



Trinity Public Utilities District

Municipal Service Review &
Sphere of Influence Update

Adopted
April 20, 2021

Trinity
Local Agency Formation Commission



RESOLUTION NO. 2021-01

APPROVING THE TRINITY PUBLIC UTILITIES DISTRICT MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

WHEREAS, the Trinity Local Agency Formation Commission, hereinafter referred to as the "Commission", is authorized to conduct municipal service reviews and establish, amend, and update spheres of influence for local governmental agencies whose jurisdictions are within Trinity County; and

WHEREAS, the Commission conducted a municipal service review to evaluate the availability and performance of services provided by the Trinity Public Utilities District, hereinafter referred to as the "District", pursuant to California Government Code Section 56430; and

WHEREAS, the Commission conducted a sphere of influence review for the District pursuant to California Government Code Section 56425; and

WHEREAS, the Executive Officer gave sufficient notice of a public hearing to be conducted by the Commission in the form and manner provided by law; and

WHEREAS, the Executive Officer's report and recommendations on the municipal service review and sphere of influence update were presented to the Commission in the form and manner prescribed by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on the municipal service review and sphere of influence update on April 20, 2021; and

WHEREAS, the Commission considered all the factors required under California Government Code Section 56430 and 56425.

NOW, THEREFORE, BE IT RESOLVED by the Commission as follows:

1. The Commission, as Lead Agency, finds the municipal service review is exempt from further review under the California Environmental Quality Act pursuant to Title 14 California Code of Regulations Section 15306. This finding is based on the use of the municipal service review as a data collection and service evaluation study. The information contained within the municipal service review may be used to consider future actions that will be subject to additional environmental review.
2. The Commission, as Lead Agency, finds the sphere of influence update is exempt from further review under the California Environmental Quality Act pursuant to Title 14 California Code of Regulations Section 15061(b)(3). This finding is based on the

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Kathy Bull, Clerk Administrator/e-mail: kathy@trinitylafco.org

Commission determining with certainty the update will have no possibility of significantly affecting the environment given no new land use or municipal service authority is granted.

3. This municipal service review and sphere of influence update is assigned the following distinctive short-term designation: "Trinity PUD MSR/SOI Update 2021".
4. Pursuant to Government Code Section 56430(a), the Commission makes the written statement of determinations included in the municipal service review, hereby incorporated by reference.
5. Pursuant to Government Code Section 56425(e), the Commission makes the written statement of determinations included in the sphere of influence update, hereby incorporated by reference.

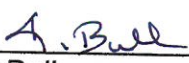
BE IT FURTHER RESOLVED by the Commission that:

The Trinity PUD MSR/SOI Update 2021 is hereby approved, with no change to the sphere of influence for the District which is coterminous with the district boundaries apart from the expanded sphere in the Post Mountain area, as depicted in Exhibit "A", attached hereto.

PASSED AND ADOPTED at a regular meeting of the Trinity Local Agency Formation Commission on the 20th day of April 2021, by the following roll call vote:

AYES: Barrow, Burke, Cox, Frasier, Groves, Kasper
NOES: None
ABSENT: None
ABSTAIN: Johnson

ATTEST:



Kathy Bull
Administrator/Clerk

APPROVED:



Keith Groves
Chair

Exhibit A. TPUD Jurisdictional Boundary and SOI

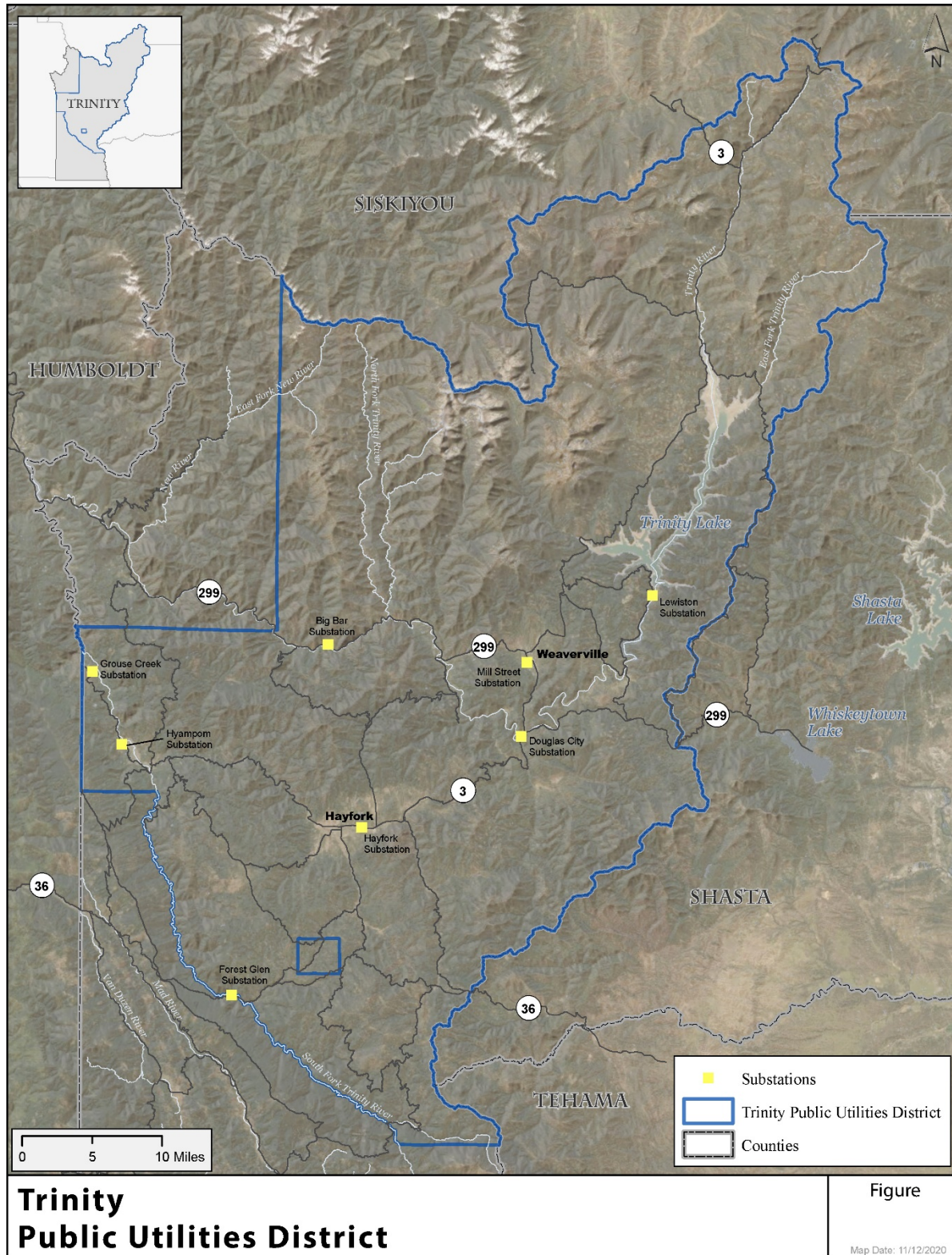


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1. INTRODUCTION

This Municipal Service Review (MSR) and Sphere of Influence (SOI) Update was prepared as part of a mandated review of the municipal services of all government entities in the county by the Trinity Local Agency Formation Commission (LAFCo). This report focuses on the Trinity Public Utilities District (PUD). The purpose of this study is to assess existing and future public service conditions and to evaluate organizational options for accommodating growth and ensuring critical services are provided efficiently. This MSR presents a discussion, analysis, and recommendations regarding services provided by Trinity PUD.

1.1 Trinity LAFCo

Local Agency Formation Commissions (LAFCOs) are quasi-legislative, independent local agencies that were established by State legislation in 1963 to oversee the logical and orderly formation and development of local government agencies including cities and special districts. There is one LAFCo for each county in California.

LAFCo is responsible for implementing the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56000 et. seq.) in order to promote orderly growth, prevent urban sprawl, preserve agricultural and open space lands, and oversee the efficient provision of municipal services.

LAFCo has the authority to establish and reorganize cities and special districts, change their boundaries and authorized services, allow the extension of public services, perform municipal service reviews, and establish spheres of influence. Some of LAFCo's duties include regulating boundary changes through annexations or detachments and forming, consolidating, or dissolving local agencies.

Trinity LAFCo has a public Commission with seven regular Commissioners and three alternate Commissioners. The Commission is composed of three members of the Trinity County Board of Supervisors, two Special District Representatives, and two Public Members-At-Large. The Commission also includes one alternate member for each represented category.

1.2 Public Utility Districts and Principal Act Overview

Public Utility Districts are independent special districts governed under the Public Utility District Act (Public Utilities Code § 15501 – 18055). A PUD may be authorized to acquire, construct, own, operate, control, or use works for supplying light, water, power, heat, transportation, telephone service, or other means of communication, or means for the disposal of garbage, sewage, or refuse matter. In addition, a PUD can be authorized to provide a wide variety of services including fire protection, street lighting system, public parks and other recreation facilities, and stormwater drainage of roads, streets, and public places. PUDs are governed by a board of directors, all of whom are elected at large.

Trinity PUD is authorized to provide electricity services only. All other remaining services, facilities, functions or powers enumerated in the District's principal act but not being exercised are considered "latent". Activation of these latent powers and services requires LAFCo authorization.

1.3 Municipal Service Review Determinations

Government Code § 56430 requires LAFCo to conduct a review of municipal services provided in the county by region, sub-region or other designated geographic area, as appropriate, for the service or services to be reviewed, and prepare a written statement of determinations with respect to each of the following topics:

1. Growth and population projections for the affected area;
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence;
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies (including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence);
4. Financial ability of agencies to provide services;
5. Status of, and opportunities for, shared facilities;
6. Accountability for community service needs, including governmental structure and operational efficiencies; and
7. Any other matter affecting or related to effective or efficient service delivery, as required by Commission policy.

State Guidelines and Commission policies encourage stakeholder cooperation in the municipal service review process. It also provides a basis to evaluate, and make changes to Spheres of Influence, if appropriate.

1.4 Sphere of Influence Determinations

A Sphere of Influence (SOI) is a LAFCo-approved plan that designates an agency's probable physical boundary and service area. Spheres are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage efficient provision of organized community services, discourage urban sprawl and premature conversion of agricultural and open space lands, and prevent overlapping jurisdictions and duplication of services.

LAFCo is required to establish SOIs for all local agencies and enact policies to promote the logical and orderly development of areas within the SOIs. Furthermore, LAFCo must update those SOIs every five years or as needed. For a SOI update, LAFCo is required to conduct an MSR and adopt related determinations. It must also make the following SOI determinations:

1. The present and planned land uses in the area, including agricultural and open-space lands;
2. The present and probable need for public facilities and services in the area;

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency; and
5. The present and probable need for public facilities and services related to sewers, municipal or industrial water, or structural fire protection of any disadvantaged unincorporated communities within the existing sphere of influence (effective July 1, 2012).

1.5 Review Methods

The following information was considered in the development of this service review:

- Agency-specific data: responses to LAFCo Requests for Information
- Demographic data: U.S. Census Bureau; Department of Finance
- Finances: budgets, audits, rates and fees
- Other Reports: Trinity PUD 2020 Wildfire Mitigation Plan

Information gathered was analyzed and applied to make the required determinations. All information gathered for this report is filed by LAFCo for future reference.

1.6 California Environmental Quality Act

The California Environmental Quality Act (CEQA) is contained in Public Resources Code § 21000 et seq. Public agencies are required to evaluate the potential environmental effects of their actions. MSRs are statutorily exempt from CEQA pursuant to § 15262 (feasibility or planning studies) and categorically exempt pursuant to CEQA Guidelines § 15306 (information collection). CEQA requirements are applicable to SOI Updates. The CEQA lead agency for SOI Updates is most often LAFCo, unless an agency has initiated an SOI expansion or update.

2. AGENCY OVERVIEW

Table 1: Trinity PUD Agency Profile	
Formation	
Agency Name	Trinity Public Utilities District
Formation Date	1981
Principal Act	Public Utility District Act (Public Utilities Code § 15501 – 18055)
Contact	
Main Contact	Paul Hauser, General Manager
E-mail	phauser@trinitypud.com
District Office Address	26 Ponderosa Lane, Weaverville, CA 96093
Mailing Address	PO Box 1216, Weaverville, CA 96093
Alternate Contact	Sarah Sheetz, Administrative Services Manager
Phone	(530) 623-5536
Website	www.trinitypud.com
Governance	
Governing Body	5 Member Board of Directors
Board Meetings	2 nd Thursday of the month at 2PM
Staffing	4 Administrative staff members
Services	
Services Provided	Electricity
Areas Served	Approximately 1.4 million acres (2,200 square miles)
Population Served	Approximately 12,000

2.1 Formation

The Trinity Public Utilities District (Trinity PUD) was originally formed by general election in 1981 and included approximately 10 square miles, or less than 1% of the area of Trinity County. In 1992, voters in substantially the entire county approved, via election, the annexation of approximately 64% of the area of the County into the District. The expanded District as it exists today currently includes approximately 2,200 square miles, which is approximately 65% of the land area of Trinity County and 85% of the population.

The District is the exclusive provider of retail electric distribution service within its boundaries. The District purchases its power from the Western Area Power Administration pursuant to a first preference right granted by Congress as part of the Trinity River Division Act of 1955. The TRD Act provided for the United States Government to build Trinity Dam and reserves, in perpetuity, the first twenty-five percent of the resulting energy generated to be sold at cost for use within Trinity County. The Act also provides for the Federal government to build those facilities necessary to deliver the power to Trinity County. The District has spent decades working to maximize power allocation, protect first preference rights, expand transmission infrastructure, and improve reliability and cost of service to District customers.

2.2 Services

The electric system of the District is primarily an electricity distribution and sub-transmission system; the District does not operate any generation assets. The District's assets include nine substations located within the County, approximately 600 miles of overhead distribution lines that are located in rugged and mountainous terrain. Its service area covers approximately 2,200 square miles in Trinity County and is sparsely populated, with fewer than 12 customers per mile of line.

Pursuant to federal legislation passed in 1955, the District has a first preference right to power produced by the Trinity River Division of the Central Valley Project. The District's entitlement has always exceeded the peak usage of the Electric System and is expected to continue to do so for the foreseeable future.

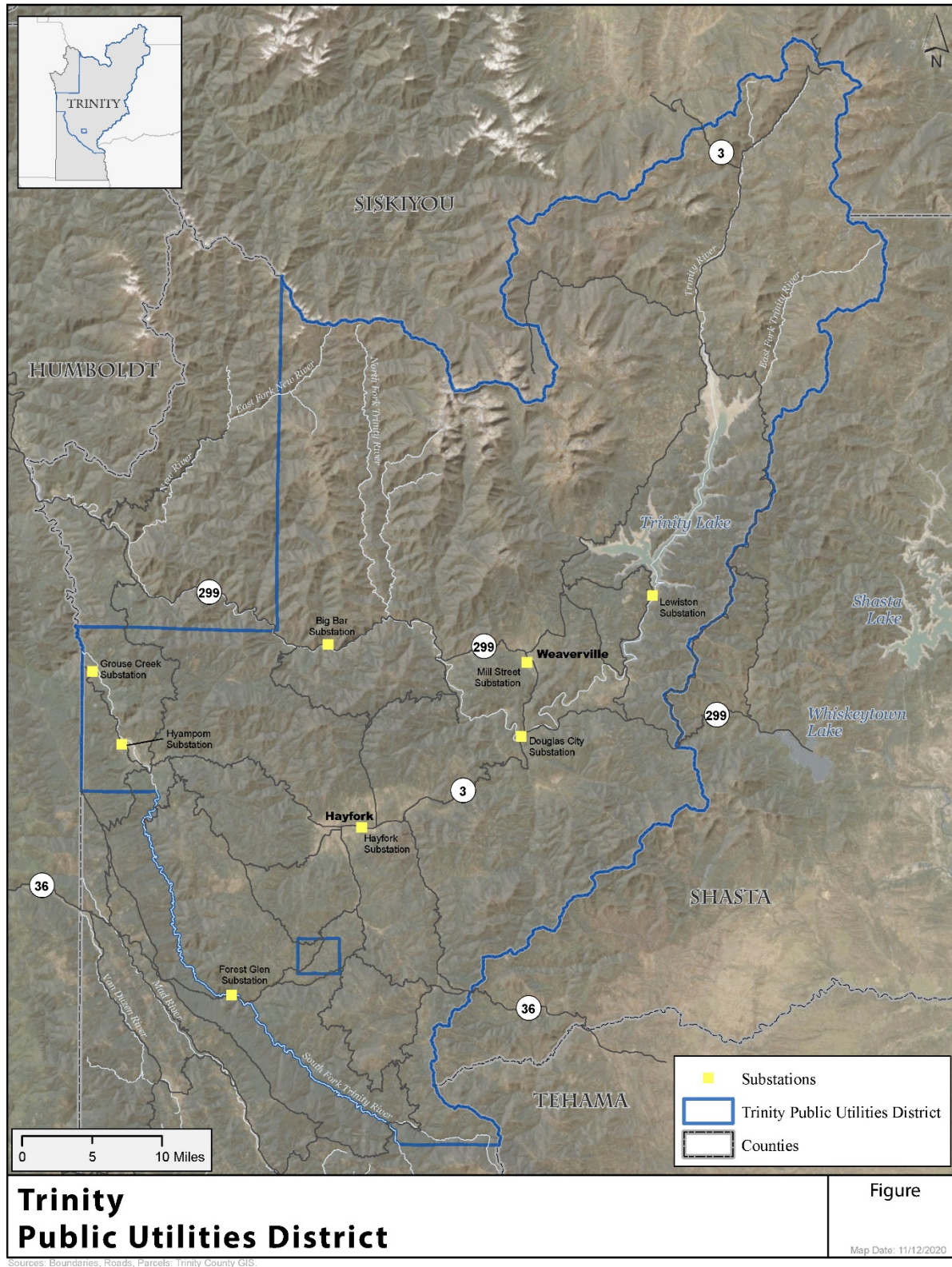
2.3 Boundary and Sphere

Trinity PUD covers approximately 1.4 million acres in Trinity County including the communities of Big Bar, Big Flat, Coffee Creek, Douglas City, Forest Glen, Helena, Junction City, Lewiston, Hayfork, Hyampom, Trinity Center, Weaverville, and Wildwood. The District boundary does not include the communities of Ruth, Mad River, Zenia and Kettenpom in the southern portion of Trinity County, nor does it include the communities of Denny, Del Loma, Burnt Ranch, Hawkins Bar and Salyer in the western portion of the County. In addition, the territory covering Post Mountain PUD is not included within the District; however, the Post Mountain PUD area is included within the District's sphere of influence (see Figure 1). Post Mountain PUD currently provides fire protection and limited road maintenance services.

There have been no changes to the District's boundary since 1993, when Trinity PUD entered into a \$12,000,000 Settlement Agreement with PG&E, which provided for Trinity PUD to acquire the Hayfork Valley PUD and purchase the distribution facilities for most of Trinity County, specifically those areas served by what was then known as the Weaverville Service Center of PG&E. As part of this reorganization, Trinity LAFCo approved the annexation of territory previously served by PG&E's Weaverville Service Center and the area served by Hayfork Valley PUD, and concurrently dissolved Hayfork Valley PUD (Resolution No. 92-04). The annexation did not include the area within Post Mountain PUD (Trinity Pines Subdivision area). There was no change to the five-member Board makeup of Trinity PUD, which continued to be elected at-large. An election was held to obtain approval from registered voters within the existing service area of Trinity PUD, the areas proposed to be annexed, and the service area of Hayfork Valley PUD.

There is no consideration by the District of combining with any public utility districts since there are no other districts that provide electrical distribution in the County, other than PG&E, a privately held utility.

Figure 1. District Boundary and SOI



3. GOVERNMENT STRUCTURE

3.1 Governing Body

Trinity PUD is governed by a five-member Board of Directors, elected at large by District residents to serve staggered four-year terms (Table 2). Each year the members select officers, including a President, Vice President and Clerk of the Board. The Board meets on the 2nd Thursday of each month at the District Office, 26 Ponderosa Lane in Weaverville. Meeting dates and agendas are posted at least 72 hours prior to meetings at the District Office and are available on the District's website.

Table 2: Trinity PUD Board of Directors		
Board Member	Title	Term Expiration
Mike Rourke	President	December 2022
Alex Cousins	Vice President	December 2024
Andy Johnson	Director	December 2024
Kelli Gant	Director	December 2024
Richard "Dick" Morris	Board Clerk	December 2022

3.2 Administration, Management & Staffing

The management of the District is the responsibility of the General Manager as appointed by the Board. Administrative and fiscal recommendations are made by the General Manager to the District Board for approval. Three employees report directly to the General Manager including the Chief Financial Officer, the Electric Superintendent, and the Administrative Services Manager.

There are a total of 23 full-time and 2 part-time District employees. The District has a policy and procedures manual for all employees. Annual audits performed by an independent accounting firm, attorney needs, and the majority of studies are contracted out to save the costs that would otherwise be associated with additional staff positions for those services.

The District participates in the Local Agency Investment Fund (LAIF) a voluntary program created by statute (California Government Code Sections 16429). The District participates in risk pools with the Special District Risk Management Authority (SDRMA) which provides property, liability, and workers' compensation insurance to its member districts.

Effective July 4, 2004, the District became a participant in the California Public Employees Retirement System (PERS) and began making contributions into the pension plan. The District offers its employees an employee funded deferred compensation plan created in accordance with

Internal Revenue Code Section 457. The District provides vacation, holiday and sick leave payments to its employees.

3.3 Buildings, Lands and Other Assets

The District owns approximately 3.5 acres in Weaverville which contains the approximate 5,000 square foot office plus an approximate 10,000 square foot maintenance and warehouse facility, in addition to customer and employee parking, and vehicle storage. The District owns a fleet of 19 vehicles including snow cats, pick-ups, and line trucks. In addition, the District owns the seven sub-station lands, which range from one-quarter to one-half-acre in size, and one sub-station permitted on Forest Service land (Forest Glen).

3.4 Public Outreach

The District maintains a website at www.trinitypud.com which is a helpful communication tool to enhance government transparency and accountability. The website provides service-related information, includes multiple years of budgets and audit information, and includes archived meeting agendas and minutes.

SB 929 (McGuire) was signed into law on September 14, 2018 requiring all independent special districts to have and maintain a website by January 1, 2020, meeting all the special district transparency requirements of State law including the availability of agendas, policies, and financial information. Trinity PUD currently complies with the SB 929 requirements.

Trinity PUD has adopted a series of Strategic Directions that were last updated in 2020. These include consideration of safety, reliability, competitive rates, enterprise risk management, customer relations, environmental leadership, and resource planning. The Strategic Directions are used as a guide in the decisions made about Trinity PUD's policies and operations.

3.5 Accountability

The Political Reform Act requires all state and local government agencies to adopt and promulgate a conflict of interest code pursuant to Government Code §81000 et seq. The Political Reform Act also requires persons who hold office to disclose their investments, interests in real property, and incomes by filing a Statement of Economic Interests (Fair Political Practices Commission Form 700) each year pursuant to Government Code §87203. Trinity PUD has a conflict of interest code and otherwise complies with the Political Reform Act requirements.

According to AB 1234, if a local agency provides compensation or reimbursement of expenses to local government officials, then all local officials are required to receive two hours of training on public service ethics laws and principles at least once every two years and establish a written policy on reimbursements pursuant to Government Code §53235. In addition, AB 1661 went into effect in 2016 and addresses local government sexual harassment prevention training and education. Trinity PUD provides both ethics training and sexual harassment training to all Board members.

4. SERVICES & INFRASTRUCTURE

4.1 Services Provided

Trinity PUD provides sub-transmission and electricity distribution to approximately 12,000 consumers in a 2,200 square mile area in Trinity County. Trinity PUD is directly connected to the Western Area Power Administration grid by 60-kV sub-transmission facilities and a 230-kV transmission line. Trinity PUD receives 100% of its power from the Western Area Power Administration (WAPA).¹ Total annual retail load was approximately 125 million kilowatt hours (kWh) for 2020. Trinity PUD's annual peak load has averaged 25 Megawatts (MW) over the last three years.

4.2 Electricity Source

Electricity for distribution by Trinity PUD is supplied by hydroelectric dams that are part of California's Central Valley Project. The Bureau of Reclamation manages the dams that create hydroelectricity. This electricity is managed by the WAPA, which then delivers the electricity to Trinity PUD.

As mentioned previously, the 1955 Trinity River Division Act authorized the construction of the Trinity River Division and the transfer of water resources of the Trinity River to the Central Valley. Reclamation completed the Trinity River Division in 1964. Water from the Trinity River Basin is stored, regulated, and diverted through a system of dams, reservoirs, tunnels, and powerplants as described below:

- Trinity Dam and Lake: Trinity Dam regulates flows and stores water for various uses. Completed in 1962, Trinity Dam is an earthfill structure 538 feet high with a crest length of 2,450 feet. The dam forms Trinity Lake, which has a storage capacity of 2,448,000 acre-feet.
- Trinity Powerplant: Trinity Powerplant at Trinity Dam has two generators with a total capacity of 140,000 kilowatts.
- Lewiston Dam and Lake: Lewiston Dam is about 8 miles downstream from Trinity Dam. The dam creates an afterbay to Trinity Powerplant and regulates releases into the Trinity River. Lewiston Dam is an earthfill structure 91 feet high and 754 feet long, forming a reservoir

¹ WAPA is a power marketing administration within the Department of Energy (DOE). WAPA has a statutory responsibility to make the necessary arrangements to deliver Federal power to Federally authorized water projects and to market and deliver cost-based Federal power in excess of that needed to meet Federal load to wholesale preference customers in regions within the central and western United States. WAPA's preference customers include Federal and State agencies, Native American tribes, electric cooperatives, municipal utilities, public utility districts, irrigation districts, and water districts.

with a storage capacity of 14,660 acre-feet. The trans-basin diversion begins at Lewiston Lake via Clear Creek Tunnel to Whiskeytown Lake.

- Lewiston Powerplant: Lewiston Powerplant at Lewiston Dam has one generator with a capacity of 350 kilowatts.
- Clear Creek Tunnel: Clear Creek Tunnel, 17.5 feet in diameter and 10.7 miles long, conveys up to 3,200 cfs from Lewiston Lake to Judge Francis Carr Powerhouse and Whiskeytown Lake. It is the conduit for the trans-basin diversion.
- Carr Powerhouse: Judge Francis Carr Powerhouse, on Clear Creek, has two generators with a total capacity of 154,400 kilowatts.
- Whiskeytown Dam and Lake: Located on Clear Creek, Whiskeytown Dam stores Clear Creek runoff and diverted Trinity River flows discharged from Carr Powerhouse. The dam is an earthfill structure 282 feet high with a crest length of 4,000 feet. Whiskeytown Lake has a capacity of 241,100 acre-feet.
- Spring Creek Tunnel: The Spring Creek Tunnel diverts water from Whiskeytown Lake to the Spring Creek Powerhouse and Keswick Dam on the Sacramento River.

On average, approximately 50% of Trinity County water passes through four sets of hydroelectric turbines before it heads down to the farmers in the Central Valley. All four plants are included in the Central Valley Project's Trinity River Division, and under the 1955 Trinity River Division Act, Trinity County residents are entitled to 25 percent of energy produced at the plants, at cost. The District's entitlement has always exceeded the peak usage of the Electric System and is expected to continue to do so for the foreseeable future.

4.3 Substations

There are nine substations within the District, four of which are served from PG&E's transmission system; and five of which are served by the Western Area Power Administration Service's transmission system and Trinity PUD's sub-transmission system. The District receives and meters 60-kV service as it enters the District substations. In the substations, the electricity is transformed to a 12-kV distribution system and leaves the substation by means of 18 major feeder circuits. The substations also have relays, recorders, lightning arresters, and standard equipment to protect the transformers from overload or ground fault. The distribution system is principally an overhead service type on wooden poles, with some underground lines. The substations are identified in Table 3.

Table 3: Existing Substations				
Substation	Meters	Capacity	Voltage	# of Transformers
Big Flat	126meters	1,000 kVA	60-12 kV	4
Douglas City	424 meters	3,000 kVA	60-12 kV	4
Forest Glen	14 meters	250 kVA	115-12 kV, single phase	2
Grouse Creek	7 meters	250 kVA	60-20.8 kV, single phase	1
Hayfork	1,510 meters	3,000 kVA	60-12 kV	4 and 1
Hyampom	187 meters	2,000 kVA	60-12 kV	4
Lewiston	1187 meters	3,750 kVA	60-12kV	4
Mill Street (Weaverville)	2,954 meters	13,333 kVA and 22,400 kVA	60-12.47 kV	4 and 4
WAPA-Trinity	823 meters	345 kVA	21kV	2

PG&E also has a substation (Trinity Substation) in Weaverville which has a 45 MVA, 115-60 kV autotransformer bank. It is the western termination of PG&E's Trinity-Keswick 60 kV circuit and the eastern termination of PG&E's Trinity-Maple Creek circuit. The District owns 12 spans of 60 kV that originates in the Trinity Substation and terminates at the Mill Street Substation. The District also owns 27 miles of 60kV that supplies Douglas City and Hayfork Substations from Trinity Substation.

4.4 Distribution System

The District's distribution system consists of over 600 miles of primarily overhead distribution lines on wooden poles, with some underground lines. Power is distributed throughout Trinity County via a 21 kV, 12.47 kV, 12 kV and 7.2 kV sub-transmission system. The District's distribution system is composed of three distinct types:

- Unigrounded System: The feeders are grounded at the substation. Distribution transformer high side windings are 12 kV connected phase to phase.
- Multigrounded System: The ground wire is grounded at the substation and at multiple points along the feeder. The Distribution transformer high side windings are connected phase to ground. This includes most of Weaverville and Grouse Creek. The high side windings of distribution transformers at Weaverville and Grouse Creek are 7.2 and 12.47 kV, respectively.
- The Delta System: Distribution transformer high side windings are 12 kV connected phase to phase (Forest Glen area).

Table 4: Existing Distribution System		
Item	Number	
	1999 (source 2006 MSR)	2020
Poles	11,253	12,355
Pads, vaults or junction boxes	435	313
Overhead distribution circuits	468.2 miles	600 miles
Underground distribution circuits	61.7 miles	150 miles

Trinity PUD is a member of the Northern California Joint Pole Association.

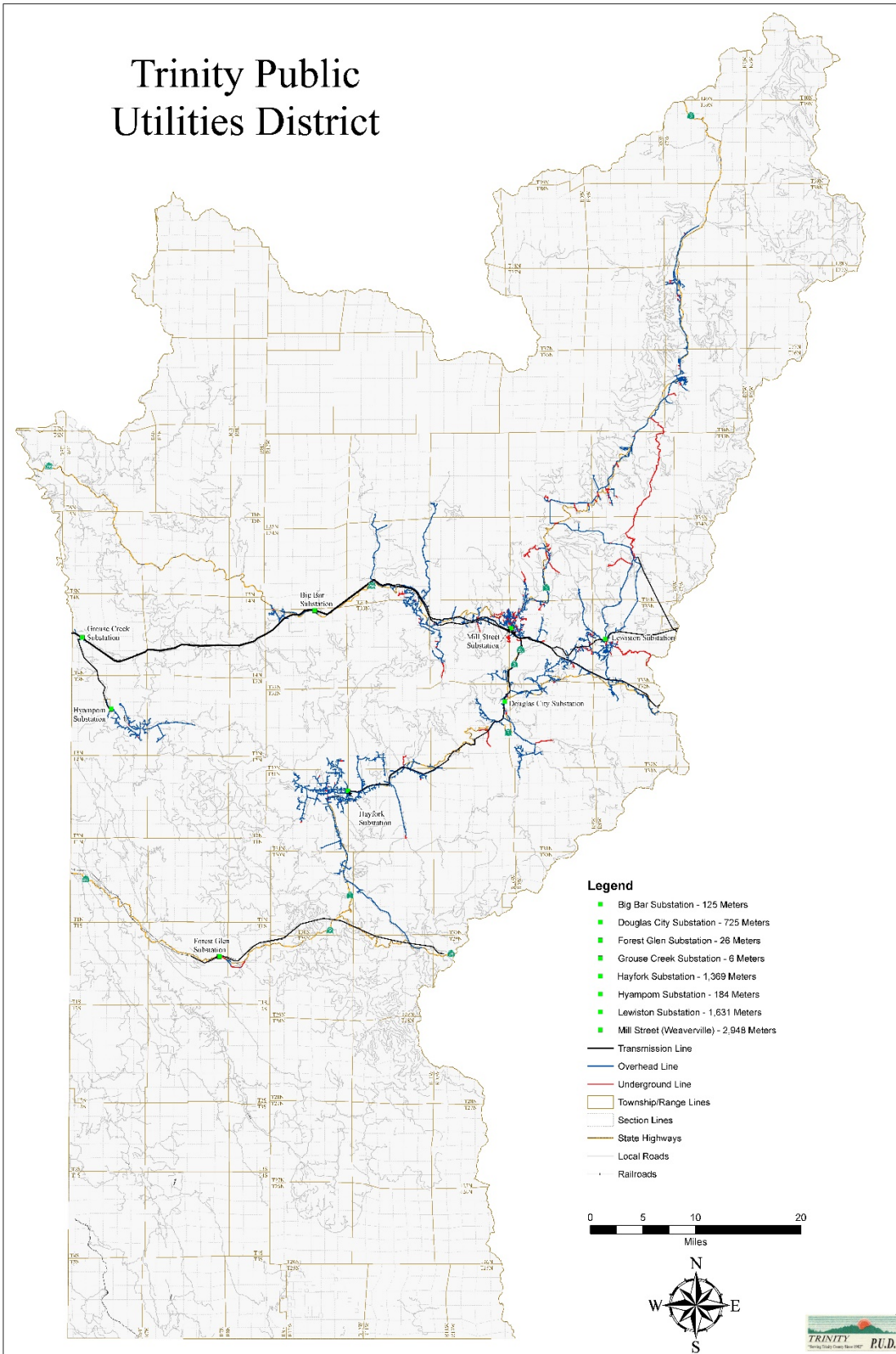
4.5 Wildfire Risk Reduction

The areas surrounding Trinity PUD's electric transmission and distribution systems are particularly vulnerable to fire risk due to the dense vegetation and steep terrain. Trinity PUD and WAPA have partnered to propose a proactive Wildfire Risk Reduction, Reliability, and Asset Protection (WRAP) Project to reduce fire risk to the surrounding communities and public lands, as well as to increase electric reliability to maintain critical services in local communities². A Notice of Intent to prepare a joint Environmental Impact Statement/Environmental Impact Report was circulated during a 45-day public scoping period in December 2020. WAPA intends to prepare a joint EIS/EIR for the proposed WRAP Project. Trinity PUD will be the lead agency for the CEQA EIR review process.

The project would reduce these fire risks by expanding WAPA's and Trinity PUD's existing transmission/distribution rights-of-way (ROWs) and implementing a proactive, integrated vegetation management program within the expanded ROWs. WAPA proposes to expand the width of its ROW for its 17.5-mile, 60-kV transmission line between Trinity Substation and Weaverville Switchyard from 80 feet to up to 130 feet on USFS, BLM, and private lands. This transmission line provides the majority of the electricity to the Trinity PUD system. Trinity PUD proposes to expand its utility ROW width from 20 feet to up to 130 feet for its overhead transmission and distribution system (216.8 miles) in high-fire risk areas on USFS, BLM, BOR, and private or other lands. The existing ROW easement for the underground distribution lines would not change.

² <https://www.federalregister.gov/documents/2020/12/11/2020-27147/wildfire-risk-reduction-reliability-and-asset-protection-wrap-project-trinity-county-california>

Trinity Public Utilities District



4.6 Electricity Demand

Total annual retail load was approximately 125 million kilowatt hours (kWh) for 2020. Trinity PUD's annual peak load has averaged 25 megawatts (MW) over the last three years. This peak demand occurs in the winter.

4.7 Electricity Rates

Trinity PUD maintains some of the cheapest electricity rates in the state. Trinity PUD divides its residential service territory into two geographic zones, Geographic Zone A and Geographic Zone B. Geographic Zone A customers pay an energy rate of \$0.055, and Geographic Zone B customers pay an energy rate of \$0.078; electricity generation from solar photovoltaic (PV) systems installed on customers' homes are compensated at these same rates.

The difference in rates between the two zones is based on which part of the Trinity PUD distribution system served each zone at the time distribution assets were acquired from investor-owned utilities. All debts associated with the purchase of the older parts of the distribution system have been paid (Geographic Zone A). The other parts of the distribution system were acquired through a bond purchase in 1993.

On March 15, 2019, Trinity PUD submitted an application identifying that its residential energy rates of \$0.055 and \$0.078 per kilowatt-hour are lower than the energy rates used by the California Energy Commission (CEC) when determining cost-effectiveness of solar PV system requirements, and that the 2019 Energy Code residential solar PV requirements are not cost-effective when the Trinity PUD rates are used. Trinity PUD compensates customers at the full retail rate for any customer-owned on-site generation. Based on this application, CEC staff performed a cost-effectiveness analysis and found that applying Trinity PUD's residential rates and its net energy metering rules for the analysis resulted in solar PV to not be cost effective in their service territory. Results showed that the energy bill savings from installation of an onsite solar PV system is less than the solar PV system cost, resulting in a benefit-to-cost ratio of less than 1.0. As a result, the CEC approved a resolution determining that the solar photovoltaic requirements in the 2019 Energy Code shall not apply to newly constructed low-rise residential buildings in the Trinity PUD service area.

A residential rate comparison with other power providers in the state shows Trinity PUD's residential rate of \$0.055 per kWh and \$0.078 per kWh for Zones A and B respectively compared to two other regional power providers with a rate of \$0.240 per kWh for PG&E and 0.1711 per kWh for Sacramento Municipal Utility District (SMUD).

A summary of rates for Trinity PUD can be seen in Table 5.

Table 5: Trinity PUD Electricity Rates³			
Energy Charge per kWh	Geographic Zone A	Geographic Zone B	System Access Charge
Residential	\$0.055	\$0.078	\$24.00
Commercial-General Service	\$0.073	\$0.093	\$36.00
Commercial-Unmetered	\$0.12	\$0.14	\$36.00
Industrial	\$0.048	\$0.65	Demand charge: \$3.51 per/kWh
Agricultural pumping	\$0.056	\$0.056	\$24.00
Street lighting-Public Lighting Authorities	Variable-dependent on lamp type and wattage	Variable-dependent on lamp type and wattage	
Street Lighting	Variable-dependent on lamp type and wattage	Variable-dependent on lamp type and wattage	
State Agencies	\$0.087	\$0.114	\$36.00
High Impact	\$0.087	\$0.111	\$45.00

In addition to base service charges there are miscellaneous service charges that the District may make including Connection or Reconnection Fees and Deposits that were last approved May 2020. Detailed information is available on their website⁴.

³ Rates available at <https://www.trinitypud.com/rates>

⁴ <https://www.trinitypud.com/pdf/policies/miscellaneous-service-charges.pdf>

5. FINANCING

5.1 Fiscal Overview

The Board of Directors is responsible for establishing and maintaining a system of internal accounting control. The Board operates as a financial committee with guidance from the General Manager. The annual budget is drafted and recommendations are made to the Board for approval. In addition, monthly financial statements are presented to the Board for review and approval. The basic financial statements of the District are prepared in accordance with Generally Accepted Accounting Principles (GAAP).

The District approves its annual budget pursuant to Budget Guidelines adopted by the Board. In accordance with the Budget Guidelines, the General Manager of the District presents to the Board the Budget assumptions and District goals in the May Board meeting. A proposed budget for the District is presented to the Board during the June Board meeting for the Fiscal Year commencing the following July 1, together with a four-year financial plan, thus projecting the District's fiscal position for the next five years. The resulting five-year financial plan must project a debt service coverage ratio for senior obligations of not less than 1.35 on a cash basis. The Budget Guidelines require each proposed budget to project monthly cash flow and be "zero based" (i.e., based on salient estimates rather than fixed escalators).

In 1989, the District formed the Trinity County Public Utilities District Financing Corporation, a nonprofit public benefit corporation to provide assistance to the District in financing capital improvements. The Board of Directors of the Corporation is the same as the District's Board of Directors. This entity was dissolved in 2020.

In 2010, the District formed the Trinity Public Utilities Financing Authority, a Joint Powers Authority, to provide assistance to the District in financing and refinancing capital improvements. The Board of Directors of the Authority is the same as the District's Board of Directors.

5.2 Revenue and Expenses

The District budget for fiscal year 2020-21 shows operating receipts projected at \$13,553,810, operating expenditures of \$10,890,738, thereby resulting in \$2,663,072 available for capital expenditures. The District's primary revenue sources include energy sales and surcharge receipts. The District's expenses include power acquisition, operations and maintenance, customer accounts, administrative and general and debt repayment. For the 2019-20 fiscal year the District's revenues exceeded its expenses by \$1,990,648 (Table 6).

Table 6: Trinity PUD Budget Summary					
	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Preliminary	FY 2020-21 Budgeted
Revenues					
Energy Sales	\$9,789,242	\$9,893,492	\$9,817,175	\$10,334,904	\$10,334,904
Surcharge Receipts	\$1291,278	\$381,510	\$1,818,284	\$90,000	\$1,360,912
Other Receipts	\$1,610,277	\$1,230,890	\$2,217,089	\$2,707,163	\$1,857,995
Total Revenues	\$12,690,797	\$11,505,892	\$13,215,548	\$13,132,067	\$13,553,810
Expenses					
Power Acquisition	\$3,243,996	\$1,570,385	\$2,656,541	\$3,060,547	\$2,986,218
Operations & Maintenance	\$2,673,277	\$2,715,801	\$3,495,026	\$3,698,415	\$3,766,483
Customer Accounts	\$894,235	\$682,428	\$708,997	\$884,797	\$801,482
Administrative & General	\$1,204,666	\$1,219,960	\$1,409,236	\$1,276,531	\$1,705,688
Debt & Financing	\$1,802,770	\$1,960,469	\$1,622,736	\$2,221,130	\$1,630,866
Total Expenses	\$9,818,944	\$8,149,043	\$9,892,536	\$11,141,419	\$10,890,738
Net Income	\$2,871,853	\$3,356,849	\$3,323,012	\$1,990,648	\$2,663,072

5.3 Capital Outlay

The District's net income is used for capital outlay, which includes improvements to District electricity infrastructure and property. If the amount needed exceeds the annual net income then the reserve funds are used to make up the difference.

Table 7: Trinity PUD Capital Outlay					
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21 Budgeted
Distribution/ Transmission	\$1,936,603	\$1,957,902	\$2,190,299	\$3,637,155	\$5,368,499
Substations	\$26,681	\$27,535	\$104,445	\$746,000	\$447,575
Customer Accounts	\$17,336	\$2,389,724	\$472,532	\$245,772	\$350,205
Property & Facilities	\$13,627	\$33,220	\$9,931	\$110,000	\$155,008
Total Revenues	\$1,994,277	\$4,408,381	\$2,777,207	\$4,738,927	\$6,321,286

5.4 Budget Reserves

Trinity PUD maintains significant budget reserves details of which can be seen in Table 8 below. Trinity PUD has a goal to maintain reserves in the amount of six months or more of Operations and Maintenance Expenses, excluding power costs.

Table 8: Trinity PUD Budget Reserve Balances					
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21 Budgeted
Restricted	\$1,790,202	\$610,607	\$606,171	\$22,500	\$15,000
Encumbered	\$601,128	\$779,059	\$599,710	\$500,000	\$1,123,645
Customer Funds	\$382,502	\$438,172	\$419,737	\$455,593	\$437,873
Dedicated	\$153,333	\$219,000	\$297,000	\$442,407	\$636,667
Contingency	\$7,578,129	\$7,554,939	\$8,370,668	\$6,274,507	\$1,973,608
Total Reserves	\$10,504,845	\$9,601,777	\$10,293,286	\$7,695,007	\$4,186,793

5.5 Audit Information

The District conducts annual audits and the available audit information indicates that the financial health of the District is strong due to an increase in net position of \$1.140 million. Audit results are often not available for as much as six months after the end of the fiscal year.

As of this writing, the FY 19/20 audit has been completed and information from it can be seen in Table 9. Total assets and deferred outflows of resources increased \$0.433 million over the course of FY 19/20. Total liabilities and deferred inflows of resources decreased \$0.707 million for a net increase to net position of \$1.140 million.

Table 9: Trinity PUD FY 2019-20 Audit Information		
	2019	2020
Assets and Deferred Outflows of Resources	\$52,772,030	\$53,204,961
Liabilities and Deferred Inflows of Resources	\$30,001,569	\$29,294,542
Total Net Position	\$22,770,461	\$23,910,419

Prepared by Baker Tilly Virchow Krause, LLP

5.6 Debt and Capital Leases

According to the FY 19/20 Audit, during FY 17/18, the District undertook a project to refinance the majority of its debt obligations. At the end of fiscal year 2020, the District had total long-term debt outstanding of \$19.831 million, including current maturities. \$19.570 million is comprised of 2017 Series A Electric Revenue Bonds and \$0.261 million note payable to the United States Department of Agriculture.

6. GROWTH AND POPULATION

6.1 Land Use

The Trinity County General Plan (2003) and Zoning Code guides land use decisions within Trinity County. Trinity County encompasses approximately 3,208 square miles of land (or roughly 2.05 million acres). The predominant features of the county include the Trinity River, Trinity Lake, and the Trinity Alps. Approximately 76 percent of the land is in State and Federal ownership, including a large portion of the Trinity National Forest, Six Rivers National Forest, and the Shasta Trinity National Recreational Area, as well as Bureau of Land Management lands. Of the roughly 24 percent of land in private hands, approximately 15 percent is industrial timber lands, while the remaining 9 percent of land is mainly in agricultural, commercial and residential uses.

The area served by Trinity PUD is largely agricultural, commercial timber production lands, recreation areas, and low density residential. More concentrated residential areas are located in the communities of downtown Weaverville and Hayfork. The District also contains areas of light industrial and commercial areas, generally along the Highway 299 corridor and includes areas along the Trinity River and Weaver Creek (See Figure 2).

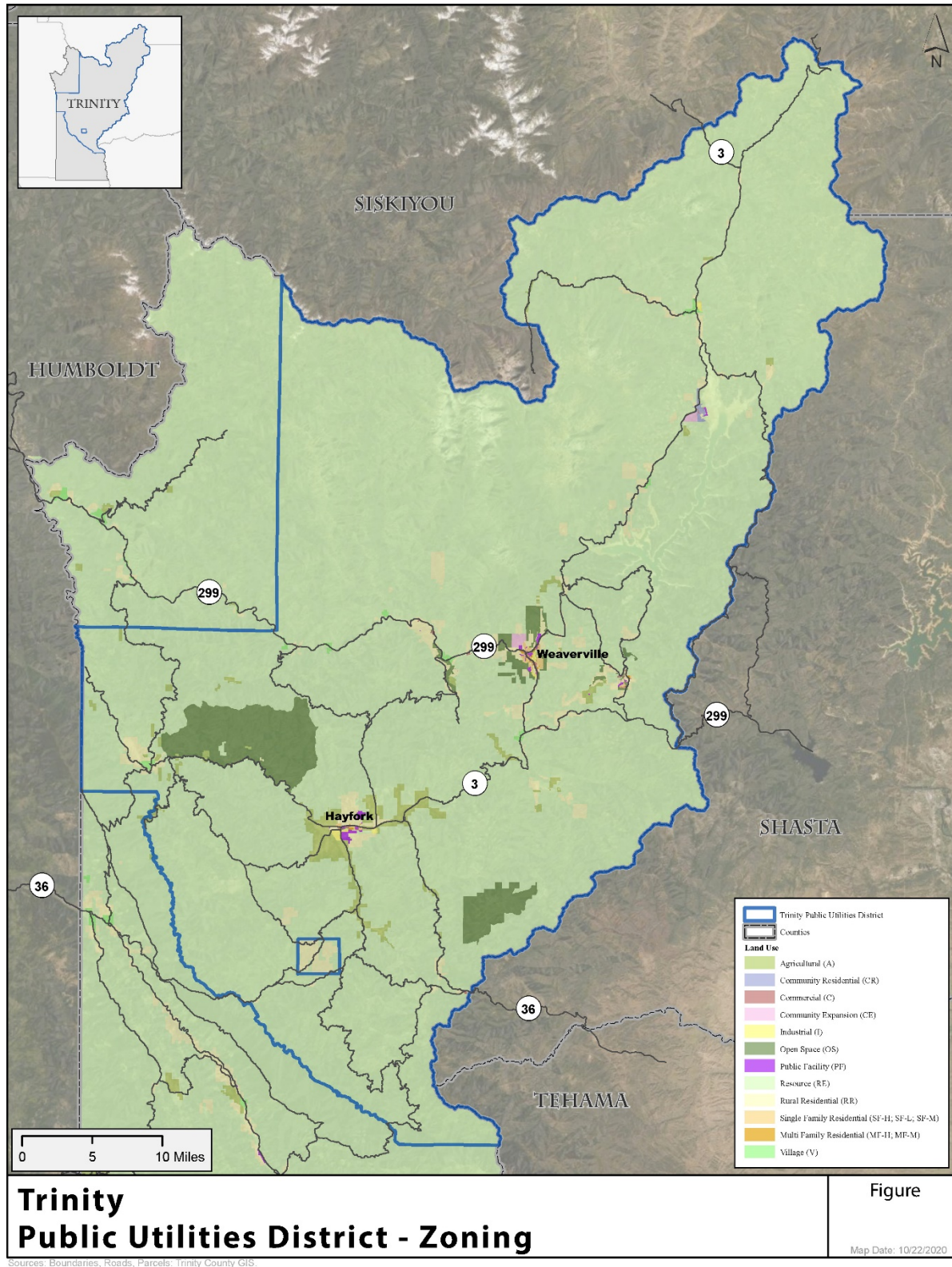
6.2 Existing Population and Projected Growth

Trinity PUD estimates a District population of approximately 12,000. The District will continue to grow based on current countywide growth rates. Trinity County's total 2019 countywide population is estimated to be 12,285, a decrease of -10.9% over the 2010 population of 13,786. Opportunities for growth exist within communities, but constraints such as flood plains and steep terrain are growth barriers for the remaining private lands within Trinity County.

6.3 Disadvantaged Unincorporated Communities

LAFCo is required to evaluate water service, sewer service, and structural fire protection within disadvantaged unincorporated communities as part of municipal service reviews, including the location and characteristics of any such communities. A disadvantaged unincorporated community (DUC) is defined as any area with 12 or more registered voters where the annual median household income is less than 80 percent of the statewide annual median household income (pursuant to Government Code Section 56033.5 and Water Code Section 79505.5). Within a DUC, three basic services are evaluated: water, sewage, and fire protection. Trinity PUD provides electricity services only and is therefore responsible for assuring that this service is adequately provided to the community. It can be assumed that communities outside of the Trinity PUD boundary qualify as disadvantaged based on average median household incomes for Trinity County.

Figure 2: District Land Use



7. MUNICIPAL SERVICE REVIEW DETERMINATIONS

This section addresses the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56430). As part of the municipal service review process, LAFCo makes the following written determinations.

1) Growth and population projections

Trinity PUD estimates a District population of approximately 12,000. The District will continue to grow based on current countywide growth rates. Opportunities for growth exist within communities, but constraints such as flood plains and steep terrain are growth barriers for the remaining private lands within Trinity County.

2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the Sphere of Influence

LAFCo is required to evaluate water service, sewer service, and structural fire protection within disadvantaged unincorporated communities as part of municipal service reviews. Trinity PUD provides electricity services only and is therefore responsible for assuring that this service is adequately provided to the community. It can be assumed that communities outside of the Trinity PUD boundary qualify as disadvantaged based on average median household incomes for Trinity County.

3) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies

Trinity PUD provides sub-transmission and electricity distribution to approximately 12,000 consumers in a 2,200 square mile area in Trinity County. Under the 1955 Trinity River Division Act, Trinity County residents are entitled to 25 percent of energy produced at the plants, at cost. The District's entitlement has always exceeded the peak usage of the Electric System and is expected to continue to do so for the foreseeable future.

Trinity PUD receives 100% of its power from the Western Area Power Administration (WAPA). Total annual retail load was approximately 125 million kilowatt hours (kWh) for 2020. Trinity PUD's annual peak load has averaged 25 Megawatts (MW) over the last three years. This peak demand occurs in the winter.

The areas surrounding Trinity PUD's electric transmission and distribution systems are particularly vulnerable to fire risk due to the dense vegetation and steep terrain. Trinity PUD and WAPA have partnered to propose a proactive Wildfire Risk Reduction, Reliability, and Asset Protection (WRAP) Project to reduce fire risk to the surrounding communities and public lands, as well as to increase electric reliability to maintain critical services in local communities.

4) Financial ability of agencies to provide services

Trinity PUD has adequate resources to provide services. For the 19/20 and 20/21 fiscal years the District's revenues exceeded its expenditures by \$1,990,648 and \$2,663,072 respectively. The District conducts annual audits with the FY 20/21 audit most recently completed. Total

assets and deferred outflows of resources increased \$0.433 million over the course of FY 19/20. Total liabilities and deferred inflows of resources decreased \$0.707 million for a net increase to net position of \$1.140 million.

5) Status of, and opportunities for, shared facilities

There currently exists no opportunities to share facilities with other electric service providers since there are no other districts that provide electrical distribution in the County, other than PG&E, a privately held utility.

6) Accountability for community service needs, including governmental structure and operational efficiencies

Trinity PUD is governed by a five-member Board of Directors. The District demonstrated accountability and transparency by disclosing financial and service-related information in response to LAFCo requests. Trinity PUD has a website that complies with new special district website regulations (SB 929).

7) Any other matter related to effective or efficient service delivery, as required by commission policy

Trinity PUD's SOI is coterminous with the district boundary apart from the Post Mountain area which corresponds with the service area of the Post Mountain PUD. Currently this area is not served electrical services by Trinity PUD or Post Mountain PUD, which only provides fire protection and limited road maintenance services. Should the Post Mountain area ever wish to have electrical services provided, annexation to the Trinity PUD would be required. No change to the District's SOI is proposed at this time.

8. SPHERE OF INFLUENCE DETERMINATIONS

1) Present and planned land uses in the area, including agricultural and open-space lands.

The area served by the Trinity PUD is primarily agricultural, commercial timber production lands, recreation areas, and rural residential uses. There are also areas of light industrial and commercial uses. Opportunities for growth exist, but physical constraints such as flood plains and steep terrain are barriers to growth.

2) Present and probable need for public facilities and services in the area.

The District boundary does not include the communities of Ruth, Mad River, Zenia and Kettenpom in the southern portion of Trinity County, nor does it include the communities of Denny, Del Loma, Burnt Ranch, Hawkins Bar and Salyer in the western portion of the County. In addition, the territory covering Post Mountain PUD is not included within the District; however, the Post Mountain PUD area is included within the District's sphere of influence. Prior to considering expanded services outside the current service area and within the sphere of influence, Trinity PUD must demonstrate the ability to provide services to those areas.

3) Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

Electricity for distribution by Trinity PUD is supplied by hydroelectric dams that are part of California's Central Valley Project. The Bureau of Reclamation manages the dams that create hydroelectricity. This electricity is managed by the WAPA, which then delivers the electricity to Trinity PUD. The current capacity of public facilities provided by the District appear to be adequate to serve current and future demand within the District Boundary.

4) Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

Trinity PUD provides sub-transmission and electricity distribution to approximately 12,000 consumers in a 2,200 square mile area in Trinity County. The District is the exclusive provider of retail electric distribution service within its boundaries. The District works to maximize power allocation, protect first preference rights, expand transmission infrastructure, and improve reliability and cost of service to District customers.

5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.

Trinity PUD provides electricity services only and is therefore responsible for assuring that this service is adequately provided to the community. It can be assumed that communities outside of the Trinity PUD boundary qualify as disadvantaged based on average median household incomes for Trinity County.

9. REFERENCES

State of California Department of Finance:

<http://www.dof.ca.gov/Forecasting/Demographics/Estimates/E-1/>

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