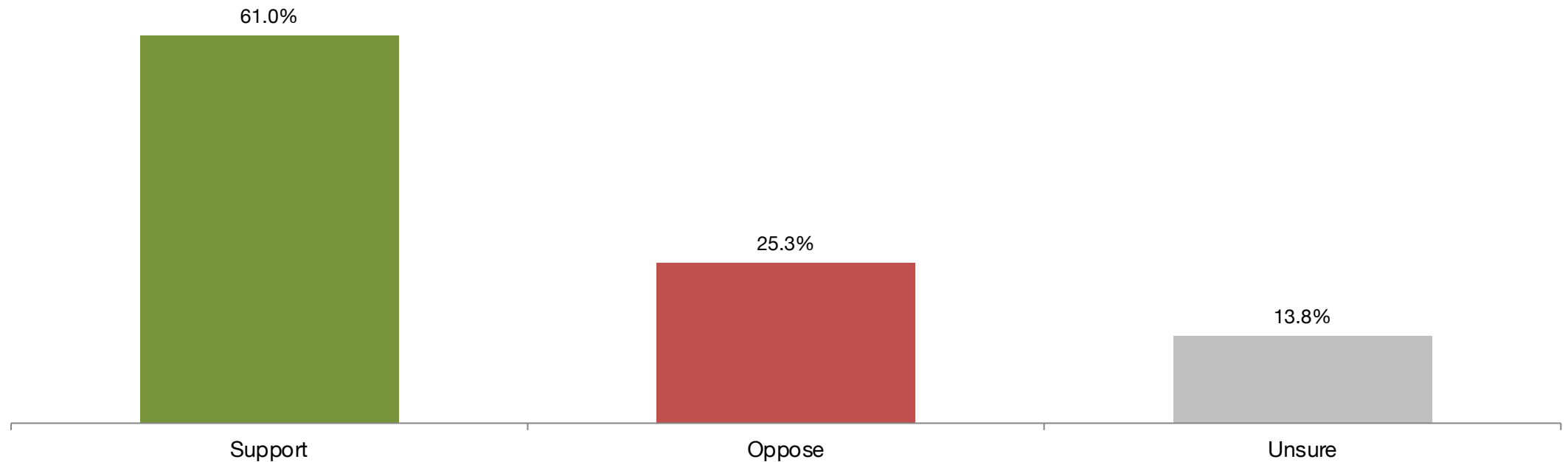
55% would support the establishment of new rebate programs

Question 19: Do you support or oppose Truckee Donner Public Utility District establishing new rebates programs to encourage the transition to electrification to replace natural gas-powered appliances?



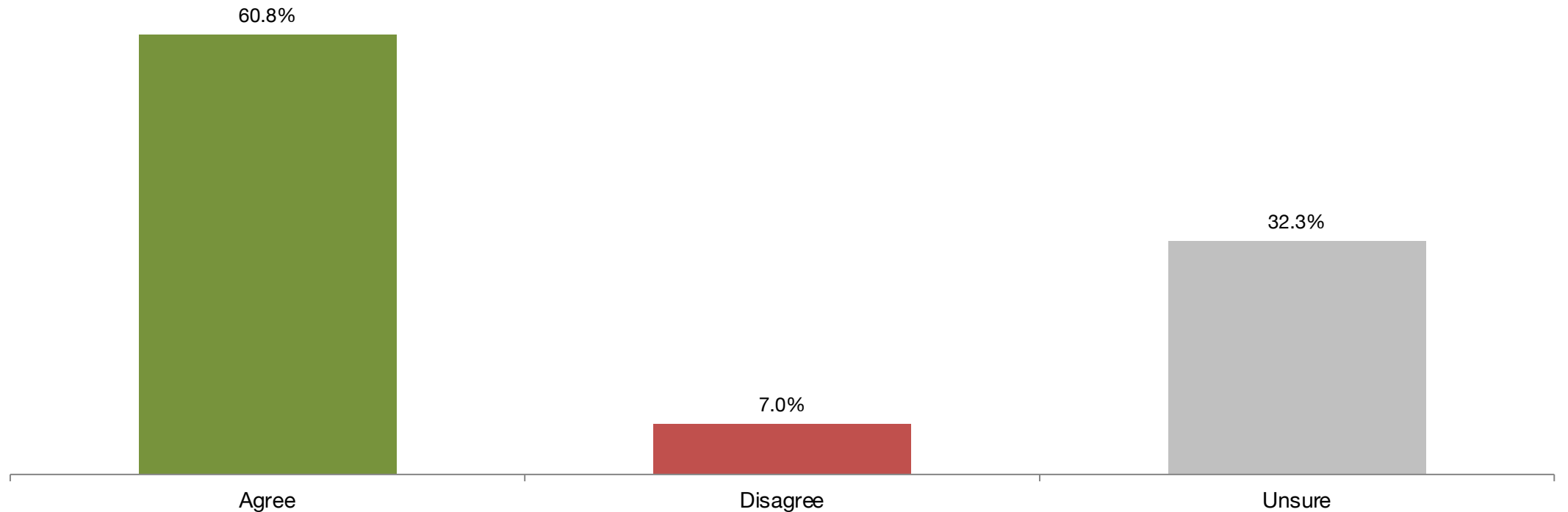
61% say they support achieving 100% renewable energy even if it would require raising rates

Question 20: California mandates that the state use 100% renewable and or carbon free energy by 2045. Do you support or oppose Truckee Donner Public Utility District achieving 100% much sooner than the mandate even it would require the District to raise rates?



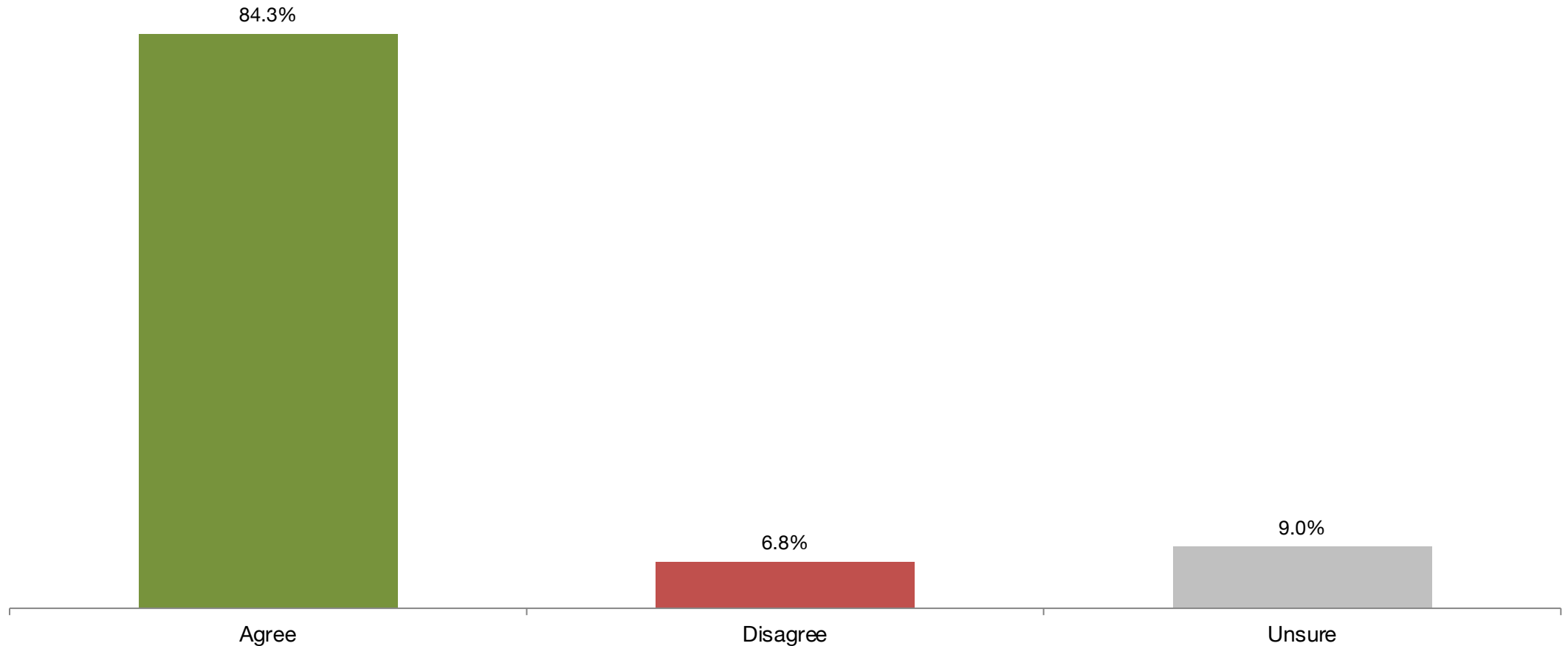
61% say they agree TDPUD cares about the health and well-being of me and my family

Question 21: Truckee Donner Public Utility District cares about the health and well-being of me and my family.



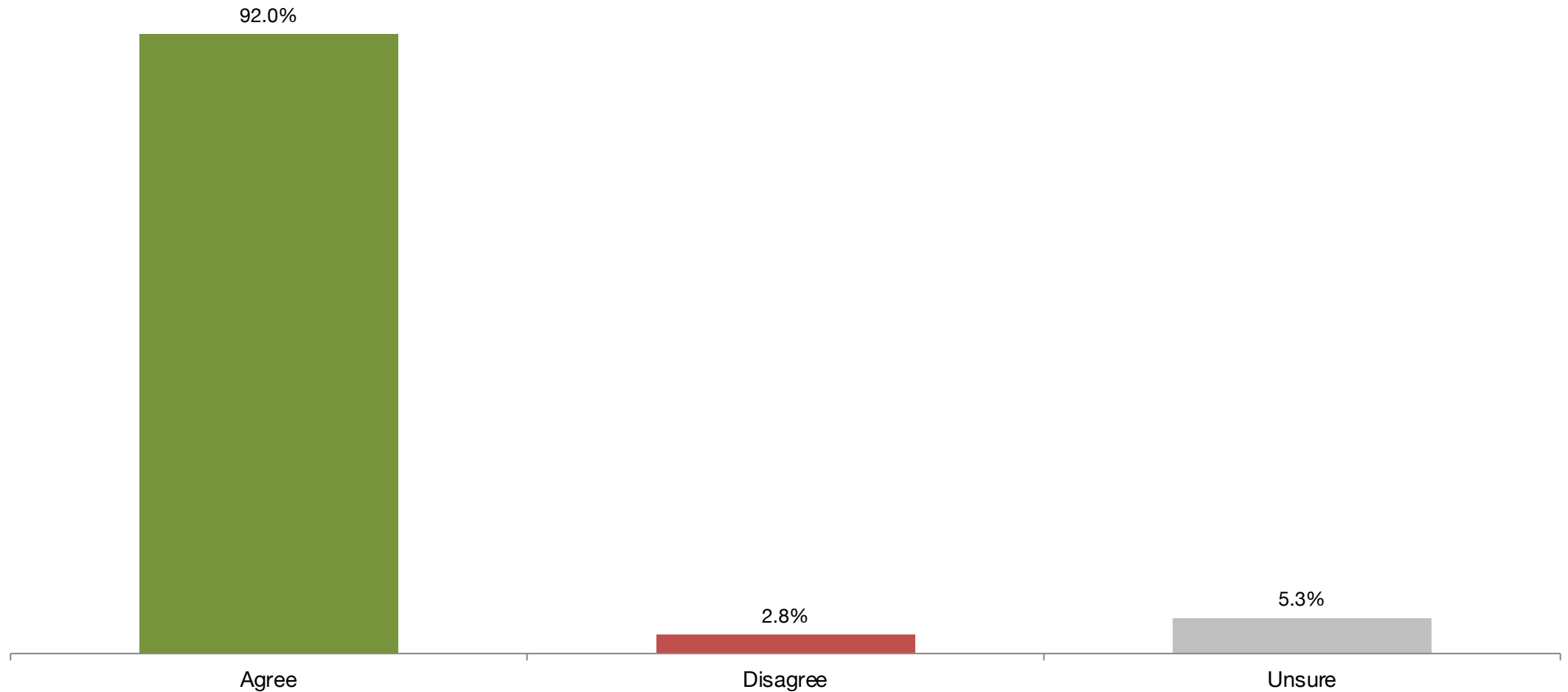
84% say they agree TDPUD provides reliable services

Question 22: The services Truckee Donner Public Utility District provides are reliable.



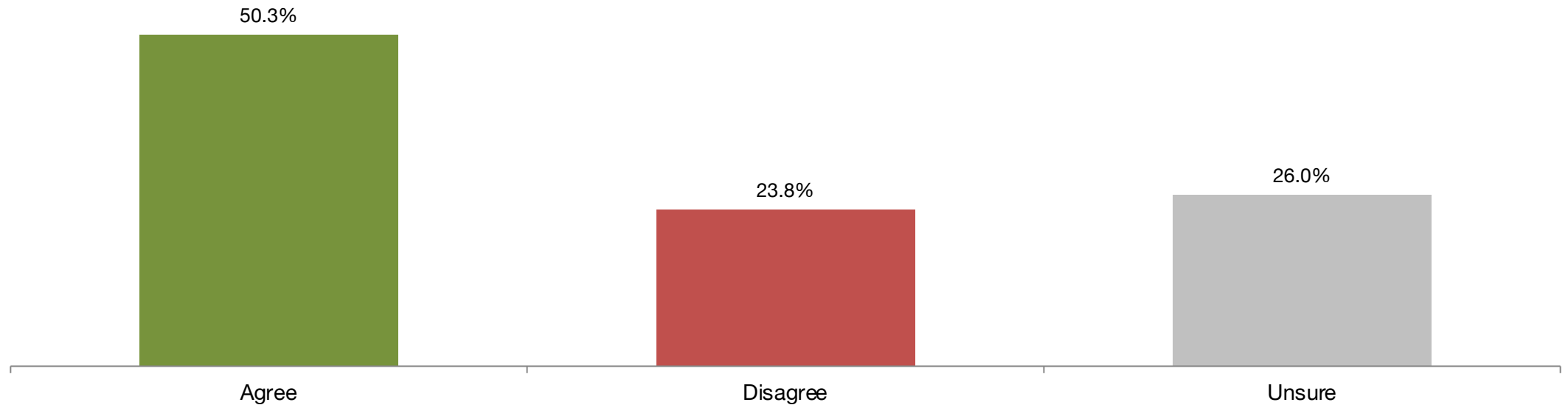
92% say they agree, TDPUD provides valuable services

Question 23: The services Truckee Donner Public Utility District provides are valuable.



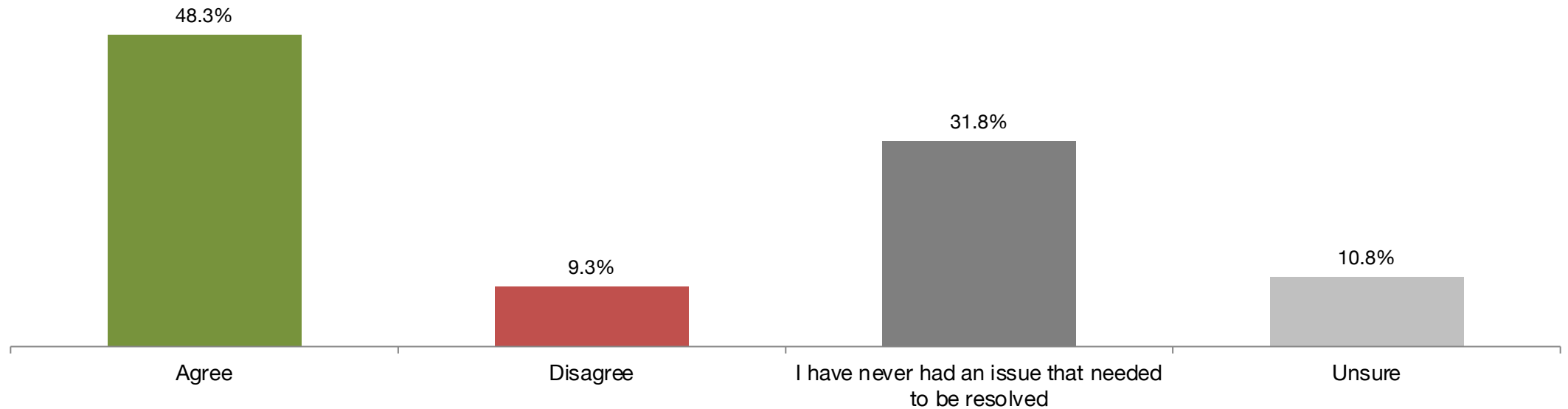
50% say they agree, TDPUD communicates well during electricity interruptions

Question 24: Truckee Donner Public Utility District communicates information well during electricity interruptions.



48% agree that TDPUD resolves issues or problems quickly by phone, online chat or e-mail

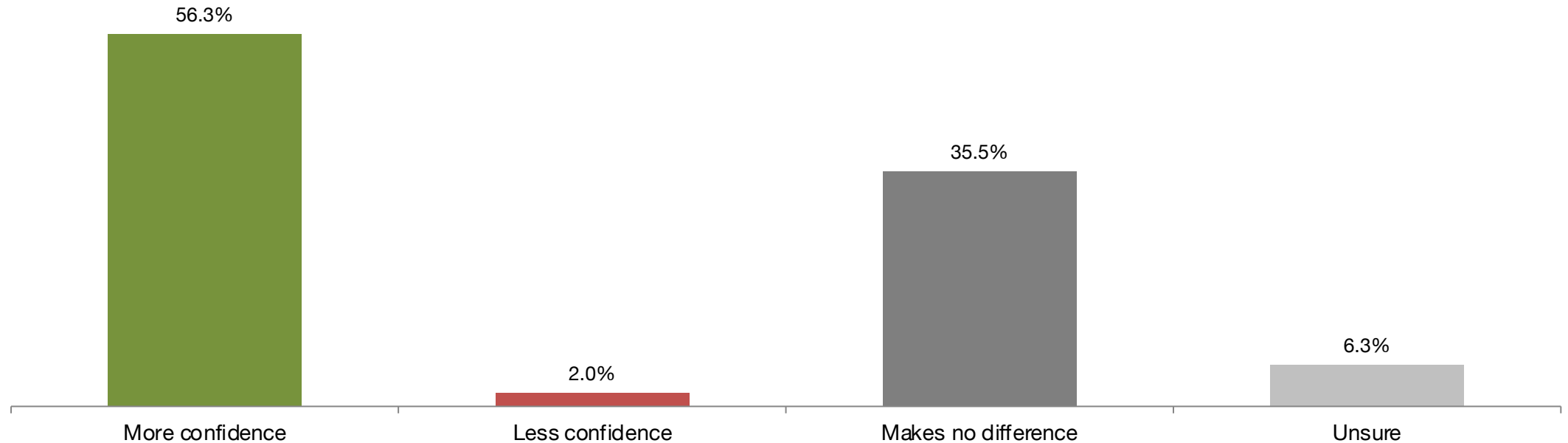
Question 25: Truckee Donner Public Utility District resolves my issues or problems quickly by phone, online chat, or e-mail.



56% say they have more confidence in TDPUD

knowing they are a community-owned, not-for-profit public agency owned and managed by ratepayers

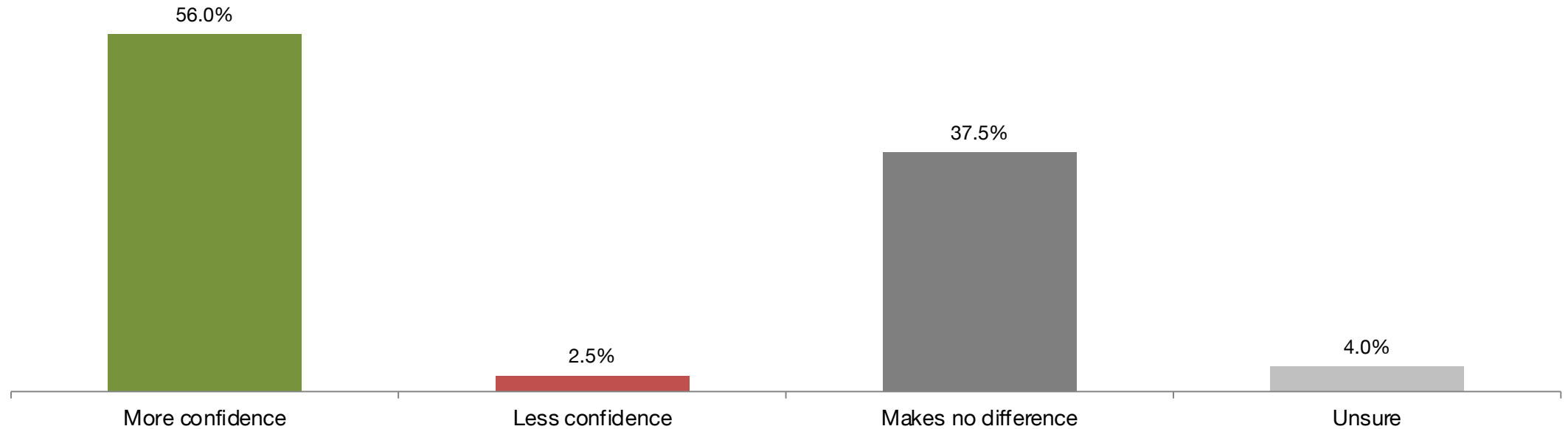
Question 26: Truckee Donner Public Utility District is a community-owned, not-for-profit public agency owned and managed by ratepayers. Does this give you more or less confidence in how the District operates?



56% say it gives them more confidence knowing

TDPUD provides water and energy saving programs

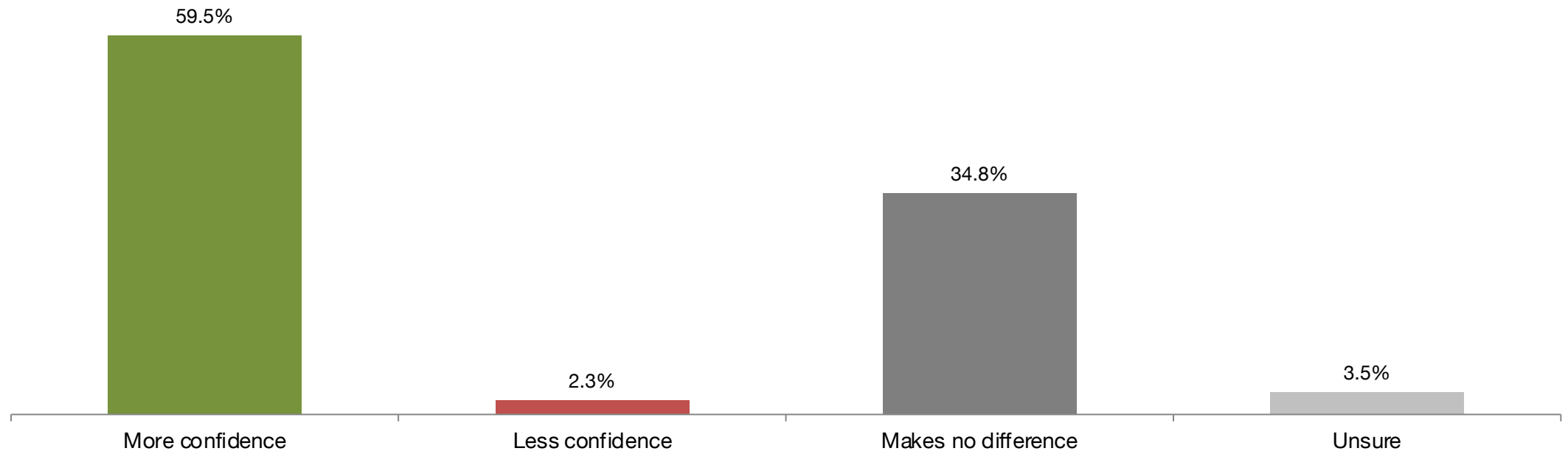
Question 27: Truckee Donner Public Utility District has energy and water saving programs designed help customers save energy and water, reduce carbon footprint, and ultimately help customers reduce their bills. Does this give you more or less confidence in how the District operates?



60% say they have more confidence in TDPUD

knowing they will exceed the state mandate for renewable energy by 30%

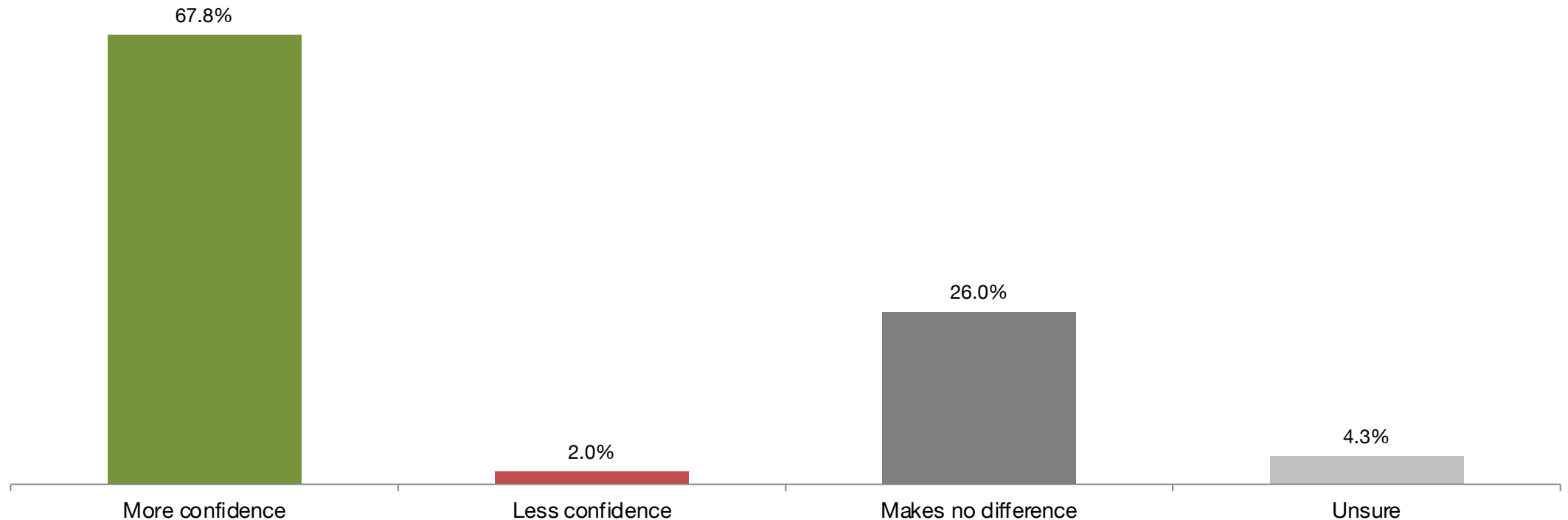
Question 28: Currently, 66% of Truckee Donner Public Utility District's total energy usage comes from renewable sources of energy – this is double the state mandated 33% for 2020. The District is projected to achieve 75% renewable energy by 2022 which will exceed the state mandate by 30%. This is all being done while investing in reliability and keeping rates competitive. Does this give you more or less confidence in how the District operates?



68% say they have more confidence in TDPUD

knowing they have increased funding for wildfire safety by 400% in recent years

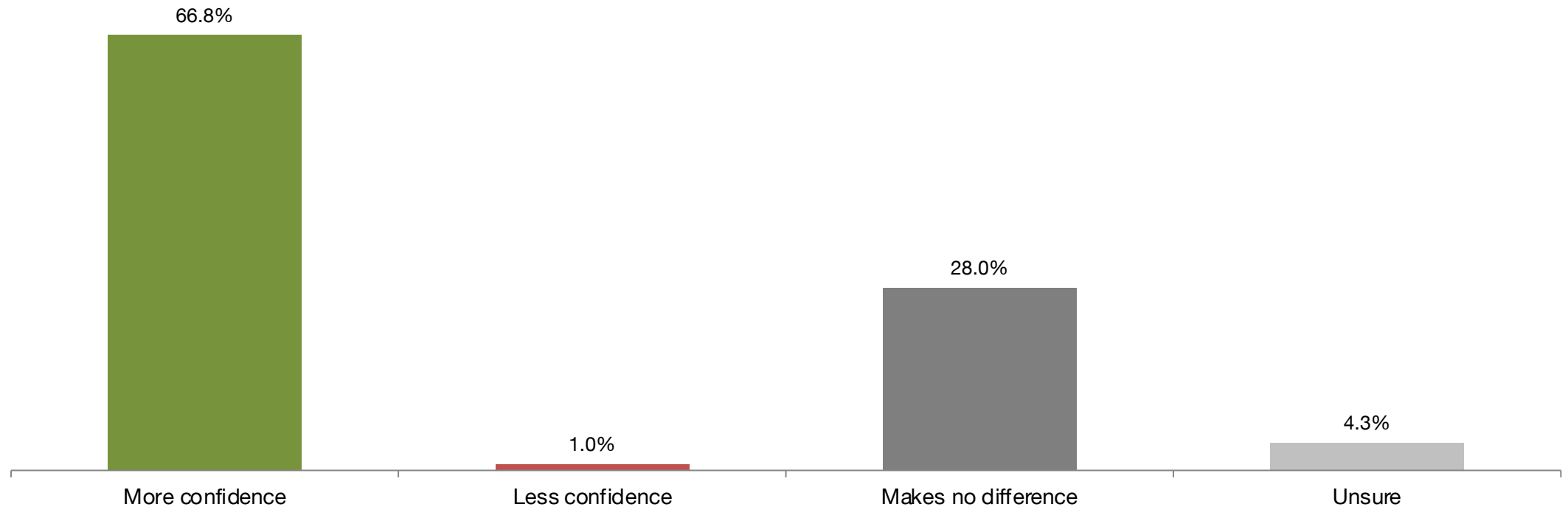
Question 29: Truckee Donner Public Utility District's emergency preparedness efforts include a Wildfire Mitigation Plan which includes actions to aggressively trim or removes trees that are at risk of coming into contact with electrical systems. In recent years, the District has increased funding for wildfire safety by 400%. Does this give you more or less confidence in how the District operates?



67% say they have more confidence in TDPUD

knowing they meet or exceed all state and federal water quality standards

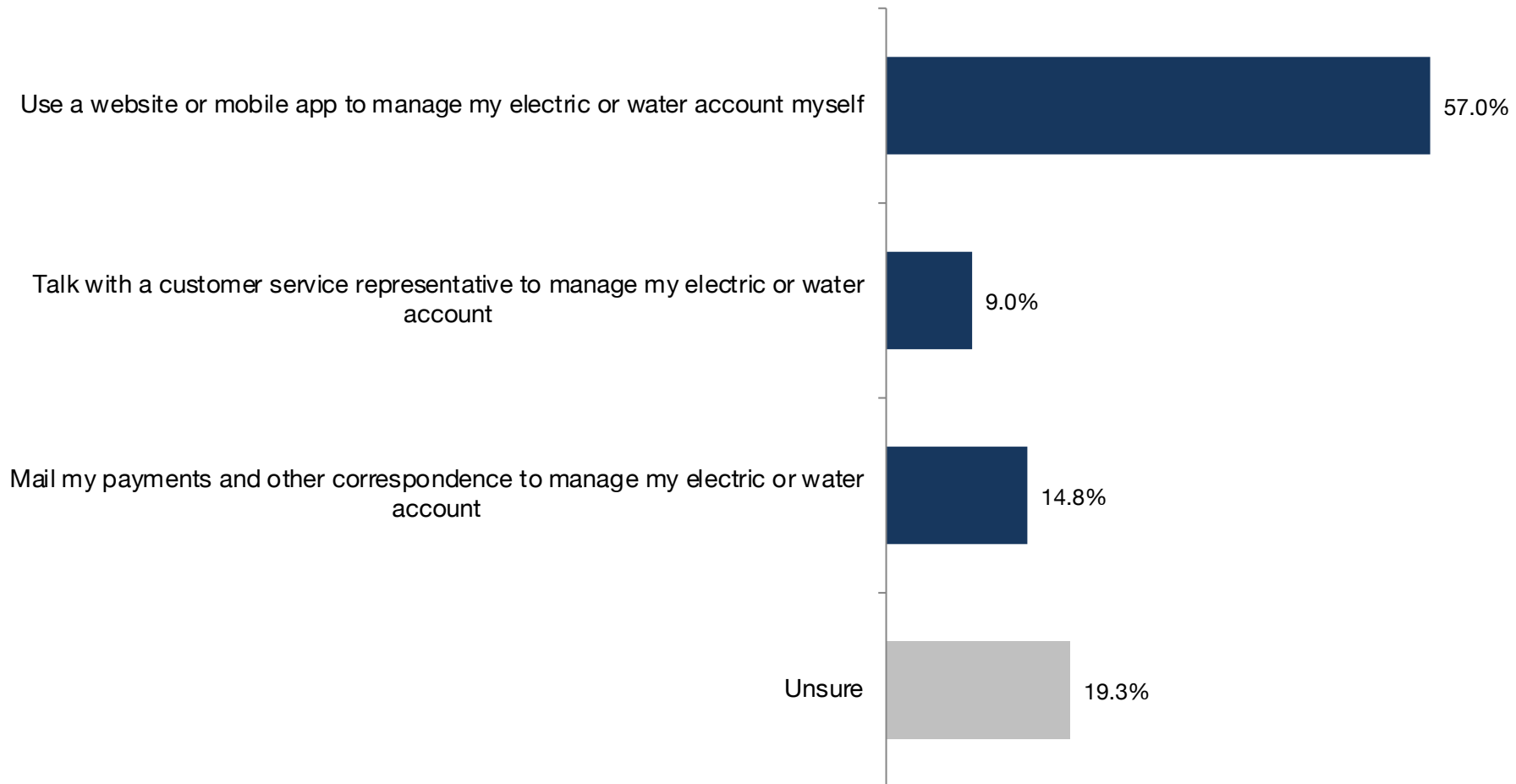
Question 30: Truckee Donner Public Utility District meets or exceeds all state and federal water quality standards and has water system engineers that continuously monitor the water supply, conducting hundreds of laboratory tests on water samples collected from over 50 different locations throughout the District. And the District has met all water conservation goals. Does this give you more or less confidence in how the District operates?



57% would like to manage their electric and water accounts by using a website or mobile app

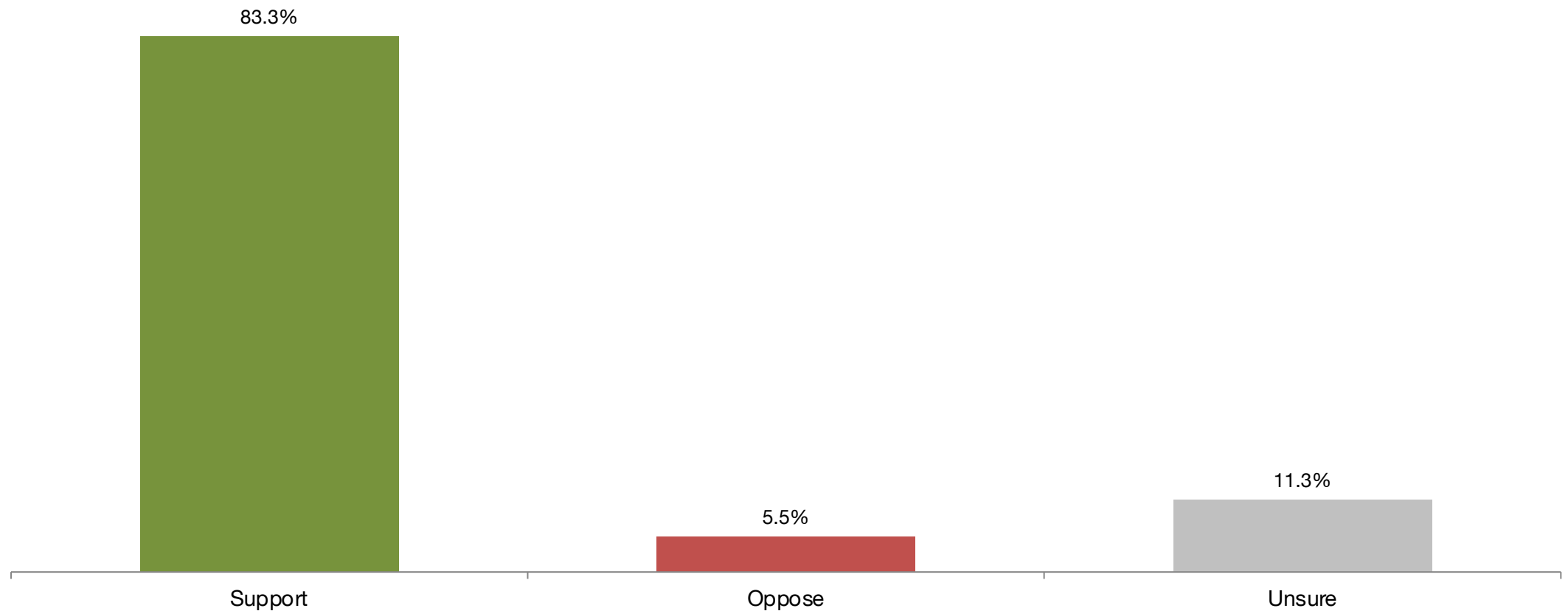
accounts by using a website or mobile app

Question 31: Which of the following statements best describes how you would like to manage your electric and water accounts?



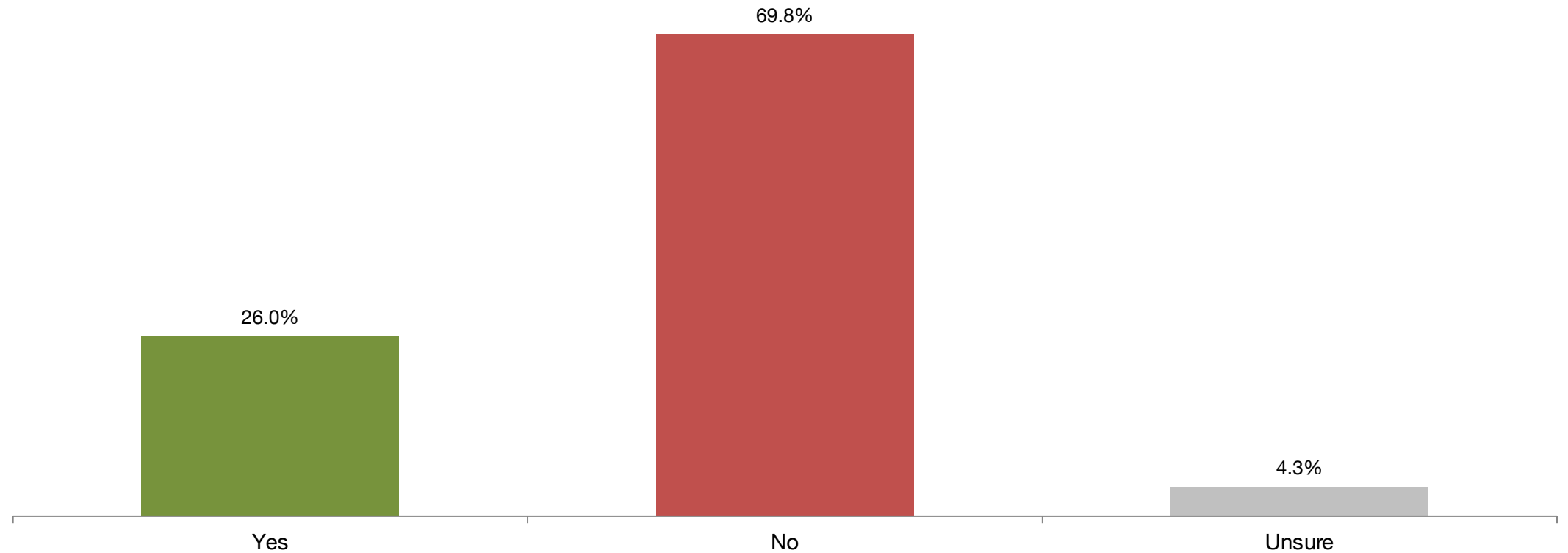
83% say they support the Payment Assistance program

Question 32: Truckee Donner PUD offers a Payment Assistance Program that offers income qualified customers an annual credit equal to their largest bill in the past 12 months (up to \$200). And since the outbreak of COVID-19, the program has doubled this credit to two months or up to \$400. Do you support or oppose the Payment Assistance program?



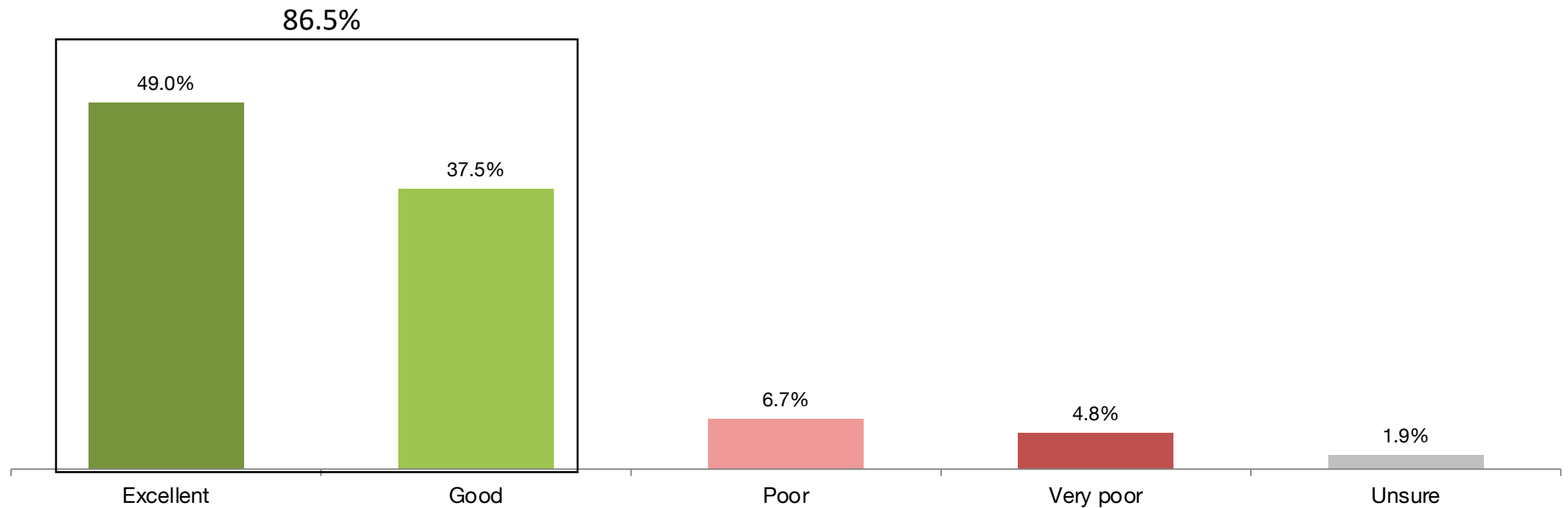
70% have not contacted TDPUD in the past 12 months

Question 33: In the past 12 months, have you gone to the Truckee Donner Public Utility District office, called, or emailed staff at Truckee Donner Public Utility District?



87% rate their customer experience positively

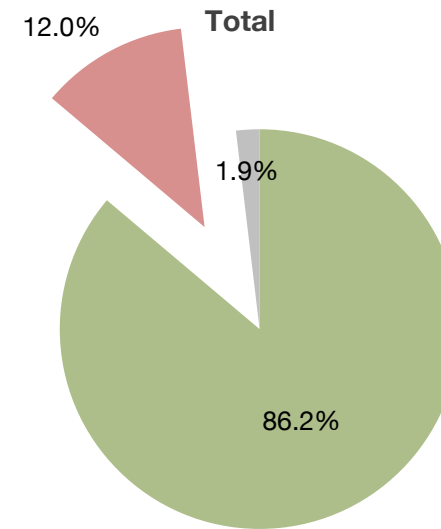
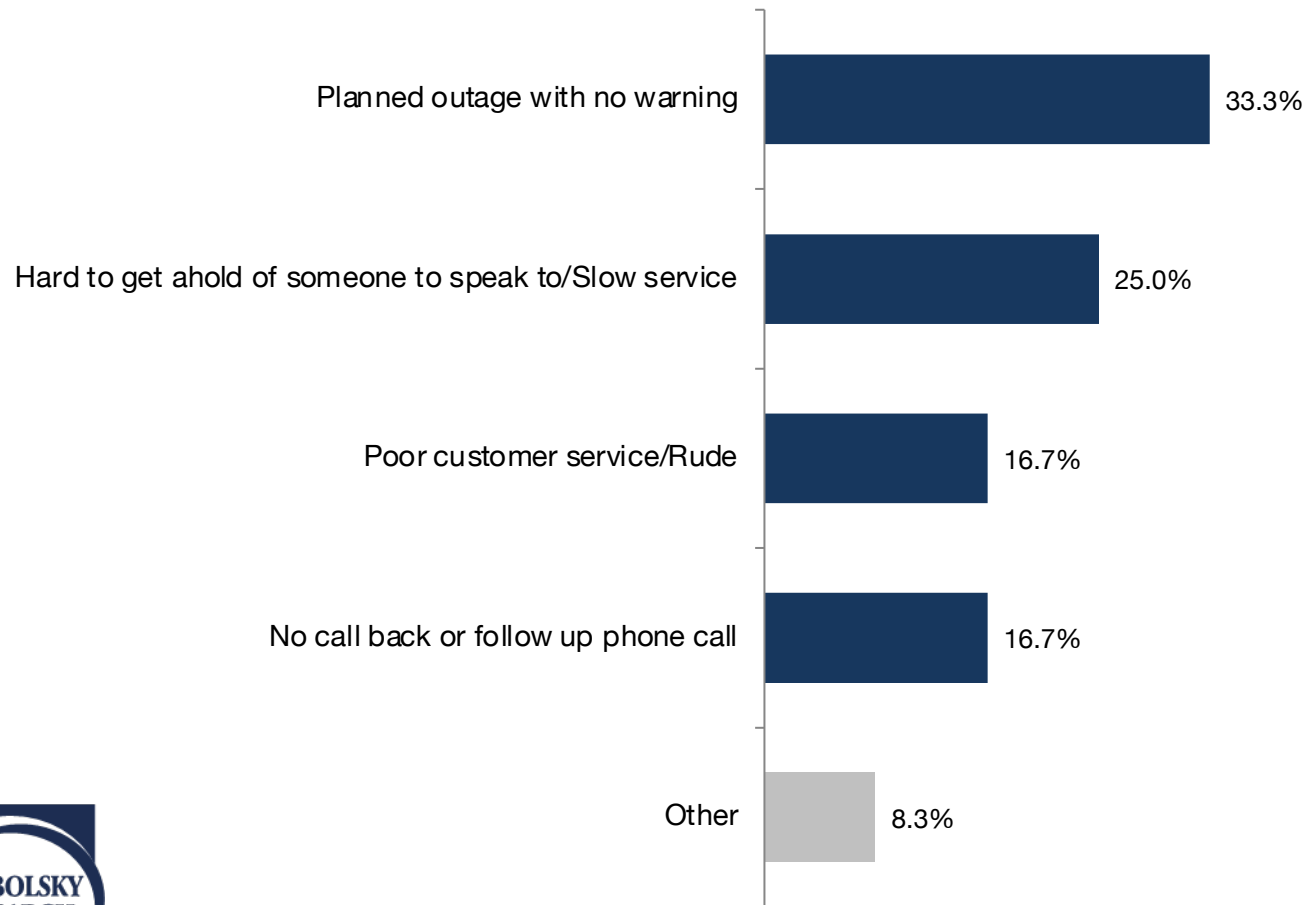
Question 34: How would you rate the customer service experience you received when interacting with Truckee Donner Public Utility District staff?



Among those who said poor/very poor, 33% said their experience was poor due to planned outages with no warning

Question 35: Why was your customer service experience with Truckee Donner Public Utility District [poor/very poor]?

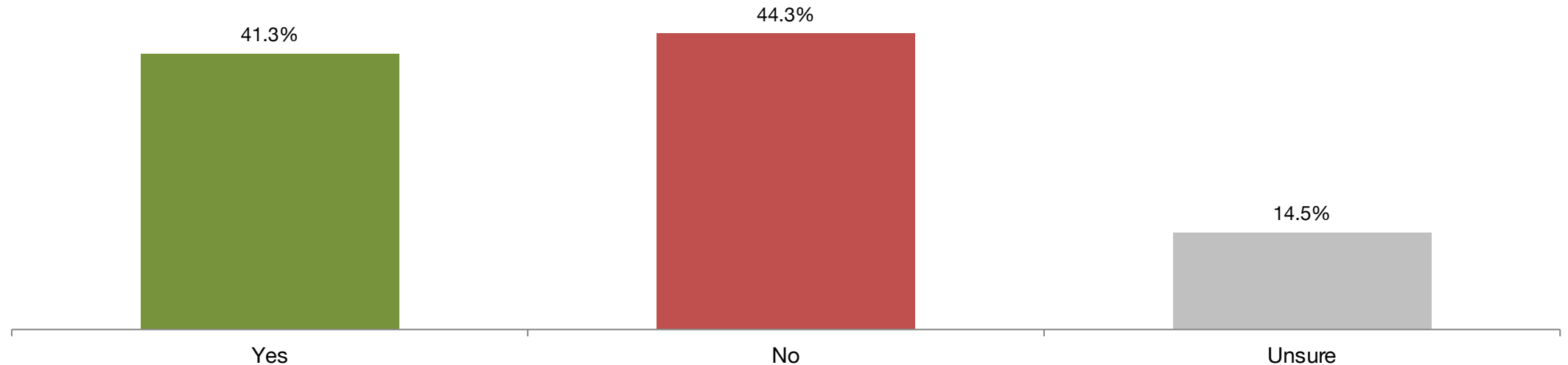
[AMONG THE 12.0% WHO ANSWERED "poor/very poor" TO Q34]



44% say no, it is not important that the District's

front desk to reopen to the public once the pandemic has passed

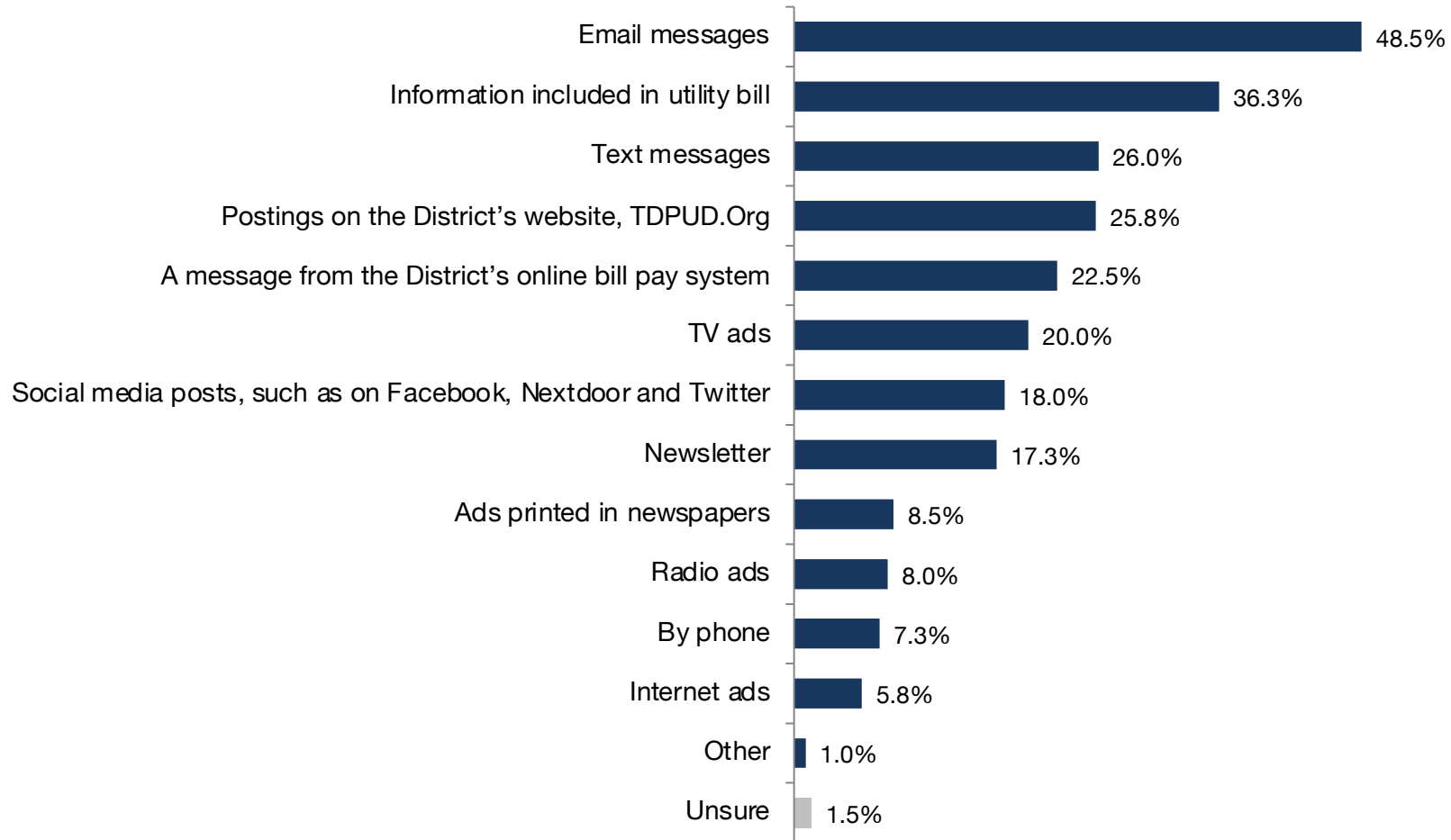
Question 36: Truckee Donner Public Utility District's front desk was closed to the public due to the outbreak of COVID-19 and has remained closed since. During this time all business has been conducted online and through mail, which has reduced some of the costs associated with operating a front desk. Is it important to you that the District's front desk is reopened to the public once the pandemic has passed?



49% would like to receive information through email

from TDPUD

Question 37: How would you like to receive information about Truckee Donner Public Utility District? Select all that apply.



Questions?

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Appendix F – Focus Group Data Results

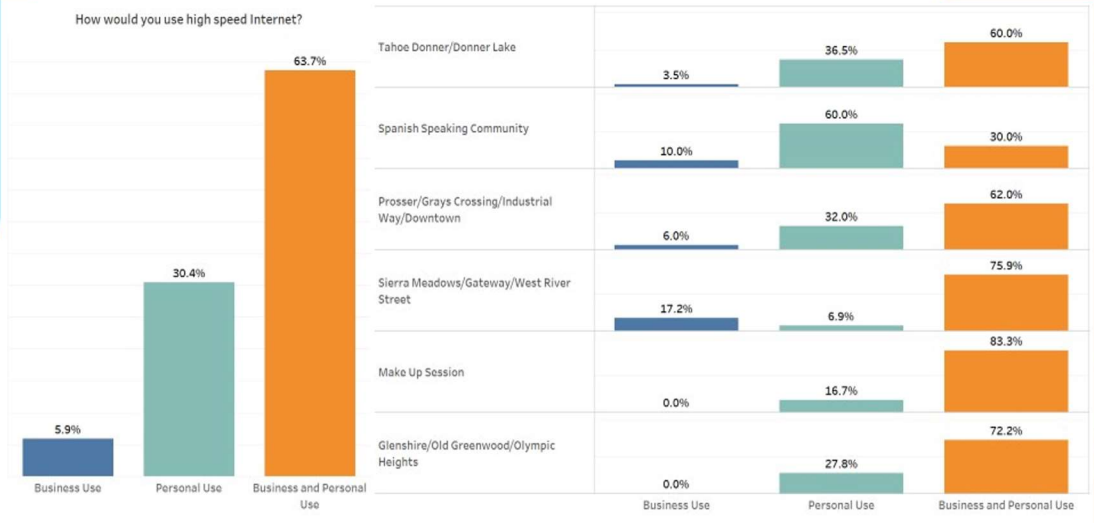
Our Focus Groups

Registrants/Participants

Focus Group	Registrants	Actual Participants	%
Tahoe Donner/Donner Lake/Armstrong Tract	248	105	42%
Spanish Speaking	0	11	
Prosser/Grays Crossing/Industrial Way/Downtown	116	73	63%
Sierra Meadows/Gateway/West River Street	87	29	33%
Make Up Session	37	12	32%
Glenshire/Old Greenwood/Olympic Heights	82	21	26%
Total	540	251	46%

Metrics: Goal was 300 Registrants and 1/2 of those to be Participants

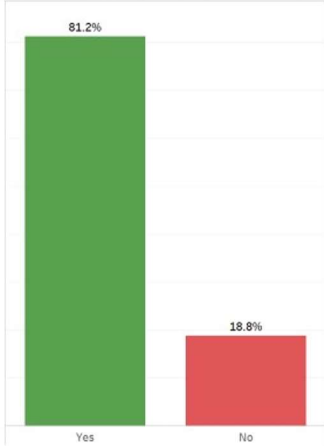
High Speed Broadband Internet



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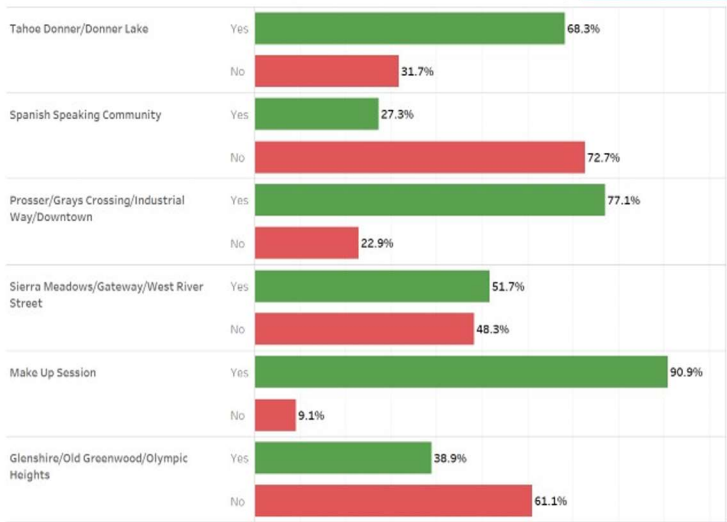
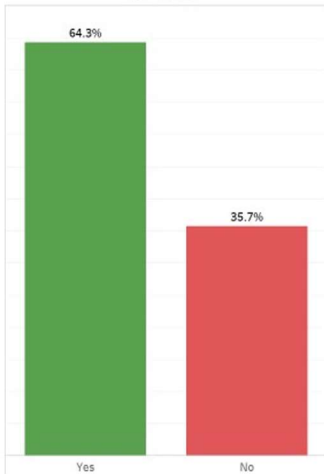
High Speed Broadband Internet

Are you in support of the idea of the PUD pursuing high speed broadband Internet as a premium service even if the service is more expensive than existing options?



Local Clean Generation

Would you support an opt-in and pay more for local generation?



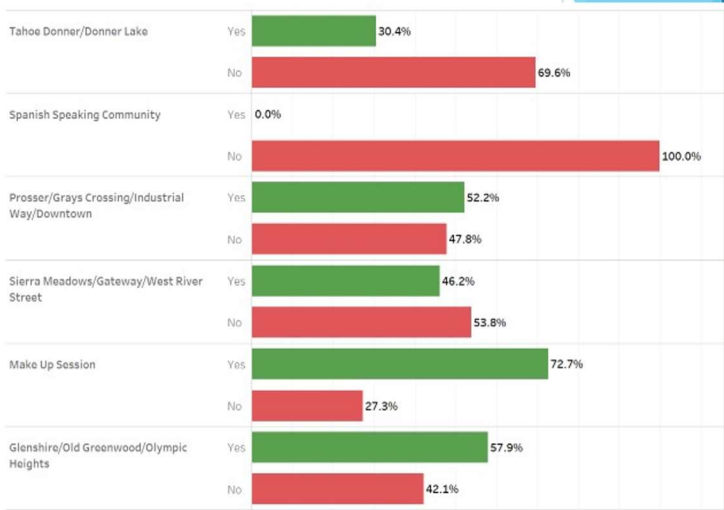
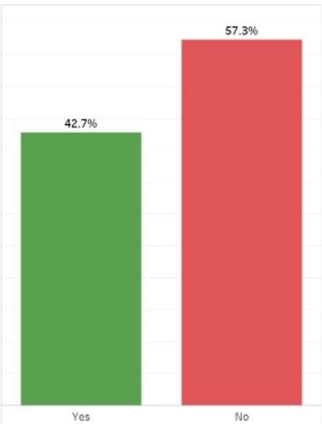
Local Clean Generation

How would you vote to have the PUD pursue local clean power generation even if it would require raising rates?



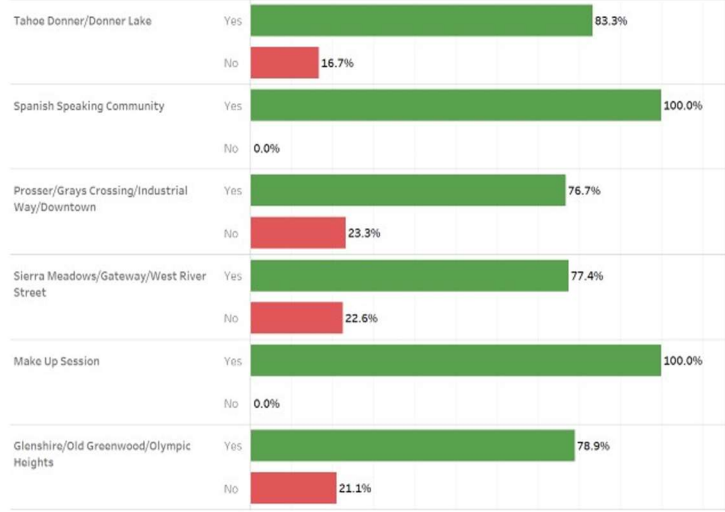
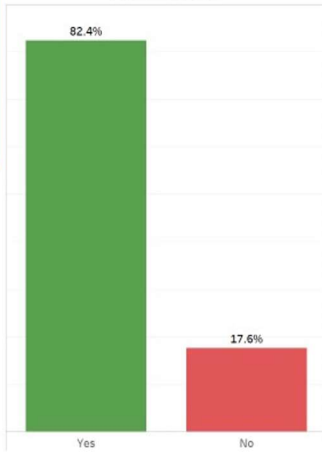
100% Renewable Energy By 2027

Do you think the PUD should prioritize financial resources to achieve 100% clean energy by 2027, ahead of the State mandate, even if it is achieved at a higher cost to customers?



100% Renewable Energy By 2027

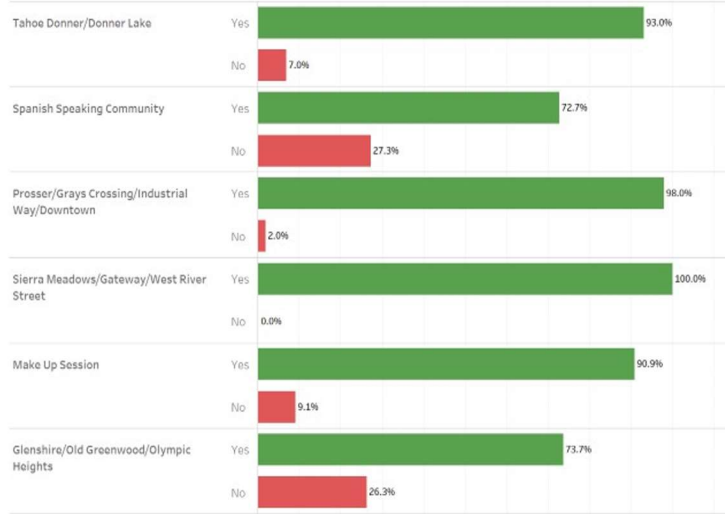
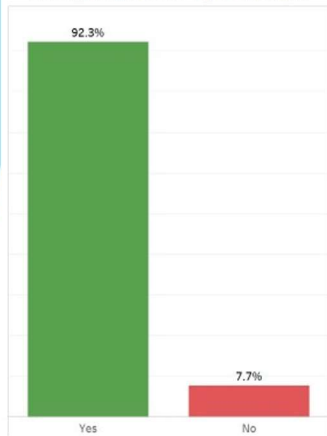
Might you change your mind to prioritize financial resources to achieve 100% clean energy by 2027 with more information?



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Community Wide Undergrounding

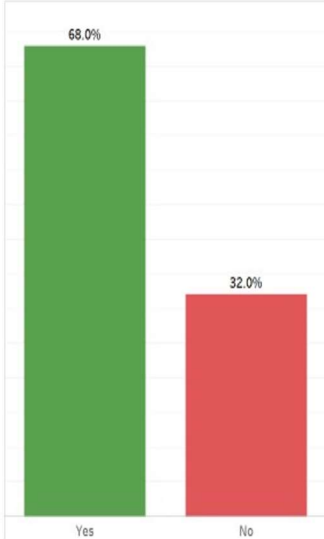
If you think we should pursue undergrounding, would you recommend further community discussion about this specific topic when the PUD has a proposed business plan for customers to give further input?



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Community Wide Undergrounding

Do you support community wide undergrounding of overhead electric power lines in high fire threat areas even if it would require the PUD to raise rates for all customers?

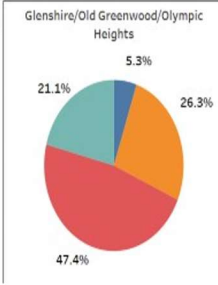
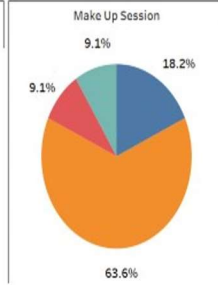
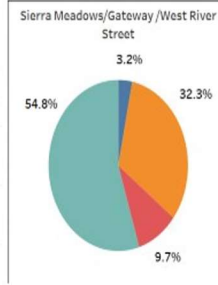
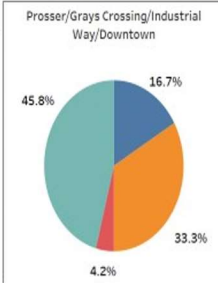
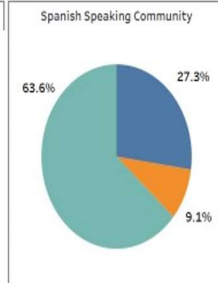
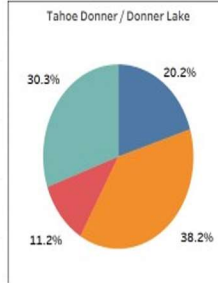
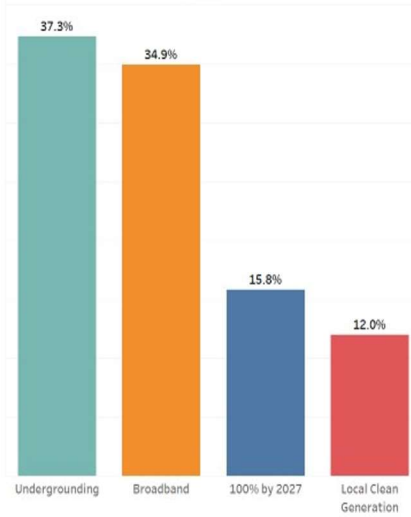


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The Final Data for prioritization of the Board Initiatives based on all focus groups

Prioritizing Initiatives

Which of the four initiatives is your first choice for prioritizing PUD resources?



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