



MIDDLE FORK PROJECT
FINANCE AUTHORITY

AGENDA

MIDDLE FORK PROJECT FINANCE AUTHORITY

Thursday, April 18, 2024
10:00 AM, Regular Meeting

American River Room
144 Ferguson Road
Auburn, California

Members of the Board of Directors:

PLACER COUNTY WATER AGENCY

Primo Santini, District 2

Mike Lee, District 3, Chair

COUNTY OF PLACER

Jim Holmes, District 3, Vice-Chair

Cindy Gustafson, District 5

A. Call to Order

1. Roll Call
2. Pledge of Allegiance
3. Announcements, Introductions, and Recognitions

B. Public Comment

This is the time for any member of the public to address the Board of Directors on any matter not on the agenda that is within the subject matter jurisdiction of the Authority. Members of the public are requested to come to the podium and use the microphone. Comments shall be limited to five minutes per person, or such other time limit as may be imposed by the Chair, in order to enable the Board to complete its agenda within a reasonable period of time.

C. Agenda Changes and Review

D. Consent Calendar

All items listed under the consent calendar are considered to be routine and may be approved by one motion.

1. Consider approving the January 18, 2024, minutes.
2. Receive and file Treasurer's Investment Reports for the months ended January 31, 2024, February 29, 2024, and March 31, 2024.
3. Receive and file Check Register 24-02 expenses disbursed.

E. General Items

1. Consider adopting **Resolution 24-__ providing for moving the time of the July 18,**

2024, regular Board meeting from 10:00 a.m. to 8:30 a.m.

2. Receive report on 2024 Budget and Actual Schedules for the period ended March 31, 2024.
3. Receive the following Middle Fork Project Finance Authority 2023 year-end reports:
 - a. Budget and Actual Schedules for the year-ended December 31, 2023;
 - b. 2023 Audited Financial Statements; and
 - c. Independent Auditor's required communication letter based on their audit.
4. Receive report on North American Electric Reliability Corporation/Western Electricity Coordinating Council Annual Compliance for 2023.

F. Reports by Directors

In Accordance with Government Code Section 54954.2(a), Directors may make brief announcements or brief reports on their own activities. They may ask questions for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda.

G. Reports by General Counsel

H. Reports by Secretary

I. Reports by Executive Director

J. Closed Session

1. **Conference with Legal Counsel - Existing Litigation** - Pursuant to Paragraph (1) of subdivision (d) of Section 54956.9 of the Government Code.

Name of case: Mosquito Fire Cases

San Francisco County Superior Court Case No. JCCP 5272

K. Report from Closed Session

L. Adjournment

THE NEXT RESOLUTION NUMBER IS 24-02

The administrative affairs of the MFP Finance Authority are managed by PCWA. Inquiries regarding the MFP Finance Authority should be directed to the PCWA General Manager's office (530) 823-4860 for reply.

The meeting room is accessible to persons with disabilities. If you are hearing impaired, we have listening devices available upon request. If you require additional disability-related modifications or accommodations, including auxiliary aids or services, please contact the Clerk of the Board at (530) 823-4860. All requests must be received by the Clerk no later than 12:00 PM on the Monday preceding the meeting to enable the Agency to make reasonable arrangements to ensure accessibility to this meeting. Requests received after that time will be accommodated only if time permits.

In accordance with Government Code Section 54954.2 this notice and agenda was posted on the Agency's website at www.pcwa.net/board-of-directors/mfpfa-meeting-agendas, and on the Agency's outdoor bulletin board at the Placer County Water Agency Business Center at 144 Ferguson Road, Auburn, California, on or before April 12, 2024.

Any writing that is a public record under the Public Records Act that relates to an agenda item for an open session of the Board meeting that is distributed less than 72 hours prior to the meeting will be made available for public inspection at the time the writing is distributed to any Board members. Also, any such writing will be available for public inspection at the Agency's office located at 144 Ferguson Road, Auburn, California,

during normal business hours. Contracts that are on the agenda are on file with the Clerk to the Board and available for review upon request.

Schedule of Upcoming Meetings

Thursday, July 18, 2024, 8:30 a.m. - Regular Board of Directors' meeting at Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California.

Thursday, October 17, 2024, 10:00 a.m. - Regular Board of Directors' meeting at Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California.



MEMORANDUM

TO: Middle Fork Project Finance Authority

FROM: Lori Young, Clerk to the Board

DATE: March 28, 2024

RE: January 18, 2024, Minutes

RECOMMENDATION:

Approve the January 18, 2024, minutes.

ATTACHMENTS:

Description	Upload Date	Type
January 18, 2024, Minutes	4/9/2024	Minutes



MINUTES

MIDDLE FORK PROJECT FINANCE AUTHORITY

**Thursday, January 18, 2024
10:00 a.m., Regular Meeting**

Board Members Present: Chairman Jim Holmes, Vice-Chair Mike Lee, Cindy Gustafson, and Primo Santini

Board Members Absent: None

PCWA Personnel Present Who Spoke: Andy Fecko, General Manager and MFP Finance Authority Executive Director; Elise Nelson, Deputy General Counsel and MFP Finance Authority Legal Advisor; Joseph Parker, Director of Financial Services and MFP Finance Authority Treasurer; Shane Motely, Director of Energy Marketing; Aaron Sullivan, Director of Power Generation; Lori Young, Clerk

County Personnel Present Who Spoke: Jane Christenson, County Executive Officer and MFP Finance Authority Secretary

A. Call to Order

Chairman Holmes called the regular meeting of the Middle Fork Project (MFP) Finance Authority Board of Directors to order at 10:00 a.m. in the American River Room, Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California.

1. Roll Call

The Clerk conducted roll call.

Present: CINDY GUSTAFSON, Vice-Chair MICHAEL "MIKE" LEE, PRIMO SANTINI, and
Chair JIM HOLMES

Absent: none

2. Pledge of Allegiance

Chair Holmes led the Pledge of Allegiance.

3. Announcements, Introductions, and Recognitions

There were none.

4. Election of Chair and Vice-Chair for 2024

There was no public comment.

Motion by Director Santini nominating Mike Lee for Chair and Jim Holmes for Vice-Chair; motion seconded by Director Gustafson. Roll call vote: Director Gustafson AYE, Director Lee AYE, Director Santini AYE, and Chair Holmes AYE. The motion passed.

B. Public Comment:

The Chair Lee invited the public to comment. No members of the public commented.

C. Agenda Review and Changes

There were no changes.

D. Consent Calendar:

1. Consider approving the October 19, 2023, minutes.
2. Receive and file PCWA's Energy Risk Management Policy.
3. Consider adopting Resolution 24-01 adopting the Authority's Investment Policy.
4. Receive and file Treasurer's Investment Report for the months ended October 31, 2023, November 30, 2023, and December 31, 2023.
5. Receive and file Check Register 24-01 expenses disbursed.

There was no public comment.

Motion by Director Holmes approving Consent Calendar items 1, 2, 3, 4, and 5; motion seconded by Director Santini. Roll call vote: Director Gustafson AYE, Director Holmes AYE, Director Santini AYE, and Chair Lee AYE. The motion passed.

E. General Items

1. Receive report on energy marketing, hydrology, and weather outlook.

(PowerPoint presentation provided)

Shane Motley reported on the following: December 2023 temperature and precipitation anomalies; snowpack across the Pacific Northwest; natural gas storage and prices; forecast and observed precipitation; current storage and snowpack; and the summer temperature forecast.

There was no public comment.

2. Receive report on the Middle Fork Project 2023 year in review.

(PowerPoint presentation provided)

Aaron Sullivan reported on operational, capital, and maintenance projects the Power Systems Department worked on in 2023, and planned projects/events for 2024.

There was no public comment.

3. Receive 2023 Budget and Preliminary Actual Schedules for the fiscal year-ended December 31, 2023.

Joseph Parker gave a summary overview of 2023 Budget and Preliminary Actual Schedules for the year ended December 31, 2023.

There was no public comment.

4. Consider approving increasing the Emergency Reserve Funding Target to \$40 million and the Capital Reserve Funding Target to \$81 million.

Joseph Parker provided the background on the item highlighting the significant risk areas identified in the stochastic analysis and explained the proposed reserve funding target levels.

There was no public comment.

Motion by Director Homes approving items E.4; motion seconded by Director Santini and adopted by unanimous vote of Directors present.

F. Reports by Directors:

There were none.

G. Reports by General Counsel

No report received.

H. Reports by Secretary

No report received.

I. Reports by Executive Director

No report received.

J. Adjournment

At 11:13 a.m. Director Holmes made a motion to adjourn; motion seconded by Director Santini and adopted by unanimous vote of Directors present.

Lori Young, Clerk to the Board

Date

DRAFT



MEMORANDUM

TO: Middle Fork Project Finance Authority

FROM: Joseph Parker, CPA, Treasurer

DATE: April 2, 2024

RE: MFPFA Treasurer's Investment Reports First Quarter 2024

RECOMMENDATION:

Receive and file Treasurer's Investment Reports for the months ended January 31, 2024, February 29, 2024, and March 31, 2024.

ATTACHMENTS:

Description	Upload Date	Type
MFPFA Treasurer's Reports for the Quarter Ending March 31, 2024	4/4/2024	Backup Material



Middle Fork Project Finance Authority

Treasurer's Investment Report January 31, 2024

144 Ferguson Road • Auburn, California 95604
Telephone: (530) 823-4875

Treasurer's Discussion

Middle Fork Project Finance Authority Treasurer's Report

January 31, 2024

This Treasurer's Report includes three sections: 1. Portfolio Summary, 2. Portfolio Details – Investments, and 3. Activity by Type for the prior month.

For the purpose of clarification, the following definitions of investment terms are provided:

Book Value is the purchase price of a security plus amortization of any premium or discount. This may be more or less than face value depending upon whether the security was purchased at a premium or at a discount.

Par (Face) Value is the principal amount of a security and the amount of principal that will be paid at maturity.

Market Value is the value at which a security can be sold at the time it is priced including accrued interest. Individual securities market prices are obtained from US Bank, (safekeeper and third-party custodian). Market values are only relevant if the investment is sold prior to maturity. A gain or loss would be realized only if the specific investment were to be sold. It is the Authority's practice to hold to maturity.

The investments held in the portfolio are in accordance with the Investment Policy of Middle Fork Project Finance Authority and California Government Code.



**MFP Finance Authority
Portfolio Management
Portfolio Summary
January 31, 2024**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Mat./Call	YTM 365 Equiv.
Local Agency Investment Funds	70,095,622.88	69,643,024.63	70,095,622.88	36.22	1	1	3.929
Checking Accounts	5,582,936.71	5,582,936.71	5,582,936.71	2.88	1	1	0.000
Money Market	707,404.47	707,404.47	707,404.47	0.37	1	1	0.000
Medium Term Notes	17,000,000.00	16,845,140.00	17,025,137.28	8.80	774	215	4.356
Federal Agency Coupon Securities	72,255,000.00	71,840,849.55	72,042,765.75	37.23	921	283	5.266
Treasury Coupon Securities	15,000,000.00	14,575,500.00	14,624,039.15	7.56	428	394	4.644
Municipal Bonds	2,500,000.00	2,411,825.00	2,502,022.00	1.29	1,269	304	0.332
Cash with Fiscal Agent	10,948,893.21	10,948,893.21	10,948,893.21	5.66	1	1	0.000
	194,089,857.27	192,555,573.57	193,528,821.45	100.00%	460	158	4.122

Investments

Cash and Accrued Interest

Accrued Interest at Purchase *		0.00	0.00
Ending Accrued Interest		1,195,322.41	1,195,322.41
Subtotal		1,195,322.41	1,195,322.41
	194,089,857.27	193,750,895.98	194,724,143.86

Total Cash and Investments Value

Total Earnings January 31 Month Ending

Current Year	616,613.02
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* 100,843.84 Accrued at Purchase is Included in Book Value.

Average Daily Balance 189,799,402.83

Effective Rate of Return 3.83%

The investments held in portfolio are in accordance with the Investment Policy of the Middle Fork Project Finance Authority.

Joseph H. Parker

Joseph H. Parker, CPA

Feb 12, 2024

Reporting period 01/01/2024-01/31/2024

Run Date: 02/05/2024 - 08:39

No fiscal year history available

Portfolio MFP

AC

PM (PRF_PM1) 7.3.0

Report Ver. 7.3.6.1

**MFP Finance Authority
Portfolio Management
Portfolio Details - Investments
January 31, 2024**

Page 1

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Mat./Call	YTM 365	Maturity Date
Local Agency Investment Funds												
LAIF	10001	Local Agency Investment Fund		01/01/2021	70,095,622.88	69,643,024.63	70,095,622.88	3.929	1	1	3.929	
		Subtotal and Average	69,412,405.46		70,095,622.88	69,643,024.63	70,095,622.88		1	1	3.929	
Checking Accounts												
1265-OPERATIONS	10100	US Bank		01/01/2021	5,582,936.71	5,582,936.71	5,582,936.71		1	1	0.000	
		Subtotal and Average	2,889,391.87		5,582,936.71	5,582,936.71	5,582,936.71		1	1	0.000	
Money Market												
MONEY MARKET	10121	US Bank		09/30/2021	707,404.47	707,404.47	707,404.47		1	1	0.000	
		Subtotal and Average	413,550.49		707,404.47	707,404.47	707,404.47		1	1	0.000	
Medium Term Notes												
06048WV56	10128	Bank of America Corp		05/05/2022	3,000,000.00	2,925,360.00	3,000,000.00	4.000	1,461	824	4.000	05/05/2026
4581XOCF3	10149	Inter-American Devel Bank		10/06/2023	8,000,000.00	7,988,960.00	8,019,022.81	3.000	138	20	5.500	02/21/2024
48133DN55	10131	JP Morgan Chase Financial		07/29/2022	3,000,000.00	2,968,680.00	3,000,000.00	4.050	731	179	4.038	07/29/2024
742651DP4	10092	Private Export Funding		07/15/2019	3,000,000.00	2,962,140.00	3,006,114.47	2.450	1,827	165	1.978	07/15/2024
		Subtotal and Average	17,017,958.72		17,000,000.00	16,845,140.00	17,025,137.28		774	215	4.356	
Federal Agency Coupon Securities												
31422XB50	10132	FARMER MAC		07/28/2022	3,000,000.00	2,959,380.00	2,998,508.33	3.630	1,096	543	3.666	07/28/2025
31422X5Y4	10145	FARMER MAC		08/25/2023	3,290,000.00	3,311,483.70	3,283,379.44	4.850	720	560	5.091	08/14/2025
31422X6U1	10147	FARMER MAC		09/08/2023	2,000,000.00	2,024,240.00	1,998,854.78	4.625	1,096	950	4.649	09/08/2026
3133EKP75	10095	Federal Farm Credit Bank		09/17/2019	3,000,000.00	2,938,290.00	2,999,819.20	1.600	1,827	229	1.610	09/17/2024
3133EK3B0	10097	Federal Farm Credit Bank		10/18/2019	3,000,000.00	2,927,220.00	2,997,136.57	1.500	1,825	258	1.641	10/16/2024
3133ENJH4	10124	Federal Farm Credit Bank		12/29/2021	2,000,000.00	1,930,200.00	1,999,092.76	0.940	1,094	330	0.991	12/27/2024
3133ENVC1	10125	Federal Farm Credit Bank		05/02/2022	3,000,000.00	2,940,090.00	2,994,376.55	2.750	1,089	449	2.910	04/25/2025
3133EPYK5	10150	Federal Farm Credit Bank		10/30/2023	9,000,000.00	9,104,490.00	9,033,376.70	5.125	711	617	5.069	10/10/2025
3130AT4W4	10133	Federal Home Loan Bank		09/15/2022	3,000,000.00	2,986,680.00	3,000,000.00	4.180	1,096	43	4.180	09/15/2025
3130A0XE5	10134	Federal Home Loan Bank		09/28/2022	6,000,000.00	5,987,160.00	5,992,554.46	3.250	527	36	14.776	03/08/2024
3130AVJZ6	10137	Federal Home Loan Bank		03/30/2023	3,800,000.00	3,803,344.00	3,800,000.00	5.000	547	239	5.000	09/27/2024
3130AVQW5	10139	Federal Home Loan Bank		05/05/2023	3,365,000.00	3,341,747.85	3,365,000.00	5.000	1,452	85	4.998	04/26/2027
3130AW4T4	10141	Federal Home Loan Bank		05/26/2023	2,800,000.00	2,788,744.00	2,800,000.00	5.000	915	25	5.000	11/26/2025
3130AWXW5	10143	Federal Home Loan Bank		08/21/2023	3,000,000.00	3,008,640.00	3,000,000.00	5.330	396	232	5.335	09/20/2024
3130AWZV5	10144	Federal Home Loan Bank		08/28/2023	6,000,000.00	6,012,180.00	6,000,000.00	5.380	366	209	5.318	08/28/2024
3134GXR63	10136	Federal Home Loan Mtg Corp		10/26/2022	3,000,000.00	2,974,080.00	2,965,047.95	4.050	1,037	27	4.849	08/28/2025

Portfolio MFP
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PM (PRF_PM2) 7.3.0

Run Date: 02/05/2024 - 08:39

**MFP Finance Authority
Portfolio Management
Portfolio Details - Investments
January 31, 2024**

Page 2

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Mat./Call	YTM 365	Maturity Date
Federal Agency Coupon Securities												
3134GXB29	10142	Federal Home Loan Mtg Corp		05/12/2023	3,000,000.00	2,974,770.00	2,986,571.43	4.000	598	58	4.511	12/30/2024
3134H1BD4	10146	Federal Home Loan Mtg Corp		08/28/2023	4,000,000.00	3,976,760.00	3,963,400.00	5.125	1,827	209	5.356	08/28/2028
3135G03U5	10135	Federal National Mtg Assn		10/26/2022	3,000,000.00	2,859,510.00	2,865,647.58	0.625	909	446	4.532	04/22/2025
3135GAHL8	10140	Federal National Mtg Assn		05/15/2023	3,000,000.00	2,991,840.00	3,000,000.00	5.100	550	14	5.100	11/15/2024
Subtotal and Average			72,033,361.35		72,255,000.00	71,840,849.55	72,042,765.75		921	283	5.266	
Treasury Coupon Securities												
91282CEH0	10151	U.S. Treasury		12/29/2023	7,500,000.00	7,328,325.00	7,372,846.87	2.625	473	439	4.557	04/15/2025
91282CDS7	10152	U.S. Treasury		12/29/2023	7,500,000.00	7,247,175.00	7,251,192.28	1.125	383	349	4.732	01/15/2025
Subtotal and Average			14,624,914.44		15,000,000.00	14,575,500.00	14,624,039.15		428	394	4.644	
Municipal Bonds												
13067WSU7	10118	State of California		06/11/2021	2,500,000.00	2,411,825.00	2,502,022.00	0.508	1,269	304	0.332	12/01/2024
Subtotal and Average			2,502,116.58		2,500,000.00	2,411,825.00	2,502,022.00		1,269	304	0.332	
Cash with Fiscal Agent												
20 REF BOND	10117	US Bank		03/31/2020	10,948,893.21	10,948,893.21	10,948,893.21		1	1	0.000	
Subtotal and Average			10,905,703.92		10,948,893.21	10,948,893.21	10,948,893.21		1	1	0.000	
Total and Average			189,799,402.83		194,089,857.27	192,555,573.57	193,528,821.45		460	158	4.122	

**MFP Finance Authority
Portfolio Management
Portfolio Details - Cash
January 31, 2024**

Page 3

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Mat./Call	YTM 365
Average Balance			0.00	Accrued Interest at Purchase *		0.00	0.00		0	0	
				Ending Accrued Interest		1,195,322.41	1,195,322.41				
				Subtotal		1,195,322.41	1,195,322.41				
Total Cash and Investment Value			189,799,402.83		194,089,857.27	193,750,895.98	194,724,143.86		460	158	4.122
* 100,843.84 Accrued at Purchase is Included in Book and Market Values											

MFP Finance Authority
Portfolio Management
Activity By Type
January 1, 2024 through January 31, 2024

Page 1

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Local Agency Investment Funds (Monthly Summary)							
LAIF	10001	Local Agency Investment Fund	3.929		705,991.33	0.00	
		Subtotal			705,991.33	0.00	70,095,622.88
Checking Accounts (Monthly Summary)							
1265-OPERATIONS	10100	US Bank			5,621,142.54	2,837,812.87	
		Subtotal			5,621,142.54	2,837,812.87	5,582,936.71
Money Market (Monthly Summary)							
MONEY MARKET	10121	US Bank			303,649.11	0.00	
		Subtotal			303,649.11	0.00	707,404.47
Medium Term Notes							
		Subtotal					17,025,137.28
Federal Agency Coupon Securities							
		Subtotal					72,042,765.75
Treasury Coupon Securities							
		Subtotal					14,624,039.15
Municipal Bonds							
		Subtotal					2,502,022.00
Cash with Fiscal Agent							
20 REF BOND	10117	US Bank			44,628.93	0.00	
		Subtotal			44,628.93	0.00	10,948,893.21
		Total			6,675,411.91	2,837,812.87	193,528,821.45



Middle Fork Project Finance Authority

Treasurer's Investment Report February 29, 2024

144 Ferguson Road • Auburn, California 95604
Telephone: (530) 823-4875

Treasurer's Discussion

Middle Fork Project Finance Authority Treasurer's Report

February 29, 2024

This Treasurer's Report includes three sections: 1. Portfolio Summary, 2. Portfolio Details – Investments, and 3. Activity by Type for the prior month.

For the purpose of clarification, the following definitions of investment terms are provided:

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The investments held in the portfolio are in accordance with the Investment Policy of Middle Fork Project Finance Authority and California Government Code.



**MFP Finance Authority
Portfolio Management
Portfolio Summary
February 29, 2024**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Mat./Call	YTM 365 Equiv.
Local Agency Investment Funds	70,095,622.88	69,643,024.63	70,095,622.88	35.07	1	1	4.122
Checking Accounts	5,933,796.92	5,933,796.92	5,933,796.92	2.97	1	1	0.000
Money Market	9,234,317.03	9,234,317.03	9,234,317.03	4.62	1	1	0.000
Medium Term Notes	9,000,000.00	8,835,060.00	9,004,995.97	4.51	1,340	360	3.338
Federal Agency Coupon Securities	72,255,000.00	71,645,003.45	72,057,993.28	36.05	921	265	5.267
Treasury Coupon Securities	15,000,000.00	14,555,925.00	14,655,778.39	7.33	428	365	4.644
Municipal Bonds	2,500,000.00	2,416,975.00	2,501,819.80	1.25	1,269	275	0.332
Cash with Fiscal Agent	16,400,520.26	16,400,520.26	16,400,520.26	8.20	1	1	0.000
	200,419,257.09	198,664,622.29	199,884,844.53	100.00%	440	142	3.839

Investments

Cash and Accrued Interest

Accrued Interest at Purchase *		0.00	0.00
Ending Accrued Interest		1,293,153.12	1,293,153.12
Subtotal		1,293,153.12	1,293,153.12
	200,419,257.09	199,957,775.41	201,177,997.65

Total Cash and Investments Value

440 142 3.839

Total Earnings February 29 Month Ending

Current Year 648,727.07

* 95,968.24 Accrued at Purchase is
Included in Book Value.

Average Daily Balance 191,561,390.61

Effective Rate of Return 4.26%

The investments held in portfolio are in accordance with the Investment Policy of the Middle Fork Project Finance Authority.

Apr 4, 2024

Joseph H. Parker, CPA

Reporting period 02/01/2024-02/29/2024

Run Date: 04/02/2024 - 12:35

No fiscal year history available

Portfolio MFP

AC

PM (PRF_PM1) 7.3.0

Report Ver. 7.3.6.1

**MFP Finance Authority
Portfolio Management
Portfolio Details - Investments
February 29, 2024**

Page 1

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Mat./Call	YTM 365	Maturity Date
Local Agency Investment Funds												
LAIF	10001	Local Agency Investment Fund		01/01/2021	70,095,622.88	69,643,024.63	70,095,622.88	4.122	1	1	4.122	
Subtotal and Average			70,095,622.88		70,095,622.88	69,643,024.63	70,095,622.88		1	1	4.122	
Checking Accounts												
1265-OPERATIONS	10100	US Bank		01/01/2021	5,933,796.92	5,933,796.92	5,933,796.92		1	1	0.000	
Subtotal and Average			5,595,035.34		5,933,796.92	5,933,796.92	5,933,796.92		1	1	0.000	
Money Market												
MONEY MARKET	10121	US Bank		09/30/2021	9,234,317.03	9,234,317.03	9,234,317.03		1	1	0.000	
Subtotal and Average			1,001,435.94		9,234,317.03	9,234,317.03	9,234,317.03		1	1	0.000	
Medium Term Notes												
06048WV56	10128	Bank of America Corp		05/05/2022	3,000,000.00	2,902,260.00	3,000,000.00	4.000	1,461	795	4.000	05/05/2026
48133DN55	10131	JP Morgan Chase Financial		07/29/2022	3,000,000.00	2,965,980.00	3,000,000.00	4.050	731	150	4.038	07/29/2024
742651DP4	10092	Private Export Funding		07/15/2019	3,000,000.00	2,966,820.00	3,004,995.97	2.450	1,827	136	1.978	07/15/2024
Subtotal and Average			14,539,888.99		9,000,000.00	8,835,060.00	9,004,995.97		1,340	360	3.338	
Federal Agency Coupon Securities												
31422XB50	10132	FARMER MAC		07/28/2022	3,000,000.00	2,949,750.00	2,998,591.67	3.630	1,096	514	3.666	07/28/2025
31422X5Y4	10145	FARMER MAC		08/25/2023	3,290,000.00	3,291,085.70	3,279,127.50	4.850	720	531	5.091	08/14/2025
31422X6U1	10147	FARMER MAC		09/08/2023	2,000,000.00	2,003,560.00	1,998,891.44	4.625	1,096	921	4.649	09/08/2026
3133EKP75	10095	Federal Farm Credit Bank		09/17/2019	3,000,000.00	2,941,350.00	2,999,843.20	1.600	1,827	200	1.610	09/17/2024
3133EK3B0	10097	Federal Farm Credit Bank		10/18/2019	3,000,000.00	2,929,680.00	2,997,473.44	1.500	1,825	229	1.641	10/16/2024
3133ENJH4	10124	Federal Farm Credit Bank		12/29/2021	2,000,000.00	1,932,500.00	1,999,176.25	0.940	1,094	301	0.991	12/27/2024
3133ENVC1	10125	Federal Farm Credit Bank		05/02/2022	3,000,000.00	2,930,670.00	2,994,756.51	2.750	1,089	420	2.910	04/25/2025
3133EPYK5	10150	Federal Farm Credit Bank		10/30/2023	9,000,000.00	9,050,850.00	9,032,994.84	5.125	711	588	5.069	10/10/2025
3130AT4W4	10133	Federal Home Loan Bank		09/15/2022	3,000,000.00	2,966,880.00	3,000,000.00	4.180	1,096	14	4.180	09/15/2025
3130AOXE5	10134	Federal Home Loan Bank		09/28/2022	6,000,000.00	5,997,240.00	5,998,591.38	3.250	527	7	14.776	03/08/2024
3130AVJZ6	10137	Federal Home Loan Bank		03/30/2023	3,800,000.00	3,796,086.00	3,800,000.00	5.000	547	210	5.000	09/27/2024
3130AVQW5	10139	Federal Home Loan Bank		05/05/2023	3,365,000.00	3,328,489.75	3,365,000.00	5.000	1,452	56	4.998	04/26/2027
3130AW4T4	10141	Federal Home Loan Bank		05/26/2023	2,800,000.00	2,781,912.00	2,800,000.00	5.000	915	86	5.000	11/26/2025
3130AWXW5	10143	Federal Home Loan Bank		08/21/2023	3,000,000.00	3,002,340.00	3,000,000.00	5.330	396	203	5.335	09/20/2024
3130AWZV5	10144	Federal Home Loan Bank		08/28/2023	6,000,000.00	6,007,800.00	6,000,000.00	5.380	366	180	5.318	08/28/2024
3134GXR63	10136	Federal Home Loan Mtg Corp		10/26/2022	3,000,000.00	2,960,580.00	2,966,897.26	4.050	1,037	88	4.849	08/28/2025
3134GXB29	10142	Federal Home Loan Mtg Corp		05/12/2023	3,000,000.00	2,970,210.00	2,987,795.92	4.000	598	29	4.511	12/30/2024

Portfolio MFP
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PM (PRF_PM2) 7.3.0

Run Date: 04/02/2024 - 12:35

**MFP Finance Authority
Portfolio Management
Portfolio Details - Investments
February 29, 2024**

Page 2

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Mat./Call	YTM 365	Maturity Date
Federal Agency Coupon Securities												
3134H1BD4	10146	Federal Home Loan Mtg Corp		08/28/2023	4,000,000.00	3,956,720.00	3,964,066.67	5.125	1,827	180	5.356	08/28/2028
3135G03U5	10135	Federal National Mtg Assn		10/26/2022	3,000,000.00	2,857,290.00	2,874,787.20	0.625	909	417	4.532	04/22/2025
3135GAHL8	10140	Federal National Mtg Assn		05/15/2023	3,000,000.00	2,990,010.00	3,000,000.00	5.100	550	75	5.100	11/15/2024
Subtotal and Average			72,050,150.44		72,255,000.00	71,645,003.45	72,057,993.28		921	265	5.267	
Treasury Coupon Securities												
91282CEH0	10151	U.S. Treasury		12/29/2023	7,500,000.00	7,307,850.00	7,383,911.55	2.625	473	410	4.557	04/15/2025
91282CDS7	10152	U.S. Treasury		12/29/2023	7,500,000.00	7,248,075.00	7,271,866.84	1.125	383	320	4.732	01/15/2025
Subtotal and Average			14,640,456.00		15,000,000.00	14,555,925.00	14,655,778.39		428	365	4.644	
Municipal Bonds												
13067WSU7	10118	State of California		06/11/2021	2,500,000.00	2,416,975.00	2,501,819.80	0.508	1,269	275	0.332	12/01/2024
Subtotal and Average			2,501,920.67		2,500,000.00	2,416,975.00	2,501,819.80		1,269	275	0.332	
Cash with Fiscal Agent												
20 REF BOND	10117	US Bank		03/31/2020	16,400,520.26	16,400,520.26	16,400,520.26		1	1	0.000	
Subtotal and Average			11,136,880.35		16,400,520.26	16,400,520.26	16,400,520.26		1	1	0.000	
Total and Average			191,561,390.61		200,419,257.09	198,664,622.29	199,884,844.53		440	142	3.839	

**MFP Finance Authority
Portfolio Management
Portfolio Details - Cash
February 29, 2024**

Page 3

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Mat./Call	YTM 365
Average Balance			0.00	Accrued Interest at Purchase *		0.00	0.00		0	0	
				Ending Accrued Interest		1,293,153.12	1,293,153.12				
				Subtotal		1,293,153.12	1,293,153.12				
Total Cash and Investment Value			191,561,390.61		200,419,257.09	199,957,775.41	201,177,997.65		440	142	3.839
* 95,968.24 Accrued at Purchase is Included in Book and Market Values											

**MFP Finance Authority
Portfolio Management
Activity By Type
February 1, 2024 through February 29, 2024**

Page 1

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Local Agency Investment Funds (Monthly Summary)							
Subtotal							70,095,622.88
Checking Accounts (Monthly Summary)							
1265-OPERATIONS	10100	US Bank			7,674,093.70	7,323,233.49	
Subtotal							5,933,796.92
Money Market (Monthly Summary)							
MONEY MARKET	10121	US Bank			8,526,912.56	0.00	
Subtotal							9,234,317.03
Medium Term Notes							
4581X0CF3	10149	Inter-American Devel Bank	3.000	02/21/2024	0.00	8,030,000.00	
Subtotal							9,004,995.97
Federal Agency Coupon Securities							
Subtotal							72,057,993.28
Treasury Coupon Securities							
Subtotal							14,655,778.39
Municipal Bonds							
Subtotal							2,501,819.80
Cash with Fiscal Agent							
20 REF BOND	10117	US Bank			5,451,627.05	0.00	
Subtotal							16,400,520.26
Total					21,652,633.31	15,353,233.49	199,884,844.53



Middle Fork Project Finance Authority

Treasurer's Investment Report March 31, 2024

144 Ferguson Road • Auburn, California 95604
Telephone: (530) 823-4875

Treasurer's Discussion

Middle Fork Project Finance Authority Treasurer's Report

March 31, 2024

This Treasurer's Report includes three sections: 1. Portfolio Summary, 2. Portfolio Details – Investments, and 3. Activity by Type for the prior month.

For the purpose of clarification, the following definitions of investment terms are provided:

Book Value is the purchase price of a security plus amortization of any premium or discount. This may be more or less than face value depending upon whether the security was purchased at a premium or at a discount.

Par (Face) Value is the principal amount of a security and the amount of principal that will be paid at maturity.

Market Value is the value at which a security can be sold at the time it is priced including accrued interest. Individual securities market prices are obtained from US Bank, (safekeeper and third-party custodian). Market values are only relevant if the investment is sold prior to maturity. A gain or loss would be realized only if the specific investment were to be sold. It is the Authority's practice to hold to maturity.

The investments held in the portfolio are in accordance with the Investment Policy of Middle Fork Project Finance Authority and California Government Code.



**MFP Finance Authority
Portfolio Management
Portfolio Summary
March 31, 2024**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Mat./Call	YTM 365 Equiv.
Local Agency Investment Funds	70,095,622.88	69,643,024.63	70,095,622.88	34.84	1	1	4.122
Checking Accounts	6,738,191.58	6,738,191.58	6,738,191.58	3.35	1	1	0.000
Money Market	15,653,303.06	15,653,303.06	15,653,303.06	7.78	1	1	0.000
Medium Term Notes	9,000,000.00	8,853,030.00	9,003,877.47	4.48	1,340	329	3.338
Federal Agency Coupon Securities	66,255,000.00	65,731,035.30	66,073,468.14	32.84	957	265	4.404
Treasury Coupon Securities	15,000,000.00	14,589,750.00	14,689,706.56	7.30	428	334	4.644
Municipal Bonds	2,500,000.00	2,424,950.00	2,501,617.60	1.24	1,269	244	0.332
Cash with Fiscal Agent	16,442,873.77	16,442,873.77	16,442,873.77	8.17	1	1	0.000
	201,684,991.29	200,076,158.34	201,198,661.06	100.00%	422	130	3.375

Investments

Cash and Accrued Interest

Accrued Interest at Purchase *		0.00	0.00
Ending Accrued Interest		1,360,596.96	1,360,596.96
Subtotal		1,360,596.96	1,360,596.96
	201,684,991.29	201,436,755.30	202,559,258.02

Total Cash and Investments Value

422 130 3.375

Total Earnings March 31 Month Ending

Current Year 576,865.71

* 65,968.24 Accrued at Purchase is Included in Book Value.

Average Daily Balance 195,499,627.98

Effective Rate of Return 3.47%

The investments held in portfolio are in accordance with the Investment Policy of the Middle Fork Project Finance Authority.

Joseph H. Parker

Apr 4, 2024

Joseph H. Parker, CPA

Reporting period 03/01/2024-03/31/2024

Run Date: 04/02/2024 - 11:57

No fiscal year history available

Portfolio MFP

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PM (PRF_PM1) 7.3.0

Report Ver. 7.3.6.1

MFP Finance Authority
Portfolio Management
Portfolio Details - Investments
March 31, 2024

Page 1

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Mat./Call	YTM 365	Maturity Date
Local Agency Investment Funds												
LAIF	10001	Local Agency Investment Fund		01/01/2021	70,095,622.88	69,643,024.63	70,095,622.88	4.122	1	1	4.122	
Subtotal and Average			70,095,622.88		70,095,622.88	69,643,024.63	70,095,622.88		1	1	4.122	
Checking Accounts												
1265-OPERATIONS	10100	US Bank		01/01/2021	6,738,191.58	6,738,191.58	6,738,191.58		1	1	0.000	
Subtotal and Average			5,959,745.13		6,738,191.58	6,738,191.58	6,738,191.58		1	1	0.000	
Money Market												
MONEY MARKET	10121	US Bank		09/30/2021	15,653,303.06	15,653,303.06	15,653,303.06		1	1	0.000	
Subtotal and Average			9,441,381.10		15,653,303.06	15,653,303.06	15,653,303.06		1	1	0.000	
Medium Term Notes												
06048WV56	10128	Bank of America Corp		05/05/2022	3,000,000.00	2,905,590.00	3,000,000.00	4.000	1,461	764	4.000	05/05/2026
48133DN55	10131	JP Morgan Chase Financial		07/29/2022	3,000,000.00	2,972,880.00	3,000,000.00	4.050	731	119	4.038	07/29/2024
742651DP4	10092	Private Export Funding		07/15/2019	3,000,000.00	2,974,560.00	3,003,877.47	2.450	1,827	105	1.978	07/15/2024
Subtotal and Average			9,004,400.64		9,000,000.00	8,853,030.00	9,003,877.47		1,340	329	3.338	
Federal Agency Coupon Securities												
31422XB50	10132	FARMER MAC		07/28/2022	3,000,000.00	2,950,770.00	2,998,675.00	3.630	1,096	483	3.666	07/28/2025
31422X5Y4	10145	FARMER MAC		08/25/2023	3,290,000.00	3,288,552.40	3,279,751.16	4.850	720	500	5.091	08/14/2025
31422X6U1	10147	FARMER MAC		09/08/2023	2,000,000.00	2,000,880.00	1,998,928.11	4.625	1,096	890	4.649	09/08/2026
3133EKP75	10095	Federal Farm Credit Bank		09/17/2019	3,000,000.00	2,947,560.00	2,999,867.20	1.600	1,827	169	1.610	09/17/2024
3133EK3B0	10097	Federal Farm Credit Bank		10/18/2019	3,000,000.00	2,940,570.00	2,997,810.32	1.500	1,825	198	1.641	10/16/2024
3133ENJH4	10124	Federal Farm Credit Bank		12/29/2021	2,000,000.00	1,938,380.00	1,999,259.74	0.940	1,094	270	0.991	12/27/2024
3133ENVC1	10125	Federal Farm Credit Bank		05/02/2022	3,000,000.00	2,930,010.00	2,995,136.48	2.750	1,089	389	2.910	04/25/2025
3133EPYK5	10150	Federal Farm Credit Bank		10/30/2023	9,000,000.00	9,039,330.00	9,032,612.99	5.125	711	557	5.069	10/10/2025
3130AT4W4	10133	Federal Home Loan Bank		09/15/2022	3,000,000.00	2,968,140.00	3,000,000.00	4.180	1,096	75	4.180	09/15/2025
3130AVJZ6	10137	Federal Home Loan Bank		03/30/2023	3,800,000.00	3,799,354.00	3,800,000.00	5.000	547	179	5.000	09/27/2024
3130AVQW5	10139	Federal Home Loan Bank		05/05/2023	3,365,000.00	3,351,068.90	3,365,000.00	5.000	1,452	25	4.998	04/26/2027
3130AW4T4	10141	Federal Home Loan Bank		05/26/2023	2,800,000.00	2,783,620.00	2,800,000.00	5.000	915	55	5.000	11/26/2025
3130AWXW5	10143	Federal Home Loan Bank		08/21/2023	3,000,000.00	3,000,240.00	3,000,000.00	5.330	396	172	5.335	09/20/2024
3130AWZV5	10144	Federal Home Loan Bank		08/28/2023	6,000,000.00	6,001,920.00	6,000,000.00	5.380	366	149	5.318	08/28/2024
3134GXR63	10136	Federal Home Loan Mtg Corp		10/26/2022	3,000,000.00	2,962,950.00	2,968,746.58	4.050	1,037	57	4.849	08/28/2025
3134GXB29	10142	Federal Home Loan Mtg Corp		05/12/2023	3,000,000.00	2,975,010.00	2,989,020.41	4.000	598	90	4.511	12/30/2024
3134H1BD4	10146	Federal Home Loan Mtg Corp		08/28/2023	4,000,000.00	3,995,240.00	3,964,733.33	5.125	1,827	149	5.356	08/28/2028

Portfolio MFP
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PM (PRF_PM2) 7.3.0

Run Date: 04/02/2024 - 11:57

**MFP Finance Authority
Portfolio Management
Portfolio Details - Investments
March 31, 2024**

Page 2

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Mat./Call	YTM 365	Maturity Date
Federal Agency Coupon Securities												
3135G03U5	10135	Federal National Mtg Assn		10/26/2022	3,000,000.00	2,864,430.00	2,883,926.82	0.625	909	386	4.532	04/22/2025
3135GAHL8	10140	Federal National Mtg Assn		05/15/2023	3,000,000.00	2,993,010.00	3,000,000.00	5.100	550	44	5.100	11/15/2024
Subtotal and Average			67,421,589.84		66,255,000.00	65,731,035.30	66,073,468.14		957	265	4.404	
Treasury Coupon Securities												
91282CEH0	10151	U.S. Treasury		12/29/2023	7,500,000.00	7,319,550.00	7,395,739.32	2.625	473	379	4.557	04/15/2025
91282CDS7	10152	U.S. Treasury		12/29/2023	7,500,000.00	7,270,200.00	7,293,967.24	1.125	383	289	4.732	01/15/2025
Subtotal and Average			14,673,289.71		15,000,000.00	14,589,750.00	14,689,706.56		428	334	4.644	
Municipal Bonds												
13067WSU7	10118	State of California		06/11/2021	2,500,000.00	2,424,950.00	2,501,617.60	0.508	1,269	244	0.332	12/01/2024
Subtotal and Average			2,501,712.18		2,500,000.00	2,424,950.00	2,501,617.60		1,269	244	0.332	
Cash with Fiscal Agent												
20 REF BOND	10117	US Bank		03/31/2020	16,442,873.77	16,442,873.77	16,442,873.77		1	1	0.000	
Subtotal and Average			16,401,886.50		16,442,873.77	16,442,873.77	16,442,873.77		1	1	0.000	
Total and Average			195,499,627.98		201,684,991.29	200,076,158.34	201,198,661.06		422	130	3.375	

**MFP Finance Authority
Portfolio Management
Portfolio Details - Cash
March 31, 2024**

Page 3

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Mat./Call	YTM 365
Average Balance			0.00	Accrued Interest at Purchase *		0.00	0.00		0	0	
				Ending Accrued Interest		1,360,596.96	1,360,596.96				
				Subtotal		1,360,596.96	1,360,596.96				
Total Cash and Investment Value			195,499,627.98		201,684,991.29	201,436,755.30	202,559,258.02		422	130	3.375
* 65,968.24 Accrued at Purchase is Included in Book and Market Values											

MFP Finance Authority
Portfolio Management
Activity By Type
March 1, 2024 through March 31, 2024

Page 1

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Local Agency Investment Funds (Monthly Summary)							
Subtotal							70,095,622.88
Checking Accounts (Monthly Summary)							
1265-OPERATIONS	10100	US Bank			3,071,834.42	2,267,439.76	
Subtotal							6,738,191.58
Money Market (Monthly Summary)							
MONEY MARKET	10121	US Bank			6,418,986.03	0.00	
Subtotal							15,653,303.06
Medium Term Notes							
Subtotal							9,003,877.47
Federal Agency Coupon Securities							
3130AOXE5	10134	Federal Home Loan Bank	3.250	03/08/2024	0.00	6,000,000.00	
Subtotal							66,073,468.14
Treasury Coupon Securities							
Subtotal							14,689,706.56
Municipal Bonds							
Subtotal							2,501,617.60
Cash with Fiscal Agent							
20 REF BOND	10117	US Bank			42,353.51	0.00	
Subtotal							16,442,873.77
Total					9,533,173.96	8,267,439.76	201,198,661.06



MEMORANDUM

TO: Middle Fork Project Finance Authority

FROM: Joseph H. Parker, CPA, Treasurer

DATE: April 4, 2024

RE: Check Register 24-02

RECOMMENDATION:

Check Register 24-02 expenses disbursed, receive and file.

ATTACHMENTS:

Description	Upload Date	Type
Check Register 24-02	4/4/2024	Backup Material

MIDDLE FORK PROJECT FINANCE AUTHORITY

Check Register # 24-02

The Board of Directors of the Middle Fork Project Finance Authority as of this date 4/18/2024, do hereby receive and file the following check register listing for the period from 1/06/2024 to 4/05/2024 from the MFP Finance Authority Checking Account.

PLACER COUNTY WATER AGENCY	MFP REIMBURSEMENT	1,740,569.14
PLACER COUNTY WATER AGENCY	MFP REIMBURSEMENT	1,077,342.59
PLACER COUNTY WATER AGENCY	MFP REIMBURSEMENT	662,819.79
PLACER COUNTY WATER AGENCY	MFP REIMBURSEMENT	630,961.14
PLACER COUNTY WATER AGENCY	MFP REIMBURSEMENT	478,082.21
PLACER COUNTY WATER AGENCY	MFP REIMBURSEMENT	437,760.09
PLACER COUNTY WATER AGENCY	MFP REIMBURSEMENT	406,467.40
PLACER COUNTY WATER AGENCY	MFP REIMBURSEMENT	383,755.71
PLACER COUNTY WATER AGENCY	MFP REIMBURSEMENT	370,941.95
PLACER COUNTY WATER AGENCY	MFP REIMBURSEMENT	345,851.23
PLACER COUNTY WATER AGENCY	MFP REIMBURSEMENT	327,259.25
PLACER COUNTY WATER AGENCY	MFP REIMBURSEMENT	282,501.37
PLACER COUNTY WATER AGENCY	MFP REIMBURSEMENT	250,281.35
MOODY'S INVESTORS SERVICE INC.	PROFESSIONAL SERVICES	14,500.00
DIGITAL ASSURANCE CERTIFICATION	PROFESSIONAL SERVICES	1,000.00
U.S. BANK	ADMINISTRATION FEES	171.00
CHECK REGISTER TOTAL		\$7,410,264.22



MEMORANDUM

TO: Middle Fork Project Finance Authority

FROM: Andrew Fecko, Executive Director

DATE: March 28, 2024

RE: Changing Regular July Board Meeting Time

RECOMMENDATION:

Adopt Resolution 24-__ providing for moving the time of the July 18, 2024, regular Board meeting from 10:00 a.m. to 8:30 a.m.

BACKGROUND:

The Board of Directors adopted a resolution in 2013 that establishes regular Board meetings be held the third Thursdays of January, April, July, and October of each year at 10:00 a.m. at the Placer County Water Agency Business Center, American River Room, 144 Ferguson Road, Auburn, California.

DISCUSSION:

The Board is planning on going on their annual retreat on July 18, 2024. Staff recommends the Board consider moving the time of the July 18, 2024, Board meeting from 10:00 a.m. to 8:30 a.m. in order to make efficient use of time.

ATTACHMENTS:

Description	Upload Date	Type
Resolution	4/8/2024	Resolution

RESOLUTION 24-__ OF THE BOARD OF DIRECTORS OF THE
MIDDLE FORK PROJECT FINANCE AUTHORITY PROVIDING FOR MOVING THE TIME OF THE
JULY 18, 2024, REGULAR BOARD OF DIRECTORS' MEETING

WHEREAS, Section 2.04 of the Joint Exercise of Powers Agreement for the Middle Fork Project Finance Authority requires the Board of Directors set a time and place for holding its regular meetings by resolution; and

WHEREAS, on April 25, 2013, the Board of Directors approved regular Board meetings be held on the third Thursdays of January, April, July, and October of each year at 10:00 a.m. at the Placer County Water Agency Business Center, American River Room, 144 Ferguson Road, Auburn, California; and

WHEREAS, the Board desires to move the time of the July 18, 2024, regular meeting from 10:00 a.m. to 8:30 a.m., in order to make efficient use of time.

BE IT RESOLVED by the Board of Directors of the Middle Fork Project Finance Authority that the time of the regular Board meeting of July 18, 2024, be moved to 8:30 a.m.

This resolution was duly adopted at a meeting of the Board of Directors of the Middle Fork Project Finance Authority held on April 18, 2024, by the following vote on roll call:

AYES:

NOES:

ABSENT:

Signed and approved by me after its adoption this 18th day of April 2024.

Chair of the Board
Middle Fork Project Finance Authority

ATTEST:

Lori Young
Clerk to the Board



MEMORANDUM

TO: Middle Fork Project Finance Authority

FROM: Joseph H. Parker, CPA, Treasurer

DATE: April 1, 2024

RE: 2024 Budget and Actual Schedules for the Period Ended March 31, 2024

RECOMMENDATION:

Receive and file. Report on 2024 Budget and Actual Schedules for the period ended March 31, 2024.

BACKGROUND:

Through the period ended March 31, 2024, Power Sales revenue totaled \$15.2 million, Interest Income totaled \$392 thousand, and 2023 Carryover funds totaled \$29.8 million with operating expenditures and appropriations totaling \$13.8 million.

DISCUSSION:

See transmittal included within the 2024 Budget and Actual Schedules for the period ended March 31, 2024 for more details and analysis.

ATTACHMENTS:

Description	Upload Date	Type
2024 Q1 Budget and Actual Schedules	4/8/2024	Backup Material



M E M O R A N D U M

TO: Board of Directors Middle Fork Project Finance Authority

FROM: Joseph H. Parker, CPA, Treasurer

DATE: April 4, 2024

RE: 2024 Budget and Actual Schedules for the Period Ended March 31, 2024

Summary – 2024 Quarter 1:

The Agency, on behalf of the Authority, continues to sell generated energy directly to the California Independent System Operator (CAISO) and has entered into bi-lateral contracts to sell energy products including resource adequacy, renewable energy credits (RECs) and carbon free for 2024. Two-year contracts for resource adequacy, which began in 2023, are scheduled to provide a fixed revenue stream totaling \$16.2 million for 2024. As the 5-Year MFPFA Capital Plan requires substantial resource needs, totaling a projected \$162.6 million, \$63.9 million of which is for FERC License capital projects, this fixed revenue provides a consistent supplement to the variable nature of energy sales. Additionally, carbon free contracts were executed at \$5 per MWh, under a 3-year contract for 2024 - 2026. The Authority begins 2024 with reserves totaling \$58.9 million, as well as \$29.8 million appropriated from 2023 year-end results for use in 2024 for the budget deficit.

The 2024 water year had a slow start with precipitation not picking up until late January through March. Most recently, the snowpack has reached normal levels with recent storms. Generation was lower than normal until late January when the runoff from the heavy rainfalls resulted in additional generation that brought us closer to average generation. With the colder temperatures in late January, this pushed energy prices slightly higher than the 5-year average, resulting in energy sales revenue totaling \$10.1 million for Q1.

The 2024 capital appropriations budget of \$45.1 million has been funded at \$2.9 million with prior year carryover.

Attached for the Board's information are the 2024 Budget and Actual schedules for the period ended March 31, 2024, as follows:

MFP Finance Authority Budget Schedule with Note References – This schedule summarizes the 2024 adopted and adjusted budgets, proposed and approved budget amendments and the adjusted March 31, 2024, year-to-date budget.

MFP Finance Authority Budget and Actual Schedule with Variances & Explanations – This schedule summarizes the MFP Finance Authority financial activity for the period ended March 31, 2024 with the adjusted year-to-date budget and year-to-date actual activity noting variances between the two amounts with referenced explanations.

MFP Finance Authority Reserve Schedule – This schedule summarizes the MFP Finance Authority reserve account activity through March 31, 2024 and indicates the full funding target for each reserve account.

PCWA MFP Capital Projects – This schedule summarizes the Project-to-Date Budget and Expenses through March 31, 2024. PCWA manages and administers these projects and are included because they are funded by the MFP Finance Authority. As the scope of these activities is multi-year, the budget and expense information is included.

MIDDLE FORK PROJECT FINANCE AUTHORITY
Budget Schedule
For the Period Ended
March 31, 2024

	2024 Adopted Annual Budget January 1, 2024	Budget Adjustments & Transfers (Note 4)	2024 Adjusted Annual Budget March 31, 2024	March 31, 2024 Year-to-date Adjusted Budget
Revenues and Other Financing Sources (Note 1) :				
Power Sales				
Energy Sales	\$ 31,290,000	-	31,290,000	6,603,658
Energy Products	20,309,200	-	20,309,200	4,949,222
Total Power Sales	51,599,200	-	51,599,200	11,552,880
Interest Income	800,000	-	800,000	200,000
Other Financing Source				
Board Adopted Budget Deficit Carryover from 2023	29,833,451	-	29,833,451	29,833,451
Total Revenues and Other Financing Sources	82,232,651	-	82,232,651	41,586,331
Expenditures:				
Administration:				
Operating Supplies/Services	10,000	-	10,000	2,295
Administration	150,000	-	150,000	34,425
Professional Services	51,300	-	51,300	11,773
Total Administrative Expenditures	211,300	-	211,300	48,493
PCWA Power Division - Operating:				
Power Operations	17,104,122	-	17,104,122	3,925,396
General and Administrative	7,401,215	-	7,401,215	1,698,579
Natural Resources Management	3,905,887	-	3,905,887	896,401
Power Resources Management	1,645,227	-	1,645,227	377,580
Routine Capital	1,447,900	-	1,447,900	332,293
Total PCWA Power Division - Operating	31,504,351	-	31,504,351	7,230,249
Debt Service	5,407,000	-	5,407,000	5,407,000
Capital Projects (Note 2) :				
Current Year Capital Project Appropriation	45,110,000	-	45,110,000	45,110,000
Total Expenditures and Appropriations	82,232,651	-	82,232,651	57,795,742
Net Revenue	\$ -	-	-	(16,209,411)
Reserve Activity (Funding)/Use (Note 3):				
Operating Reserve	-	-	-	-
Emergency Reserve	-	-	-	-
Capital Reserve	-	-	-	-
Total Reserve Use	-	-	-	-

Note: See reference discussion on the following page.

MIDDLE FORK PROJECT FINANCE AUTHORITY
2024 Budget Schedule
Note References
For the Period Ended March 31, 2024

Note 1: Revenues and Other Financing Sources

The MFPFA **Power Sales** budget includes the resource adequacy (RA), carbon free and renewable energy credit (REC) sales amounts based on bi-lateral contracts and energy sales on 80% of average generation, and projected energy prices. The Power Sales amounts have been determined by Energy Marketing projections based on anticipated sales of resource adequacy, carbon free, renewable energy credits and estimated energy sales for January 1 to December 31, 2024.

Note 2: The **Capital Projects** adopted budget totals \$45.1 million and \$2.9 million has been funded with prior year carryover.

Note 3: As the **Reserve Accounts** are used or target funding is revised, replenishment or funding shall be performed at year-end in accordance with the Authority General Financial Policies.

Note 4: There are no **Budget Adjustment and Transfers** to report to the Board for the period ended March 31, 2024.

MIDDLE FORK PROJECT FINANCE AUTHORITY
Budget and Actual Schedule
For the Period Ended
March 31, 2024

	March 31, 2024 Year-to-date Budget	Actual	Variances		Ref
			\$	%	
Revenues and Other Financing Sources:					
Power Sales					
Energy Sales	\$ 6,603,658	10,053,351	3,449,693	52%	
Energy Products	4,949,222	5,148,639	199,417	4%	
Total Power Sales	11,552,880	15,201,990	3,649,110	32%	
Interest Income	200,000	391,981	191,981	96%	
Other Financing Sources					
Board Adopted Budget Deficit Carryover from 2023	29,833,451	29,833,451	-	0%	
Total Revenues and Other Financing Sources	41,586,331	45,427,422	3,841,091	9%	A
Expenditures:					
Administration:					
Operating Supplies/Services	2,295	1,171	1,124	49%	
Administration	34,425	10,756	23,669	69%	
Professional Services	11,773	14,500	(2,727)	-23%	
Total Administrative Expenditures	48,493	26,427	22,066	46%	B
PCWA Power Division - Operating:					
Power Operations	3,925,396	2,995,857	929,539	24%	
General and Administrative	1,698,579	1,732,371	(33,792)	-2%	
Natural Resources Management	896,401	268,349	628,052	70%	
Power Resources Management	377,580	367,084	10,496	3%	
Routine Capital	332,293	124,485	207,808	63%	
Total PCWA Power Division - Operating	7,230,249	5,488,146	1,742,103	24%	C
Debt Service	5,407,000	5,407,000	-	0%	D
Capital Projects:					
Current Year Adopted Budget / Funded Budget Appropriations	45,110,000	2,915,000	42,195,000	94%	
Total Capital Project Appropriations	45,110,000	2,915,000	42,195,000	94%	E
Total Expenditures and Appropriations	57,795,742	13,836,573	43,959,169	76%	
Revenue and Other Financing Sources over/(under)					
Expenditures and Appropriations	\$ (16,209,411)	31,590,849			

Note: See 2024 Budget to Actual Variances discussion on the following page.

MIDDLE FORK PROJECT FINANCE AUTHORITY
Budget and Actual Schedule
Discussion of 2024 Budget to Actual Variances
For the Period Ended March 31, 2024

Ref **Revenues and Other Financing Sources:**

A **Power Sales Revenue** – The Power Sales revenue is subject to significant volatility due to variations in hydrology, energy market prices and a variety of other factors. Energy Sales revenue for the period ended March 31, 2024 is \$10.1 million, \$3.4 million above budgeted revenue, the result of slightly higher than average energy prices primarily because of the cold January weather that pushed prices higher.

Interest Income – Interest income for the period ended March 31, 2024 is 96% above the budget amount.

Expenditures:

B **Administration** is under budget for the period ended March 31, 2024 by 46%.

C **PCWA Power Division – Operating** is under budget by 24% through the period ended March 31, 2024. The overall favorable variance is expected to decrease as the bulk of the annual field work commences in the late spring and continues into the fall season.

D **Debt Service** was paid in February in an amount totaling \$5.4 million. This is the amount of annual debt service required to continue the debt service pre-funding program included in the 2024 adopted budget.

Capital Projects:

E Appropriations for the 2024 Capital Projects have been funded at \$2.9 million from the 2023 carryover. Funding of the remaining appropriations may be funded from the remaining 2023 carryover and current year revenues.

MIDDLE FORK PROJECT FINANCE AUTHORITY
Reserve Schedule
For the Period Ended
March 31, 2024

	2024 Target	Beginning Balance January 1, 2024	Year-to-Date Activity	Balance March 31, 2024	Amount Needed to Fund Target
	A	B	C	D=B+C	E=A-D
Operating Reserve	\$ 31,715,651	31,715,651	-	31,715,651	-
Emergency Reserve	40,000,000	23,377,471	-	23,377,471	16,622,529
Capital Reserve	81,000,000	3,856,589	-	3,856,589	77,143,411
Total	\$ 152,715,651	58,949,711	-	58,949,711	93,765,940

Notes:

General Note: The reserve accounts are funded in accordance with the Authority's General Financial Policies after the year-end closing process and before any distributions of Net Revenue.

Operating Reserve: The **Operating Reserve** year-end funding target is one year of operating expenditures, based on the adopted budget for the subsequent year, currently set at \$31.7 million. The Operating Reserve account is to provide readily available cash to operate the MFP under conditions of significantly reduced revenue due to hydrology, energy prices and/or prolonged outages or unanticipated variations in expenses.

Emergency Reserve: The **Emergency Reserve** funding target is currently set at \$40 million to provide interim appropriations and immediate funding for unforeseen needs or events. The Emergency Reserves will be assessed annually and the Authority Treasurer will propose recommended changes as needed for Board approval.

Capital Reserve: The **Capital Reserve** funding target is currently set at \$81 million. Per current policy, the Capital Reserve account is to provide funds for appropriation of unforeseen and unplanned capital needs.

PLACER COUNTY WATER AGENCY
MFP Capital Projects
As Funded by the Middle Fork Project Finance Authority
For the Period Ended
March 31, 2024

Project No.	Project Description	Total Estimated Project Cost (Note 1)	PTD Budget (December 31, 2023)	2024 Adopted Budget	2024 Budget Funded	Budget Adjustments Quarter 1	Project-to-Date Adjusted Budget (March 31, 2024)	Prior Years' Expenses	2024 Year-to-Date Expenses	Project-to-Date Expenses	Outstanding Encumbrances	Project-to-Date Available Balance
			A		B	C	D=A+B+C	E	F	G=E+F	H	I=D-G-H
MINOR PROJECTS - TOTAL			\$ 1,192,380	632,000	-	-	1,192,380	450,552	844	451,396	-	740,984
MAJOR PROJECTS - AUTHORIZED												
14007P	French Meadows Powerhouse Reliability Upgrades	Ongoing	4,696,895	3,730,000	500,000	-	5,196,895	750,337	33,953	784,290	124,537	4,288,068
14003P	Hell Hole Powerhouse Reliability Upgrades	Ongoing	1,490,084	670,000	400,000	-	1,890,084	4,840	-	4,840	-	1,885,244
14009P	Middle Fork Powerhouse Reliability Upgrades	Ongoing	8,169,193	6,840,000	270,000	-	8,439,193	2,104,320	827	2,105,146	391,810	5,942,237
14010P	Oxbow Powerhouse Reliability Upgrades	Ongoing	1,208,916	745,000	595,000	25,822	1,829,738	652,492	5,060	657,552	28,997	1,143,189
12015A	Project Wide Communications Upgrade (Note 2)	16,603,271	16,603,271	-	-	-	16,603,271	16,010,040	24,830	16,034,870	748,905	(180,504)
12029A	Project Wide SCADA Reliability Upgrades	1,120,000	1,120,000	-	-	-	1,120,000	1,044,554	-	1,044,554	37,624	37,822
14012P	Ralston Powerhouse Reliability Upgrades	Ongoing	1,964,863	7,900,000	-	-	1,964,863	1,344,783	1,571	1,346,354	52,904	565,605
14013P	FERC License Implementation - Project Infrastructure	54,700,000	42,953,884	11,775,000	650,000	-	43,603,884	9,785,341	335,586	10,120,927	19,298,454	14,184,503
14014P	FERC License Implementation - Project Recreation Facilities	35,200,000	31,093,366	4,068,000	-	-	31,093,366	2,974,552	8,160	2,982,712	927,066	27,183,588
17004P	French Meadows Forest Management	2,425,000	2,225,000	200,000	200,000	-	2,425,000	2,071,480	24,103	2,095,583	20,017	309,400
20046W	ERP System	1,800,000	1,426,793	-	-	-	1,426,793	324,301	-	324,301	-	1,102,492
20043P	Sediment Removal	13,900,000	5,902,762	8,000,000	-	-	5,902,762	4,359,060	-	4,359,060	24,495	1,519,207
20047P	Hell Hole Land Acquisition and Exchange	650,000	647,620	-	-	-	647,620	510,896	1,068	511,964	-	135,656
22034P	Mosquito Fire	8,000,000	8,000,000	-	-	-	8,000,000	3,158,025	353,140	3,511,165	1,321,899	3,166,936
22036P	MFP Forest Management	550,000	250,000	300,000	300,000	-	550,000	110,703	10,597	121,299	155,434	273,267
	Backup Generator Upgrades	250,000	-	250,000	-	-	-	-	-	-	-	-
TOTAL MAJOR PROJECTS			127,752,647	44,478,000	2,915,000	25,822	130,693,469	45,205,723	798,895	46,004,618	23,132,141	61,556,710
PROJECTS CLOSED IN 2024												
MAJOR PROJECTS CLOSED												
14034P	OXPB Battery Replacement	73,863	99,685	-	-	(25,822)	73,863	73,863	-	73,863	-	-
TOTAL PROJECTS CLOSED 2024			99,685	-	-	(25,822)	73,863	73,863	-	73,863	-	-
TOTAL CAPITAL PROJECTS			\$ 129,044,712	45,110,000	2,915,000	-	131,959,712	45,730,138	799,739	46,529,876	23,132,141	62,297,694

Note 1: Major Projects may be comprised of a variety of sub-projects for which appropriations will be allocated, administered and accounted for as separate "Projects" at the PCWA project management level, as PCWA is the lead entity for MFP Projects. For budgeting purposes, the **Total Estimated Project Cost** for the powerhouse reliability upgrades projects is defined as **"Ongoing"** because underlying sub-projects will be added, completed and removed over time.

Note 2: At the end of 2023, there was ongoing litigation to resolve the failed Communication Towers at Bunker Hill. This caused a large outstanding encumbrance to carryover into 2024, and is expected to be resolved by the end of Q2.



MEMORANDUM

TO: Middle Fork Project Finance Authority

FROM: Joseph H. Parker, CPA, Treasurer

DATE: April 8, 2024

RE: 2023 Year-End Financial Report and Related Financial Documents

RECOMMENDATION:

Receive and file.

Report on Middle Fork Project Finance Authority 2023 year-end reports:

- a. Budget and Actual Schedules for the year-ended December 31, 2023;
- b. 2023 Audited Financial Statements; and
- c. Independent Auditor's required communication letter based on their audit.

BACKGROUND:

The final results of year 2023 include Power Sales revenue totaling \$91.1 million, other financing sources totaling \$13.6 million, and interest earnings producing an additional \$5.2 million. Final operating expenditures and capital appropriations total \$61.7 million, resulting in revenue and other financing sources over expenditures and appropriations of \$48.2 million.

DISCUSSION:

See transmittal included within the 2023 Year-End Financial Report for more details and analysis.

ATTACHMENTS:

Description	Upload Date	Type
2023 Year-end Budget Schedules	4/8/2024	Backup Material
MFPFA Financial Statements For the Year Ended December 31, 2023	4/8/2024	Backup Material
Independent Auditor's Required Communication	4/8/2024	Backup Material



M E M O R A N D U M

TO: Board of Directors Middle Fork Project Finance Authority

FROM: Joseph H. Parker, CPA, Treasurer

DATE: April 8, 2024

RE: 2023 Year-End Financial Report and Related Financial Documents

Year-End Summary

Above average generation, greater than normal carryover storage, and strong energy prices, as well as carryover funds and reserve use resulted in total Revenue and Other Financing Sources exceeding budget by 64% for the year. Total Expenditures and Appropriations are 8% favorable compared to the 2023 adjusted budget. The 2022 revenue over expenditures carryover provided funding to balance the adopted 2023 budget deficit totaling \$12.4 million. The 2023 year-end results were sufficient to provide carryover funds to balance the 2024 Board adopted Budget deficit totaling \$29.8 million, as well as an additional \$18.3 million to the Emergency Reserve, bringing the total funded reserve balance to \$58.9 million.

Hydrology and Generation Summary

The 2023 water year began in October 2022 and throughout fall 2022 the hydrologic conditions were very wet. The water year ended in September 2023 and was an overall wet year with precipitation totaling 83.2 inches, or 118% of average. During the water year there were two incidents that impacted generation: 1. A PG&E Transmission Induced Generation Outage for all power units which was triggered by the Mosquito Fire on September 7, 2022 and continued until February 7, 2023. This period of no generation created additional 2022 year-end water carryover storage greater than normal for use during 2023; 2. In mid-August 2023, French Meadows Powerhouse (FMPH) was taken offline to investigate a potential fault within the main transformer. FMPH generates 7% of the MFP's total generating capacity. Upon inspection and testing, repairs were made and FMPH was returned to service in just over a month. Despite these incidents, the 2023 generation was 172% above budget at 1,170,000 MWh with the Middle Fork Project's annual budgeted amount of 680,000 MWh.

Revenue

The 2023 total Revenue and Other Financing Sources was a favorable increase of \$43 million over budget for a total of \$109.9 million. This substantial amount of Revenue and Other Financing Sources is comprised of the following components: 1. Increased generation coupled with high energy prices pushed 2023 Energy Sales revenue to \$65.8 million, which is 75% above the budgeted Energy Sales. 2. Energy Products revenue totaling \$25.3 million of which the majority (63%) is the contracted fixed revenue component Resource Adequacy. However, another component of the Energy Products, Carbon Free revenue, increased significantly as increased generation allowed for increased Carbon Free products sales at very favorable prices. 3. Interest income earned totaled \$5.2 million, 4. Carryover funds from 2022 totaled \$12.4 million, and 5. 2023 reserve use totaled \$1.2 million.

Operating Expenditures

2023 PCWA Power Division – Operating expenditures are favorable compared to the adjusted budget. PCWA Power Division – Operating has a favorable \$5.1 million variance, or 16%. The favorable operating variance is a result of year-to-date savings from cost share agreements, consulting, surveying, and FERC license implementation expenses.

Capital Projects

During 2023, a total of \$29.7 million of capital appropriations were funded, which included the 2023 Capital Plan Appropriation totaling \$28.5 million and a Board approved (October 19, 2023) Capital Reserve use/appropriation totaling \$1.2 million for the French Meadows Powerhouse Main Transformer Replacement.

Progress on the 2023 Capital Plan was slowed because of the recent road dilapidation, which was caused by the Mosquito fire scorching the hillside then the heavy winter precipitation causing substantial erosion. This resulted in several areas along Mosquito Ridge Road, a U.S. Department of Forestry service road, to have significant impairment thereby reducing passable vehicle loads significantly. Because of the Mosquito Fire occurring in Fall 2022 and the limited road access in 2023, the Agency requested that FERC defer many near-term FERC Capital Project Implementation deadlines, which were granted in July 2023 for deferrals up to 2-years. Overall, 2023 Capital Projects work was limited and the following three projects had the most 2023 capital project expenses:

- Mosquito Fire \$2.30 million
- MFPH Switchyard Upgrades \$1.50 million
- Duncan Creek Diversion \$0.58 million

Year-End Reserve Analysis

The Board's General Financial Policies establishes three reserve categories: Operating, Capital and Emergency. In the 2023 fourth quarter, the 2-year Risk Financing Study Re-Evaluation was concluding and as an interim step in October 2023 the Board increased the Emergency Reserve Funding Target to \$20 million from \$5 million. Subsequent to year-end, at the January 2023 Board meeting, the Board took action to further increase the reserve funding targets by moving the Emergency Reserve Funding Target to \$40 million and Capital Reserve Funding Target to \$81 million based on the Treasurer's recommendation. The Capital Reserve Funding Target is based on years' 2 and 3 of the Budgeted Capital Plan with a \$25 million floor. With Board approval prior to the final year-end amounts, these additional Reserve Funding Targets have been incorporated into the final year-end 2023 amounts. The Operating Reserve funding target fluctuates as it is set at a minimum of one-year operating expenses based on the following year's operating budget, which amounted to \$31.7 million at year-end. With the referenced Board actions, the current reserve funding targets total \$152.7 million.

The funded reserve balance at the beginning of the year totaled \$41.8 million, comprised of fully funded Operating, and partially funded Emergency and Capital Reserves, totaling \$31.7 million, \$5.0 million, and \$5.1 million, respectively. 2023 Revenue and Other Financing Sources over Expenditures and Appropriations first funded the 2024 Budget deficit of \$29.8 million then funded the reserve accounts in priority order. The Operating Reserve is slightly decreased to its year-end target level of \$31.7 million and the Emergency Reserve balance is increased to \$23.4 million. The Capital Reserve balance, which reflects \$1.2 million of adopted use during 2023 for the French Meadows Powerhouse Main Transformer Project, remaining at the \$3.9 million funding level. At year-end 2023, the funding to reserves was \$18.3 million and the total funded reserve balance is \$58.9 million.

2023 Audited Financial Statements

Attached are the Authority's audited financial statements for the year ending 2023, as well as the auditor's required communication letter.

As in the past, this year's financial statement audit received an unqualified "clean" audit opinion, meaning the financial statements are fairly presented in conformity with the accounting principles.

Attached Documents

Attached for the Board's information are the following:

- 2023 year-end Budget Schedule with notes on various sections
- 2023 year-end Budget and Actual Schedule with notes of significant variances
- 2023 year-end Reserve Schedule
- 2023 year-end MFP Capital Projects Budget and Expense
- Authority's Audited Financial Statements for the year ended December 31, 2023 with the Independent Auditor's Report (clean opinion) from the audit firm Davis Farr LLP
- Independent Auditors required communication letter.

MIDDLE FORK PROJECT FINANCE AUTHORITY

Budget Schedule For the Year Ended December 31, 2023

	2023 Adopted Annual Budget January 1, 2023	Budget Adjustments & Transfers (Note 4)	2023 Adjusted Annual Budget December 31, 2023
Revenues and Other Financing Sources (Note 1) :			
Power Sales			
Energy Sales	\$ 37,674,300	-	37,674,300
Energy Products	15,229,700	-	15,229,700
Total Power Sales	52,904,000	-	52,904,000
Interest Income	400,000	-	400,000
Other Financing Source			
Board Adopted Budget Deficit Carryover from 2022	6,544,435	-	6,544,435
Board Approved Budget Deficit Carryover from 2022	5,816,555	-	5,816,555
Board Approved Reserve Use	-	1,200,000	1,200,000
Total Revenues and Other Financing Sources	65,664,990	1,200,000	66,864,990
Expenditures:			
Administration:			
Operating Supplies/Services	10,000	-	10,000
Administration	150,000	-	150,000
Professional Services	51,300	-	51,300
Total Administrative Expenditures	211,300	-	211,300
PCWA Power Division - Operating:			
Power Operations	17,948,486	8,106	17,956,592
General and Administrative	6,718,550	-	6,718,550
Natural Resources Management	4,886,851	(8,106)	4,878,745
Power Resources Management	1,512,053	-	1,512,053
Routine Capital	473,500	-	473,500
Total PCWA Power Division - Operating	31,539,440	-	31,539,440
Debt Service	5,404,250	-	5,404,250
Capital Projects (Note 2) :			
Current Year Capital Project Appropriation	28,510,000	-	28,510,000
Current Year Additional Capital Project Appropriation	-	1,200,000	1,200,000
Total Expenditures and Appropriations	65,664,990	1,200,000	66,864,990
Net Revenue	\$ -	-	-
Reserve Activity (Funding)/Use (Note 3):			
Operating Reserve	-	-	-
Emergency Reserve	-	-	-
Capital Reserve	-	1,200,000	1,200,000
Total Reserve Use	-	1,200,000	1,200,000

Note: See reference discussion on the following page.

MIDDLE FORK PROJECT FINANCE AUTHORITY
2023 Budget Schedule
Note References
For the Year Ended December 31, 2023

Note 1: Revenues and Other Financing Sources

The MFPFA **Power Sales** budget includes the resource adequacy (RA), carbon free and renewable energy credit (REC) sales amounts based on bi-lateral contracts and energy sales on 80% of average generation, and projected energy prices. The Power Sales budgeted amounts have been determined by Energy Marketing projections based on anticipated sales of resource adequacy, carbon free, renewable energy credits, and estimated energy sales for January 1 to December 31, 2023.

Note 2: The **Capital Projects** adopted budget totaling \$28.5 million has been completely funded as of December 31, 2023. Additionally, the Board approved an appropriation through a budget amendment to utilize \$1.2 million of reserves for additional Capital Project appropriations as explained in Note 4 below.

Note 3: As the **Reserve Accounts** are used or target funding is revised, replenishment or funding shall be performed at year-end in accordance with the Authority General Financial Policies.

Note 4: There are two **Budget Adjustments and Transfers** to report to the Board for the period ended December 31, 2023.

1. At the October 2023 Board meeting, the Board approved a budget amendment to appropriate \$1.2 million of Capital Reserves to fund a new Capital Project to replace the French Meadows Powerhouse Main Transformer.
2. An administrative correction to the categorization of a budget line item totaling \$8,106, which did not result in any new appropriations to the 2023 budget.

MIDDLE FORK PROJECT FINANCE AUTHORITY
Budget and Actual Schedule
For the Year Ended
December 31, 2023

	2023 Adjusted Budget	Actual	Variances		Ref
			\$	%	
Revenues and Other Financing Sources:					
Power Sales					
Energy Sales	\$ 37,674,300	65,841,244	28,166,944	75%	
Energy Products	15,229,700	25,279,606	10,049,906	66%	
Total Power Sales	52,904,000	91,120,850	38,216,850	72%	
Interest Income	400,000	5,188,154	4,788,154	1197%	
Other Financing Sources					
Board Adopted Budget Deficit Carryover from 2022	6,544,435	6,544,435	-	0%	
Board Approved Budget Deficit Carryover from 2022	5,816,555	5,816,555	-	0%	
Board Approved Reserve Use	1,200,000	1,200,000	-	0%	
Total Revenues and Other Financing Sources	66,864,990	109,869,994	43,005,004	64%	A
Expenditures:					
Administration:					
Operating Supplies/Services	10,000	4,539	5,461	55%	
Administration	150,000	99,654	50,346	34%	
Professional Services	51,300	20,480	30,820	60%	
Total Administrative Expenditures	211,300	124,673	86,627	41%	B
PCWA Power Division - Operating:					
Power Operations	17,956,592	15,531,096	2,425,496	14%	
General and Administrative	6,718,550	6,013,567	704,983	10%	
Natural Resources Management	4,878,745	2,979,684	1,899,061	39%	
Power Resources Management	1,512,053	1,096,408	415,645	27%	
Routine Capital	473,500	834,483	(360,983)	-76%	
Total PCWA Power Division - Operating	31,539,440	26,455,238	5,084,202	16%	C
Debt Service	5,404,250	5,404,250	-	0%	D
Capital Projects:					
Adopted Capital Project Appropriations	28,510,000	28,510,000	-	0%	
Additional Capital Project Appropriations	1,200,000	1,200,000	-	0%	
Total Capital Project Appropriations	29,710,000	29,710,000	-	0%	E
Total Expenditures and Appropriations	66,864,990	61,694,161	5,170,829	8%	
Revenue and Other Financing Sources over/(under)					
Expenditures and Appropriations	\$ -	48,175,833			
Less:					
Appropriation and Funding For Next Year					
2023 Carryover Board Approved for the 2024 Adopted Budget Deficit	-	29,833,451			
Revenue and Other Financing Sources over/(under)					
Expenditures and Appropriations	\$ -	18,342,382			
Reserve Funding:					
Operating Reserve:	-	(35,089)			
Emergency Reserve	-	18,377,471			
Capital Reserve	-				
Net Reserve Funding	-	18,342,382			
Net	\$ -	-			

Note: See 2023 Budget to Actual Variances discussion on the following page.

MIDDLE FORK PROJECT FINANCE AUTHORITY
Budget and Actual Schedule
Discussion of 2023 Budget to Actual Variances
For the Year Ended December 31, 2023

Ref **Revenues and Other Financing Sources:**

A **Power Sales Revenue** – The Power Sales revenue is subject to significant volatility due to variations in hydrology, energy market prices and a variety of other factors. Energy Sales revenue for the year ended December 31, 2023, is \$65.8 million, \$28.2 million above budgeted revenue. The favorable variance is the result of a wet year with the project generating 1,170,000 MWh, or 172% of the budgeted 680,000 MWh. Additionally, the PG&E Transmission Induced Generation Outage related to the Mosquito Fire resulted in greater than normal carryover storage. This additional fuel stored in the snowpack coupled with higher than average energy prices resulted in generation revenue exceeding budget. In addition, Energy Products revenue is \$25.3 million or 66% above budget as a result of conservative budgeting, additional generation and favorable prices in Carbon Free.

Interest Income – Interest income for the year ended December 31, 2023, is significantly above the budget with high interest rates and conservative budgeting.

Other Financing Sources – The 2023 Adopted Budget reflects the Board approved \$12.4 million of 2022 revenue over expenditures to cover the adopted budget deficit. In addition, the Board approved utilizing \$1.2 million of Capital Reserves to increase 2023 Capital Plan appropriations to fund a new project that will replace the French Meadows Powerhouse Main Transformer.

Expenditures:

B **Administration** is under budget for the year ended December 31, 2023, by 41%.

C **PCWA Power Division – Operating** is under budget by 16% through the year ended December 31, 2023, primarily because of year-to-date savings from cost share agreements, consulting, legal, FERC license implementation and surveying expenses.

D **Debt Service** totaling \$5.4 million is paid in April (principal and interest) and October (interest). The Authority continues with the pre-payment program whereby the following year's April debt service payment is made to the trustee in the current year.

E **Capital Projects**

The \$28.5 million 2023 Capital Project Appropriations has been fully funded for the year ended December 31, 2023. Additionally, at the October 2023 Board meeting, the Board approved utilizing \$1.2 million of Capital Reserves to increase 2023 Capital Plan appropriations for use to replace the French Meadows Powerhouse Main Transformer.

MIDDLE FORK PROJECT FINANCE AUTHORITY
Reserve Schedule
For the Year Ended
December 31, 2023

	2024 Adopted Target	Beginning Balance January 1, 2023	Year-to-Date Activity	Year-End Funding	Balance December 31, 2023	Amount Needed to Fund Target
	A	B	C	D	E=B+C+D	F=A-E
Operating Reserve	\$ 31,715,651	31,750,740	-	(35,089)	31,715,651	-
Emergency Reserve	40,000,000	5,000,000	-	18,377,471	23,377,471	16,622,529
Capital Reserve	81,000,000	5,056,589	(1,200,000)	-	3,856,589	77,143,411
Total	\$ 152,715,651	41,807,329	(1,200,000)	18,342,382	58,949,711	93,765,940

Notes:

General Note: The reserve accounts are funded in accordance with the Authority's General Financial Policies after the year-end closing process and before any distributions of Net Revenue.

Operating Reserve: The **Operating Reserve** year-end funding target is one year of operating expenditures, based on the adopted budget for the subsequent year, currently set at \$31.7 million. The Operating Reserve account is to provide readily available cash to operate the MFP under conditions of significantly reduced revenue due to hydrology, energy prices and/or prolonged outages or unanticipated variations in expenses.

Emergency Reserve: The **Emergency Reserve** funding target is currently set at \$40 million to provide interim appropriations and immediate funding for unforeseen needs or events. The Emergency Reserves will be assessed annually and the Authority Treasurer will propose recommended changes as needed for Board approval.

Capital Reserve: The **Capital Reserve** funding target is currently set at \$81 million. Per current policy, the Capital Reserve account is to provide funds for appropriation of unforeseen and unplanned capital needs.

PLACER COUNTY WATER AGENCY
MFP Capital Projects
As Funded by the Middle Fork Project Finance Authority
For the Year Ended December 31, 2023

Project No.	Project Description	Total Estimated Project Cost (Note 1)	PTD Budget (December 31, 2022)	2023 Adopted Budget	2023 Budget Funded	Budget Adjustments Quarter 1-4 (Note 2)	Project-to-Date Adjusted Budget (December 31, 2023)	Prior Years' Expenses	2023 Year-to-Date Expenses	Project-to-Date Expenses	Outstanding Encumbrances	Project-to-Date Available Balance
			A		B	C	D=A+B+C	E	F	G=E+F	H	I=D-G-H
MINOR PROJECTS - TOTAL			\$ 842,380	350,000	350,000	-	1,192,380	421,215	29,337	450,552	-	741,828
MAJOR PROJECTS - AUTHORIZED												
14007P	French Meadows Powerhouse Reliability Upgrades	Ongoing	2,616,895	880,000	880,000	1,200,000	4,696,895	396,026	354,311	750,337	127,289	3,819,269
14003P	Hell Hole Powerhouse Reliability Upgrades	Ongoing	1,424,688	-	-	65,396	1,490,084	4,840	-	4,840	-	1,485,244
14009P	Middle Fork Powerhouse Reliability Upgrades	Ongoing	6,319,193	1,850,000	1,850,000	-	8,169,193	330,782	1,773,538	2,104,320	316,622	5,748,252
14010P	Oxbow Powerhouse Reliability Upgrades	Ongoing	807,520	400,000	400,000	101,081	1,308,601	499,872	226,481	726,354	31,060	551,187
12015A	Project Wide Communications Upgrade (Note 3)	16,603,271	16,603,271	-	-	-	16,603,271	15,803,569	206,471	16,010,040	748,905	(155,674)
12029A	Project Wide SCADA Reliability Upgrades	1,120,000	1,120,000	-	-	-	1,120,000	888,066	156,488	1,044,554	37,624	37,822
14012P	Ralston Powerhouse Reliability Upgrades	Ongoing	1,814,863	150,000	150,000	-	1,964,863	1,250,304	94,480	1,344,783	52,904	567,176
14013P	FERC License Implementation - Project Infrastructure	52,633,884	38,578,884	4,375,000	4,375,000	-	42,953,884	8,321,010	1,464,331	9,785,341	19,126,925	14,041,617
14014P	FERC License Implementation - Project Recreation Facilities	54,400,000	11,413,366	19,680,000	19,680,000	-	31,093,366	2,706,549	268,003	2,974,552	588,312	27,530,502
17004P	French Meadows Forest Management	2,225,000	2,025,000	200,000	200,000	-	2,225,000	1,954,754	116,726	2,071,480	17	153,503
20046W	ERP System	1,802,691	926,793	500,000	500,000	-	1,426,793	126,028	198,273	324,301	-	1,102,492
20043P	Sediment Removal	6,000,000	5,902,762	-	-	-	5,902,762	4,275,510	83,550	4,359,060	24,495	1,519,207
20047P	Hell Hole Land Acquisition and Exchange	647,620	647,620	-	-	-	647,620	506,577	4,319	510,896	-	136,724
22034P	MOSQUITO FIRE	8,000,000	8,000,000	-	-	-	8,000,000	862,436	2,295,589	3,158,025	1,429,796	3,412,180
22036P	MFP FOREST MANAGEMENT	250,000	125,000	125,000	125,000	-	250,000	8,066	102,637	110,703	79,880	59,417
TOTAL MAJOR PROJECTS			98,325,855	28,160,000	28,160,000	1,366,477	127,852,332	37,934,389	7,345,196	45,279,585	22,563,828	60,008,919
PROJECTS CLOSED IN 2023												
MAJOR PROJECTS CLOSED												
19021P	Oxbow Powerhouse Excitation Upgrade	727,563	828,644	-	-	(101,081)	727,563	727,563	-	727,563	-	-
19025P	Hell Hole Cottage Generator	134,604	200,000	-	-	(65,396)	134,604	134,604	-	134,604	-	-
TOTAL PROJECTS CLOSED 2023			1,028,644	-	-	(166,477)	862,167	862,167	-	862,167	-	-
TOTAL CAPITAL PROJECTS			\$ 100,196,879	28,510,000	28,510,000	1,200,000	129,906,879	39,217,771	7,374,533	46,592,304	22,563,828	60,750,747

Note 1: Major Projects may be comprised of a variety of sub-projects for which appropriations will be allocated, administered and accounted for as separate "Projects" at the PCWA project management level, as PCWA is the lead entity for MFP Projects. For budgeting purposes, the **Total Estimated Project Cost** for the powerhouse reliability upgrades projects is defined as **"Ongoing"** because underlying sub-projects will be added, completed and removed over time.

Note 2: At the October 2023 Board meeting, the Board approved utilizing \$1.2 million of Capital Reserves to increase 2023 Capital Plan appropriations for the French Meadows Powerhouse Main Transformer Replacement Project. Additionally, the Hell Hole Cottage Generator Project & Oxbow Powerhouse Excitation Upgrade Project were closed and remaining funds were transferred to their respective Major Project.

Note 3: At the end of 2023, there was ongoing litigation to resolve the failed Communication Towers at Bunker Hill. This caused a large outstanding encumbrance to carryover into 2024, and is expected to be resolved by the end of Q2.

MIDDLE FORK PROJECT FINANCE AUTHORITY

Financial Statements

For the Year Ended December 31, 2023

(With Independent Auditor's Report Thereon)

MIDDLE FORK PROJECT FINANCE AUTHORITY

For the Year Ended December 31, 2023

Table of Contents

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Proprietary Financial Statements:	
Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Net Position	9
Statement of Cash Flows	10
Notes to the Financial Statements	12
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance <i>with Government Auditing Standards</i>	22

Independent Auditor's Report

Board of Directors
Middle Fork Project Finance Authority
Auburn, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Middle Fork Project Finance Authority ("Authority") as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2023 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic 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 financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to 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 financial statements, and other knowledge we obtained during our audit of the basic 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



April 8, 2024
Irvine, California

MIDDLE FORK PROJECT FINANCE AUTHORITY

Management's Discussion and Analysis

December 31, 2023

This section presents management's narrative overview and analysis of the Middle Fork Project Finance Authority (Authority) financial activities as of and for the period ended December 31, 2023. This Management's Discussion and Analysis is intended to serve as an introduction to and should be read in conjunction with the Authority's basic financial statements that follow this section.

ORGANIZATION

The Authority was created in January 2006 as a joint powers authority (JPA) by the County of Placer (County) and the Placer County Water Agency (Agency) to serve the mutual interests of the County and the Agency to provide for the financing required to obtain a new Federal Energy Regulatory Commission (FERC) license. The Placer County Water Agency 'Agency Act' states that "no contract for the sale of electrical energy shall be executed, nor shall any revenues received pursuant to any contract for the sale of electrical energy entered into after January 1, 1975, be spent, unless previously approved by the Board of Supervisors of the County". The JPA Agreement effectively conveyed the Agency's and County's interest in the Middle Fork Project (MFP) electric power contained in the California Water Code, Placer County Water Agency Act, Chapter 81, section 7.3 and the related revenues to the Authority. Subsequent to the Agency's existing 50-year power sale agreement with PG&E, which ended in April 2013, the Authority will serve to approve future MFP electrical energy sales and to distribute revenues from those future MFP energy sales.

The Authority is governed by a four-member Board of Directors composed of two members of the Placer County Board of Supervisors and two members of the Placer County Water Agency Board of Directors. Each Board appoints their two members of the Authority Board.

The Authority was formed pursuant to the Joint Exercise of Powers Act and is legally separate and fiscally independent from the County and Agency. As such, the Authority can incur debt, set and modify its own budgets, and enter into contracts. The accompanying financial statements reflect the financial activity of the Authority. The Authority has no component units.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: 1) Financial statements, and 2) Notes to Financial Statements. This financial information together provides a more complete view of the Authority's financial activities and financial position.

The Basic Financial Statements are designed to provide readers with a broad overview of the Authority's finances used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other special purpose governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The Authority's proprietary fund statements include the following:

The *Statement of Net Position (Balance Sheet)* presents information on the Authority's assets plus deferred outflow of resources, and liabilities plus deferred inflow of resources, with the difference between reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

While the balance sheet provides information about the nature and amount of resources and obligations at year-end, the *Statement of Revenues, Expenses and Changes in Net Position* presents the results of the Authority's operations over the course of the fiscal year ended December 31st and information as to how the net position changed during the year. This statement can be used as an

MIDDLE FORK PROJECT FINANCE AUTHORITY

Management's Discussion and Analysis

December 31, 2023

indicator to determine the Agency's creditworthiness and information as to how the net position changed during the year.

The *Statement of Cash Flows* presents changes in cash and cash equivalents resulting from operational, capital, noncapital and investing activities. This statement summarizes the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt and excludes noncash accounting measures of depreciation and amortization of assets. It also provides answers to such questions as where cash came from, what was cash used for, and what was the change in cash balance during the reporting period.

Notes to Basic Financial Statements provide additional information that is essential for a full understanding of the data provided in the basic financial statements. The notes to basic financial statements can be found on pages 12 through 21 of this report.

FINANCIAL ANALYSIS

Financial Position

During 2023, the Authority's net position increased \$63.2 million from \$65.3 million to \$128.5 million.

Statement of Net Position December 31, 2023

	2023	2022	Increase (Decrease)
Assets			
Cash and Cash Equivalents	\$ 14,107,626	16,280,492	(2,172,866)
Power Sales Receivable	4,217,605	1,376,597	2,841,008
Interest Receivable	1,799,425	734,527	1,064,898
Investments	174,447,475	118,192,286	56,255,189
Total Assets	\$ 194,572,131	136,583,902	57,988,229
Liabilities			
Accounts Payable	\$ 2,953,732	3,765,802	(812,070)
Interest Payable	664,813	697,438	(32,625)
Long-term Debt	62,408,629	66,767,883	(4,359,254)
Total Liabilities	66,027,174	71,231,123	(5,203,949)
Net Position			
Restricted	26,762,090	26,400,647	361,443
Unrestricted	101,782,867	38,952,132	62,830,735
Total Net Position	\$ 128,544,957	65,352,779	63,192,178

The restricted portion of the Authority's net position of \$26.7 million represents resources that are restricted by debt covenant for debt service and operations and maintenance of the MFP.

MIDDLE FORK PROJECT FINANCE AUTHORITY

Management's Discussion and Analysis

December 31, 2023

Changes in Net Position For the Year Ended December 31, 2023

	2023	2022	Increase (Decrease)
Revenues			
Power Sales	\$ 91,120,850	62,387,720	28,733,130
Investment Income	7,260,379	(1,248,579)	8,508,958
Total Revenues	98,381,229	61,139,141	37,242,088
Expenses			
Reimbursements for MFP - Operating	26,920,615	24,933,526	1,987,089
Reimbursements for MFP - Capital	7,201,142	4,403,134	2,798,008
Interest on Long-term Debt	945,821	915,786	30,035
Administrative and General	121,473	157,311	(35,838)
Total Expenses	35,189,051	30,409,757	4,779,294
Change in Net Position (Deficit)	63,192,178	30,729,384	32,462,794
Net Position Beginning of Year	65,352,779	34,623,395	30,729,384
Net Position End of Year	\$ 128,544,957	65,352,779	63,192,178

Results of Operations

The Authority ended the year with total revenues exceeding total expenses by \$63.2 million. 2023 Power Sales of \$91.1 million were \$28.7 million more than 2022 while total expenses of \$35.2 million increased \$4.8 million from 2022. Major contributing factors to this year's results are as follows:

- Power Sales revenue increased by \$28.7 million over 2022, \$19.2 million is directly related to energy sales due to increased generation from above average carryover related to the Mosquito Fire associated PG&E Transmission Outage which prevented generation from September 2022 until February 2023 coupled with increased precipitation and snowpack in early 2023. Energy Products revenue increased \$9.6 million primarily related to Carbon Free Products which was \$7.7 million more than 2022 due to the increased generation and the price per megawatt hour increased from \$1 fixed to \$7 on average.
- Total expenses increased by a net \$4.8 million, Capital reimbursements increased \$2.8 million as post-fire capital activity increased. Operating reimbursements increased \$2.0 million related to previously delayed equipment orders being delivered, tunnel inspections, penstock caulking, and tree clearing in the MFP.

CAPITAL ASSETS

The Authority appropriates funds to the Agency for capital assets construction, rehabilitation and improvement. At year-end, the Authority's capital appropriation commitments totaled \$83.3 million. Capital assets of the MFP are owned by the Agency and more detail can be found in the Agency's audited financial statements available at the Agency's finance office.

MIDDLE FORK PROJECT FINANCE AUTHORITY

Management's Discussion and Analysis

December 31, 2023

LONG-TERM DEBT

During 2023, the Authority paid \$2.6 million towards outstanding principal on the 2020 Revenue Bonds. At December 31, 2023, the Authority had total long-term principal outstanding of \$53.2 million and bond premium outstanding of \$9.2 million. More detailed information about the Authority's long-term debt is presented in note 4 to the basic financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide the Board of Directors, creditors and interested parties with a general overview of the Authority's finances and demonstrate the Authority's accountability for the monies it receives. If you have questions about this report or need additional financial information, please contact: the Authority Treasurer c/o Placer County Water Agency, 144 Ferguson Road, Auburn, California, 95604. The report can also be found on the Authority's website at <https://mfpfa.pcwa.net/budgets-and-audits>.

MIDDLE FORK PROJECT FINANCE AUTHORITY

Statement of Net Position

December 31, 2023

ASSETS

Current assets:

Cash and investments (note 3)	\$ 120,954,555
Power sales receivable	4,217,605
Interest receivable	<u>1,799,425</u>
Total current assets	<u>126,971,585</u>

Non-current assets:

Investments (note 3)	40,838,456
Restricted cash and investments (note 3)	<u>26,762,090</u>
Total non-current assets	<u>67,600,546</u>
Total assets	<u>194,572,131</u>

LIABILITIES AND NET POSITION

Current liabilities:

Accounts payable	2,953,732
Interest payable	664,813
Current portion of long-term liabilities (note 4)	<u>4,415,104</u>
Total current liabilities	<u>8,033,649</u>

Non-current liabilities:

Revenue bonds, including premiums (note 4)	<u>57,993,525</u>
Total non-current liabilities	<u>57,993,525</u>
Total liabilities	<u>66,027,174</u>

NET POSITION

Restricted for operational reserve	15,857,826
Restricted for debt service	<u>10,904,264</u>
Total restricted net position	26,762,090
Unrestricted	<u>101,782,867</u>
Total net position	<u><u>\$ 128,544,957</u></u>

See accompanying notes to financial statements.

MIDDLE FORK PROJECT FINANCE AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023

OPERATING REVENUES

Power sales	\$ 91,120,850
Total operating revenues	<u>91,120,850</u>

OPERATING EXPENSES

Reimbursements for Middle Fork Project - Operations	26,920,615
Reimbursements for Middle Fork Project - Capital	7,201,142
Administrative and general	<u>121,473</u>
Total operating expenses	<u>34,243,230</u>
Operating income	<u>56,877,620</u>

NON-OPERATING REVENUES (EXPENSES)

Investment income (loss)	7,260,379
Interest expense	<u>(945,821)</u>
Total non-operating revenues (expenses)	<u>6,314,558</u>

Increase in net position	63,192,178
Net position, beginning of year	<u>65,352,779</u>
Net position, end of year	<u><u>\$ 128,544,957</u></u>

See accompanying notes to financial statements.

MIDDLE FORK PROJECT FINANCE AUTHORITY
Statement of Cash Flows
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 88,279,842
Cash paid to suppliers for goods and services	<u>(35,055,300)</u>
Net cash provided by (used for) operating activities	<u>53,224,542</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal payment on debt	(2,610,000)
Interest payment on debt	<u>(2,727,700)</u>
Net cash provided by (used for) capital and related financing activities	<u>(5,337,700)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(67,682,964)
Proceeds from maturity of investments	13,500,000
Investment income	<u>4,123,256</u>
Net cash flows from investing activities	<u>(50,059,708)</u>
Net increase (decrease) in cash and cash equivalents	(2,172,866)

Cash and cash equivalents, beginning of year	<u>16,280,492</u>
Cash and cash equivalents, end of year	<u>\$ 14,107,626</u>

(Continued)

See accompanying notes to financial statements.

MIDDLE FORK PROJECT FINANCE AUTHORITY

Statement of Cash Flows

For the Year Ended December 31, 2023

Reconciliation of operating income (loss) to net cash provided by
(used for) operating activities:

Operating income (loss)	\$	56,877,620
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Adjustments to reconcile operating income (loss) to cash flows
provided by (used for) operating activities:

Change in assets and liabilities:

(Increase) decrease in power sales receivable	(2,841,008)
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Increase (decrease) in accounts payable and other liabilities	<u>(812,070)</u>
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Net cash provided by (used for) operating activities	<u>\$</u>	<u>53,224,542</u>
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Reconciliation to Statement of Net Position:

Cash and investments	\$	120,954,555
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Restricted cash and investments	26,762,090
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Investments	<u>40,838,456</u>
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Total cash and investments	188,555,101
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Less long-term investments	(174,447,475)
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Total cash and cash equivalents	<u>\$</u>	<u>14,107,626</u>
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Non-cash investing, capital and financing activities:

Change in fair value of investments	2,072,225
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See accompanying notes to financial statements.

MIDDLE FORK PROJECT FINANCE AUTHORITY

Notes to the Financial Statements
For the Year Ended December 31, 2023

1. Organization and Reporting Entity

The Middle Fork Project Finance Authority (Authority) was created in January 2006 as a joint powers authority by the County of Placer (County) and the Placer County Water Agency (Agency). The Authority is organized and operates pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and the joint exercise of powers agreement dated January 10, 2006 between the County and the Agency (JPA Agreement).

The Authority was formed to serve the mutual interests of the County and the Agency, exclusively, to provide for the financing of studies, programs, procedures, projects, services, improvements, modifications and other costs that may be required to obtain a new Federal Energy Regulatory Commission (FERC) license or which may be completed under the current or subsequent FERC license of the Middle Fork American River Hydroelectric Project (MFP) by the Agency, to approve future MFP electrical energy sales and to distribute revenues from those future MFP energy sales.

The JPA Agreement effectively conveyed the Agency's and County's interest in the MFP electric power and related revenues to the Authority.

The Authority is governed by a four-member Board of Directors composed of two members of the Placer County Board of Supervisors and two members of the Placer County Water Agency Board of Directors. Each Board selects their two members to the Authority Board.

The Authority was formed pursuant to the Joint Exercise of Powers Act and is legally separate and fiscally independent from the County and Agency. As such, the Authority can incur debt, set and modify its own budgets, and enter into contracts. The accompanying financial statements reflect the financial activity of the Authority. The Authority has no component units.

2. Summary of Significant Accounting Policies

Basis of Presentation and Accounting

For accounting purposes, the Authority is a special-purpose governmental entity that is engaged in a business-type activity, principally as a supplier of wholesale electricity. As such, the Authority's financial statements are presented as an enterprise type fund. The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Proprietary funds are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets, and deferred outflows of resources; and liabilities and deferred inflows of resources associated with operations are included on the statement of net position, and revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

MIDDLE FORK PROJECT FINANCE AUTHORITY

Notes to the Financial Statements
For the Year Ended December 31, 2023

Statement of Net Position – The statement of net position is designed to display the financial position of the Agency. The Agency’s net position is segregated into three categories defined as follows:

- **Net Investment in Capital Assets** – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and deferred outflows of resources; reduced by the outstanding balances of debt and deferred inflows of resources that are attributable to the acquisition, construction or improvement of these assets. This investment in capital assets is considered non-expendable.
- **Restricted Net Position** – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”. Amounts included as unrestricted net position are available for designation for specific purposes as established by the Authority’s Board of Directors.

Statement of Revenues, Expenses and Changes in Net Position – The statement of revenues, expenses and changes in net position is the operating statement for proprietary funds. Revenues are reported by major source. These statements distinguish between operating and non-operating revenues and expenses and present a separate subtotal for operating revenues, operating expenses, and non-operating revenues (expenses).

Accounting Records

The Authority’s accounting records are maintained by the Agency. Internal accounting controls are in place to ensure that transactions are initiated, approved and coded by the Authority’s management.

Cash, Cash Equivalents, and Investments

The Authority considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents.

Investments are stated at fair value. Included in investment income (loss) is the net change in the fair value of investments, which consists of the realized gains and losses and the unrealized appreciation (depreciation) of those investments.

Power Sales

Power Sales consists of power generation that is scheduled and sold directly into the California Independent System Operator (CAISO) spot market and short-term forward energy sales that are settled through Inter-SC Trades (ISTs) as well as energy products that are transacted bilaterally. The MFP is a merchant generating project and does not serve loads.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

MIDDLE FORK PROJECT FINANCE AUTHORITY

Notes to the Financial Statements
For the Year Ended December 31, 2023

Fair Value Measurements

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 and the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in the measuring fair value are observable in the market and are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

Reserves

The Authority has established various funded reserves, in accordance with bond indentures, project agreements, and prudent utility practice, for anticipated periodic operating costs and related liabilities including, but not limited to, scheduled maintenance other than ordinary repairs and replacements. Changes to reserve levels are periodically evaluated during the annual budgeting process.

Capital Reserve – assigned by policy to provide funds for appropriation of unforeseen and unplanned capital needs.

Emergency Reserve – assigned by policy for significant unforeseen needs or events.

Operational Reserve – assigned by policy for operations of the MFP under conditions of significantly reduced revenue due to hydrology, energy prices and/or prolonged minor outages or unanticipated variations in expenses. A portion (50%) of the Operational Reserve is restricted by 2020 Revenue Bonds debt covenants which may only be used for Operation and Maintenance costs.

Changes in reserves for the year ended December 31, 2023, are as follows:

	Balance 1/1/2023	Year-to-Date Use	Year-End Funding	Balance 12/31/2023
Capital Reserve	\$ 5,056,589	(1,200,000)	-	3,856,589
Emergency Reserve	5,000,000	-	18,377,471	23,377,471
Operating Reserve	31,750,740	-	(35,089)	31,715,651
Total	<u>\$ 41,807,329</u>	<u>(1,200,000)</u>	<u>18,342,382</u>	<u>58,949,711</u>

MIDDLE FORK PROJECT FINANCE AUTHORITY

Notes to the Financial Statements
For the Year Ended December 31, 2023

3. Cash and Investments

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Current Assets:

Cash and Investments	\$ 120,954,555
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Non-current Assets:

Investments	40,838,456
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Restricted Cash and Investments	<u>26,762,090</u>
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Total	<u>\$ 188,555,101</u>
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Cash and investments as of December 31, 2023 consist of the following:

Deposits with Financial Institutions	\$ 2,799,607
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Investments	<u>185,755,494</u>
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Total	<u>\$ 188,555,101</u>
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MIDDLE FORK PROJECT FINANCE AUTHORITY

Notes to the Financial Statements
For the Year Ended December 31, 2023

Investments Authorized by the California Government Code and the Authority's Investment Policy

The California Government Code, Authority's Investment Policy and debt agreement allow the Authority to invest in the following authorized and permitted investment types provided the percentage and maturity limits are not exceeded.

Authorized Investment Type	Maximum Maturity	Maximum in Portfolio	Maximum Investment in One Issuer
U.S Government Securities	5 year	100%	No limit
U.S. Government Agencies and Instrumentalities	5 year	100%	50%
State of California Notes/Bonds	5 year	25%	10%
Other States in the United States Notes/Bonds	5 year	25%	10%
Local Agencies within the State of California Notes/Bonds	5 year	30%	10%
Commercial Paper	270 days	25%	5%
Corporate or Medium-Term Notes	5 year	30%	5%
Money Market Mutual Funds	N/A	20%	15%
Bonds of Supranationals	5 year	15%	5%
Negotiable Certificates of Deposit	1 year	20%	5%
Repurchase Agreements	1 year	15%	5%
Bankers' Acceptance	180 days	25%	5%
Placer County Treasurer's Pooled Investments (PCTPI)	N/A	100%	No limit
Local Agency Investment Fund (LAIF)	N/A	100%	No limit
Collateralized Bank Deposits	5 year	100%	50%

Investments of debt proceeds or reserve funds held by debt trustees or fiscal agents are governed by the provisions of debt agreements and are addressed in the following section.

Investments held by Debt Trustees Are Authorized by Debt Agreements

The Authority must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the Authority fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with Authority resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by debt trustees and certain provisions of these debt agreements.

MIDDLE FORK PROJECT FINANCE AUTHORITY

Notes to the Financial Statements
For the Year Ended December 31, 2023

Authorized Investment Type	Maximum Maturity	Maximum in Portfolio	Maximum Investment in One Issuer
U.S. Treasury Securities	None	100%	No limit
U.S. Government Agencies and Instrumentalities	None	100%	No limit
Banker's Acceptances	1 Year	100%	No limit
Commercial Paper	None	100%	No limit
Money Market Mutual Funds	N/A	100%	No limit
Investment Contracts	Maturity of debt	100%	No limit
Local Agency Investments Fund (LAIF)	None	100%	No limit
Repurchase Agreements	30 days	100%	No limit
California Arbitrage Management Trust	None	100%	No limit

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer an investment's maturity, the greater the sensitivity of its fair value to changes in market interest rates. The Authority's investment policy states that interest rate risk will be mitigated by:

- Structuring the Authority's portfolio so that securities mature to meet the Authority's cash requirements for ongoing obligations, thereby reducing the possible need to sell securities on the open market and incurring a possible loss prior to their maturity to meet those requirements; and
- Managing the overall average maturity of the portfolio on a shorter term to maturity basis, not to exceed 2 ½ years.

Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's year-end investments by maturity:

Investment Type	Fair Value	Remaining Maturity				
		12 Months Or Less	13 to 24 Months	25 to 36 Months	37 to 48 Months	49 to 60 Months
U.S. Treasury Securities	\$ 14,541,075	-	14,541,075	-	-	-
U.S. Government Agencies	71,776,293	32,536,516	29,907,270	2,024,420	3,337,407	3,970,680
Corporate Notes	8,815,020	5,899,590	-	2,915,430	-	-
Money Market Mutual Funds	403,755	403,755	-	-	-	-
Bonds of Supranationals	7,972,320	7,972,320	-	-	-	-
CA State Municipalities	2,401,175	2,401,175	-	-	-	-
LAIF	68,941,592	68,941,592	-	-	-	-
Held by bond trustee:						
Money Market	10,904,264	10,904,264	-	-	-	-
Total Investments	<u>\$ 185,755,494</u>	<u>129,059,212</u>	<u>44,448,345</u>	<u>4,939,850</u>	<u>3,337,407</u>	<u>3,970,680</u>
Percentage of portfolio:	<u>100.0%</u>	<u>69.5%</u>	<u>23.9%</u>	<u>2.7%</u>	<u>1.8%</u>	<u>2.1%</u>

MIDDLE FORK PROJECT FINANCE AUTHORITY

Notes to the Financial Statements
For the Year Ended December 31, 2023

Credit Risk

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. The California Government Code governs the Authority's credit risk requirements and the Authority's investment policy and debt agreement do not place additional requirements relating to credit risk. Presented below are the December 31, 2023, actual credit quality ratings for each investment type as provided by Moody's Investor Services, Inc.

Investment Type	Fair Value	Minimum Authorized Rating	Rating as of Year-End			
			Aaa	Aa	A	Not Rated or Exempt
U.S. Treasury Securities	\$ 14,541,075	N/A	-	-	-	14,541,075
U.S. Government Agencies	71,776,293	N/A	63,493,157	-	-	8,283,136
Corporate Notes	8,815,020	Aa	2,959,380	-	5,855,640	-
Money Market Mutual Funds	403,755	AA-m	403,755	-	-	-
Bonds of Supranationals	7,972,320	AA	7,972,320	-	-	-
CA State Municipalities	2,401,175	N/A	-	2,401,175	-	-
LAIF	68,941,592	N/A	-	-	-	68,941,592
Held by bond trustee:						
Money Market	10,904,264	AA-m	10,904,264	-	-	-
Total	<u>\$ 185,755,494</u>		<u>85,732,876</u>	<u>2,401,175</u>	<u>5,855,640</u>	<u>91,765,803</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Authority's investment policy follows California Government Code regarding limitations on the amount that can be invested in any one investment type and does not further limit investments in any one issuer. Authority investments in the securities of any individual issuer, other than U.S. Treasury securities, LAIF, and mutual funds that represent 5% or more of total Authority investments are as follows:

Issuer	Investment Type	Percent of Portfolio	Reported Amount
Federal Home Loan Bank	U.S. Government Agencies	15.0%	\$ 27,906,767
Federal Farm Credit Bank	U.S. Government Agencies	10.7%	19,818,870
Federal Home Loan Mortgage Co	U.S. Government Agencies	5.3%	9,923,610

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 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.

California Law and the Authority's investment policy require banks and savings & loan institutions to pledge government securities with a market value of 110% of the Authority's cash on deposit as collateral for deposits. The third-party bank trustee agreement must comply with California Government Code, which requires that a financial institution secure deposits made by state or local governmental

MIDDLE FORK PROJECT FINANCE AUTHORITY

Notes to the Financial Statements
For the Year Ended December 31, 2023

units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The Authority's deposits with financial institutions in excess of Federal Depository Insurance Corporation limits, totals \$2,549,607, which is collateralized with securities held by the pledging financial institution's trust department but not in the Authority's name.

Investment in State Investment Pool – Local Agency Investment Fund

The California State Treasurer maintains an investment pool in a special fund through which local governments may pool investments. The investment pool is named the Local Agency Investment Fund (LAIF). The Authority is a voluntary participant in the LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California and the Local Investment Advisory Board (Advisory Board). The Advisory Board consists of five members as designated by State Statute.

The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is the Authority's proportionate share of its investment in the LAIF, which amounted to \$68,941,592 at December 31, 2023.

Included in the LAIF's investment portfolio at December 31, 2023, are collateralized mortgage obligations, mortgaged backed securities, and other asset-backed securities, structured notes, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, US Treasury Notes and Bills and corporations. At December 31, 2023, the amount invested by all public agencies in the LAIF totaled \$157.9 billion, which includes asset-backed securities totaling \$2.5 billion (1.63%). At December 31, 2023, the average days to maturity was 230 days.

MIDDLE FORK PROJECT FINANCE AUTHORITY

Notes to the Financial Statements
For the Year Ended December 31, 2023

Fair Value Measurement

The Authority categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The Authority has the following recurring fair value measurements as of December 31, 2023:

Investments at Fair Value	Amount	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
U.S. Treasury Securities	\$ 14,541,075	14,541,075	-	-
U.S. Government Agencies	71,776,293	-	71,776,293	-
Corporate Notes	8,815,020	-	8,815,020	-
Bonds of Supranationals	7,972,320	-	7,972,320	-
CA State Municipalities	2,401,175	-	2,401,175	-
Total Investments at Fair Value	105,505,883	14,541,075	90,964,808	-
Investments with Uncategorized Inputs				
LAIF	68,941,592			
Money Market Mutual Funds	403,755			
Money Market - Held by Bond Trustee	10,904,264			
Total Investments Uncategorized	80,249,611			
Total Investments	\$ 185,755,494			

Deposits and withdrawals in governmental investment pools, such as LAIF, are made on the basis of \$1 and not fair value. Accordingly, the Authority's measured fair value of its proportionate share in these types of investments is based on uncategorized inputs not defined as a Level 1, Level 2, or Level 3 input.

4. Long-term Liabilities

The following is a schedule of long-term debt for the year ended December 31, 2023:

	Balance January 1, 2023	Additions	Retirements	Balance December 31, 2023	Amount Due Within One Year	Non-Current Amount
2020 Revenue Bonds \$	55,795,000	-	2,610,000	53,185,000	2,745,000	50,440,000
2020 Bond Premium	10,972,883	-	1,749,254	9,223,629	1,670,104	7,553,525
Long-term Liabilities \$	66,767,883	-	4,359,254	62,408,629	4,415,104	57,993,525

On March 17, 2020, the Authority refinanced the 2006 Revenue Bond with the issuance of Revenue Bonds, Series 2020 Refunding (2020 Bonds) in the amount of \$64,280,000 to refund the outstanding 2006 Bonds in the amount of \$71,028,392. The bond issue also included a bond premium of \$15,808,279. The 2020 Bonds were issued with a fixed coupon of 5% over a seventeen-year period maturing April 2036. The refunding was performed to save total debt service costs and the results of the refunding saved an average of over \$455,000 annually or \$7.7 million in gross savings over seventeen years. The present value savings of the refunding totaled \$6.7 million and the borrowing had a True Interest Cost of 2.143%. With the issuance of the 2020 Revenue Bonds, there are new debt covenants that change the allocation of the Authority's revenues, establish a debt service reserve fund, and restrict a portion of the Authority's Operational Reserve.

MIDDLE FORK PROJECT FINANCE AUTHORITY

Notes to the Financial Statements
For the Year Ended December 31, 2023

As part of the refunding process, the Authority's 2020 Bonds was assigned an investment grade credit rating of Baa3 by Moody's Investors Service.

As of December 31, 2023, annual debt service requirements to maturity are as follows:

Year Ending	Series 2020 Refunding Bonds	
December 31:	Principal	Interest
2024	\$ 2,745,000	2,590,625
2025	2,885,000	2,449,875
2026	3,030,000	2,302,000
2027	3,190,000	2,146,500
2028	3,350,000	1,983,000
2029-2033	19,525,000	7,153,125
2034-2037	18,460,000	1,617,250
Add: Unamortized Premium, net	9,223,629	-
Total	\$ 62,408,629	20,242,375

Future Revenues Pledged

The Authority has pledged revenues from the energy sales generated by the MFP in amounts sufficient to cover the principal and interest requirements on the Authority's 2020 Bonds. As of December 31, 2023, the total principal and interest remaining on the debt is \$73.4 million with an average annual debt service amount of \$5.6 million. The bond matures April 1, 2036. For the current year, principal and interest paid by the Authority and the total power sales revenue recognized were \$5.3 million and \$62.4 million, respectively.

Pursuant to the Bond Purchase Contract, the allocation of all revenues, are to be as follows:

- First, to pay or set-aside amounts for the payment of Maintenance and Operating costs;
- Second, to pay debt service to the next principal payment date;
- Third, to pay or set-aside amounts to fund or maintain Reserves;
- Fourth, for any other Authority purpose such as Capital and distributions to the County and the Agency, provided that no event of default has occurred and the Authority reasonably expects it will have sufficient revenues to pay operation and maintenance costs for the current year.

Restricted Net Position

As of December 31, 2023 the Authority had the following restrictions to net position:

Restricted Cash and Investments held by Bond Trustee	\$ 10,904,264
Restricted Operational Reserve held by the Authority	15,857,826
Total - Restricted Net Position	<u>\$ 26,762,090</u>

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

Board of Directors
Middle Fork Project Finance Authority
Auburn, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Middle Fork Project Finance Authority (Authority), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 8, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However,

providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Irvine, California
April 8, 2024

Board of Directors
Middle Fork Project Finance Authority
Auburn, California

We have audited the financial statements of the Middle Fork Project Finance Authority as of and for the year ended December 31, 2023 and have issued our report thereon dated April 8, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 2, 2023 our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm have complied with all relevant ethical requirements regarding independence. The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence under the American Institute of Certified Public Accountants ("AICPA") independence standards, contained in the Code of Professional Conduct.

Significant Risks Identified

In addition to our standard audit approach, we identified significant audit risk areas for the Authority and evaluated the applicability of a new accounting pronouncement: GASB Statement No. 96 Subscription-Based Information Technology Arrangements.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Authority's financial statements relate to fair value disclosures of investments.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no unusual transactions noted as a result of our audit procedures.

Significant Difficulties Encountered during the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected

misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no corrected or uncorrected misstatements detected as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material misstatements noted as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management dated April 8, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

This report is intended solely for the information and use of the Board of Directors and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
April 8, 2024



MEMORANDUM

TO: Middle Fork Project Finance Authority

FROM: Katie Swanberg, Energy Marketing Manager

DATE: April 8, 2024

RE: Annual NERC/WECC Compliance Report

RECOMMENDATION:

Information only, no action required.

BACKGROUND:

On April 18, 2013, PCWA's Board of Directors adopted Board Resolution 13-11 approving an Internal Compliance Program (ICP) for the Middle Fork Project to facilitate compliance with North American Electric Reliability Corporation energy industry regulations. The 2023 Annual Compliance Assessment, prepared by Grid Subject Matter Experts in consultation with Agency staff, summarizes the Agency's compliance record for the past calendar year.

The ICP is in its 11th year of operation; PCWA was fully compliant with all applicable Reliability Standards in 2023.

ATTACHMENTS:

Description	Upload Date	Type
PCWA Annual Compliance Assessment Report 2023	4/9/2024	Backup Material
Presentation	4/9/2024	Backup Material



Placer County Water Agency Annual Compliance Assessment

Assessment Prepared on:

March 2024

Prepared By:

Grid Subject Matter Experts

**Report on Compliance with the NERC and
WECC Reliability Standards applicable to
Placer County Water Agency for 2023.**

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
Agency Overview.....	3
Scope.....	3
Findings.....	3
1.0 PCWA COMPLIANCE ACTIVITIES YEAR IN REVIEW	3
2.0 GENERATOR OWNER RELIABILITY STANDARDS COMPLIANCE	5
CIP-002-5.1a – Cyber Security – BES Cyber System Categorization	7
CIP-003-8 – Cyber Security – Security Management Controls	7
COM-001-3 – Communications	8
COM-002-4 Operating Personnel Communications Protocols	8
EOP-004-4 – Event Reporting.....	9
EOP-005-3 – System Restoration from Blackstart Resource.....	9
FAC-001-3 – Facility Connection Requirements	9
FAC-002-3 – Facility Interconnection Studies.....	10
FAC-003-4 – Transmission Vegetation Management	10
FAC-008-5 – Facility Ratings	11
IRO-001-4 – Reliability Coordination Responsibilities	11
IRO-010-4 – Reliability Coordinator Data Specification and Collection	11
MOD-025-2 – Verification and Data Reporting of Generator Real and Reactive Power Capability and Synchronous Condenser Reactive Power Capability.....	12
MOD-026-1 - Verification of Models and Data for Generator Excitation Control System or Plant Volt/Var Control Functions	12
MOD-027-1 - Verification of Models and Data for Turbine/Governor and Load Control or Active Power/Frequency Control Functions.....	13
MOD-032-1 – Data for Power System Modeling and Analysis	14
PER-005-2 – Operations Personnel Training.....	14
PER-006-1 – Specific Training for Personnel.....	15
PRC-002-2 – Disturbance Monitoring and Reporting Requirements.....	15
PRC-004-6 – Protection System Misoperation Identification and Correction.....	15
PRC-005-6 – Protection System, Automatic Reclosing, and Sudden Pressure Relaying Maintenance ...	16
PRC-012-2 – Remedial Action Schemes; PRC-017-1 – Remedial Action Scheme Maintenance and Testing	17
PRC-017-1 – Disturbance Monitoring Equipment Installation and Data Reporting	17

PRC-019-2 – Coordination of Generating Unit or Plant Capabilities, Voltage Regulating Controls, and Protection	17
PRC-027-1 – Coordination of Protection Systems for Performance During Faults	18
PRC-023-4 – Transmission Relay Loadability	18
PRC-024-3 – Generator Frequency and Voltage Protective Relay Settings.....	18
PRC-025-2 – Generator Relay Loadability.....	19
TOP-001-5 – Transmission Operations	19
TOP-003-5 – Operations Reliability Data.....	19
VAR-001-5 – Voltage and Reactive Control	20
VAR-002-4.1 – Generation Operation for Maintaining Network Voltage Schedules	20
VAR-501-WECC-3.1 – Power System Stabilizer (PSS)	21
4.0 LOOKING AHEAD	22
5.0 CONCLUSION	24

EXECUTIVE SUMMARY

Agency Overview

The Placer County Water Agency (PCWA) continues to be successful in meeting the compliance requirements set by the North American Electric Reliability Corporation (NERC) and Western Reliability Coordinating Council (WECC) for its Generator Owner (GO) and Generator Operator (GOP) functions. In 2023, PCWA continued its efforts to maintain compliance with applicable Reliability Standards by implementing and refining policies and procedures aimed at reducing regulatory, reliability, and security risks. This report outlines PCWA's reliability compliance activities in 2023 and discusses the anticipated efforts required in 2024 and beyond to ensure ongoing compliance with NERC and WECC Reliability Standards.

Scope

This compliance report provides an annual assessment of PCWA's adherence to NERC and WECC mandatory Reliability Standards throughout 2023. It is a requirement of PCWA's Internal Compliance Program (ICP) and serves to inform management and the Board of Directors about the PCWA's compliance status. The assessment outlines PCWA's reliability compliance efforts in 2023 and outlines future requirements to maintain compliance with NERC and WECC standards. It relies on written narratives, selected documentation, and evidence provided by PCWA personnel in January 2024 regarding compliance status for specific Generator Owner (GO) and Generator Operator (GOP) NERC Standards.

Findings

GridSME's review of PCWA's responses and evidence related to its NERC/WECC compliance program indicates that PCWA is substantially in compliance with all relevant regulatory requirements as of this assessment. GridSME plans to continue its collaboration with PCWA in 2024, suggesting updates to policies, procedures, and attestations to account for program development, new Standards, and evolving operational or compliance needs. The review highlights specific Reliability Standards that will demand PCWA's focus in 2024 and beyond to ensure ongoing compliance ahead of upcoming enforcement dates, with detailed information on impending changes available in Section 4.0 ("Looking Ahead") of the assessment.

1.0 PCWA COMPLIANCE ACTIVITIES YEAR IN REVIEW

1.1 ICP Activities

PCWA's ICP team is comprised of PCWA management representing Power System Operations, Technical Services – Information Technology division, and the NERC Compliance Administrator. As stated above, this annual assessment has been prepared under the requirements of PCWA's ICP. Throughout 2023, PCWA's ICP team discussed current and pending NERC and WECC reliability compliance issues, areas of possible non-compliance, and other associated issues affecting PCWA's electric operations.

Under the Coordinated Functional Registration (CFR) Agreement with Northern California Power Agency (NCPA), effective January 1, 2018, PCWA and NCPA have allocated complete and partial responsibility for certain Requirements applicable to the GOP function (CFR000555). PCWA and NCPA completed an update to the CFR to account for changes in the requirements during 2018

and 2019. The update was accepted by WECC on April 1, 2019, and approved by NERC on October 28, 2020. PCWA and NCPA determined that changes were necessary as of June 2023 and will submit the CFR updates to NERC for approval in 2024.

1.2 Data Submittals

In accordance with WECC and NERC periodic submittal requirements, PCWA data submittals for applicable Requirements occurred as detailed below. **PCWA made all required submittals on a timely basis.**¹

Applicable Standard	Item	Periodicity	Submissions
PRC-004-6	GO Reporting – Protection System Misoperation Identification and Correction	<i>Quarterly (Due 60 days following the end of each quarter)</i>	Completed for Q1 on 5/4/2023 Completed for Q2 on 7/31/2023 Completed for Q3 on 10/30/2023 Completed for Q4 on 1/09/2023

1.3 NERC Alerts

NERC Alerts are initiated by NERC to advise industry of emerging or developing threats to the reliability of the Bulk Electric System (BES). Two alerts were issued by NERC during 2023 (listed in the table below) that required a response from PCWA as a GO.

Alert Type	Title	Action
Essential Actions to Industry	Cold Weather Preparations for Extreme Weather Events III	Acknowledged on 5/15/2023 Responded on 9/11/2023
Industry Recommendation	Inverter-Based Resource Performance Issues	Acknowledged on 3/23/2023 Responded on 3/23/2023

1.4 Additional WECC Reporting

PCWA was not required to submit a WECC annual entity questionnaire in 2023.

1.5 Compliance Entity Mapping

Entity Role	Entity Name
Balancing Authority (BA)	California Independent System Operator (CAISO)
Generator Operator (GOP)	NCPA
Planning Coordinator (PC)	CAISO
Point of Interconnection Transmission Owner (TO)	Pacific Gas & Electric Company (PG&E)
Regional Entity (RE)	WECC
Reliability Coordinator (RC)	RC West
Transmission Operator (TOP)	PG&E/CAISO
Transmission Planner (TP)	PG&E

¹ PCWA has not been required to submit quarterly reports for PRC-023-4, R5, due to its lack of ownership of the respective applicable equipment.

2.0 GENERATOR OWNER RELIABILITY STANDARDS COMPLIANCE

2.1 2023 PCWA GO/GOP Reliability Standards

Below are the Reliability Standards containing Requirements applicable to PCWA as a GO/GOP during the assessment period:

Reliability Standard	GO/GOP Applicability	Standard Description
CIP-002-5.1a²	GO/GOP	Cyber Security – BES Cyber System Categorization
CIP-003-8	GO/GOP	Cyber Security – Security Management Controls
COM-001-3	GOP	Communications
COM-002-4	GOP	Operating Personnel Communications Protocol
EOP-004-4	GO/GOP	Event Reporting
EOP-005-3	GOP	System Restoration from Blackstart Resource
FAC-001-3	GO	Facility Interconnection Requirements
FAC-002-3	GO	Facility Interconnection Studies
FAC-003-4	GO	Vegetation Management
FAC-008-5	GO	Facility Ratings
IRO-001-4	GOP: NCPA Only	Reliability Coordination – Responsibilities and Authorities
IRO-010-3 (retired early 2023) IRO-010-4³ (active)	GO/GOP	Reliability Coordinator Data Specification and Collection
MOD-025-2	GO	Verification and Data Reporting of Generator Real and Reactive Power Capability and Synchronous Condenser Reactive Power Capability
MOD-026-1	GO	Verification of Models and Data for Generator Excitation Control System or Plant Volt/Var Control Functions
MOD-027-1	GO	Verification of Models and Data for Turbine/Governor and Load Control or Active Power/Frequency Control Functions
MOD-032-1	GO	Data for Power System Modeling and Analysis
PER-005-2	GOP: NA	Operations Personnel Training
PER-006-1	GOP	Specific Training for Personnel
PRC-002-2	GO	Disturbance Monitoring and Reporting Requirements
PRC-004-6	GO	Protection System Misoperation Identification and Correction
PRC-005-6	GO/GOP	Protection System, Automatic Reclosing, and Sudden Pressure Relaying
PRC-012-2	GO	Remedial Action Schemes
PRC-017-1	GO	Remedial Action Scheme Maintenance and Testing
PRC-019-2	GO	Coordination of Generating Unit or Plant Capabilities, Voltage Regulating Controls, and Protection
PRC-023-4	GO	Transmission Relay Loadability
PRC-024-3	GO	Generator Frequency and Voltage Protective Relay Settings
PRC-025-2	GO	Generator Relay Loadability
PRC-026-1	GO	Relay Performance During Stable Power Swings

² CIP-002-5.1a, CIP-003-8, EOP-004-4, IRO-010-4, and TOP-003-5 apply to both the GO and GOP functions but do not require different actions for each function.

³ NCPA and PCWA share partial responsibility for IRO-010-4 R3 under the current CFR.

PRC-027-1	GO	Coordination of Protection Systems for Performance During Faults
TOP-001-5	GOP	Transmission Operations
TOP-003-4⁴ (retired early 2023) TOP-003-5 (active)	GO/GOP	Operational Reliability Data
VAR-001-5	GOP: NCPA Only	Voltage and Reactive Control
VAR-002-4.1	GO GOP: NCPA Only	Generator Operation for Maintaining Network Voltage Schedules
VAR-501-WECC-3.1	GO/GOP	Power System Stabilizer (PSS)

2.2 Reliability Standards or Regional Criterion for which PCWA Maintains Attestations

For the following Reliability Standards, PCWA maintains an attestation as evidence that the Standard or Requirements therein are not applicable to PCWA. For some Standards, an attestation may be maintained in conjunction with other procedure or policy documentation. PCWA updated all its attestations in 2021 to reflect current conditions and relationships with other entities and developed new attestations to cover other Reliability Standards that PCWA does not have obligations under.

Reliability Standard	Requirement(s)	Date of Attestation
CIP-003-8	R4	January 13, 2021
EOP-004-4	R2	January 13, 2021
EOP-005-3	R11-R16	January 13, 2021
FAC-001-3	R2, R4	January 13, 2021
FAC-002-3	R2, R5	January 13, 2021
FAC-003-4		January 13, 2021
FAC-008-5	R7, R8	January 13, 2021
IRO-010-4	R3	March 16, 2021
MOD-026-1	R3-R5	May 10, 2021
MOD-027-1	R2-R4	May 10, 2021
PRC-002-2	R2-R5, R7	January 13, 2021
PRC-005-6	R2, R4, R5	January 13, 2021
PRC-012-2		April 8, 2021
PRC-017-1		April 8, 2021
PRC-017-1	R1	January 13, 2021
PRC-023-4		January 13, 2021
PRC-024-3	R3	January 13, 2021
PRC-026-1		January 13, 2021
TOP-003-5	R5	May 19, 2021
VAR-002-4.1	R4-R6	January 13, 2021

⁴ NCPA and PCWA share partial responsibility for TOP-003-5 R5 under the current CFR.

2.3 Analysis of Compliance to Applicable Reliability Standards

CIP-002-5.1a – Cyber Security – BES Cyber System Categorization

Summary of Standard

Reliability Standard CIP-002-5.1a requires the identification and evaluation of BES Cyber Systems as assessed against the Impact Rating Criteria included in Attachment 1 to CIP-002-5.1a.

Analysis

PCWA has completed the BES Cyber System Categorization Procedure and has no medium or high impact BES Cyber Systems and therefore the PCWA BES Cyber Systems are classified as low impact BES Cyber Systems.

PCWA must conduct a BES Cyber System analysis and approval by the CIP Senior Manager (CSM) of the BES Cyber Systems at least once every 15 calendar months. The CSM (David Russell) reviewed and approved the BES Candidate Asset List Evaluation on December 18, 2023, satisfying the 15-calendar month requirement. The next review is to occur by the end of December 2024.

CIP-003-8 – Cyber Security – Security Management Controls

Summary of Standard

Requirements R1.2 and R2 (and the corresponding Attachment 1) require PCWA to have certain security controls to protect their BES Cyber Systems, including one or more documented cyber security policies and plans.

Analysis

Cyber Security Policy

For low impact BES Cyber Systems, PCWA developed and maintains a Cyber Security Policy addressing the following topics: 1) cyber security awareness; 2) physical security controls; 3) electronic access controls; 4) incident response to a Cyber Security Incident; 5) Transient Cyber Assets and Removable Media; and 6) CIP Exceptional Circumstances. PCWA's Policy includes attachments that address each of these topics.

Requirement R1 requires PCWA to review its Cyber Security Policy at least once every 15 calendar months and obtain CIP Senior Manager approval and was completed on August 18, 2023.

Cyber Security Awareness

Cyber Security Awareness materials distributed in 2023:

- Posters hung on 9/6/2023.
- The CSM sent out company-wide email on the following topic:
 - Social Engineering Cyber-Attacks are making headlines on 9/21/2023.

Incident Response

PCWA maintains a stand-alone Cyber Security Incident Response Plan (CSIRP). PCWA did not experience a NERC defined Reportable Cyber Security Incident in 2023 requiring activation of the CSIRP. The CIP-003 Low Impact Cyber Security Policy and EOP-004 Event Reporting Procedure were both updated on August 18, 2023.

PCWA conducted a CSIRP tabletop exercise on January 23, 2023, in accordance with Requirement R2 and guidance from NERC and WECC to host the exercise within 36-months. The next exercise will be in January 2026.

CIP Senior Manager Designation

In accordance with R3, which requires entities to designate a CIP Senior Manager, PCWA designated David Russell, PCWA's Information Technology Manager, as the CIP Senior Manager (CSM) on December 12, 2019, by then PCWA General Manager Einar Maisch.

Additionally, PCWA has implemented a documented process to delegate authority in accordance with Requirement R4. During 2023 there were no delegations of CIP Senior Manager authority.

COM-001-3 – Communications

Summary of Standard

This Standard requires GOPs to have Interpersonal Communication capability with its BA and TOP (R8), for the exchange of information necessary for reliable BES operation, which includes communication capabilities between Control Centers within the same functional entity, and/or between Control Centers and field personnel (R12). Upon detecting a failure of its Interpersonal Communication capability, the GOP shall consult each entity affected by the failure to determine a mutually agreeable action for restoring Interpersonal Communication capability (R11).

Analysis

Due to the nature of this Standard – requiring communication with the TOP and BA – NCPA continues to hold complete responsibility for complying with R8 and R11 under the terms of the CFR Agreement, with no change in 2023. PCWA maintains Interpersonal Communications capabilities with NCPA as per the terms in the CFR for R12.

COM-002-4 Operating Personnel Communications Protocols

Summary of Standard

COM-002-4 includes requirements for GOPs to provide initial training for operating personnel and utilize three-part communications when receiving Operating Instructions.

Analysis

PCWA and NCPA accepted the Requirements under this Standard and each “separately and wholly maintain compliance” with applicable requirements under the CFR Agreement. PCWA

provides initial training to its operators to use three-part communications for Operating Instructions.

PCWA received Operating Instructions during an Emergency in 2022 relating to the Mosquito Fire within PCWA's watershed and near hydroelectric generators necessitating the use of three-part communication. Recorded calls between NCPA and PCWA to verify that three-part communication was used.

EOP-004-4 – Event Reporting

Summary of Standard

EOP-004-4 requires GOs and GOPs to maintain an event-reporting Operating Plan and report qualifying events within 24 hours of recognition of meeting an event-type threshold.

Analysis

Under the CFR Agreement with NCPA, PCWA is responsible for EOP-004-4 as it pertains to its own Facilities and operations. PCWA will notify NCPA and local law enforcement, as necessary, in accordance with its Emergency Operations Plan.

During 2023, PCWA did not experience any events triggering its EOP or any suspicious events that warranted investigation to determine if they were reportable.

EOP-005-3 – System Restoration from Blackstart Resource

Summary of Standard

This Standard is designed to ensure Facilities and personnel are prepared to enable System restoration from Blackstart Resources to assure reliability is maintained during restoration, with numerous requirements applicable to GOPs with a Blackstart Resource.

Analysis

GridSME's understanding is that the requirements applicable to GOPs with a Blackstart Resource are not applicable to PCWA. While PCWA owns Blackstart capable units it does not maintain a Blackstart Resource that is part of any TOP's system restoration plan nor have a Blackstart Resource Agreement with any TOP. There were no changes to PCWA's status in this regard in 2023.

Additionally, PCWA was not requested by its RC to participate in any restoration drills, exercises, or simulations (R16) in 2023.

PCWA maintains an attestation for EOP-005-3 (dated January 13, 2021) affirming these items.

FAC-001-3 – Facility Connection Requirements

Summary of Standard

This Standard requires applicable GOs to establish Facility interconnection requirements for entities seeking to interconnect. FAC-001-3 applied to GOs with a fully executed Agreement to conduct a study on the reliability impact of interconnecting a third-party Facility to the GO's existing Facility.

Analysis

PCWA maintains an attestation for FAC-001-3 (dated January 13, 2021) asserting this Standard does not apply to PCWA as PCWA does not currently have "an executed Agreement to evaluate the reliability impact of interconnecting a third-party Facility to the GO's existing Facility that is used to interconnect to the interconnected Transmission systems."

FAC-002-3 – Facility Interconnection Studies

Summary of Standard

This Standard requires applicable GOs to study the impact of interconnecting new or materially modified Facilities on the Bulk Electric System. FAC-002-3 applies to GOs with a fully executed Agreement to conduct a study on the reliability impact of interconnecting a third-party Facility to the GO's existing Facility.

Analysis

PCWA maintains an attestation for FAC-002-3 (dated January 13, 2021) asserting this Standard does not apply to PCWA because it was not planning to integrate new applicable Facilities. PCWA did not seek to interconnect new generation Facilities during 2023 or materially modify existing interconnections of generation Facilities, nor did PCWA receive any requests for interconnections to its Facilities in 2023.

FAC-003-4 – Transmission Vegetation Management

Summary of Standard

FAC-003-4 intends to prevent transmission outages by requiring applicable entities to develop and implement a Transmission Vegetation Management program to prevent encroachments into the right-of-way. This Reliability Standard is primarily aimed at Transmission Owners but certain GOs that also own high-voltage (greater than 200 kV) overhead transmission lines at least one mile long or with no line of sight between the generator and the interconnection point are also impacted by this standard.

Analysis

PCWA does not own any generator tie-lines and is therefore exempt from this Standard. PCWA maintains an attestation (dated January 13, 2021) stating the Standard does not apply to PCWA's Ralston or Middle Fork Facilities. There were no changes in 2023 regarding the non-applicability of this Standard to PCWA.

FAC-008-5 – Facility Ratings

Summary of Standard

The purpose of FAC-008-5 is to ensure that Facility Ratings used in the reliable planning and operation of the Bulk Electric System are based on technically sound principles, the ratings are used to effectively plan future infrastructure and develop System Operating Limits. Accordingly, this Standard requires PCWA to have a documented methodology for determining its Facility Ratings, a documented Facility Rating(s), and a documented most limiting element.

Analysis

PCWA has compiled evidence including functional tests on Ralston (March 14, 2013) and Middle Fork (June 14, 2013) equipment. PCWA made no changes or modifications to its Facilities in 2023 that necessitated updates to its Facility Ratings documentation.

PCWA was not required to provide its Facility Ratings to any third-party entities as scheduled in 2023, nor did PCWA receive a request from any such entities for its Facility Ratings and identity of the most limiting equipment in 2023.

PCWA maintains an attestation for this Standard (dated January 13, 2021), for the purpose of asserting that it had not been asked to provide either its Facility Ratings or its methodology to its RC, BA, or TOP.

IRO-001-4 – Reliability Coordination Responsibilities

Summary of Standard

Requirement R2 of IRO-001-4 requires that a GOP comply with directives from its RC unless such actions would violate safety, equipment, or regulatory or statutory requirements. Under those enumerated circumstances, the GOP must immediately inform the RC of the inability to perform the directive so that the RC may implement alternate remedial actions.

Analysis

This requirement continues to be performed solely by NCPA, which accepted responsibility for this activity under the terms of the applicable CFR Agreement.

IRO-010-4 – Reliability Coordinator Data Specification and Collection

Summary of Standard

IRO-010-4 Requirement R3 requires GOs and GOPs to submit data to their Reliability Coordinator (RC) upon request in a mutually agreeable format, following a mutually agreeable process, and utilizing a mutually agreeable security protocol.

Analysis

PCWA's Reliability Coordinator, RC West maintains its own data request, procedure 120A which contains no data requirements for the GO and one item (Request number 2.11) applicable to GOP.

This GOP requirement is satisfied by the BA (CAISO) per the BA's TOP-003 Data Request described below.

NCPA has accepted partial responsibility for this Standard on behalf of the GOP function under its CFR Agreement. PCWA maintains an attestation for this Standard (dated March 16, 2021), for the purpose of asserting that it has not been asked to provide data to its Reliability Coordinator.

MOD-025-2 – Verification and Data Reporting of Generator Real and Reactive Power Capability and Synchronous Condenser Reactive Power Capability

Summary of Standard

The purpose of this Standard is to ensure that accurate information on generator gross and net Real and Reactive Power capability and synchronous condenser Reactive Power capability is available for planning models used to assess Bulk Electric System (BES) reliability.

MOD-025-2 requires GOs to provide its TP with verification of the real and reactive power capability of applicable Facilities.

Analysis

PCWA completed its MOD-025 testing on the following timeline:

Facility	Test Due Date	Test Completion/Scheduled
Middle Fork	June 2023	December 14, 2023
Ralston	December 2023	Spring 2024

PCWA was scheduled to complete testing before the June 2023 deadline but was not completed by this date due to the Mosquito Fire. All Middle Fork Project generators were offline for a period of months, and between the fire damage and heavy winter rains, roads into the project were also an issue. PCWA staff spent the first six months post-fire working to get everything in place for line restoration. Once the generators were back online, PCWA secured contracts for model testing and scheduled appropriate testing. It was determined that since the testing would have taken place had the Mosquito Fire not occurred, it did not rise to the level of requiring a self-report.

PCWA did not make any modifications to applicable Facilities warranting MOD-025 testing of real or reactive power capability during 2023.

MOD-026-1 - Verification of Models and Data for Generator Excitation Control System or Plant Volt/Var Control Functions

Summary of Standard

The purpose of this Standard is to verify that the generator excitation control system or plant volt/var control function model (including the power system stabilizer model and the impedance compensator model) and the model parameters used in dynamic simulations accurately represent the generator excitation control system or plant volt/var control function behavior when assessing Bulk Electric System (BES) reliability.

MOD-026-1 Requirement 2 requires GOs to provide its TP with a verified generator excitation control system or plant volt/var control function model for each applicable unit, including documentation and data specified in Part 2.1.

Analysis

PCWA submitted an email including its verified modeling information to its TP on June 5, 2018.

No affirmative action is required for Requirements R3, R4, or R5 as of this assessment. The TP has not made any request for information or changes to the data submitted by PCWA in 2018; nor has PCWA made any change in 2023 to its excitation control system or plant volt/var control function that required it to provide revised modeling data.

PCWA maintains an attestation for this Standard (dated May 10, 2021), for the purpose of asserting that it had not received written notification from the TP that submitted data has any technical concerns.

MOD-027-1 - Verification of Models and Data for Turbine/Governor and Load Control or Active Power/Frequency Control Functions

Summary of Standard

The purpose of this Standard is to verify that the turbine/governor and load control or active power/frequency control model and the model parameters, used in dynamic simulations that assess Bulk Electric System (BES) reliability, accurately represent generator unit real power response to system frequency variations.

MOD-027-1 Requirement 2 requires GOs to provide its TP with a verified turbine/governor and load control or active power/frequency control model for each applicable unit, including documentation and data specified in Part 2.1.

Analysis

PCWA submitted an email including its verified modeling information to its TP on June 5, 2018.

No affirmative action is required for Requirements R3 or R4 as of this assessment. The TP has not made any request for information or changes to the data submitted by PCWA in 2018; nor has PCWA made any change in 2023 to its turbine/governor and load control or active power/frequency control system that required it to provide revised modeling data.

PCWA maintains an attestation for this Standard (dated May 10, 2021), for the purpose of asserting that it had not received written comments from the Transmission Planner, did not revise model data. PCWA does plan to update model data in 2024.

MOD-032-1 – Data for Power System Modeling and Analysis

Summary of Standard

Requirement R2 of this Standard requires GOs to “...provide steady-state, dynamics, and short circuit modeling data to its Transmission Planner(s) and Planning Coordinator(s) according to the data requirements and reporting procedures developed by its Planning Coordinator and Transmission Planner in Requirement 1. For data that has not changed since the last submission, a written confirmation that the data has not changed is sufficient.”

Analysis

PCWA conducted the applicable modeling for R2 through its obligations to the previously enforceable Reliability Standards MOD-010 and MOD-012 and subsequent modeling performed by Kestrel at the time of excitation upgrades in 2015 and 2017.

PCWA submitted its written confirmation to its TP on November 13, 2023, that data had not changed since its last submission in 2020.

Requirement R3 requires action if PCWA receives written notification from CAISO or PG&E with technical concerns with the data submitted under Requirement R2, including the technical basis or reason for the technical concerns. In such an instance PCWA would be required to respond to such notification within 90 days.

As part of the ongoing Transmission Planning Process with CAISO, PCWA has been in contact with CAISO since the Mosquito Fire to keep them updated of when to expect updated modeling data due to the model testing that took place in winter and spring of 2023/2024.

PCWA continues to comply with all deadlines and is in communication with CAISO regularly to inform them of PCWA’s modeling efforts.

PER-005-2 – Operations Personnel Training

Summary of Standard

PER-005-2 includes GOPs in its training requirements to use a Systematic Approach to Training. This applicability is limited, however, to GOPs with:

Dispatch personnel at a centrally located dispatch center who receive direction from the Generator Operator’s Reliability Coordinator, Balancing Authority, Transmission Operator, or Transmission Owner, and may develop specific dispatch instructions for plant operators under their control. These personnel do not include plant operators located at a generator plant site or personnel who relay dispatch instructions without making modifications. (emphasis added)

Analysis

PER-005-2 does not apply to PCWA as it does not have the types of dispatch personnel indicated in the applicability section of the Standard. The CFR Agreement with NCPA lists this Standard as “N/A,” and NCPA is responsible for ensuring its staff are properly trained, as applicable.

PER-006-1 – Specific Training for Personnel

Summary of Standard

PER-006-1 became enforceable on 4/1/2021 and moves the training requirement for Protection Systems with slight modifications from the now retired PRC-001-1.1(ii) to the new Standard. R1 requires the GOP to provide training on the ‘operational functionality of Protection Systems and Remedial Actions Schemes that affect the output of the facilities they operate’.

Analysis

When the CFR is updated in 2024, PCWA and NCPA both have “Normal” responsibilities for Requirement R1

- R1 - both NCPA and PCWA are responsible for ensuring their own applicable staff receive training on the operational functionality of Protections Systems and Remedial Actions Schemes.

To satisfy Requirement R1, PCWA hosts training for system operators addressing powerhouse fundamentals and basic electricity for operators, as well as operational functionality of Protection Systems and Remedial Action Schemes. Prior to 2022, operators attended similar courses offered by PG&E.

During 2023 PCWA did not make any changes to Protection Systems or incorporate new operational functionality. PCWA facilities are not connected to any Remedial Action Schemes owned by PCWA or others.

PRC-002-2 – Disturbance Monitoring and Reporting Requirements

Summary of Standard

This Standard requires applicable GOs to have a sequence of event or fault recording data if related to specific BES buses identified by the respective TO.

Analysis

PCWA does not interconnect to any BES buses identified by the TO as requiring a sequence of event or fault recording devices or data, in accordance with Requirement R1. PCWA maintains an attestation (dated January 13, 2021) affirming this standard is not applicable to PCWA. Nothing occurred in 2023 to change PCWA’s obligations under this Standard.

PRC-004-6 – Protection System Misoperation Identification and Correction

Summary of Standard

The purpose of this Standard is to identify and correct the causes of Misoperations of Protection Systems for Bulk Electric System (BES) Elements.

This standard requires PCWA to analyze its BES generators and generator interconnection Facilities' Protection System operations to determine whether a Misoperation may have occurred. If a determination is made that an operation was a Misoperation, PCWA must develop and implement a Corrective Action Plan to avoid similar future Misoperations.

Analysis

PCWA implemented the most recent version of its Misoperations procedure on June 28, 2016. PCWA did not experience any Misoperations of applicable Protection Systems in 2023. PCWA reviewed all event reports to determine if a Misoperation occurred and maintains all breaker operations in its PI Historian.

PCWA completed quarterly MIDAS filings with NERC indicating whether there were any operations (or Misoperations) of applicable Protection Systems during the previous quarter, as follows:

- Completed for Q1 on 5/4/2023
- Completed for Q2 on 7/31/2023
- Completed for Q3 on 10/30/2023
- Completed for Q4 on 1/9/2024

PRC-005-6 – Protection System, Automatic Reclosing, and Sudden Pressure Relaying Maintenance

Summary of Standard

The purpose of PRC-005-6 is to ensure all transmission and generation Protection Systems affecting the reliability of the BES *are kept in working order*. PRC-005 in all its various forms remains one of the most violated Reliability Standards. This Standard requires applicable entities to have and implement a Protection System Maintenance Program (PSMP) that includes maintenance and testing for all Protection System Components, and to implement that program in a manner that ensures the intervals are not exceeded.

Analysis

PCWA's PSMP is a time-based maintenance program for all PCWA's BES Protection Systems and their associated elements. PCWA's Hydro Engineer-Electrical maintains a shared evidence folder of all maintenance and testing activities which is shared with PCWA Compliance personnel.

PCWA indicated that it maintains evidence of all battery checks and Protection System maintenance conducted in 2023.

Yes, PCWA replaced the following protection system devices:

1. Commissioned new battery bank at the Ralston PH, in July 2023.
2. Commissioned new Generator Circuit Breaker Unit 1 [Two new Trip coils] at Middle Fork PH, in November 2023

3. Commissioned new Generator Circuit Breaker Unit 2 [Two new Trip Coils] at Middle Fork PH, in November 2023

PCWA's PSMP is being updated in 2024 to reflect the updates captured above. PCWA's PSMP was last updated on December 18, 2018, to reflect the six-year (instead of five-year) requirement to load test battery banks. PCWA did not have any Unresolved Maintenance Issues occur in 2023.

PCWA maintains an attestation (dated January 13, 2021) asserting that it has elected to not use a performance-based maintenance methodology for its PSMP.

PRC-012-2 – Remedial Action Schemes; PRC-017-1 – Remedial Action Scheme Maintenance and Testing

Standard Summary

These Standards require specific activities and obligations for GOs that own Remedial Action Schemes (RAS).

Analysis

PCWA does not own or operate any RAS and its Facilities are therefore not subject to these Standards. PCWA maintains an attestation (dated April 8, 2021) affirming this fact. Nothing occurred in 2023 to change PCWA's obligations under this Standard.

PRC-017-1 – Disturbance Monitoring Equipment Installation and Data Reporting

Summary of Standard

PRC-017-1 aims to ensure that properly designed Remedial Action Schemes (RAS) meet performance requirements and are coordinated with other protection systems. To ensure that maintenance and testing programs are developed and misoperations are analyzed and corrected.

Analysis

PCWA does not own or operate RAS equipment and is therefore not subject to this Standard. PCWA maintains an attestation (dated January 13, 2021) affirming this fact. Nothing occurred in 2023 to change PCWA's obligations under this Standard.

PRC-019-2 – Coordination of Generating Unit or Plant Capabilities, Voltage Regulating Controls, and Protection

Summary of Standard

The purpose of the Standard is to verify coordination of generating unit Facility or synchronous condenser voltage regulating controls, limit functions, equipment capabilities and Protection System settings.

PRC-019-2 requires GOs to coordinate the voltage regulating system controls, (including in-service limiters and protection functions) with the applicable equipment capabilities and settings of applicable Protection System devices and functions.

PRC-027-1 – Coordination of Protection Systems for Performance During Faults

Summary of Standard

The purpose of this standard is to support the coordination of Protection Systems installed to detect and isolate Faults on BES Elements by ensuring that those Protection Systems operate in the intended sequence during Faults.

PCWA developed and finalized its Protection System Coordination Procedure in March 2021 and selected the six-year interval in which it will perform a Protection System Coordination Study, to be completed by 2027.

Analysis

In 2016, PCWA's Hydro Engineer-Electrical verified that all the Protection System settings for PCWA's applicable Protection System devices were set in accordance with PRC-019-2. There were no changes to Protection Systems, electrical equipment, or settings in 2023 which would impact settings coordination under this Standard. The R1 required five-year coordination review and verification for the Middle Fork units was completed in December of 2020 and the next review is due in 2025. The evaluation of PCWA's Protection System settings for Ralston was completed in December of 2022, and the next review is due in 2027.

PCWA maintains an attestation for this Standard (dated May 10, 2021), that it did not identify or implement systems or settings changes that affect the coordination performed in R1.

PRC-023-4 – Transmission Relay Loadability

Summary of Standard

PRC-023-4 addresses transmission relay loadability and establishes Requirements for GOs, but only applies to a limited set of generators that meet certain threshold criteria (generally, connected to transmission at or above 200 kV) and have a load-responsive phase protection system).

Analysis

This Standard is not applicable to PCWA because PCWA does not own or operate any of the Facilities or Elements addressed by the Standard. PCWA maintains an attestation for PRC-023-4 (dated January 13, 2021) affirming this fact. Nothing occurred in 2023 to change PCWA's obligations under this Standard.

PRC-024-3 – Generator Frequency and Voltage Protective Relay Settings

Summary of Standard

The purpose of PRC-024 is to Ensure that Generator Owners set their generator protective relays such that generating units remain connected during defined frequency and voltage excursions.

Analysis

PCWA's Hydro Engineer-Electrical reviewed PCWA's relay settings prior to July 1, 2016, the date this standard became enforceable. PCWA determined that the protective relays tolerance ranges are set within the acceptable limits in accordance with PRC-024-3.

PCWA did not make any relay replacements or changes to relay settings during 2023 since the settings were last documented. PCWA did not receive any requests for its relay settings in 2023.

PCWA maintains an attestation (dated January 13, 2021), that it has not identified any regulatory or equipment limitations that prevent it from meeting R1 and R2.

PRC-025-2 – Generator Relay Loadability

Summary of Standard

The purpose of PRC-025-2 is to set load-responsive protective relays associated with the generation Facility at a level to prevent unnecessary tripping of generators during a system disturbance for conditions that do not pose a risk of damage to the associated equipment.

Requirement R1 requires GOs to apply relay settings on applicable equipment that are in accordance with PRC-025-2 – Attachment 1: Relay Settings.

Analysis

PCWA reviewed all applicable devices and has determined it was in compliance with PRC-025-2, the predecessor version of PRC-025-2 which became effective October 1, 2018.

TOP-001-5 – Transmission Operations

Summary of Standard

This Standard requires that the GOP comply with Operating Instructions issued by the TOP and BA, unless such actions would violate safety, equipment, regulatory or statutory requirements.

Analysis

NCPA maintains the complete responsibility for the Requirements in TOP-001-5 under the CFR Agreement with PCWA.

TOP-003-5 – Operations Reliability Data

Summary of Standard

Requirement R5⁵ of TOP-003-5 requires that information submitted by responsible entities, including GOs, and GOPs, in response to a "data specification" from its BA and TOP, shall submit

⁵ NCPA and PCWA share partial responsibility for TOP-003 R5 under the current CFR.

such information in “a mutually agreeable format; a mutually agreeable process for resolving data conflicts; and a mutually agreeable security protocol.”

Analysis

PCWA as a GO, has three specific items, all related to modeling which are satisfied by PCWA’s MOD-025 submission. PCWA monitors changes to CAISO Procedure *3140A TOP-BA Data Request and Specifications for Data Provision* for changes to the data specification. There were no changes made to CAISO’s TOP-003 data specifications (CAISO Procedure 3140A) necessitating additional PCWA data reporting during 2023.

As GOP, responsibility is shared with NCPA under the current CFR (“Partial”). PCWA, as a Scheduling Coordinator (SC) is responsible for reporting all outages of its’ Facilities in accordance with the CAISO tariff. PCWA scheduled and reported all outages as required in 2023. NCPA has GOP responsibility under the CFR to ensure all other data identified in CAISO’s TOP-003 data specifications document are provided to the CAISO.

VAR-001-5 – Voltage and Reactive Control

Summary of Standard

In the Western Interconnection, GOPs have been added to the list of applicable entities for the Standard via a Regional Variance. As a result, the Standard has two applicable requirements for GOPs in WECC. Specifically, GOPs must (1) provide its voltage set point conversion methodology within 30 calendar days of a request by its TOP (EA 15); and (2) meet certain control loop specifications if control loops are used external to the Automatic Voltage Regulators to manage MVar loading (EA 17).

Analysis

NCPA maintains responsibility for EA 15 and EA 17 under the CFR Agreement, and there was no change to NCPA’s responsibility in 2023. Additionally, EA 17 does not apply to PCWA as no control loops are used to control PCWA’s hydroelectric Facilities.

VAR-002-4.1 – Generation Operation for Maintaining Network Voltage Schedules

Summary of Standard

The purpose of VAR-002-4.1 is to ensure generators provide reactive support and voltage control, within generating Facility capabilities, in order to protect equipment and maintain reliable operation of the Interconnection.

GOs are required to provide their TOP and TP with certain information regarding their step-up and auxiliary transformers within 30 calendar days of a request and ensure that transformer tap positions are changed according to the specifications provided by the TOP. GOs are also responsible for ensuring that transformer tap positions are changed according to the

specifications provided by the TOP, unless such action would violate safety, an equipment rating, a regulatory requirement, or a statutory requirement.

GOPs have four requirements (R1-R4). They must: operate each generator connected to the interconnected transmission system in the automatic voltage control mode (automatic voltage regulator in service and controlling voltage) with certain limited exceptions (R1); maintain the generator voltage or Reactive Power schedule (within applicable Facility Ratings) as directed by the TOP (R2); notify its TOP of a status change on the AVR, power system stabilizer, or alternative voltage controlling device within 30 minutes of the change (R3); and notify its associated TOP as soon as practical, but within 30 minutes of changes in reactive power capabilities (not including those conditions listed under R3) (R4).

Analysis

As the GO, PCWA has neither received a request from its TOP (PG&E and CAISO) or TP (PG&E) nor been provided specifications for setting the transformer tap settings. If PCWA receives a request for either, it will fulfill the request. Likewise, PCWA has not received any request from its TOP to modify its tap settings or positions.

PCWA maintains an attestation (dated January 13, 2021), that it did not experience a change in reactive behavior per R3 and has not received a request from its Transmission Planner or Transmission Provider for data in R5 or R6.

There were no changes to PCWA's responsibility under this Standard in 2023. Further, PCWA did not lose its reactive power capability due to factors other than a status change on the AVR, PSS, or alternative voltage controlling device requiring notice under R4.

VAR-501-WECC-3.1 – Power System Stabilizer (PSS)

Summary of Standard

The purpose of VAR-501-WECC-3.1 is to ensure the Western Interconnection is operated in a coordinated manner under normal and abnormal conditions by establishing the performance criteria for WECC power system stabilizers.

This Standard has four GO Requirements applicable to PCWA. R1 requires GOs to provide their TOP a written procedure that indicates when the GO's PSS will not be providing an active signal to the Automatic Voltage Regulator (AVR), within 180 days of the effective date of the Standard (i.e., July 1, 2017) and any changes to the PSS operating specifications.

R3, R4, and R5 detail tuning requirements for new PSS, the testing of a new PSS, and the repair of PSS incapable of meeting tuning requirements.

R2 requires GOPs to have their PSS in service while synchronized, except under a limited set of enumerated circumstances.

Analysis

PCWA did not experience any items that would trigger obligations under R3, R4, or R5. PCWA did not make any changes to its PSS operating specifications in 2023.

PCWA operated with its PSS in service at all times when required in 2023 in accordance with R2 has not experienced any events that affect the tuning of its PSS in accordance with R3 and has not connected any new generation to the BES or replaced a voltage regulator on an existing excitation system during 2023 per R4.

PCWA has full GOP responsibility for R2 under the CFR with NCPA. In 2023, PCWA operated with the PSS in service while synchronized to the BES, unless the specified enumerated exceptions arose.

4.0 LOOKING AHEAD

The following Standards were approved by FERC for implementation and may require implementation activities by PCWA in 2024 and beyond:

NERC Reliability Standard	Effective/ Enforcement Date	PCWA Functional Registration/ System Applicability	New or Revised Standard
CIP-004-7 Cyber Security – Personnel & Training	1/1/2024	Not Applicable to BES Low Impact	Revisions enhance BES reliability by creating increased choice, greater flexibility, higher availability, and reduced-cost options for entities to manage their BCSl. And clarifies the protections expected when utilizing third-party solutions (e.g., cloud services).
CIP-011-3	1/1/2024	Not Applicable to BES Low Impact	Revisions enhance BES reliability by creating increased choice, greater flexibility, higher availability, and reduced-cost options for entities to manage their BCSl. And clarifies the protections expected when utilizing third-party solutions (e.g., cloud services).
FAC-001-4	1/1/2024	GO – Not applicable to PCWA, update attestation	Revisions clarify that the changes to existing Facilities that will need to be studied under the standards are those meeting the definition of “qualified change” developed by the Planning Coordinator under new Requirement R6 of FAC-002-4.
FAC-002-4	1/1/2024	GO – Not applicable to PCWA, update attestation	Each Generator Owner seeking to interconnect new generation Facilities, or existing interconnections of generation Facilities seeking to make a qualified change as defined by the Planning Coordinator under Requirement R6, shall coordinate and cooperate on studies with its Transmission Planner or Planning Coordinator, including

			but not limited to the provision of data as described in R1, Parts 1.1-1.4.
FAC-003-5	4/1/2024	GO – Not applicable to PCWA, update attestation	To maintain a reliable electric transmission system by using a defense in-depth strategy to manage vegetation located on transmission rights of way (ROW) and minimize encroachments from vegetation located adjacent to the ROW, thus preventing the risk of those vegetation related outages that could lead to Cascading.
PRC-002-4	4/1/2024	GO – Not applicable to PCWA, update attestation	The new Requirement R13 simply relocates implementation time prescribed in the PRC-002-2 Implementation Plan to the standard itself, and clarifies the implementation time, which was “three years” in the PRC-002-2 implementation plan, to “three calendar years.” ²
PRC-023-5	4/1/2024	GO with load-responsive phase protection systems. Not applicable to PCWA, update attestation	Each Transmission Owner, Generator Owner, and Distribution Provider shall use any one of the following criteria (Requirement R1, criteria 1 through 13) for any specific circuit terminal to prevent its phase protective relay settings from limiting transmission system loadability while maintaining reliable protection of the BES for all fault conditions. Each Transmission Owner, Generator Owner, and Distribution Provider shall evaluate relay loadability at 0.85 per unit voltage and a power factor angle of 30 degrees.
EOP-012-1	10/1/2024	GO/GOP – Complete engineering analysis, update training and procedure.	This standard includes requirements for implementing freeze protection measures for new and existing BES generating units to operate at location-specific temperature (Requirements R1 and R2), and for addressing the causes of outages, de-rates, and failures to synchronize caused by freezing (Requirement R6).
CIP-003-9	4/1/2026	GO/GOP – see next section.	To specify consistent and sustainable security management controls that establish responsibility and accountability to protect BES Cyber Systems against compromise that could lead to misoperation or instability in the Bulk Electric System (BES).

GridSME is also continuing to monitor additional developments that may impact PCWA’s NERC compliance program:

- **Supply Chain CIP Low Impact Revisions** (CIP-003 Security Management Controls) has been approved and includes revisions to CIP-003 to;
 - (1) detect known or suspected malicious communications for both inbound and outbound communications;
 - (2) determine when active vendor remote access sessions are initiated; and
 - (3) disable active vendor remote access when necessary.
- **EOP-012-1** (Extreme Cold Weather Preparedness and Operation) will address the effects of operating in extreme cold weather by ensuring each Generator Owner has developed and implemented plan(s) to mitigate the reliability impacts of extreme cold weather on its generating units’.

5.0 CONCLUSION

The NERC and WECC Reliability Standards are constantly evolving, particularly in the areas of Operations & Planning (O&P) and Critical Infrastructure Protection (CIP), necessitating implementation efforts with extended timelines, specialized expertise, and significant coordination.

PCWA’s reliability compliance program has maintained strong performance throughout 2023. The compliance team has demonstrated consistent leadership in managing risks effectively and maintaining organizational diligence, persistence, and awareness. Sustaining compliance requires ongoing focus on implementation, reviews, and continuous enhancement, alongside staying informed about the evolving Reliability Standards.

Despite unforeseen challenges, such as those posed by natural disasters like the Mosquito Fire, PCWA remains dedicated to upholding compliance with the dynamic NERC and WECC Reliability Standards. GridSME recommends updating the Internal Compliance Program (ICP), Attestations, and addressing all impacts stemming from the Mosquito Fire within 2024. GridSME also recommends beginning early preparations for upcoming effective standards EOP-012 and CIP-003-9, which will require updating plans, procedures, training, and potential needs for upgraded cyber security software. PCWA’s management and staff should take pride in their accomplishments thus far in 2024.



MIDDLE FORK PROJECT
FINANCE AUTHORITY

NERC/WECC Compliance Update

April 18, 2024

Previously

**NERC/WECC standards only apply to
Bulk Electric System (BES) units:
Middle Fork 1&2
Ralston**

Generators offline due to Mosquito Fire
impacted ability to meet periodicity
required in Standards for
remodeling/retesting

**MOD-025 – Reactive Power Capability
MOD-026 – Generator Excitation
MOD-027 – Governor Load Control**

It was determined that because the work
*would have been completed if not the for
the Mosquito Fire*, no self-reporting is
necessary



Compliance Year (CY) 2023

**PCWA is registered with NERC as a
Generator Owner (GO) /
Generator Operator (GOP)**

**2023 Annual Assessment did
not find any potential items of
non-compliance**

