



Transmission Agency of Northern California
P.O. Box 15129 Sacramento, CA 95851-0129 (916) 852-1673

MEMORANDUM

DATE: November 13, 2024

TO: TANC Commission

FROM: John Roukema
Interim General Manager

SUBJECT: NOVEMBER 20, 2024 MEETING OF THE TRANSMISSION AGENCY OF NORTHERN CALIFORNIA

The Commission of the Transmission Agency of Northern California (TANC) will meet at 10:00 a.m. on Wednesday, November 20, 2024, at 2377 Gold Meadow Way, First Floor, Gold River, California, 95670. The meeting is also accessible by telephone at:

Join Meeting: [+1 202-945-4283](tel:+1202-945-4283); **Phone conference ID:** 320 947 93#

In addition to the customary reports, enclosed are reports related to WestConnect activities, California-Oregon Transmission Project (COTP) matters, TANC technical matters, Federal Energy Regulatory Commission and related regulatory matters, Western Electricity Coordinating Council matters, Open Access Same-Time Information System matters, wildfire activities, reliability standard compliance matters, California Independent System Operator matters, a report from the TANC Interim General Manager, a report on TANC Strategic Planning efforts and a discussion of Public Safety Power Shutoffs in TANC Wildfire Mitigation Plan.

The Commission will also receive a report and consider the Audit of TANC's Financial Statements for Fiscal Year 2024 and consider a resolution approving assignments under the COTP Interim Participation Agreement, the COTP Operation and Maintenance Agreement, the Owners Coordinated Operation Agreement, and the California-Oregon Intertie Path Operating Agreement; and Revisions to Project Agreement No. 3 and Project Agreement No. 5 as Needed to Authorize the Transfers of COTP Entitlements to TANC. The TANC Commission will then consider several administrative matters and schedule its next meeting.

A Public Entity whose Members include:
Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Modesto Irrigation District,
Palo Alto, Plumas-Sierra Rural Electric Cooperative, Redding, Roseville,
Sacramento Municipal Utility District, Santa Clara, Turlock Irrigation District, Ukiah

TAB 1

CALL TO ORDER

The TANC Chair will call the meeting to order.

TAB 2

ROLL CALL

The TANC Interim General Manager will conduct a roll call of the TANC Commission members in attendance.

AGENDA
TANC COMMISSION MEETING
November 20, 2024
10:00 AM

LOCATION
2377 Gold Meadow Way
First Floor Conference Room
Gold, River, CA 95670

Remote Locations:

Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678-6420

Silicon Valley Power
881 Martin Ave
Santa Clara, CA 95050

Roseville Electric Utility
2090 Hilltop Circle
Roseville, CA 95747

Any member of the public who desires to address the Commission during public comment portion of this meeting or on any item considered by the Commission at this meeting, before, or during the Commission's consideration of that item, shall so advise the Commission Chair or General Manager when public comment is called and when recognized shall thereupon be given an opportunity to do so.

Any person requiring accommodations in accordance with the Americans with Disabilities Act in order to attend or participate in this meeting are requested to contact Larry Riegle at lriegle@tanc.us in advance of the meeting to arrange for such accommodations.

Join Meeting: +1 202-945-4283; Phone conference ID: 320 947 93#

1. Call to Order

The TANC Chair will call the meeting to order.

2. Roll Call

A representative from TANC will conduct a roll call of TANC Commission members in attendance.

3. Approval of Agenda

The Commission will review the proposed agenda and approve it with any necessary corrections or deletions.

PUBLIC COMMENT

4. The Commission will consider comments from the public at this time.

CONSENT CALENDAR

ALL MATTERS LISTED UNDER THE CONSENT CALENDAR ARE CONSIDERED BY THE COMMISSION TO BE ROUTINE AND WILL ALL BE ENACTED BY ONE MOTION. THERE WILL BE NO SEPARATE DISCUSSION OF THESE ITEMS UNLESS A COMMISSIONER REQUESTS THAT AN ITEM BE SEPARATELY CONSIDERED PRIOR TO THE TIME THE COMMISSION VOTES ON THE MOTION TO ADOPT.

5. Approval of the Draft Minutes from the September 18, 2024 TANC Commission Meeting.

Enclosed are the draft minutes from the September 18, 2024 TANC Commission meetings, for approval, subject to any necessary corrections or clarifications.

6. Report on TANC's Investment Purchases

Enclosed are reports on TANC's investment purchases.

7. Report on General Manager's Committees

Enclosed are approved meeting minutes from the following committees:

- a. Audit Budget Committee
- b. Contracts Committee
- c. Engineering and Operations Committee
- d. Open Access Transmission Tariff Committee

8. Report on WestConnect Activities

Enclosed is a report regarding activities related to WestConnect.

9. Report on COTP Matters

Enclosed is a report regarding California-Oregon Transmission Project (COTP) matters.

10. Report on TANC Technical Matters

Enclosed is a report regarding TANC technical matters.

11. Report on FERC and Related Regulatory Matters

Enclosed is a report regarding Federal Energy Regulatory Commission and other related regulatory matters.

12. Report on WECC Matters

Enclosed is a report regarding Western Electricity Coordinating Council matters.

13. Report on TANC OASIS Matters

Enclosed is a report regarding usage on the Open Access Same-Time Information System and related matters.

14. Report on Wildfire Activities

Enclosed is a report regarding recent wildfire related initiatives.

15. Report on TANC's Reliability Standards Compliance Program

Enclosed is a report regarding TANC's Reliability Standards Compliance Program.

16. Report on CAISO Matters

Enclosed is a report on California Independent System Operator related matters.

INFORMATION ITEMS

17. Report from the TANC Interim General Manager

The Commission will receive a report from TANC's Interim General Manager.

18. Report on TANC Strategic Planning Efforts

The Commission will receive a report on the status of workplans associated with ongoing strategic planning efforts.

19. Report on Addressing Public Safety Power Shutoffs in TANC WMP for the COTP

The Commission will discuss information on Public Safety Power Shutoffs to consider in the next update to the TANC Wildfire Mitigation Plan for the COTP.

ACTION ITEMS

20. Report and Potential Action Regarding the Audit of TANC's Financial Statements for Fiscal Year 2024

The Commission will receive a presentation from TANC's auditor, Baker Tilly Virchow Krause LLP, review the Fiscal Year 2024 Financial Statements, and may take action to accept the audit report.

21. Resolution Approving Assignments Under the COTP Interim Participation Agreement, the COTP Operation and Maintenance Agreement, the Owners Coordinated Operation Agreement, and the California-Oregon Intertie Path Operating Agreement; and Revisions to Project Agreement No. 3 and Project Agreement No. 5 as Needed to Authorize the Transfers of COTP Entitlements to TANC

The Commission will consider a resolution Approving Assignments under the COTP Interim Participation Agreement, the COTP Operation and Maintenance Agreement, the Owners

Coordinated Operation Agreement, and the California-Oregon Intertie Path Operating Agreement; and Revisions to Project Agreement No. 3 and Project Agreement No. 5 as Needed to Authorize the Transfers of COTP Entitlements to TANC.

22. Report and Potential Action on Administrative Items

- a. Approval of Officers List for 2025
- b. Approval of 2025 TANC Commission Meeting Schedule

23. Meeting Calendar

The Commission will confirm the date of its next scheduled meeting is December 18, 2024.

TAB 4

PUBLIC COMMENT

The TANC Commission will consider comments from the public at this time.

TAB 5

DRAFT MINUTES AND ATTACHMENTS

DRAFT MINUTES
TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
COMMISSION MEETING
SEPTEMBER 18, 2024

Chair Zettel (City of Redding) called the September 18, 2024 Transmission Agency of Northern California (TANC) Commission meeting to order at 10:00 a.m. Mr. Roukema (TANC Interim General Manager) took a roll call of the Commissioners in attendance. Meeting attendees are listed in Attachment 1.

Approval of Agenda

Chair Zettel inquired as to any recommended additions, deletions or modifications to the agenda. With no changes proposed, Mr. Caballero (Modesto Irrigation District) made a motion to approve the September 18, 2024 TANC Commission agenda. Mr. Gill (Turlock Irrigation District) seconded the motion, which was approved by the TANC Commission. The approved agenda for the September 18, 2024 Commission meeting is included as Attachment 2.

PUBLIC COMMENT

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

CONSENT CALENDAR

Chair Zettel asked if any Commissioner would like a discussion or removal of any item under the Consent Calendar and there were no requests. Mr. Gill (Turlock Irrigation District) made a motion to approve the Consent Calendar. Mr. Caballero (Modesto Irrigation District) seconded the motion, which was approved by the Commission. The approved minutes from the August 21, 2024 TANC Commission meeting are included as Attachments 3.

INFORMATION ITEMS

Report from the TANC Chair

Chair Zettel reported that Mr. Roukema (Roukema Consulting, LLC) was now under contract to serve as the Interim General Manager and that as part of his duties he would lead the ad hoc committee in the search for a regular General Manager. The TANC Commission discussed the status of the transfer of California-Oregon Transmission Project (COTP) entitlements – both the transfer from Carmichael and San Juan Water Districts to Turlock Irrigation District and the City of Roseville and the transfer of the City of Redding’s COTP entitlement to TANC. The Commission also discussed a request from TANC Special Counsel (Duncan Weinberg) for TANC’s consent for them to assist the Balancing Authority of Northern California with tasks related to the California Independent System Operator’s Extended Day-Ahead Market. It was reported that Mr. Roukema would be working through any potential conflicts.

Report on TANC Strategic Planning Efforts

The Commission received an update on the upfront funding to be made to the Western Area Power Administration (WAPA) in early October for their share of the COTP Series Capacitor Project. The Commission also discussed consideration of including a formal policy on Public Safety Power Shutoff in future updates to the TANC Wildfire Mitigation Plan for the COTP and agreed to discuss the issue further at the October Commission meeting. Chair Zettel also reported that the development of new strategic planning items would be paused until TANC secures a regular General Manager to lead the effort.

ACTION ITEMS

Report and Potential Action on TANC’s Available Cash Balances

Ms. Nguyen (Sacramento Municipal Utility District) provided the TANC Commission with an overview of the TANC available cash balances through June 30, 2024. Mr. Riegle (TANC) noted that, as a future item, TANC would need to decide what to do with the funding that is repaid by

WAPA associated with the COTP Series Capacitor Project. After discussion by the TANC Commission and the agreement to add specific TANC Member positions in the reports going forward, Mr. Gill (Turlock Irrigation District) moved to approve the report on TANC available cash balances. The motion was seconded by Mr. Caballero (Modesto Irrigation District) and approved by the TANC Commission by roll call vote.

Resolution Vesting and Retaining Power and Authority of the Interim Contract Executive/General Manager and TANC Commission Chair Respectively

Chair Zettel reported that as previously authorized by the Commission at their August 21, 2024 meeting, TANC has entered into an agreement with Roukema Consulting, LLC for John Roukema to serve as the Interim General Manager of TANC. Chair Zettel noted that approval of the proposed resolution would grant Mr. Roukema certain responsibilities, authorities and obligations that are needed to be considered and performed to serve as the TANC Interim General Manager and that all such certain responsibilities, authorities and obligations would also continue to also be retained by the TANC Chair. After discussion by TANC Commission, Mr. Wong (City of Santa Clara) moved to approve the resolution authorizing the responsibilities, authorities and obligations to the Interim General Manager. This motion was seconded by Mr. Forsythe (City of Roseville) and approved by the TANC Commission. Resolution 2024-18 is included as Attachment 4.

CLOSED SESSION

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

After discussion Mr. Gross reported that no reportable action was taken by the Commission.

Report and Potential Action on Administrative Items

The TANC Commission considered an update to the TANC Officers list. After discussion by the TANC Commission, Mr. Wong (City of Santa Clara) moved to approve the updated TANC Officers list. The motion was seconded by Mr. Gill (Turlock Irrigation District) and approved by roll call vote.

Meeting Calendar

The next regular TANC Commission meeting is scheduled for October 23, 2024. There being no further business, Chair Zettel adjourned the meeting.

Draft

ATTENDANCE LIST

TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
COMMISSION MEETING

September 18, 2024

10:00 AM

NAME

ORGANIZATION

| | |
|-------------------|---------------------------------------|
| Nick Zettel | City of Redding |
| Martin Caballero | Modesto Irrigation District |
| Manjot Gill | Turlock Irrigation District |
| Bill Forsythe | City of Roseville |
| Jon Olson | Sacramento Municipal Utility District |
| Chris Hofmann | Sacramento Municipal Utility District |
| Russell Mills | Sacramento Municipal Utility District |
| Hieu Nguyen | Sacramento Municipal Utility District |
| Randy Howard | Northern California Power Agency |
| Tony Zimmer | Northern California Power Agency |
| Basil Wong | Silicon Valley Power |
| Kathleen Hughes | Silicon Valley Power |
| Melinda Jones | Western Area Power Administration |
| Michelle Williams | Western Area Power Administration |
| Jeanne Haas | Western Area Power Administration |
| Bryan Griess | Western Area Power Administration |
| Cory Danson | Western Area Power Administration |
| Steve Gross | TANC General Counsel |
| John Roukema | Interim General Manager |
| Amy Cuellar | TANC Staff |
| Larry Riegle | TANC Staff |

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September 18, 2024
10:00 AM

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2377 Gold Meadow Way
First Floor Conference Room
Gold, River, CA 95670

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881 Martin Ave
Santa Clara, CA 95050

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Join Meeting: 1 (202) 945-4283 Phone Conference ID: 544 215 124#

1. Call to Order

The TANC Chair will call the meeting to order.

2. Roll Call

A representative from TANC will conduct a roll call of TANC Commission members in attendance.

3. Approval of Agenda

The Commission will review the proposed agenda and approve it with any necessary corrections or deletions.

PUBLIC COMMENT

4. The Commission will consider comments from the public at this time.

CONSENT CALENDAR

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Enclosed is a report regarding Western Electricity Coordinating Council matters.

13. Report on Wildfire Activities

Enclosed is a report regarding recent wildfire related initiatives.

14. Report on TANC's Reliability Standards Compliance Program

Enclosed is a report regarding TANC's Reliability Standards Compliance Program.

15. Report on CAISO Matters

Enclosed is a report on California Independent System Operator related matters.

16. Report on the 2024 TANC Audit Schedule

Enclosed is a report on the schedule for the annual 2024 TANC Audit.

17. Report on FY 2024 Fourth Quarter Budget Variance Report

Enclosed is a report concerning the Fiscal Year 2024 Fourth Quarter Budget Variance Report.

INFORMATION ITEMS

18. Report from the TANC Chair

The Commission will receive a report from TANC's Chair.

19. Report on TANC Strategic Planning Efforts

The Commission will receive a report on the status of workplans associated with ongoing strategic planning efforts.

ACTION ITEMS

20. Report and Potential Action on TANC's Available Cash Balances

The Commission will receive a report on available cash balances through June 30, 2024.

21. Resolution Vesting and Retaining Power and Authority of the Interim Contract Executive/General Manager and TANC Commission Chair Respectively

The Commission will consider a resolution vesting and retaining power and authority of the Interim Contract Executive/General Manager and the TANC Commission Chair respectively.

CLOSED SESSION

22. Closed Session Pursuant to Government Code Section 54956.9(a), Pending Litigation:

- a. Pacific Gas and Electric Company Docket Nos. ER16-2320-000; ER17-2154-000; ER19-13-000; ER23-2968-000, et al.

END OF CLOSED SESSION

23. Report and Potential Action on Administrative Items

- a. Approval of an Updated TANC Officers List

24. Meeting Calendar

The Commission will confirm the date of its next scheduled meeting is October 23, 2024.

Approved September 18, 2024

Attachment 3

MINUTES
TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
COMMISSION MEETING
AUGUST 21, 2024

Chair Zettel (City of Redding) called the August 21, 2024 Transmission Agency of Northern California (TANC) Commission meeting to order at 10:00 a.m. Mr. Riegle (TANC) took a roll call of Commissioners in attendance. Meeting attendees are listed in Attachment 1.

Approval of Agenda

Chair Zettel inquired as to any recommended additions, deletions or modifications to the agenda. With no changes proposed, Mr. Gill (Turlock Irrigation District) made a motion to approve the August 21, 2024 TANC Commission agenda. Mr. Beans (City of Roseville) seconded the motion, which was approved by the TANC Commission. The approved agenda for the August 21, 2024 Commission meeting is included as Attachment 2.

PUBLIC COMMENT

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

CONSENT CALENDAR

Chair Zettel asked if any Commissioner would like a discussion or removal of any item under the Consent Calendar and there were no requests. Mr. Gill (Turlock Irrigation District) made a motion to approve the Consent Calendar. Ms. Lewis (Sacramento Municipal Utility District) seconded the motion, which was approved by the Commission. The approved minutes from the July, 17 2024 TANC Commission meeting are included as Attachments 3.

INFORMATION ITEMS

Report from the TANC Chair

Chair Zettel reported that he was working on identifying an Interim General Manager and that the Commission would consider potential options later in the meeting. The Commission also discussed a recent inquiry from a transmission developer on offshore wind development. Mr. Gill also provided an update on potential acquisition of Carmichael and San Juan Water District's California-Oregon Transmission Project (COTP) entitlement reporting that a proposal was being negotiated and the required contracts would likely be brought to the Commission for consideration in November. Chair Zettel reported that these same agreements would need to be revised as part of the City of Redding's transfer of their COTP entitlement to TANC. Chair Zettel also noted that the COTP entitlement transfers would also trigger a review of the structure of the COTP Management Committee – which has been operating under an Interim Participation Agreement since the 1990s.

Report on TANC Strategic Planning Efforts

Mr. Riegle provided an update on strategic planning efforts was included in the meeting information. Chair Zettel also report that the development of new strategic planning items would be paused until TANC secures a new General Manager to lead the effort.

ACTION ITEMS

Resolution Approving a Letter of Credit

Mr. Mills (Sacramento Municipal Utility District) reported that TANC needs to consider the issuance of one or more series of notes in the aggregate principal amount of not to exceed one hundred twenty million dollars (\$120,000,000), to provide upfront funding to the Western Area Power Administration as agreed to in Letter of Agreement 23-SNR-0300 and in support of the Series Capacitor Replacement Project. Mr. Mills also noted that the General Manager's Finance Committee recommended approval of authorizing the issuance of one or more series of notes in the aggregate principal amount of not to exceed \$120,000,000 and authoring the activities necessary to complete the request. The TANC Commission discussed the proposed schedule for bond sales which would be in the late spring/early summer of 2025 after which the notes would be paid off in full. After discussion by TANC Commission, Ms. Lewis (Sacramento Municipal Utility District) moved to approve authorizing the issuance of one or more series of notes in the aggregate principal amount of not to exceed \$120,000,000 and authorizing the activities necessary to complete the request. This motion was seconded by Mr. Gill (Turlock Irrigation District) and approved by the TANC Commission. Resolution 2024-17 is included as Attachment 4.

Discussion and Possible Action – Appointment of Labor Negotiator

The TANC Commission discussed the appointment of Chair Zettel to serve as the labor negotiator to negotiate for the unrepresented position of Interim Contract Executive/General Manager. After discussion by the TANC Commission, Mr. Beans (City of Roseville) moved to approve the appointment of Chair Zettel to serve as the labor negotiator. This motion was seconded by Ms. Lewis (Sacramento Municipal Utility District) and approved by the TANC Commission by roll call vote.

CLOSED SESSION

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

After discussion Mr. Gross reported that no reportable action was taken by the Commission.

ADDITIONAL ACTION ITEMS

Discussion and Possible Action – Agreement for Interim Contract Executive/General Manager Services

The TANC Commission discussed contracting with Mr. John Roukema for Interim Contract Executive/General Manager Services. After discussion by the TANC Commission, Mr. Beans (City of Roseville) moved to approve authorizing the TANC Chair to negotiate and enter into an agreement for Interim Contract Executive/General Manager Services. This motion was seconded by Mr. Gill (Turlock Irrigation District) and approved by roll call vote.

Discussion and Possible Action – Establishment of an Ad Hoc Committee of TANC Commission Members to Identify and/or Negotiate with an Interim/Regular Contract Executive/General Manager

The TANC Commission discussed forming an ad hoc committee to evaluate TANC’s current Contract Executive structure and consider options to retain a Regular Contract Executive/General Manager. After discussion by the TANC Commission and an identification of the ad hoc committee members, Mr. Caballero (Modesto Irrigation District) moved to approve forming the ad hoc committee. This motion was seconded by Ms. Lewis (Sacramento Municipal Utility District) and approved by roll call vote.

Meeting Calendar

The next regular TANC Commission meeting is scheduled for September 18, 2024. There being no further business, Chair Zettel adjourned the meeting.

Respectfully Submitted,

DocuSigned by:



John Roukema

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TANC Interim General Manager

TAB 6

REPORT ON TANC'S INVESTMENT PURCHASES

Enclosed is a report on TANC's investment purchases.



Dear Commissioners,

RE: MANDATED REPORTS

Attached are the Investment Purchases Reports for the months of July, August and September and the Portfolio Summary as of September 30, 2024. California Government Code Sections 53607 and 53646, respectively, mandate the reports. The investment portfolio complies with TANC's investment policy and the applicable bond indentures.

TANC expects to meet expenditure requirements for the next six months as detailed in the approved and proposed budgets.

Should you have any questions, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jon Anderson', is positioned above the typed name.

Jon Anderson

TANC Assistant Treasurer

Attachments

A Public Entity whose Members include:
Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Modesto Irrigation District,
Palo Alto, Plumas-Sierra Rural Electric Cooperative, Redding, Roseville,
Sacramento Municipal Utility District, Santa Clara, Turlock Irrigation District, Ukiah

Transmission Agency of Northern California

Portfolio Summary As of September 30, 2024

| Security Description | Issuer Description | Coupon | Yield | Maturity Date | Par Value | Original Cost | Market Value | Settlement Date |
|--|------------------------------|--------|-------|---------------|-------------------------|-------------------------|-------------------------|-----------------|
| U.S. Treasury Note | U.S. Treasury | 1.50% | 1.49% | 7/15/2025 \$ | 10,000,000.00 \$ | 9,967,187.50 \$ | 9,918,600.00 | 7/18/2022 |
| U.S. Treasury Note | U.S. Treasury | 3.00% | 3.09% | 11/30/2024 \$ | 3,500,000.00 \$ | 3,382,968.75 \$ | 3,481,030.00 | 6/10/2022 |
| Money Market Funds | | | | | | | | |
| Local Agency Investment Fund | Local Agency Investment Fund | 0.0% | 4.58% | N/A \$ | 18,907,791.37 \$ | 18,907,791.37 \$ | 18,907,791.37 | N/A |
| Fidelity Inst MM Gov't Portfolio-Class I | Fidelity Investments | 0.0% | 4.80% | N/A | 546,457.15 | 546,457.15 | 546,457.15 | N/A |
| Federated Government Obligations | Federated Investors Funds | 0.0% | 4.82% | N/A | 31,245,728.26 | 31,245,728.26 | 31,245,728.26 | N/A |
| First American Government Obligations | First American Investments | 0.0% | 4.33% | N/A | 374,430.00 | 374,430.00 | 374,430.00 | N/A |
| TOTAL | | | | | \$ 64,574,406.78 | \$ 64,424,563.03 | \$ 64,474,036.78 | |

Transmission Agency of Northern California

Investment Purchases Report For Month Ended July 31, 2024

| <u>Settlement Date</u> | <u>Maturity Date</u> | <u>Portfolio</u> | <u>Investment Type</u> | <u>Issuer</u> | <u>Par Value</u> |
|----------------------------|--------------------------|------------------|------------------------|---------------|----------------------|
|----------------------------|--------------------------|------------------|------------------------|---------------|----------------------|

No purchases in July 2024

Transmission Agency of Northern California

Investment Purchases Report For Month Ended August 31, 2024

| <u>Settlement Date</u> | <u>Maturity Date</u> | <u>Portfolio</u> | <u>Investment Type</u> | <u>Issuer</u> | <u>Par Value</u> |
|----------------------------|--------------------------|------------------|------------------------|---------------|----------------------|
|----------------------------|--------------------------|------------------|------------------------|---------------|----------------------|

No purchases in August 2024

Transmission Agency of Northern California

Investment Purchases Report For Month Ended September 30, 2024

| <u>Settlement Date</u> | <u>Maturity Date</u> | <u>Portfolio</u> | <u>Investment Type</u> | <u>Issuer</u> | <u>Par Value</u> |
|----------------------------|--------------------------|------------------|------------------------|---------------|----------------------|
|----------------------------|--------------------------|------------------|------------------------|---------------|----------------------|

No purchases in September 2024

TAB 7

**SCHEDULE OF UPCOMING
GENERAL MANAGER'S COMMITTEE MEETINGS**

| | |
|---|------------------|
| Audit Budget Committee | December 5, 2024 |
| Contracts Committee | December 3, 2024 |
| Engineering and Operations Committee | January 12, 2025 |
| Open Access Transmission Tariff Committee | December 3, 2024 |

**GENERAL MANAGER'S COMMITTEE MEETINGS
APPROVED MINUTES**

| | |
|---|---------------|
| Audit Budget Committee | May 8, 2024 |
| Contracts Committee | May 7, 2024 |
| Engineering and Operations Committee | July 10, 2024 |
| Open Access Transmission Tariff Committee | June 4, 2024 |

MINUTES OF THE
TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
GENERAL MANAGER'S AUDIT/BUDGET COMMITTEE MEETING
May 8, 2024

Chair Ainsworth convened the May 8, 2024 meeting of the Transmission Agency of Northern California (TANC or Agency) General Manager's Audit/Budget Committee (Committee) at 9:00 a.m. Mr. Riegler took roll call and participants in the meeting are included as Attachment 1.

Approval of the May 8, 2024 Audit-Budget Committee Agenda

Chair Ainsworth inquired if the Committee had any revisions to the proposed May 8, 2024 General Manager's Audit-Budget Committee agenda. Upon hearing of no suggested revisions, the agenda was accepted.

Final Draft Review of FY25 TANC Budget

Mr. Riegler discussed with the Committee revisions to the proposed FY25 TANC Budget that were reviewed and suggested at the April 24, 2024 TANC Budget Workshop. The Committee also discussed matters related to how funds will be disbursed to WAPA related to the Series Capacitor project and how the TANC Available Cash fund may be replenished. Upon conclusion of this meeting the Committee concluded that the Commission should proceed with adopting the FY25 TANC Budget as proposed.

Other

None other comments were heard.

Next Meeting

The next TANC Audit/Budget Committee was scheduled for August 22, 2024 starting at 9:00 a.m.

Documents from this meeting will be distributed upon request.

Respectfully Submitted,

DocuSigned by:
Larry Riegler

Larry Riegler
CB3D5ECB4BC6493...

Ex Officio Member and Secretary

Approved August 6, 2024

MINUTES OF THE
TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
GENERAL MANAGER'S
CONTRACTS COMMITTEE MEETING
May 7, 2024

Chair Wong called the May 7, 2024 Transmission Agency of Northern California (TANC) General Manager's Contracts Committee (Committee) to order at 10:00 a.m. Mr. Riegle performed a roll call and a list of attendees to the meeting is provided as Attachment 1.

Review and Accept May 7, 2024 Contracts Committee Agenda

Mr. Wong inquired if there were any revisions to the agenda. Upon hearing of no suggested revisions, the May 7, 2024 General Manager's Contracts Committee agenda was accepted.

Review and Approval of Minutes from the March 5, 2024 Contracts Committee Meeting

Minutes from the March 5, 2024 General Manager's Contracts Committee meeting were reviewed, and with one minor edit, Chair Wong accepted the minutes.

FY24 Budget Versus Expenditure Report through March 2024

Mr. Riegle reviewed the FY24 Budget Versus Actual Report with the Committee through March 2024.

Monthly Transmission Activities Update

Mr. Persson provided the Committee with an update on transmission activities including a report on California Independent System Operator (CAISO) 2023-24 Transmission Planning Process which called for \$6.1 billion in new transmission projects. Also discussed were FERC Order 881 matters and the latest on SWIP-North. Transmission staff planning activity centered on the COI Path Re-Rate to 5100 MW, updates on interconnection projects currently engaged on the COTP, Affected System Study work, and the latest on PG&E's equipment derate project.

CAISO Transmission Access Charge

Ms. Choi presented a revised version of the TANC TAC Forecast. It was noted that the TAC has recently decreased from \$14.45 per MWH to \$11.70 per MWH. As earlier the CAISO has preliminarily determined that \$6.1 billion in new projects are warranted which will likely increase the TAC. The Committee discussed differences between TO18 and TO19 cash refunds versus TO20 credit. The next TAN CTAC forecast will be presented at the November Committee meeting.

Existing and Anticipated Litigation

Ms. Dakowicz discussed recent developments associated with TO18, 19, and 20 settlements and noted that discussions should conclude by the end of this month.

Next Meeting

The next Contracts Committee meeting was scheduled for August 6, 2024 at 10:00 am.

Handouts and material from this meeting will be distributed upon request.

Respectfully Submitted,

DocuSigned by:

John Roukema

John Roukema 1133480BB1EB4E3...

TANC Interim General Manager

**MINUTES
CALIFORNIA-OREGON TRANSMISSION PROJECT
ENGINEERING AND OPERATIONS COMMITTEE MEETING
JULY 10, 2024**

The California-Oregon Transmission Project (COTP) Engineering and Operations (E&O) Committee met on July 10, 2024. The Agenda and Attendance list for the meeting are provided as Attachment 1 and Attachment 2, respectively.

COTP E&O COMMITTEE MEETING

AGENDA ITEM 1, 2, AND 3: CALL TO ORDER, ROLL CALL, AND ADMINISTRATION

a. Approval of Agenda

The meeting was called to order by Chair Tuggle (Western Area Power Administration (WAPA)). Chair Tuggle then asked if there were any changes to the meeting agenda. With no changes requested, Mr. Buckingham (Sacramento Municipal Utility District (SMUD)) moved to approve the agenda. Chair Tuggle (WAPA) seconded the motion. The revised agenda was approved by the COTP E&O Committee and is included as Attachment 1.

b. Minutes of the May 8, 2024 COTP E&O Committee Meeting

Chair Tuggle asked if there were any changes to the draft minutes from the May 8, 2024 COTP E&O Committee meeting. With no changes proposed, Chair Tuggle (WAPA) moved to approve the minutes. Mr. Buckingham (SMUD) seconded the motion. The COTP E&O Committee approved the minutes from the May 8, 2024 meeting. The approved minutes are included as Attachment 3.

c. Next Meeting

The next COTP E&O Committee meeting was scheduled for Wednesday, September 11, 2024.

AGENDA ITEM 4: OPERATIONS AND MAINTENANCE ISSUES

a. COTP Operations Update

Ms. Cuellar reported that information on COTP operations and voltage control events for both May and June 2024 were included with the meeting materials and asked if there were any questions. The COTP E&O Committee discussed the operations information.

b. Line and Substation Outages – Occurred and Scheduled

Ms. Cuellar noted that recent and planned outages of COTP facilities were provided in the meeting materials and that WAPA was available to answer any questions. Mr. Dobbs (WAPA) provided additional information on specific events from the report.

c. Update on Environmental and Land Activities

Mr. Wagenet (TANC) reported that TANC recently executed a contract for road maintenance and improvement work along segments of the access road to the Sites Communication Site and that the work should be completed before the end of August 2024. Mr. Wagenet also noted that the TANC Commission and COTP Management Committee approved the 2024 update to the TANC Wildfire Mitigation Plan for the COTP which was then submitted to the Office of Energy Infrastructure Safety for publication to the Wildfire Safety Advisory Board on June 11, 2024 - ahead of the July 1, 2024 deadline.

d. Other Operation and Maintenance Issues

Mr. Tuggle (WAPA) provided the COTP E&O Committee an update on Operation and Maintenance activities completed by WAPA since the last meeting including updates on routine operation and maintenance activities, engineering, capital replacement, and construction projects. The COTP E&O Committee discussed the timing for testing and reenergizing Tracy shunt capacitor bank PT8B since all capacitor units have now been replaced. The COTP E&O Committee also discussed the need to terminate a contract for Olinda Station Service Upgrade Project due to repeated underperformance of the contactor and that the termination process will result in calling in the company's performance bond. Mr. Wong (City of Santa Clara) inquired as to whether WAPA would consider requiring contractors to provide a Letter of Credit in lieu of a performance bond. WAPA will inquire internally and report back.

e. Transmission Planning and Technical Study Activities Update

Mr. Ziegler (TANC) provided an update on the transmission planning items noting that in early June, the Pacific Gas and Electric Company had completed equipment replacements which had reduced the COTP scheduling limit since March 2023. Mr. Ziegler also provided an update on the California-Oregon Intertie (COI) Path Rating Process noting that in early June 2024, the Phase Two Study was submitted to the Project Review Group (PRG) and a meeting was held on June 20, 2024 to address questions. After PRG review and approval, next steps will include submitting the study to the Reliability Assessment Committee (RAC) and after RAC approval, the COI Path rating process will proceed to Phase 3 - implementation which will include preparing for operations, updating contracts, and finalizing other required tools which will be required for implementation. Mr. Riegler (TANC) indicated that TANC is working with the California Independent System Operator and the Owner's Coordinating Operating Agreement parties on agreements that will need to be updated prior to implementation. Mr. Ziegler also reported that the 2024 TANC Annual Planning Assessment process is kicking off this month and that the draft Study Plan will be submitted for comment soon.

AGENDA ITEM 5: OTHER ITEMS FOR DISCUSSION

a. COI Real-Time Operations Update

Mr. Buckingham (SMUD) provided the highlights on recent COI real-time operations updates and provided the COTP E&O Committee with May and June 2024 Balancing Authority of Northern California reports which included information on COI flows both South to North and North to South as well as unscheduled flows.

b. Sulfur Hexafluoride Emissions Reporting for 2023

The COTP E&O Committee discussed the 2023 Sulfur Hexafluoride report to the California Air Resources Board for TANC-owned breakers. It was noted that for 2023, TANC's actual emissions were recorded at **1.48 percent**, putting TANC in violation of the 1.0 percent emissions limit. WAPA indicated that the exceedance appears to have been caused by one leaking cylinder compounded with the "topping off" of additional cylinders during maintenance.

AGENDA ITEM 6: PROJECT COST

a. Status of Operations & Maintenance Costs – Fiscal Year 2023

Ms. Mull (WAPA) provided a detailed status of WAPA's Fiscal Year 2024 budget and expenditures.

Ms. Mull also provide an update on the cost split percentages between the COTP and the Central Valley Project (CVP) as was discussed at the May 8, 2024 COTP E&O meeting. Ms. Mull reported that historical information shows that the 80/20 percent cost split between the CVP and COTP, respectively is calculated based on the number of breakers – which is currently 19. Ms. Mull indicated that the actual cost split percentages are 81.63/18.37 percent. The COTP E&O Committee requested additional information on the methodology and rate impacts and suggested that the issue also be discussed with the CVP.

AGENDA ITEM 7: COTP E&O MEETING ADJOURNMENT

There being no further business, Mr. Wong (City of Santa Clara) moved to the adjourn the meeting. Mr. Buckingham (SMUD) seconded the motion and the COTP E&O Committee meeting was adjourned.

Respectfully Submitted,

Signed by:



Steve Tuggle
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COTP E&O Chair

Approved August 6, 2024

MINUTES OF THE
TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
GENERAL MANAGER'S
OATT COMMITTEE MEETING
June 4, 2024

Chair Olivares called the June 4, 2024 Transmission Agency of Northern California (TANC or Agency) General Manager's Open Access Transmission Tariff (OATT) Committee meeting to order at 12:00 p.m. Mr. Riegle took roll call and participants in the meeting are included as Attachment 1.

Approval of the June 4, 2024 Agenda

Chair Olivares inquired if there were any suggested changes to the draft agenda, and upon hearing of no suggested revisions, accepted the June 4, 2024 General Manager's OATT Committee Agenda.

Approval of the Draft Minutes from the May 7, 2024 OATT Committee Meeting

Minutes from the May 7, 2024 OATT Committee meeting were reviewed by the Committee. Ms. Mody suggested several revisions to these minutes, and upon concurrence of those suggested revisions by the Committee, Chair Olivares accepted the minutes.

Monthly OASIS Activity Report for April '24

Mr. Persson presented to the Committee the April 2024 Monthly OASIS Activity Report. Chair Olivares inquired as to what may be happening in the market with such low sales volume and the Committee discussed potential factors including Pacific Northwest "fish" spills and other relevant factors. Mr. Wong inquired if the PG&E facilities derate work had been complete and the answer was yes. There were also high "de-rates" on the COI and COTP in April. Staff will remain vigilant as to market conditions and their impact on excess COTP capacity sales.

Monthly CRR Program Update

Mr. Persson updated the Committee on the latest Congestion Revenue Rights program costs and revenue received for March and April 2024. The Committee discussed the opportunity cost of higher CRR revenues versus OASIS sales revenue and what may be the best path forward at the moment to optimize revenue between the two programs.

Business Practices Revision

Mr. Riegle went through redline revision to TNAC's Business Practices document specifically related to expanded use of the Non-Firm Hourly product via a request from a TANC customer. After review by the Committee a motion was made by Ms. Gale to implement the proposed revision(s) which was seconded by Ms. Blevins and approved by the Committee.

ATCID Revisions at August '24 Meeting

Mr. Riegle mentioned that it has been some time since the TANC Available Transfer Capability Implementation Document has been revised, and with certain industry changes that there may a need to address revisions to the TANC ATCID. Along with suggested edits provided by Special

Counsel, staff will edit the ATCID and propose these revisions for Committee consideration at the August meeting.

FERC Order 1920 on Transmission Planning Process and Cost Allocation

Ms. Mody provided the Committee with a high-level review of FERC Order 1920 (Transmission Planning Process) and cost allocation matters. This new Order may have impacts on the TANC OATT and how TANC conducts its Annual Transmission Plan. Further information will be provided at the August Committee meeting.

FERC Order 2023 and 2023-A Presentation on LGIP

At the May '24 Committee meeting Special Counsel prepared and discussed a detailed PowerPoint on FERC Order 2023 on Large Generator Interconnection Procedures. At today's meeting it was noted that the CAISO made its Compliance filing with FERC on May 16, 2024 regarding this Order, including Affected System Study reforms. Upon conclusion of discussion, it was determined to direct staff and Counsel to revise the TANC OATT to be in compliance with FERC Order 2023 to the extent it makes sense for TANC as a non-jurisdictional entity. It is expected that revisions to the TANC OATT could be ready for Committee consideration before year-end. Further, the Committee instructed Counsel to file a doc-less intervention associated with the CAISO filing.

Transmission Service Pricing and Products

Mr. Riegle mentioned that the "near-term" TANC OATT revisions has been posted to the TANC OASIS and will become effective July 1, 2024 along with base rate revisions to Schedules 7 and 8. Additionally, Mr. Persson discussed the on-going possibility of new transmission product service offerings. Special Counsel also discussed FERC staff guidance recently received. Although it appears that non-traditional products as being envisioned by TANC may be deemed acceptable by FERC, staff still has not heard from OATI as to any implementation concerns. Staff will continue to reach out to OATI on this matter. Finally, the Committee did not take any immediate action on other OASIS rate revisions. It was also noted that staff will work with Controller staff in the processing of invoices in a timely manner.

Next Meeting

The next General Manager's OATT Committee meeting was scheduled for August 6, 2024 at 12:00 p.m.

Documents from this meeting will be distributed upon request.

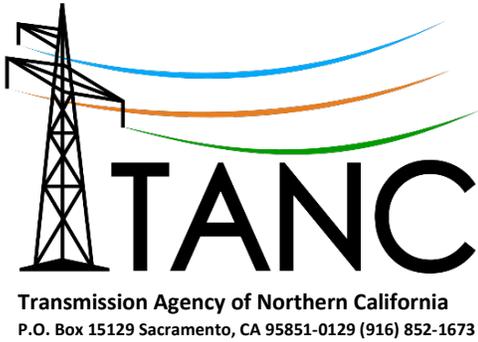
Respectfully Submitted,

DocuSigned by:



John Roukema
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TANC Interim General Manager



MEMORANDUM

DATE: November 13, 2024

TO: TANC Commission

FROM: John Roukema
Interim General Manager

SUBJECT: REPORT ON WESTCONNECT ACTIVITIES

This memo provides a summary of recent WestConnect activities. The Transmission Agency of Northern California (TANC) continues to participate in activities conducted by WestConnect, which is tasked with coordination of regional and interregional transmission planning. The most recent Planning Subcommittee (PS) meetings were held on September 17, 2024 and October 15, 2024. The most recent Planning Management Committee (PMC) meetings were held on September 18, 2024 and October 15, 2024. The next PS and PMC meetings are scheduled for November 12 and 13, 2024.

Planning Subcommittee

At their meeting on September 17, 2024, the PS discussed the ongoing 2024-2025 study. In the month before the meeting, the third draft of the reliability and economic modelling studies were distributed. In addition to a summer peak study, a light spring case will also be studied. At the PS meeting the fourth draft results for the reliability study were shared and it was discussed that almost all issues were solved in the case. It was decided to have one final review of the reliability case before finalizing it for the study. This review was due on October 2, 2024. TANC did not have any further comments on the case or results. Following this discussion, the economic modelling study was also reviewed. The largest congestion issues were associated with transmission lines in Colorado. This congestion was deemed to be unrealistic as specific units were offline due to the model's Monte Carlo simulation parameters.

At their meeting on October 15, 2024, the PS discussed the results from the fourth draft heavy summer and second draft light spring power flow cases. Results from these models were also

discussed in detail during a closed session call on October 8, 2024. The fourth draft of the heavy summer power flow cases refined the third draft results and solved most of the remaining issues – particularly those which caused overloads on multiple members’ systems. Additionally, the fourth draft production cost modelling results were shared. These results significantly improved the congestion issues from the previous drafts. Following the sharing of these materials, the power flow and production cost modelling models were deemed final. A draft of the model report is expected to be distributed on November 8, 2024 for review by members. The report will be finalized in December.

Planning Management Committee

At their meeting on September 18, 2024, the PMC reported that their focus has continued to be on model development activities, which have included preparing the latest drafts of the WestConnect regional reliability and economic models and performing preliminary assessments of the models. The PMC also approved Black Hills Energy nominee, Kerri Schlachter, as the Cost Allocation Subcommittee Chair. Ms. Schlachter previously worked for Tri-State Generation and Transmission where she held numerous roles focused on wholesale market integration, stakeholder committee engagement and market operations and training.

At their meeting on October 16, 2024, the PMC approved the 2025 PMC budget as presented and approved the recertification of multiple Eligible Transmission Developers. The PMC also agreed with the PS decision that the base reliability and economic models are accurate, can be considered finalized, and will be used for the WestConnect Regional Assessment.

Interregional Coordination Update

The Western Transmission Expansion Coalition, or WestTEC, is a West-wide effort to develop an actionable transmission study to support the needs of the future energy grid. WestTEC has started its efforts to build models for their 10-year study. The final deliverable will be a West-wide transmission needs study looking out over 10- and 20-year periods. A request has been made for Transmission Owners to review planned projects in the Western Electricity Coordinating Council (WECC) 2034 Heavy Summer Case, and to confirm if a list of local planned projects developed for the WestTEC study were or were not modeled in the WECC case.

Order 1920 Update

On May 13, 2024, the Federal Energy Regulatory Commission (FERC) released Order 1920, a landmark rulemaking requiring each of the transmission planning regions in the United States to undergo long-term transmission planning. In October 2024, the PMC discussed potential stakeholder interest in engaging with the state engagement portion of the FERC Order 1920 requirements. The PMC also reviewed a proposal for revisions to WestConnect Regional Transmission Planning Process to comply with FERC Order 1920. These discussions are expected to continue.

Overall, PMC's goal for the end of the year is to have a determination of a regional transmission need, as a result of the reliability, economic and public policy needs assessments. The draft determinations will be presented to stakeholders during the November stakeholder meeting. Stakeholders will then have an opportunity to suggest any public policy needs that may not have been identified through the reliability and economic needs assessments. A final determination regarding regional transmission needs will be made by December.



Transmission Agency of Northern California
P.O. Box 15129 Sacramento, CA 95851-0129 (916) 852-1673

MEMORANDUM

DATE: November 13, 2024

TO: TANC Commission

FROM: John Roukema
Interim General Manager

SUBJECT: REPORT ON COTP MATTERS

Recent environmental and land matters pertaining to the Transmission Agency of Northern California (TANC) have included:

Environmental and Land Activities

Vegetation Management - Tree Removals

The felling of the 66 trees identified as potentially interfering with the microwave signal at the Manzanita Lake (a.k.a. Table Mountain) Communication Site was completed on October 7 and October 8, 2024.

The Western Area Power Administration (WAPA) — acting as TANC's Designated Site Representative — supervised its contract loggers, who conducted the tree felling. WAPA reports that the microwave signal was improved by 8 decibels (dB)¹. Because it is a logarithmic measurement, the signal strength doubles with every 3 db improvement. This was a substantial improvement. No additional tree felling was needed. Site cleanup and the removal and hauling of the trees by WAPA contractors has been completed. The Lassen National Forest representative completed his final inspection of the site on October 15, 2024, and commended WAPA for a job well done.

¹ The signal strength of microwave communications is measured in decibels milliwatt (dB or dBm). dBm is the power ratio in dB of the measured power referenced to one milliwatt. Strong signal strength results in more reliable connections and higher speeds.

Gas Service at Palm Tract

The Pacific Gas & Electric Company (PG&E) has discontinued gas service to Palm Tract using its existing, aged pipeline. PG&E cited risks and maintenance costs as the reasons for the pipeline decommissioning. The gas service has been used for the corn dryers for TANC's tenant farmer on Palm Tract 'B'. Gas service is intermittently needed only during those years when drying is needed at the conclusion of harvest. The conclusion of harvest can happen at different times for different corn varieties planted and harvested at staggered time intervals on the property.

In early 2024, PG&E anticipated the need to discontinue pipeline gas service. PG&E therefore proposed a Draft 'Agreement as to Termination of Gas Service' that would have: 1) compensated the tenant farmer \$80,000 to convert to either electric or propane service, and 2) relieved PG&E of its obligation to provide gas service to the property. The Draft Agreement therefore required signatures from both the tenant farmer and TANC.

In coordination with TANC Management and COTP Counsel, it was decided that TANC would not execute the Draft Agreement for many reasons; most importantly the potential relief of PG&E's obligation to provide gas service to the property and the resulting future replacement consequences and costs to TANC and the tenant farmer. Absent such an agreement in place, PG&E indicated that it would continue to meet its obligation to serve with compressed natural gas (CNG) trucked to the site. TANC staff, the tenant farmer, and representatives of PG&E met near the corn dryers at Palm Tract on September 25, 2024. PG&E is currently arranging to be able to provide trucked CNG for the dryers if needed by the tenant farmer as harvest proceeds for this year's corn crop. The need for the dryers will be determined by the moisture content of the corn at harvest, which may be affected by fall rains.



Transmission Agency of Northern California
P.O. Box 15129 Sacramento, CA 95851-0129 (916) 852-1673

MEMORANDUM

DATE: November 13, 2024

TO: TANC Commission

FROM: John Roukema
Interim General Manager

SUBJECT: REPORT ON TECHNICAL MATTERS

Recent transmission planning and technical matters pertaining to the Transmission Agency of Northern California (TANC) and its transmission asset the California-Oregon Transmission Project (COTP) have included:

California-Oregon Intertie Path Rating Process

On September 13, 2024 and in accordance with the Western Electricity Coordinating Council (WECC) Path Rating Process, the California-Oregon Intertie (COI) facility owners notified the WECC Reliability Assessment Committee, Studies Subcommittee and the Reliability Risk Committee that the Phase Two COI Path Rerate Study has been completed. The report was then open for review for 30 days.

In an email from WECC on October 18, 2024, the COI facility owners were notified that no comments or questions were received during the 30-day review period. The email further noted that, in accordance with the WECC Project Coordination, Path Rating and Progress Report Process, that COI Path 66 was granted Phase Three status, with a new accepted rating of 5,100 megawatts (MW) North to South. The 5,100 MW path rating is expected to become effective with the Summer 2025 Operating Season (June 1, 2025).

Bonneville Power Administration Meeting

On October 17, 2024 Bonneville Power Administration (BPA) held a public meeting to provide a high level review of their expansion plan titled "*Evolving Grid 2.0 Projects – Beyond 2030*". Detail on specific projects was not provided as many projects are only in the conceptual phase. Of interest to TANC were five projects including: Central Oregon 500 kilovolt Dynamic Reactive

A Public Entity whose Members include:

Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Modesto Irrigation District,
Palo Alto, Plumas-Sierra Rural Electric Cooperative, Redding, Roseville,
Sacramento Municipal Utility District, Santa Clara, Turlock Irrigation District, Ukiah

Upgrades, Reno-Alturas Reactive addition, Nevada-Oregon Border Substation, Bonanza to Nevada-Oregon Border Line, and the Lower Columbia to Bonanza Line. The new substation at the Nevada-Oregon Border had the most interest at the meeting, but also had the least information provided as BPA does yet not have a physical location, identify a reason for the need of the new substation, nor have a proposed path for the transmission routing back to the Columbia River. Additional information is expected to be provided with additional studies and future meetings.

2024 Annual Planning Assessment

The 2024 TANC Annual Planning Assessment is underway, and a tentative schedule is shown in the table below.

| Step | Description | Tentative Date |
|------|--|----------------|
| 1 | Distribute the Draft Study Plan for comment | Complete |
| 2 | Review comments on Study Plan and send Final Copy of Study Plan | Complete |
| 3 | Base Case Preparation- Distribute Starting Cases for review | Complete |
| 4 | If changes are needed for the Base Cases, provide suggestions or change files to TANC. | Complete |
| 5 | TANC will distribute the updated Base Cases | Complete |
| 6 | Distribute the preliminary study results for comment | Complete |
| 7 | TANC to review comments | Complete |
| 8 | Distribute the Draft Report for comment | 11/15/2024 |
| 9 | TANC to review comments | 12/2/2024 |
| 10 | Finalize Report | 12/31/2024 |

| | | |
|-------|--------------------------------------|------------|
| Note: | TANC's TPL-001-5 Compliance Deadline | 12/31/2024 |
|-------|--------------------------------------|------------|

TANC Active Interconnection Requests

The TANC transmission queue currently has two active projects which are discussed below.

TANC Queue 2022-1

TANC previously completed both a Feasibility Study and a System Impact Study (SIS) for the Sawtooth Project which was originally proposed as a 1,000 MW hybrid (photovoltaic-battery storage) project with 500 MWs of backup Combustion Turbines (CT) and seeking an interconnection at the Olinda Substation. Since completion of the SIS, the Interconnection Customer reduced the size of the project to 300 MW solar photovoltaic-battery storage hybrid facility (without backup CT's) to get under the Most Severe Single Contingency for the Balancing

Area of Northern California (BANC).¹ A new agreement has been executed and the deposit received. TANC is now working on a restudy for the 300 MW Sawtooth Project, which is expected to be completed in February 2025.

TANC Queue 2023-1

The Lassen County Energy Farm Project is proposed as a 325 MW solar plant in Lassen County seeking an interconnection at the Olinda Substation via a 141-mile High Voltage Direct Current line. TANC completed the Feasibility Study Report for the project in January 2024. That report was followed by a summary meeting in late January, and a next steps meeting on March 15, 2024. The Interconnection Customer indicated that they are working to raise capital and expect to be ready to move forward with project by the end of November 2024.

TANC Active Affected System Studies

TANC routinely monitors proposed projects to identify those where the COTP may be impacted by a proposed interconnection or addition of facilities or upgrades to another transmission system. The projects where TANC is currently actively involved as an affected system are discussed below.

California Independent System Operator (CAISO) Queue Project 1702

The CAISO Cluster 13 Queue Project 1702 was originally proposed as a 400 MW Wind, Solar and Battery Energy Storage System (BESS) project to interconnect near the Tracy Substation with a Commercial Operation Date in May 2028. On March 1, 2024, TANC completed and submitted an Affected System Impact Study to the developer. The study identified that the Tracy Substation circuit breakers would be impacted by the addition of the project. Based on request from the developer, a new letter agreement was prepared to restudy the project with 400 MW of BESS installed and with a Commercial Operation Date in 2027. The letter agreement was executed on October 8, 2024 and the deposit was received on October 25, 2024. TANC now has 60 days to complete the study.

CAISO Queue Project 1683

The CAISO Cluster 13 Queue Project 1683 proposes to interconnect approximately 100 MW of wind with the Pacific Gas & Electric Company (PG&E) Contra Costa – Delta Switchyard 230 kilovolt (kV) line, with a Commercial Operation Date in April 2026. TANC has identified as an affected system and in mid-October, at the request of the developer, submitted a letter agreement for the completion of an Affected System Impact Study. The letter agreement has been executed and once the deposit is received, TANC will have 60 days to complete the study.

¹ For BANC the Most Severe Single Contingency (and a North American Electric Reliability Corporation requirement for a Balancing Authority) is 320 MW.

WAPA Queue # 2019-G1

The Western Area Power Administration (WAPA) Queue 2019-G1 project is proposed as a 300 MW solar project with a 120 MW battery located on the Cottonwood-Roseville 230 kV transmission line, with a Commercial Operation Date in December 2027. TANC is currently coordinating among the relevant parties to initiate an Affected System Study for the WAPA Queue 2019-G1 project.

CAISO Queue Project 1496

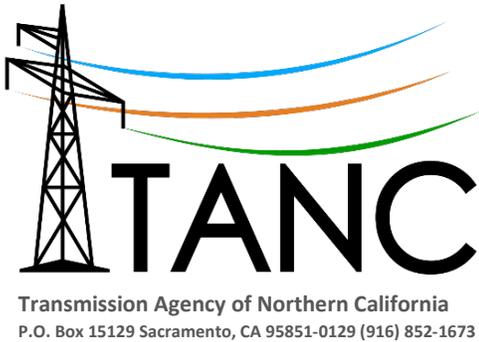
The CAISO Cluster 11 Queue Project 1496 proposes to interconnect near the Olinda Substation with a Commercial Operation Date in June 2025. In early 2023, TANC completed the Affected System Impact Study which showed impact to COTP assets. In the study, which was also shared with CAISO and PG&E, was a request for mitigation to COTP assets by modifying an existing Remedial Action Scheme (RAS)². The CAISO rejected that mitigation because *“That would exceed the maximum allowable RAS generation arming above the CAISO standard of 1,150 MW to a maximum of 1,196 MW when added to the existing RAS”*.

The developer then requested a restudy with the project size reduced from 500 MW 320 MW to allow the inclusion to the existing RAS due to the initial rejection from the CAISO and to alleviate impacts to the COTP assets. The results of the restudy showed that TANC remains impacted with the reduced flows around the Olinda Substation, but the impact was reduced from two elements overloaded to a single element. After extensive coordination with all parties, including the CAISO and WAPA on potential mitigation options, it was determined that the developer would be required to provide funding for a second 500/230 kilovolt transformer at the Olinda Substation before it would be allowed to interconnect.

At a follow-up meeting on September 4, 2024, the developer and affected parties discussed a summary of the study findings and correspondence on the project. During the meeting some discrepancies in the study findings were identified, which required further review. At the request of the developer, some additional studies were also performed and provided to the developer and CAISO on October 7, 2024. The restudy further illustrates the need for a mitigation plan that requires either a RAS or the need for an additional transformer at the Olinda Substation. The CAISO is currently discussing their next steps with the developer and PG&E.

² A scheme designed to detect predetermined System conditions and automatically take corrective actions that may include, but are not limited to, adjusting or tripping generation (MW and Mvar), tripping load, or reconfiguring a System(s).

https://www.nerc.com/pa/stand/prjct201005_2spclprctnsstmpshs2/proposed%20ras%20definition_10262014_clean.pdf



MEMORANDUM

DATE: November 13, 2024

TO: TANC Commission

FROM: John Roukema
Interim General Manager

SUBJECT: REPORT ON FERC AND OTHER REGULATORY MATTERS

This memorandum provides an update on regulatory issues either at the Federal Energy Regulatory Commission (FERC) or other regulatory matters occurring at the federal or state level that are relevant to the Transmission Agency of Northern California (TANC) and its Members.

Department of Energy Releases National Transmission Planning Study

The Department of Energy (DOE) Grid Deployment Office collaborated with the National Renewable Energy Laboratory (NREL) and the Pacific Northwest National Laboratory to create the National Transmission Planning (NTP) study which was released on October 3, 2024. The NTP identifies a framework for transmission solutions that can help planners and developers revamp the United States power grid system to support the new generation of transmission needs. The study is a toolbox for planners and developers to consider increasing connections between regions and identify projects for possible development. The NTP incorporated input from various stakeholders, such as industry experts, decision-makers, Tribes, and regional representatives. Additionally, the study considers about 100 future scenarios through 2050 to examine uncertainties and identify regional and interregional transmission opportunities.

Department of Energy Invest \$1.5 billion in Four National Transmission Projects

The DOE plans to invest \$1.5 billion in four transmission projects nationwide. The projects would improve grid reliability, reduce transmission congestions, and open access to affordable energy to millions of Americans. The projects selected would enable nearly 1,000 miles of new transmission development and 7,100 megawatts of new capacity. The four chosen projects span across Louisiana, Maine, Mississippi, New Mexico, Oklahoma, and Texas. DOE and other

A Public Entity whose Members include:

Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Modesto Irrigation District,
Palo Alto, Plumas-Sierra Rural Electric Cooperative, Redding, Roseville,
Sacramento Municipal Utility District, Santa Clara, Turlock Irrigation District, Ukiah

analysts estimate the United States grid would have to double or triple capacity by 2050 to meet the net-zero economy-wide carbon emissions target and keep up with accelerating power needs from new technologies.

California Independent System Operator Interconnection Reforms

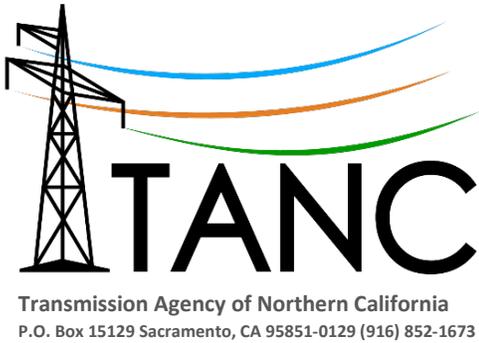
Effective October 1, 2024, the California Independent System Operator (CAISO) now operates its new interconnection process, which reflects requirements from FERC Order 2023. FERC Order 2023 seeks to modernize the nation's transmission grid by streamlining the generator interconnection process and ensuring that resources can connect to the transmission system in a reliable, efficient, transparent and timely manner. The CAISO's new process is intended to add more transparency, fairness, and openness to the process. The new process will allow CAISO to effectively process the largest queue cluster it has received and have greater certainty when studies of interconnection applications are complete. All interconnection requests will be scored based on commercial interest, project viability, and system need and then ranked for their ability to advance to the study process.

California Passes Senate Bill 1006: Electricity: Transmission Capacity: Reconductoring and Grid Enhancing Technologies

Senate Bill 1006 requires that by January 1, 2026, transmission utilities prepare a study (every two years) of the feasibility of projects using grid-enhancing technologies (GETs) to primarily increase capacity to connect new renewable energy and zero-carbon resources. In addition, transmission utilities will need to conduct a study (every four years) to assess which of their transmission lines can be reconductored with advanced conductors to increase capacity to connect new renewable energy and zero-carbon resources. GETs are a suite of hardware and software designed to make the existing electric grid infrastructure more efficient and can be a cost-effective way to modernize the grid. Advanced reconductoring would replace existing powerline cables with advanced conductors which by doing so also increases the capacity, efficiency, safety, and reliability of powerlines. The transmission utility must submit its studies to the CAISO and request that the CAISO review the results as part of its annual transmission planning process for economic, reliability, and policy goals.

A Public Entity whose Members include:

Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Modesto Irrigation District,
Palo Alto, Plumas-Sierra Rural Electric Cooperative, Redding, Roseville,
Sacramento Municipal Utility District, Santa Clara, Turlock Irrigation District, Ukiah



MEMORANDUM

DATE: November 13, 2024

TO: TANC Commission

FROM: John Roukema
Interim General Manager

SUBJECT: WESTERN ELECTRICITY COORDINATING COUNCIL MATTERS

This memorandum provides an update on the relevant matters pertinent to the Western Electricity Coordinating Council (WECC) including its various committees and subcommittees.

Reliability Risk Committee Steering Committee

At their September 9, 2024 monthly meeting, the Reliability Risk Committee Steering Committee (RRCSC) discussed the Extreme Natural Event Mitigation Plan Advisory Group and the register of risks that is actively being developed and the mitigation plans associated with those risks. Currently there are 19 risks within the register. The advisory group proposed 20 new risks - 15 of these were ready for approval, three required further approval and two were determined to be combined. Risks included geomagnetic disturbance effects, dust storms, haboobs¹, atmospheric rivers, rising oceans, earthquakes, tsunamis and volcanic eruptions. A full list of risks is published by the RRCSC. After this, the RRCSC reviewed the three-year work plan for the committee.

Member Advisory Committee

At their September 18, 2024 meeting, the Member Advisory Committee (MAC) nominated a new chair and vice chair for the committee. These were Brian Theaker (Middle River Power, LLC) and

¹Haboobs - a violent dust storm or sandstorm especially of Sudan (<https://www.merriam-webster.com/dictionary/haboob>)

Chris Parker (Utah Division of Public Utilities), respectively. The MAC then reported that the long term strategic plan draft will be distributed to members and will include a questionnaire for improvements. Next, the MAC discussed proposed updates to the WECC website. The key requests for improvement included enhanced search functionality, improved calendar, improving access on mobile and better performance. To date, the search functionality and calendar have been improved while the other initiatives are in process. Finally, the MAC noted the location of the Interregional Transfer Capability Study and the timing of the next meeting on November 6, 2024.

Long-term Transmission Planning Task Force

In early 2024, the Joint Guidance Committee ratified the creation of the Long-Term Planning Task Force (LTPTF) and endorsed the LTPTF charter. According to the charter, the purpose of the LTPTF is to submit recommendations to the Reliability Assessment Committee (RAC) regarding aspects of long-term planning, complete with the following: 1) a defined modeling approach; 2) assumptions concerning load, resources, and transmission; 3) datasets; 4) tools; 5) scenarios; and 6) a data request for the first long-term interconnection-wide model. The original goal of the LTPTF was to wrap up its efforts and submit its final recommendations by the Fall 2024 RAC meeting.

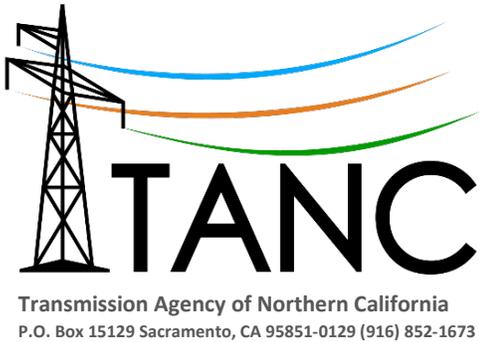
At their meeting on September 12, 2024, the LTPTF discussed that they will most likely not be able to meet the Fall 2024 deadline set for submitting the draft recommendations document to the RAC, due to limited engagement of some of the team members in collectively building the document. The LTPTF agreed that a timeline with critical milestones and deadlines is needed to determine what would be a reasonable and acceptable deadline in 2025 to submit the draft recommendations report. The LTPTF also reviewed some of the sections in the draft recommendations report and discussed implementing updates.

At their meeting on October 24, 2024 the LTPTF discussed developing a detailed workplan for finalizing the recommendation report for approval at a first quarter 2025 RAC meeting. The LTPTF also discussed outstanding sections in the recommendations report which have unresolved comments including the sections on Load Forecast, Transmission Topology Assumptions, and Generator Assumptions.

Reliability Assessment Committee

At the meetings on October 15 and 16, 2024, the RAC received an update on proposed reliability standard-TPL-008-01 which focuses on transmission planning for extreme temperature events. As proposed, TPL-008 will require a planning study to be performed once every five years. It is expected that the North American Electric Reliability Corporation (NERC) will adopt the standard in December. The MAC also discussed the “use of user” defined models within the WECC model. It was determined that the MAC preferred general models for large scale system studies but deemed that user models could be used for local studies. The MAC also discussed

Federal Energy Regulatory Commission Order 901 which relates to Inverter Based Resources (IBRs) performance during disturbance events. In November there will be a filing of multiple reliability standards that will be used to address data sharing and model validation for IBRs as well as reliability standards to address use of performance data in operational and planning studies. Following this, the Short Circuit Modeling Subcommittee discussed that it is continuing to work with companies within the industry to develop short circuit models specifically for IBR resources. There was also an update for the Interregional Transfer Capability Study being performed by NERC. In this study, there were no recommendations made for the Northern California to Oregon interface, but it was recommended to increase the transfer capability between Northern California and the Wasatch Front which includes Nevada, Utah and Idaho. The Studies Subcommittee also reported that the Path 66 study to rerate the California-Oregon Intertie to 5,100 megawatts had completed Phase Two and moved to Phase Three.



MEMORANDUM

DATE: November 13, 2024

TO: TANC Commission

FROM: John Roukema
Interim General Manager

SUBJECT: REPORT ON TANC OASIS MATTERS

The Transmission Agency of Northern California (TANC) allows third party transmission sales on its portion of the California-Oregon Transmission Project via TANC's Open Access Same-Time Information System (OASIS) web portal. These sales pertain strictly to Project Agreement No. 5 (PA-5) Member participation.

Enclosed is a bar graph indicating PA-5 Member third party OASIS sales on a monthly basis since 2020, in addition there are pie charts indicating monthly sales through August 2024 as well as year-to-date 2024 sales. A second bar graph includes calendar year sales from 2020 through August 2024. Additionally, another report is provided, indicating megawatt-hour sales in a format similar to revenue sales. Buy-backs and excess capacity purchases by TANC PA-5 Members are not included.

TANC's third party transmission sales in August totaled \$62,471. The 2024 Year-to-Date sales through August are \$582,829.

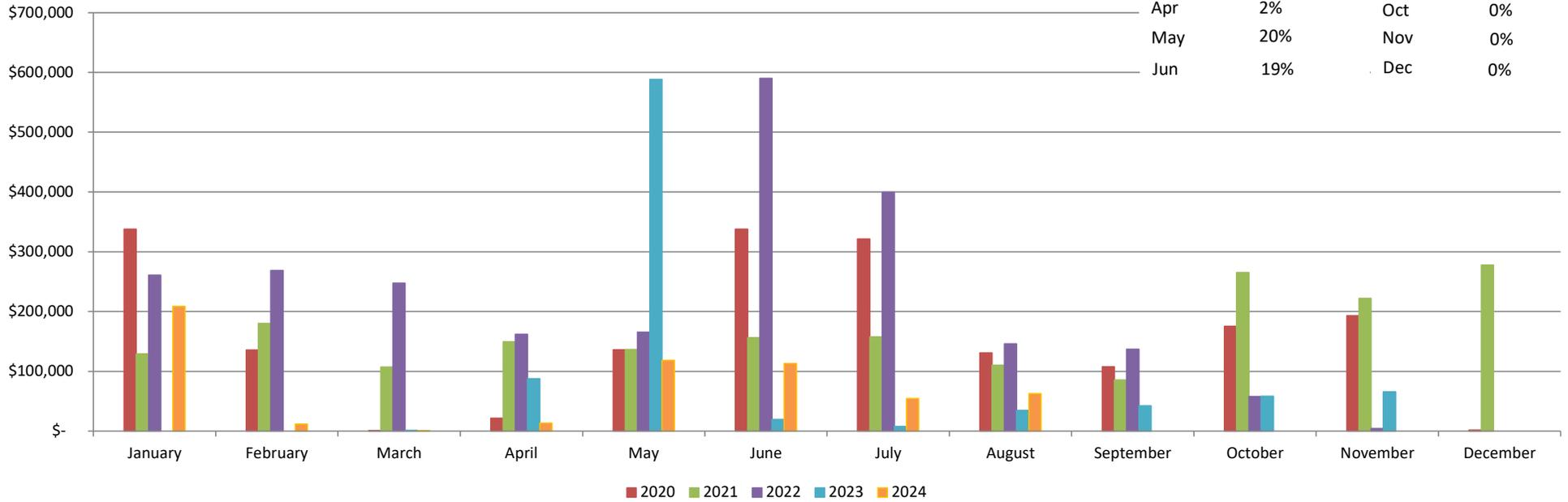
Enclosures

2024 TANC OASIS (PA-5) Annual Revenue Third Party Sales*

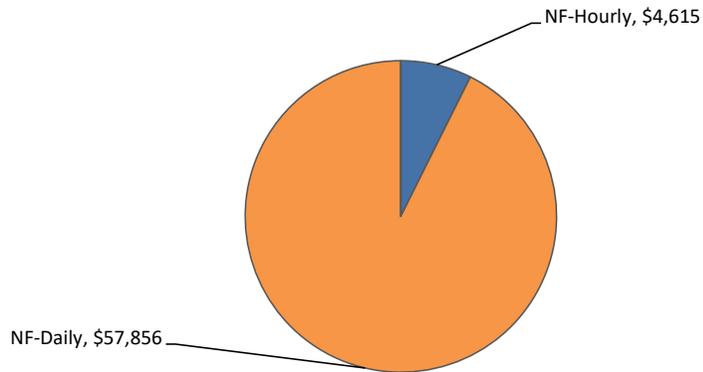
Monthly percentage of the YTD Total Revenue

| | | | |
|-----|-----|-----|-----|
| Jan | 36% | Jul | 9% |
| Feb | 2% | Aug | 11% |
| Mar | 0% | Sep | 0% |
| Apr | 2% | Oct | 0% |
| May | 20% | Nov | 0% |
| Jun | 19% | Dec | 0% |

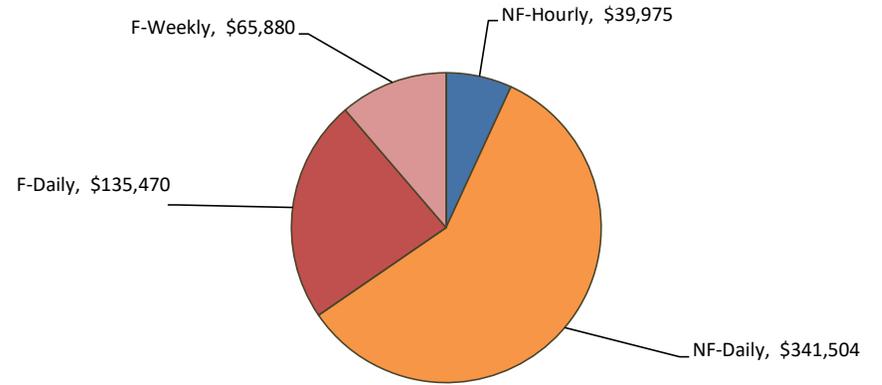
**Historical OASIS Sales & Percentages for August 2024
2020-2024**



**2024 Product Sales
Total August Sales \$62,471**



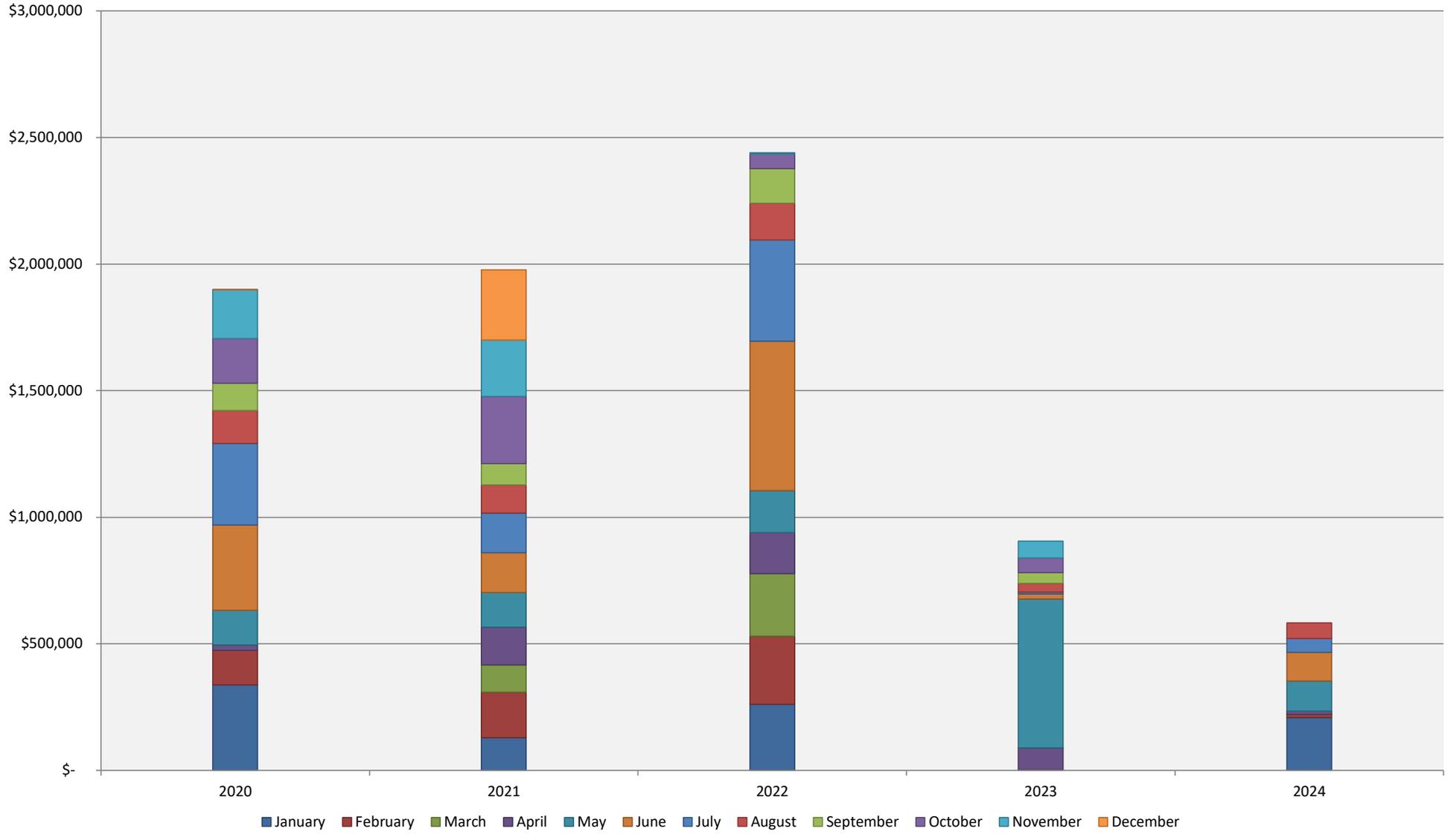
**2024 YTD Product Sales
Total 2024 Sales \$0.58M**



* Includes OASIS sales data through August 2024. Does not include buy-backs or excess capacity purchases by TANC OASIS participants

2024 TANC OASIS (PA-5) Annual Revenue from Third Party Sales*

Monthly Historical OASIS Sales
January 2020 - August 2024



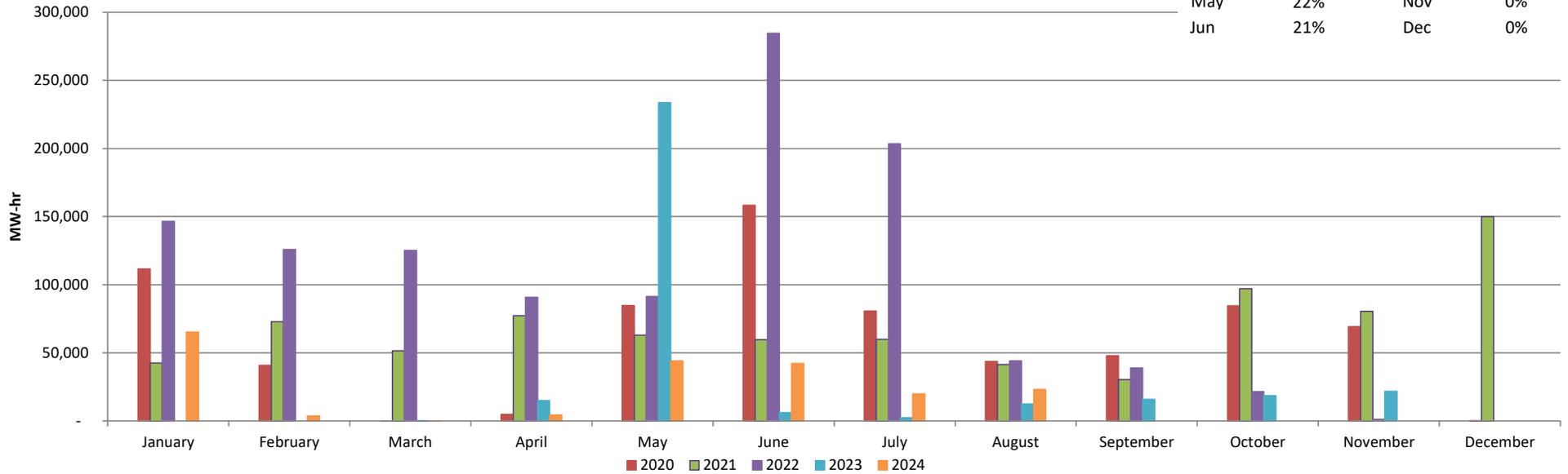
* Includes OASIS sales data through August 2024. Does not include buy-backs or excess capacity purchases by TANC OASIS participants

2024 TANC OASIS (PA-5) Annual MWh Third Party Sales*

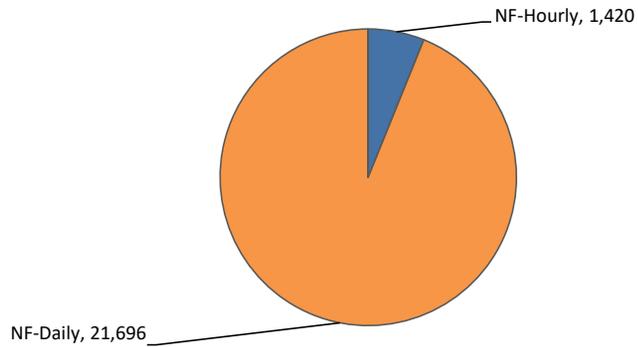
Monthly percentage of the YTD Total MWhr

| | | | |
|-----|-----|-----|-----|
| Jan | 32% | Jul | 10% |
| Feb | 2% | Aug | 11% |
| Mar | 0% | Sep | 0% |
| Apr | 2% | Oct | 0% |
| May | 22% | Nov | 0% |
| Jun | 21% | Dec | 0% |

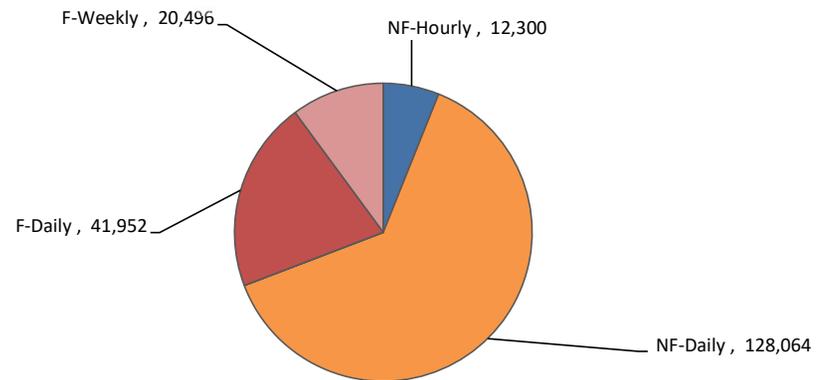
Historical OASIS Sales & Percentages for August 2024
2020-2024



2024 MWh Sales
Total August Sales 23,116 MWh



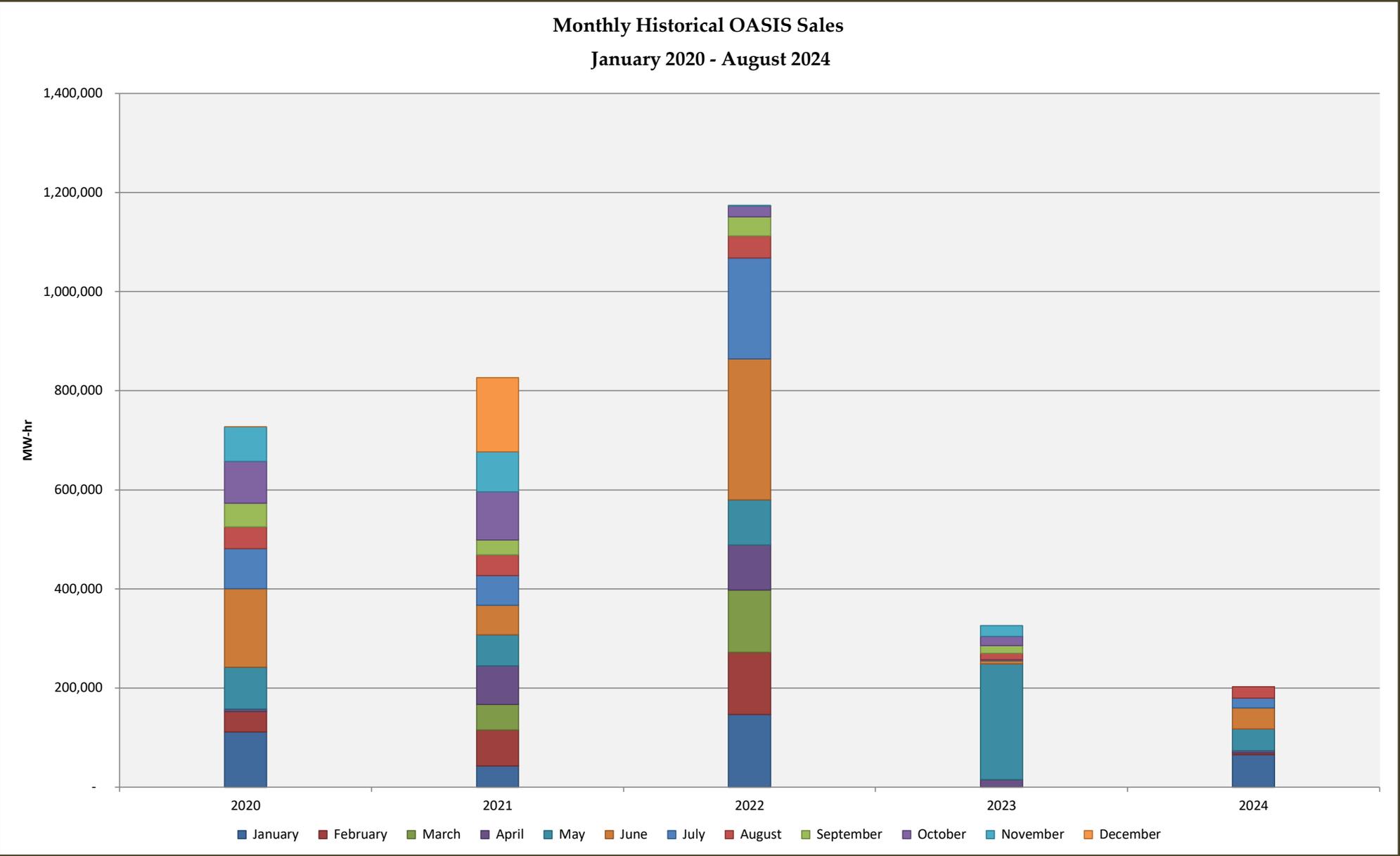
2024 YTD MWh Product Sales
Total 2024 Sales 202.81 GWh



* Includes OASIS sales data through August 2024. Does not include buy-backs or excess capacity purchases by TANC OASIS participants
Includes sales only, does not include actual scheduled energy.

2024 TANC OASIS (PA-5) Annual MWh Third Party Sales*

Monthly Historical OASIS Sales
January 2020 - August 2024



* Includes OASIS sales data through August 2024. Does not include buy-backs or excess capacity purchases by TANC OASIS participants
Includes sales only, does not include actual scheduled energy.



Transmission Agency of Northern California
P.O. Box 15129 Sacramento, CA 95851-0129 (916) 852-1673

MEMORANDUM

DATE: November 13, 2024

TO: TANC Commission

FROM: John Roukema
Interim General Manager

SUBJECT: REPORT ON WILDFIRE ACTIVITIES

The following provides an update on recent activities of the California Wildfire Safety Advisory Board (WSAB) and related wildfire mitigation activities for the California-Oregon Transmission Project (COTP).

California Wildfire Safety Advisory Board

On October 11, 2024, the WSAB issued its Draft Advisory Opinion for the 2025 Wildfire Mitigation Plans (WMPs) of Publicly Owned Electric Utilities (POUs) and Electrical Cooperatives (Draft Opinion). The Draft Opinion is substantially similar to the May 2024 POU Summary Report¹ that included eleven Preliminary Recommendations—one for each Discussion Topic. Each of the eleven Discussion Topics and Preliminary Recommendations were summarized in Table 1 of the August 2024 ‘REPORT ON WILDFIRE ACTIVITIES’ and which was provided to the TANC Commission in August 2024. Comments on the Draft Opinion were due on October 25, 2024. The California Municipal Utilities Association submitted comments pertaining to how POUs would: 1) tailor WSAB recommendations for their unique circumstances and 2) approach Independent Evaluations of their WMPs (see attached). The WSAB is anticipated to adopt the Draft Opinion at its December 5, 2024 meeting.

The TANC Chair and staff attended the WSAB’s November 7, 2024 Workshop on Vegetation Management. Presentations of the vegetation management and wildfire risk reduction programs of three POUs with a relative range of revenues and therefore capacities for implementing their

¹ “Wildfire Safety Advisory Board – Publicly-Owned Electric Utilities and Rural Electric Cooperatives Wildfire Mitigation Plan Working Group Summary Report (POU Summary Report).”

A Public Entity whose Members include:
Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Modesto Irrigation District,
Palo Alto, Plumas-Sierra Rural Electric Cooperative, Redding, Roseville,
Sacramento Municipal Utility District, Santa Clara, Turlock Irrigation District, Ukiah

TANC Commission

November 13, 2024

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programs were provided. The relatively smaller (Trinity Public Utility District), medium (Redding Electric Utility) and larger (Sacramento Municipal District) presentations and programs were clearly appreciated. Attending members of the WSAB commended each of the presenting POUs on their abilities to use their available resources wisely and efficiently for reducing wildfire ignition and spread risks.

TANC 2025 WMP Update for the COTP

TANC will be working with the Western Area Power Administration in the coming months on a workplan and schedule for the 2025 update to the TANC-COTP WMP. The workplan will include but not be limited to: 1) considering and integrating responses to the California Wildfire Safety Advisory Board's Opinion for the 2025 WMPs of POUs and Electrical Cooperatives as appropriate; 2) receiving TANC Commission Guidance regarding additional information that may be needed with respect to wildfire-related COTP outages; and 3) documenting 2024 progress achieved for the six Wildfire Prevention, Mitigation, and Response Strategies now active in the TANC-COTP WMP.

Enclosure



November 1, 2024

California Wildfire Safety Advisory Board
715 P Street, 20th Floor
Sacramento, CA 95814
WSAB@energysafety.ca.gov

RE: Comments of the Joint Associations on the Advisory Opinion for the 2025 Wildfire Mitigation Plans of Publicly Owned Electric Utilities and Electrical Cooperatives

Dear Chair Block and Board Members,

The California Municipal Utilities Association (CMUA) and Golden State Power Cooperative (GSPC) (collectively the “Joint Associations”) respectfully submit these comments to the California Wildfire Safety Advisory Board (WSAB or Board) on the *Draft Advisory Opinion for the 2025 Wildfire Mitigation Plans of Publicly Owned Electric Utilities and Electrical Cooperatives* (Draft Advisory Opinion), issued on October 11, 2024. The Joint Associations thank the WSAB for its review and recommendations on the wildfire mitigation plans (WMPs) of the publicly owned electric utilities (POUs) and electric cooperatives (co-ops). The WSAB Board Members and staff possess industry, academic, and workforce experience that adds significant value to these recommendations.

As described in the Draft Advisory Opinion, this year’s Advisory Opinion differs from prior years because the specific recommendations grew out of six working group meetings that were held by the Joint Associations with both WSAB Staff and a subset of Board members. These working group meetings allowed for a highly detailed and technical discussion of various challenges that the POUs and co-ops face and focus on feasible and implementable potential improvements. Through these robust discussions, the working group participants were able to explore the benefits, costs, and potential unintended consequences of specific Board recommendations. The Joint Associations believe that the working group meetings have helped to improve the WSAB review and recommendation process. The WSAB’s current recommendations are focused on wildfire mitigation efforts and are geared toward presenting valuable input to POUs and co-ops that is informed by Board member expertise. In particular, many of the recommendations are targeted at helping the POU or co-op more clearly and

comprehensively describe the utility’s existing wildfire mitigation efforts to both the WSAB and the broader public.

The working group process that was used to develop the Draft Advisory Opinion should serve as a model for future years in order to both add value to the annual WMP review and recommendation process and limit the burden on WSAB staff and board members. The Joint Associations urge the WSAB to continue to use a working group process to discuss and evaluate future recommendations on POU and co-op WMPs.

While the Joint Associations support the Draft Advisory Opinion, we do recommend one modification for the introductory paragraph, and one modification to Section 6, as further described below.

1. Recommended Change to Introductory Paragraph.

On page 8, the Draft Advisory Opinion begins the discussion of the recommendations for the 2025 WMPs and future comprehensive revisions. The Joint Associations appreciate the WSAB’s annual review and assessment of the WMPs, but note that in many cases the WMPs are not significantly changed year over year, and some suggested revisions may not be incorporated until the next comprehensive review. As discussed during the working group meetings, the smaller POUs and co-ops prioritize annual resource spending, and only make substantive changes to their WMPs outside of the comprehensive review cycle only when critically necessary. As such, the Joint Associations suggest that the brief introductory paragraph on page 8 be amended as follows:

WSAB reviewed the POUs’ 2024 WMPs and WSAB–POU Working Group’s preliminary recommendations. WSAB provides the following recommendations for the development of updates to the POUs’ 2025 WMPs and future comprehensive WMPs. [It is expected that POUs will tailor the WSAB recommendations to their unique circumstances, prior to or during the next comprehensive revision.](#)

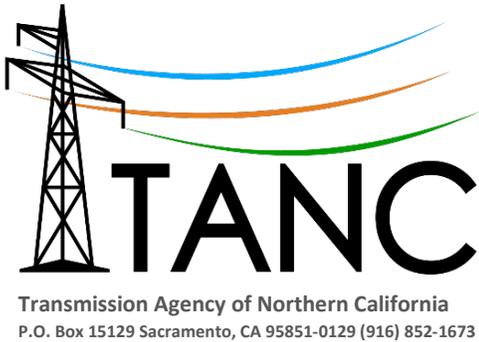
2. Recommended Change to Section 6.

The Joint Associations believe it is important that the Advisory Opinion recognize the distinction between the role of the independent evaluator relative to the POUs and co-ops versus the electrical corporations. As it pertains to the POUs and co-ops, the independent evaluator’s role is to review the comprehensiveness of the WMP. While specific suggestions on plan improvements are welcome, the suggestions set forth in the Draft Advisory Opinion could significantly expand the scope of work that the independent evaluator would need to do; assessing a WMP and providing recommendations on mitigation strategies and measures differs considerably from assessing the completeness of the plan. This is significant because the cost to retain an independent evaluator can be substantial and that cost increases with a broader scope of work. Furthermore, there is little to no value to the utility of an annual detailed review of the WMPs, particularly where year-over-year changes to the WMP are negligible. In

order to ensure that the Draft Advisory Opinion reflects these important points, the Joint Associations recommend the following changes:

PUC section 8387(c) requires POUs to “contract with a qualified independent evaluator with experience in assessing the safe operation of electrical infrastructure to review and assess the comprehensiveness of its wildfire mitigation plan.” The content and level of detail in the independent evaluator’s (IE’s) reports varied. IE reports most likely to contribute to wildfire risk mitigation will include evaluation of, and recommendations to improve, WMP strategy and specific projects. For example, the IE report submitted by Truckee Donner Public Utility District included detailed recommendations for future actions. The report stated, “As part of its pole replacement program, TDPUD should consider the use of steel or composite poles.” The IE reports submitted by the Lassen Municipal Utility District and Redding Electric Utility also contained tables showing that the IE made recommendations in its initial review that were addressed in an updated version. The WSAB observed that some IE recommendations within the reports were less specific and appeared to be more directed at format rather than substance. While the WSAB would prefer to see IE reports that provide specific recommendations to the POUs and cooperatives, we recognize that this would require a scope of work that is broader than the statutory requirement, and could come at a significant cost to the utilities. The WSAB also recognizes that there is likely de minimis value in such a detailed review annually, given that many WMPs do not change significantly year-over-year. Therefore, while not required by the statute, the WSAB encourages the POUs and cooperatives to engage IEs to provide comprehensive review and recommendations in years when they conduct a comprehensive review of their WMPs. Additionally, POUs and cooperatives should consider including a table or summary showing where IE recommendations were addressed in a future or updated WMP.

The Joint Associations appreciate the WSAB’s willingness to proactively engage with the POUs and cooperatives and look forward to future collaborations and feedback moving forward.



MEMORANDUM

DATE: November 13, 2024

TO: TANC Commission

FROM: John Roukema
Interim General Manager

SUBJECT: REPORT ON TANC'S RELIABILITY STANDARDS COMPLIANCE PROGRAM

This memorandum provides the Transmission Agency of Northern California (TANC) Commission with an overview of recent key activities being conducted in support of TANC's Reliability Standards Compliance Program.

Federal Energy Regulatory Commission Order 901

In 2023 and to address reliability gaps related to Inverter Based Resource (IBR) technology in Solar, Wind and Battery Energy Storage applications, the Federal Energy Regulatory Commission (FERC) issued Order 901. In part, Order 901 directs the North American Electric Reliability Corporation (NERC) to develop new or modified reliability standards to address IBR related topics identified in Order 901. To date, the following new reliability standards have been filed with FERC, are pending regulatory approval, and are expected to have implementation dates in 2026:

- PRC-028-1 - Disturbance Monitoring and Reporting Requirements for IBRs
- PRC-029-1 - Frequency and Voltage Ride Through Requirements for IBR Generating Resources
- PRC-030-1 - Unexpected IBR Resource Event Mitigation

Later this month, NERC will also be hosting an informational webinar on the IBR Registration Initiative, which addresses the identification and registration of owners and operators of IBRs that are connected to the bulk power system but are not currently required to register with NERC or adhere to its reliability standards. To mitigate this reliability concern, NERC seeks to register

Generator Owners and Generator Operators of non-Bulk Electric System IBRs with aggregate nameplate capacity of greater or equal to 20 megavolt-amperes, connected at a voltage of greater or equal to 60 kilovolts.

None of the currently filed new reliability standards are directly applicable to TANC. Additional modifications to existing reliability standards/proposed new standards are expected related to FERC Order 901 - which may be applicable to TANC.

Request for Comments: Modifications to Section 1600 Data Request for Transmission Availability Data System (TADS)

The Transmission Availability Data System (TADS) is a web-based system that collects and reports transmission outage and system inventory data and requires data to be input on a quarterly basis. NERC uses the data collected by TADS to create transmission system metrics that analyze factors related to transmission outages, such as their duration, frequency, and cause. NERC is seeking to update the quarterly TADS Section 1600 data request by expanding the TADS reporting to include:

- Load loss outage data resulting from transmission system outages, to support performance assessments and resilience analysis of the Bulk Power System;
- Geographical data, to more accurately evaluate the extent of transmission system outages; and
- Equipment sub-cause codes, to enhance equipment cause codes for detailed analysis of outage cause.

Based on TANC's Functional Registration – TANC is required to provide TADS data to NERC on a quarterly basis. TANC coordinates with and receive the necessary information from the Western Area Power Administration (WAPA) to complete the required TADS filings.

Coordination with the Western Area Power Administration

The following provides a status update of several compliance agreements that TANC has in place with WAPA:

Coordinated Functional Registration Agreement (Contract 05-SNR-00869) (CFR): The CFR delegates the responsibilities of applicable Critical Infrastructure Protection (CIP) standards to WAPA. An updated list of applicable CIP standards and requirements was submitted to WAPA in October 2024. WAPA is the party responsible for making sure the NERC CFR webportal is updated.

Delegation Agreement (15-SNR-01965) (DA): The most current update to the DA was executed in January 2023 and included updates covering the 2022 compliance year. In October 2023, TANC submitted an update of DA Exhibits 1 and 2 to WAPA. This update included standards and

TANC Commission

November 13, 2024

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requirements that become effective in 2024. In October 2024, TANC submitted additional updates of DA Exhibits 1 and 2 to WAPA. This update includes future standards and requirements that will become effective in 2025.

Annual Evidence Request

On October 8, 2024, TANC submitted to WAPA its annual requests for 2024 compliance evidence and Reliability Standard Audit Worksheets for applicable Operations and Planning standards included in the October 2024 proposed update to DA Exhibit 1 as discussed above. All information was requested by the end of January 2025. The Reliability Standard Audit Worksheets and evidence will then be used to complete TANC's annual compliance reviews and the annual self-certification request from WECC which is expected to be received in December 2024.



Transmission Agency of Northern California
P.O. Box 15129 Sacramento, CA 95851-0129 (916) 852-1673

MEMORANDUM

DATE: November 13, 2024

TO: TANC Commission

FROM: John Roukema
Interim General Manager

SUBJECT: REPORT ON CAISO MATTERS

This memorandum provides an update on issues at the California Independent System Operator (CAISO) that are relevant to the Transmission Agency of Northern California (TANC).

Interconnection Process Enhancements 2023 Track 3 Workshop - Draft Final Proposal

On August 28, 2024, the CAISO hosted a workshop to discuss the Interconnection Process Enhancement (IPE) 2023 Track 3 - Draft Final Proposal. The meeting focused on key objectives including procedural updates, schedule changes, and discussions on Transmission Plan Deliverability (TPD) allocation issues to inform the next CAISO Track 3 draft proposal. In addition, the CAISO continues to explore details for Track 3B, particularly the Cluster 14 intra-cluster prioritization proposal.

At recent meetings, the Track 3A workgroup addressed solutions for issues related to Network Upgrades and resource development in three (3) areas: 1) TPD allocation concerns for projects with long lead times or delayed Deliverability Network Upgrades approved in the CAISO Transmission Planning Process (TPP); 2) TPD allocation issues for Reliability Network Upgrades that proceed only if funded by the projects requiring them; and 3) challenges for long lead-time resources that align with local regulatory authorities' policy goals for specific technologies and locations. The Track 3A Revised Straw Proposal allows projects three consecutive opportunities to seek TPD allocations, beginning with the affidavit window that closes during the cluster's interconnection facility study. After the third opportunity, projects that do not secure an allocation will be converted to the Energy Only designation for the remainder of the TPD allocation process.

A Public Entity whose Members include:

Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Modesto Irrigation District,
Palo Alto, Plumas-Sierra Rural Electric Cooperative, Redding, Roseville,
Sacramento Municipal Utility District, Santa Clara, Turlock Irrigation District, Ukiah

2024-2025 Transmission Planning Process

On September 23, 2024, the CAISO hosted the first day of the 2024-2025 Transmission Planning Process (TPP) meeting, which focused on Reliability Assessment and Study Updates. The CAISO provided an overview of reliability results and key issue updates, reviewed an inverter-based resource (IBR) Short Circuit Model Update, and completed north and south reliability assessments. A review of the IBR system short circuit model data was initiated in response to concerns raised by the CAISO and stakeholders. Preliminary analysis of the revised data indicates that the maximum reduction in fault current is not significant. Final impacts will be assessed and incorporated into the 2024 Reassessment Study results, in accordance with individual Participating Transmission Owner (PTO) data validation requirements. Additionally, there are ongoing modeling concerns regarding the overall state of industry software tools and available models, and the CAISO will continue to collaborate with transmission owners to address these issues. The North and South Reliability Assessments were completed as part of the 2024-2025 Transmission Planning Process Meeting. High-level jurisdiction and transmission information was presented, along with load and load generation assumptions. Reliability assessments were conducted, and potential upgrade recommendations were solicited by CAISO.

On September 24, 2024, the CAISO hosted the second day of the 2024-2025 TPP meeting during which the CAISO presented PTO proposed reliability solutions, reviewed updates to high voltage Transmission Access Charge (TAC) and completed industry policy and economic assessments. For the 2023-2024 high voltage TAC, the projected rates are lower than in 2022-2023. The overall decrease is primarily due to a \$3.58 decrease in the Transmission Revenue Requirement and is consistent with trends from the previous year's projections. A modestly higher Gross Load Growth Rate also contributed to reduced overall TAC rates. The projections account for capital projects in the 2023-2024 TPP and other unenergized transmission projects, with CAISO committed to refining assumptions based on stakeholder feedback and providing annual updates. CAISO is developing policy and economic case study cases, and the preliminary results of these assessments will be presented at the November 13 stakeholder meeting.

Extended Day-Ahead Market

On October 30, 2024, the Western Area Power Administration (WAPA) announced that it has authorized its Sierra Nevada Region to engage in final negotiations to join and participate in the Extended Day-Ahead Market (EDAM). WAPA's Desert Southwest/Lower Colorado Region will be commissioning a benefits study by Brattle to evaluate potential participation in EDAM.

CASIO Stakeholder Symposium

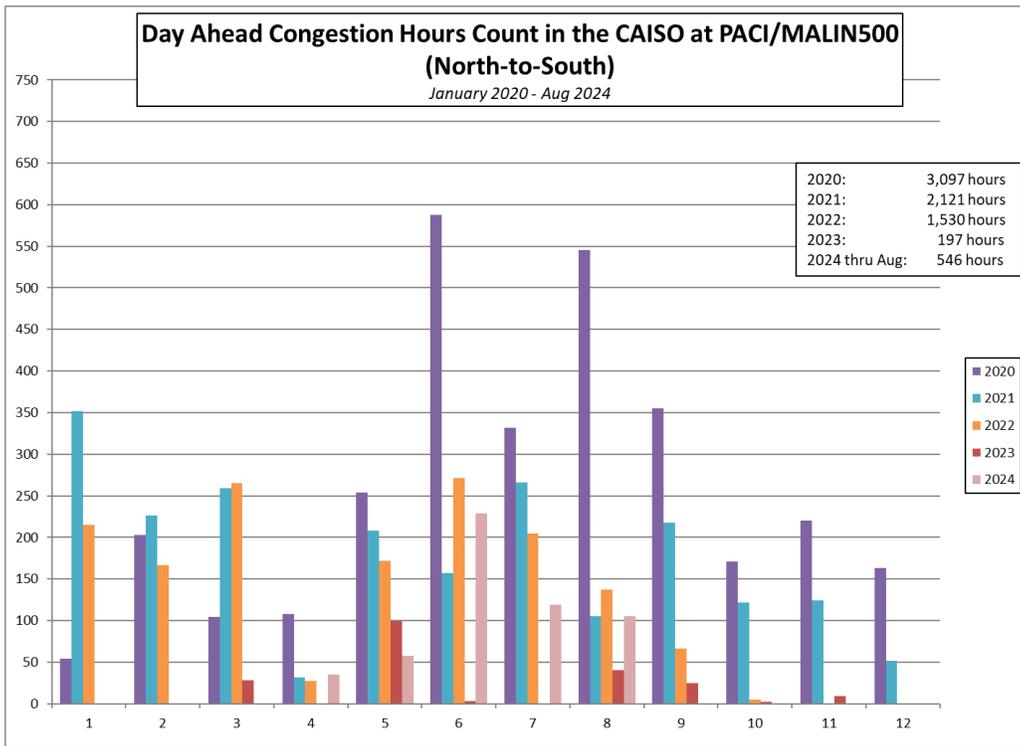
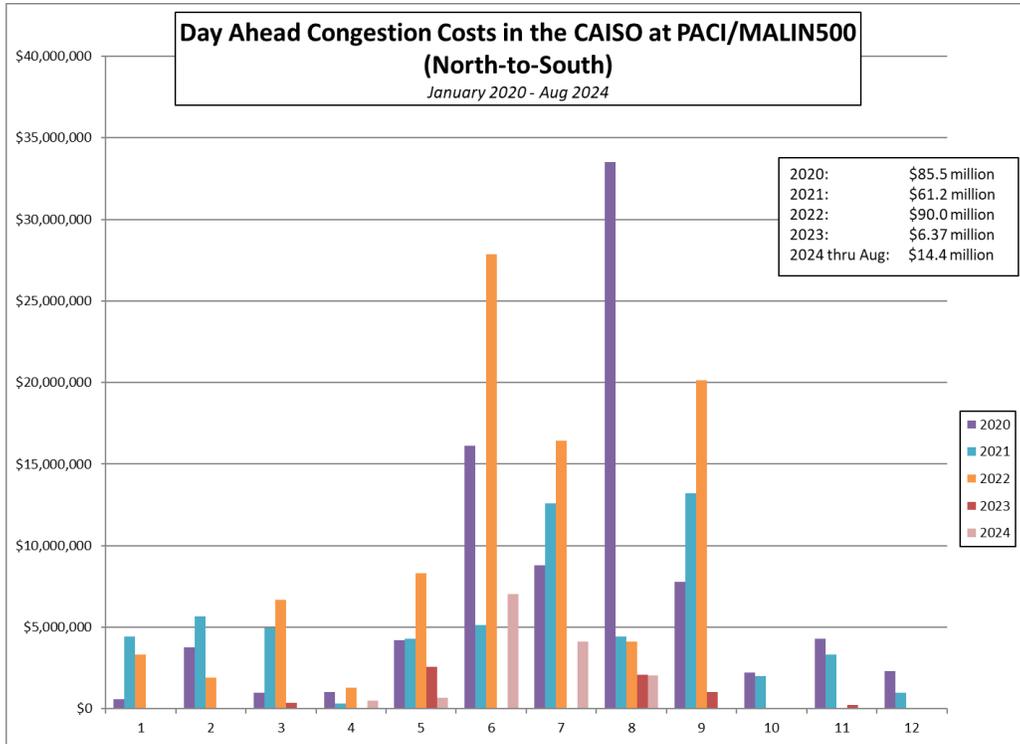
On October 30, 2024, the CAISO hosted a series of discussion panels to review developments in a variety of stakeholder issues including Governance, Markets, Transmission, and Innovations in Load Flexibility and Virtual Power Plants. Additionally, panelists expressed strong optimism and confidence that the California state legislature will introduce and pass the needed legislative changes in order to put the West-Wide Governance Pathways Initiative (WWGPI) into effect. The

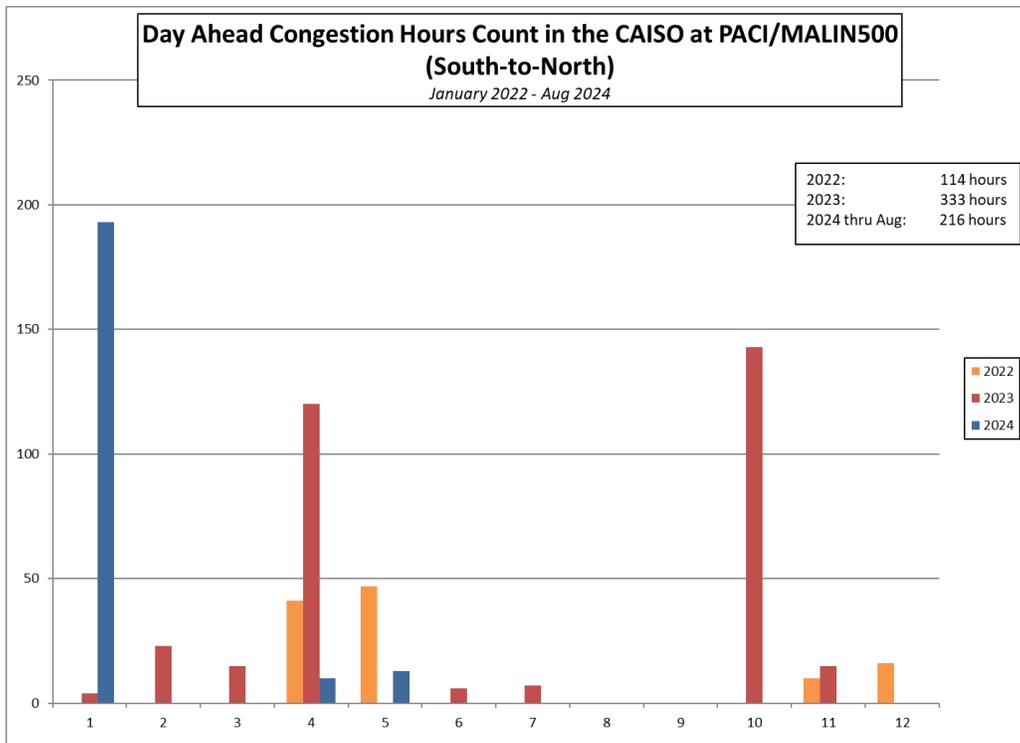
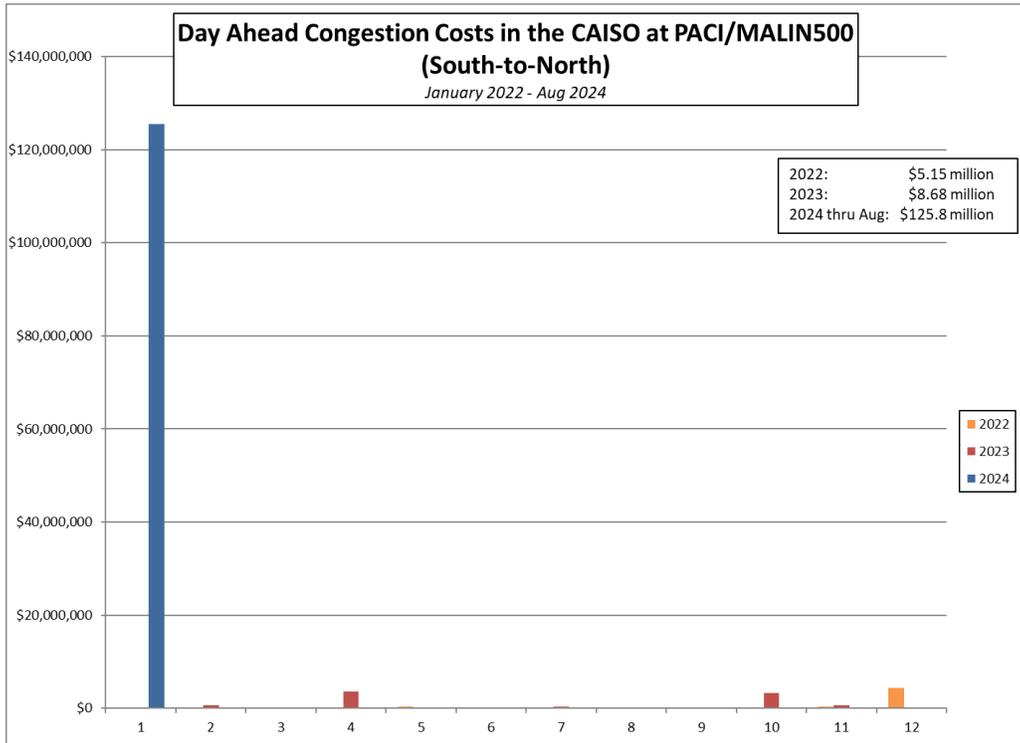
WWGPI aims to relieve CAISO and California officials of holding sole governance over CAISO markets, and transitioning market authority to an independent governing body reflective of the whole of CAISO market participants.

Congestion

In August 2024, North-to-South congestion at Malin totaled \$2,035,647 over 105 hours. South-to-North congestion at Malin totaled \$0 over 0 hours. Year-to-date North-to-South congestion is \$14,375,102 over 546 hours, and year-to-date South-to-North congestion remains at \$125,830,493 over 216 hours.

Below are charts depicting Congestion Costs and Hours of Congestion at Malin from January 2020 through August 2024 in the North-to-South direction. Charts for the same Costs and Hours in the South-to-North direction depicting congestion from January 2022 through August 2024 are also included.





TAB 17

REPORT FROM THE TANC INTERIM GENERAL MANAGER

The TANC Commission will receive a report from the TANC Interim General Manager



Transmission Agency of Northern California
P.O. Box 15129 Sacramento, CA 95851-0129 (916) 852-1673

MEMORANDUM

DATE: November 13, 2024

TO: TANC Commission

FROM: John Roukema
Interim General Manager

SUBJECT: REPORT ON TANC STRATEGIC PLANNING EFFORTS

This memorandum provides the Transmission Agency of Northern California (TANC) Commission with an update on activities associated with the TANC 2021-2025 Strategic Plan. The text below includes the update from the last TANC Commission meeting for each task that comprises the 2024 work plan. Any progress since the last TANC Commission meeting is included in Table 1 in *italics text*. The current Gantt Chart is also provided in Figure 1.

Table 1 - Progress on 2024 Work, By Task as Shown in the Gantt Chart in Figure 1

| Task No. | <u>Task Name/Progress</u> |
|----------|---|
| 1 | <p><u>Finance and Implement California-Oregon Transmission Project (COTP) Series Capacitor Project</u></p> <p>Resolution 2024-17 approving a Letter of Credit to provide upfront funding to the Western Area Power Administration (WAPA) for their share of the COTP Series Capacitor Project was approved by the Commission on August 21, 2024. Closing documents for the 2024 TANC credit agreement have been executed. The cash call from WAPA for series capacitor upfront funding has been received by TANC. TANC continues to work with Treasurer/Controller staff to implement the steps necessary to provide required upfront funding to WAPA for their share of the COTP Series Capacitor Project in early October 2024.</p> <p><i>TANC Treasurer/Controller staff wired the upfront funding to WAPA for their share of the COTP Series Capacitor Project on October 4, 2024. The issuance of bonds to fund the COTP Series Capacitor Project is scheduled to occur in Spring 2025. At their meeting in</i></p> |

| Task No. | <u>Task Name/Progress</u> |
|----------|---|
| | <i>late October, the General Manager’s Audit Budget Committee began discussing what to do with the upfront funding that will be repaid by WAPA.</i> |
| 2 | <p><u>Complete California-Oregon Intertie (COI) Path 66 Rating Process</u> On September 11, 2024, the Phase Two COI Path Rating Study was submitted to the RAC and the Studies Subcommittee for review. After approval, the path rating process will transition to Phase 3 which will involve preparing for operations, updating contracts and finalizing other tools for implementation. Expected implementation is Summer operating season is June 1, 2025.</p> <p><i>In an email from the WECC on October 18, 2024, the COI facility owners were notified that no comments or questions were received during the 30-day review period. The email further noted that, in accordance with the WECC Project Coordination, Path Rating and Progress Report Process, that COI Path 66 was granted Phase 3 status, with an accepted rating of 5,100 megawatts North to South. The 5,100 MW path rating is expected to become effective with the Summer 2025 Operating Season (June 1, 2025).</i></p> |
| 3 | <p><u>Update Key TANC Agreements</u> The Balancing Authority of Northern California will prepare a draft operating agreement for TANC and Sacramento Municipal Utility District review later this year.</p> |
| 4 | <p><u>Prepare for and Complete 2024 Western Electricity Coordinating Council (WECC) Audit</u> Task is complete.</p> |
| 5 | <p><u>Continued Evaluation of Wildfire Risk Reduction Activities</u> WAPA continues to implement field activities associated with the Wildfire Prevention, Mitigation, and Response Strategies (Wildfire Strategies) in the 2024 TANC-COTP Wildfire Mitigation Plan. An additional five miles of access roads have been brushed in elevated high fire threat district areas, and the corona and infrared inspections were completed in early June, with no maintenance issues detected.</p> <p><i>Staff will be working with WAPA in the coming months on a workplan and schedule for the 2025 update to the TANC-COTP Wildfire Mitigation Plan (WMP). The workplan will include but not be limited to: 1) considering and integrating responses to the California Wildfire Safety Advisory Board’s Opinion for the 2025 Wildfire Mitigation Plans of Publicly Owned Electric Utilities and Electrical Cooperatives as appropriate; 2) receiving TANC Commission Guidance regarding additional information that may be needed in the WMP with respect to wildfire-related COTP outages; and 3) documenting 2024 progress achieved for the six Wildfire Prevention, Mitigation, and Response Strategies now active in the WMP.</i></p> |
| 6 | <p><u>Consider Potential New Transmission Development</u> TANC has met with two project developers who plan to bid to construct the two Offshore Wind projects and provided public information on the COTP and discussed why the developers are reaching out to TANC and other entities.</p> |

| Task No. | <u>Task Name/Progress</u> |
|----------|--|
| 7 | <p><u>Explore Options to Increase the Value of the COTP</u></p> <p>The General Manager’s Open Access Transmission Tariff (OATT) Committee has requested staff to inquire about developing new transmission products that are not Federal Energy Regulatory Commission pro-forma, in alignment with recent trends in third party usage of the COTP and Pacific Alternating Current Intertie lines. TANC is working with Special Counsel and Open Access Technology International, Inc. (OATI) to determine the legal and technical issues that would either inhibit or allow the offering of these products.</p> <p><i>TANC met with OATI staff in October to evaluate options for additional products. TANC is waiting to hear back from OATI on their conclusions.</i></p> |
| 8 | <p><u>Explore Enhancements to South of Tesla Asset</u></p> <p>Initiative will begin in second quarter of 2024.</p> <p><i>TANC is working with certain Members in evaluating the option of using South of Tesla rights to use potential new solar energy with battery storage backup in the Path 15 area.</i></p> |
| 9 | <p><u>Develop and Adopt Enterprise Risk Plan</u></p> <p>TANC has made significant progress on finalizing the initial review of the approved Enterprise Risk Management Framework.</p> |
| 10 | <p><u>Explore Impacts of Changing Markets on TANC and the COTP</u></p> <p>TANC is drafting a summary of the new market developments and implications for the COTP.</p> |
| 11 | <p><u>Consider Revisions to TANC’s Open Access Transmission Tariff (OATT)</u></p> <p>The task of updating the TANC OATT and potentially incorporating elements of Federal Energy Regulatory Commission (FERC) Order 2023 associated with clustering of interconnection projects to the COTP has begun. It is anticipated this project will be brought before the TANC Commission for consideration in January 2025.</p> <p><i>TANC continues its evaluation of revising its Large Generator Interconnection Procedures to accommodate FERC Order 2023 and 2023a (clustering assessments).</i></p> |



Transmission Agency of Northern California
P.O. Box 15129 Sacramento, CA 95851-0129 (916) 852-1673

MEMORANDUM

DATE: November 13, 2024

TO: TANC Commission

FROM: John Roukema
Interim General Manager

SUBJECT: REPORT ON ADDRESSING PUBLIC SAFETY POWER SHUTOFFS IN TANC
WMP FOR THE COTP

The Transmission Agency of Northern California (TANC) Commission will discuss information on Public Safety Power Shutoffs to consider in the next update to the TANC Wildfire Mitigation Plan for the California-Oregon Transmission Project.



Transmission Agency of Northern California
P.O. Box 15129 Sacramento, CA 95851-0129 (916) 852-1673

MEMORANDUM

DATE: November 13, 2024

TO: TANC Commission

FROM: John Roukema
TANC Interim General Manager

SUBJECT: REPORT AND POTENTIAL ACTION REGARDING THE AUDIT OF TANC'S
FINANCIAL STATEMENTS FOR FISCAL YEAR 2024

Enclosed are the draft audited Financial Statements for the Transmission Agency of Northern California (TANC) for Fiscal Year (FY) 2024. A representative from TANC's auditor, Baker Tilly, will present their findings at the November 20, 2024 TANC Commission meeting. A copy of the presentation is also attached. Baker Tilly and TANC's Controller will also be available for questions following the presentation.

At the conclusion of the presentation and related discussion, the TANC Commission will be asked to accept the FY 2024 Audited Financial Statements.

Enclosures



Transmission Agency of Northern California

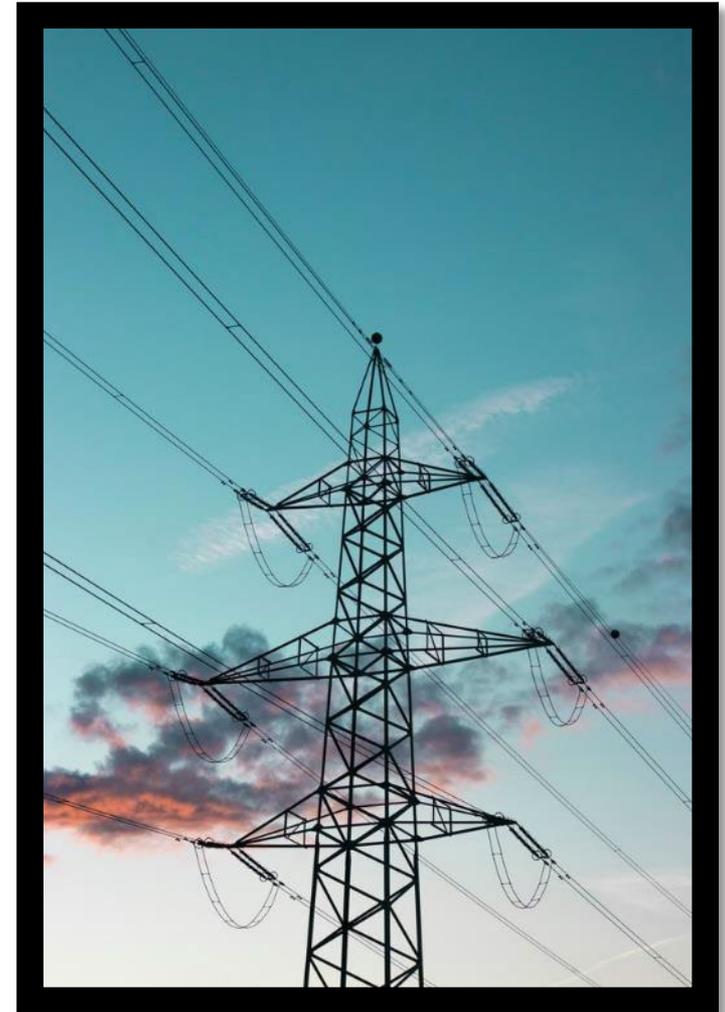
TANC Commission Audit Report Presentation

November 20, 2024

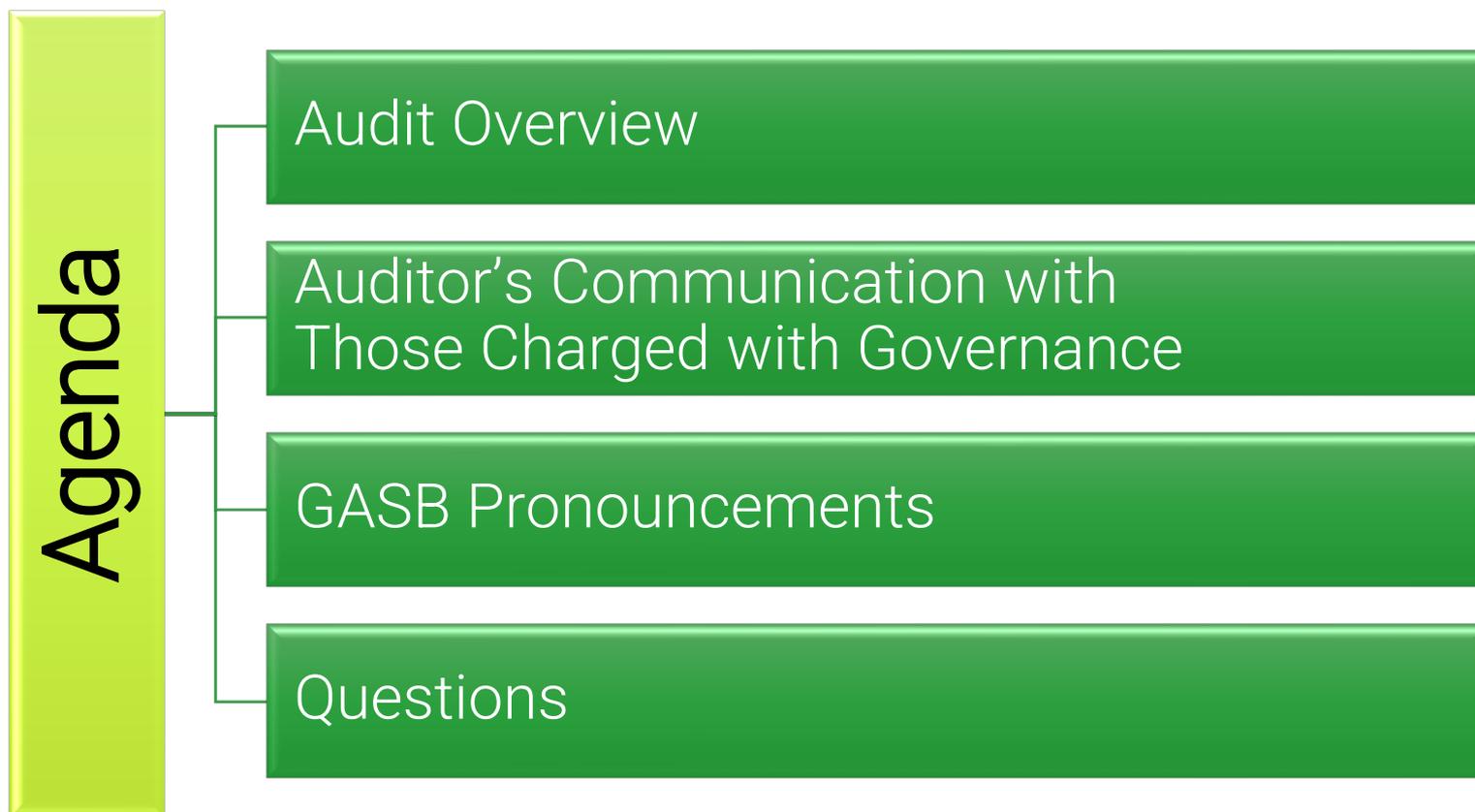
Presented by Ryan O'Donnell,
CPA, Director



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Audit Presentation Topics



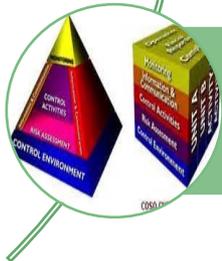
Audit Overview



Audit assesses internal controls



“...a means by which an organization’s resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization’s resources.”



Controls must meet the goal and objectives of Operations, Reporting and Compliance

Audit Overview (cont.)



Audit performed in accordance with Generally Accepted Auditing Standards



Audit objective - reasonable assurance that financial statements are free from material misstatement



Financial statements received an *Unmodified Opinion*



There were no material weaknesses or significant deficiencies in controls



Audit Overview (cont.)

- Total audit hours approximated 240
- Internal controls in all key areas were examined
 - Member billings
 - Cash collections
 - Expenditures
 - Capital asset accounting
 - Investments

Audit Overview (cont.)

Single Audit

- Not applicable in 2024

Bond Indenture Letter

- Done to review compliance with bond indentures
- Conclusion is no non-compliance came to our attention

Auditor communication to those charged with governance

| Area to be Communicated | Area to be Communicated |
|---|--|
| Our responsibility under Auditing Standards Generally Accepted in the United States | Other Information in Documents Containing Audited Financial Statements |
| Planned Scope and Timing of the Audit | Accounting Policies |
| Accounting Estimates | Financial Statement Disclosures |

Auditor communication to those charged with governance

| Area to be Communicated | Area to be Communicated |
|--|---|
| Difficulties Encountered in Performing the Audit | Corrected and Uncorrected Misstatements |
| Audit Adjustments | Disagreements with Management |
| Consultations with Other Independent Accountants | Management Representations |
| Auditor Independence | Other Audit Findings or Issues |

Auditor communication to those charged with governance

Pronouncements implemented during FY 2024:

- GASB Statement No. 100: *Accounting Changes and Error Corrections*
 - No impact to TANC

Relevant pronouncements for future:

- GASB Statement No. 101 *Compensated Absences* – no anticipated impact (effective for FY2025)
- GASB Statement No. 102: *Certain Risk Disclosures* – being evaluated (effective for FY2025)
- GASB Statement No. 103: *Financial Reporting Model Improvements* – being evaluated (effective for FY2026)



Audit Summary

We appreciate the work done by TANC Accounting staff and management in preparing for and assisting in the audit!



TANC



Discussion



Contact Info

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Transmission Agency of Northern California

Financial Statements

and Independent Auditors' Report

June 30, 2024 and 2023



**TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
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Independent Auditors' Report

To the Commissioners of
Transmission Agency of Northern California

Opinion

We have audited the accompanying financial statements of the Transmission Agency of Northern California (Agency), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2024 and 2023, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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

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 Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinion. 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 Agency'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 Agency'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 as listed in the table of contents 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.

Baker Tilly US, LLP

Madison, Wisconsin
October 21, 2024

TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Using this Financial Report

This annual financial report for the Transmission Agency of Northern California (Agency) consists of management's discussion and analysis and the financial statements, including notes to financial statements. The basic Financial Statements consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows.

The Agency's accounting records are maintained in accordance with Generally Accepted Accounting Principles for proprietary funds as prescribed by the Governmental Accounting Standards Board (GASB). The Agency's accounting records generally follow the Uniform System of Accounts for Public Licensees prescribed by the Federal Energy Regulatory Commission.

Overview of the Financial Statements

The following discussion and analysis of the financial performance of the Agency provides an overview of the financial activities for the years ended June 30, 2024 and 2023. This discussion and analysis should be read in conjunction with the Agency's financial statements and accompanying notes, which follow this section.

The Statements of Net Position provide information about the nature and amount of resources and obligations at a specific point in time.

The Statements of Revenues, Expenses and Changes in Net Position report all the Agency's revenues and expenses during the periods indicated.

The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and debt financing, and other cash uses such as payments for debt service and capital additions.

The Notes to financial statements provide additional detailed information to support the financial statements.

Nature of Operations

The Agency is a joint powers authority (JPA) consisting of 15 Northern California publicly owned utilities (Members) pursuant to the California Government Code. The Agency's purpose is to provide electric transmission or other facilities to Members. The Agency is a Participant and the Project Manager of the California-Oregon Transmission Project (Project). The Project is a 340-mile long, 500-kilovolt alternating current transmission project between Southern Oregon and Central California, which began commercial operation in 1993. The Project operates in the Western Area Power Administration (WAPA) sub-balancing area with the Balancing Authority of Northern California. The Agency receives from Pacific Gas and Electric (PG&E), 300 MW of firm, bi-directional transmission service over PG&E's system between the Tesla and Midway Substations. The South of Tesla (SOT) Agreement between the Agency and certain Members sets forth the terms under which the Agency renders Tesla-Midway transmission to its Members.

The JPA Agreement provides that the costs of activities be financed or recovered through assessment of its Members or by user charges through transmission contracts with its Members. Each Member has agreed to pay a pro rata share of the costs to operate the Agency, including debt service, and has the right to participate in future project agreements. The JPA remains in effect until all debt obligations and interest thereon have been paid, unless otherwise extended by the Members.

The Agency's Commission is comprised of one commissioner from each Member. The Agency presently does not employ staff to conduct Agency business. The Agency has established various committees to assist in its administration and operations. An Agency Member, the Sacramento Municipal Utility District (SMUD), serves as the Agency's Treasurer and Controller. The Agency has a contract with a general manager who is responsible for the day-to-day management and operations of the Agency.

Financial & Operational Highlights

Maintaining reliability and safe operations are the major objectives of the Project. When the Project was permitted and built, the original easement rights did not prohibit the planting or growth of orchards within the right-of-way. The Agency is obligated to maintain a mandatory vegetation clearance distance between orchard trees and conductors as required by the North American Energy Reliability Corporation (NERC). In 2012, the Agency's and the Project's Management Committee adopted a policy to help maintain and improve the reliability and safety of the Project's transmission line by creating the Olinda-Tracy Rights-of-Way Improvement Program (OTRIP). The objective of the OTRIP is to remove orchard trees from the Project's right-of-way and maintain safe vegetation clearance distances associated with line reliability and outage potential. Additionally, securing long-term land rights that prohibit the planting of orchards and other wooded crops in the right-of-way ensured that clearances from crops in future years will meet or exceed the required vegetation clearance distance. Funding of this program was completed in Fiscal Year 2021 but will take several years to complete due to the timing of offers accepted by farmers and removal of trees from their property.

Wildfire awareness and protection for utility easements and rights of way continues as a major industry focus. For the Agency and the Project, it has been a primary focus and responsibility since the Project was permitted and constructed. The Agency has an established series of longstanding wildfire risk reduction activities that have been directed at reducing wildfire risks from the Project's transmission facilities within and outside the right-of-way, and other related facilities. These wildfire risk reduction activities are routine elements of the Agency's ongoing operation and maintenance work on the Project. The Agency employs an extensive fire risk management plan to mitigate its exposure that includes semi-annual aerial inspections, routine ground inspections, and a rigorous vegetation management program, as well as limiting crops and vegetation height in orchard areas. The Agency also has a 33-year relationship with the Modoc, Shasta-Trinity, and Lassen National Forests for fuels management, fire response, and access road maintenance services.

In 2019 the Agency formed an internal Wildfire Advisory Committee to ensure compliance with recently enacted laws, strengthen existing practices, and monitor relevant legislative and regulatory activities. Through this Wildfire Advisory Committee, the Agency developed a Wildfire Mitigation Plan (Plan) to comply with Senate Bill 901 which was enacted into law in 2018. It is anticipated that an annual review and update to this Plan will be an on-going activity of TANC and the Agency in the foreseeable future. TANC's current Plan that has been submitted to the California Wildfire Advisory Board can be downloaded from their website.

The Agency continues to implement the Reliability Standards Compliance Program (Compliance Program). The Agency's Commission adopted the Compliance Program in May 2007 in response to requirements mandated by NERC. Periodic updates to the program are approved by the Agency throughout the fiscal year in order to remain current with new NERC directives. The Compliance Program is reviewed semi-annually, and the Agency's Commission is provided with an annual updated version. In a year when no audit is conducted by the Western Electric Coordinating Council (WECC), an internal audit is conducted for all standards and requirements which are applicable to the Agency. WECC performed an audit of the Agency's compliance program in April 2024 with no findings of noncompliance.

In fiscal year 2024, the Project began a major replacement project related to the series capacitor banks at the two substations and single compensation station on the line. Engineering and design work was completed setting up procurement of four series capacitors in fiscal year 2025. Installation of the equipment will be staged over the next eight years.

FINANCIAL POSITION

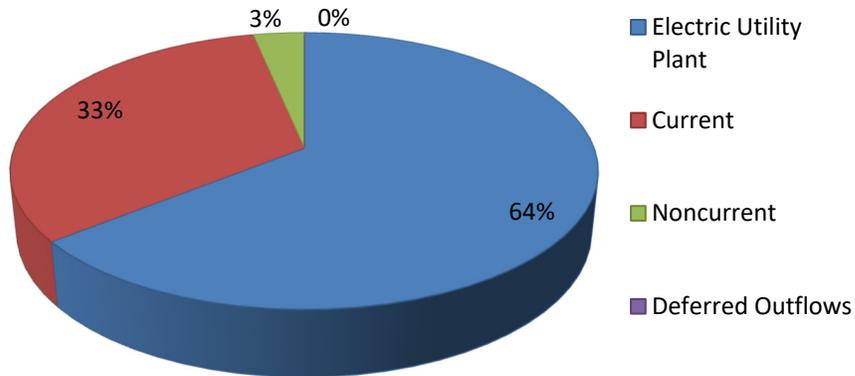
The following table summarizes the financial position as of June 30 (in thousands).

Statements of Net Position Summary

| | 2024 | 2023 | 2022 |
|--|--------------------------|--------------------------|--------------------------|
| Assets | | | |
| Electric utility plant - net | \$ 258,740 | \$ 259,386 | \$ 262,133 |
| Current assets | 126,713 | 119,504 | 109,990 |
| Noncurrent assets | 17,056 | 18,471 | 8,759 |
| Total assets | <u>402,509</u> | <u>397,361</u> | <u>380,882</u> |
| Deferred outflows of resources | -0- | 34 | 203 |
| Total assets and deferred outflows | <u><u>\$ 402,509</u></u> | <u><u>\$ 397,395</u></u> | <u><u>\$ 381,085</u></u> |
| Liabilities | | | |
| Long-term debt - net | \$ 169,028 | \$ 178,559 | \$ 186,637 |
| Current liabilities | 33,544 | 34,515 | 28,229 |
| Noncurrent liabilities | 98,532 | 89,052 | 86,125 |
| Total liabilities | <u>301,104</u> | <u>302,126</u> | <u>300,991</u> |
| Deferred inflows of resources | 1,326 | 967 | 1,023 |
| Net position | | | |
| Net investment in capital assets | 5,717 | 8,603 | 10,495 |
| Restricted | 1,241 | 989 | 383 |
| Unrestricted | 93,121 | 84,710 | 68,193 |
| Total net position | <u>100,079</u> | <u>94,302</u> | <u>79,071</u> |
| Total liabilities, deferred inflows and net position | <u><u>\$ 402,509</u></u> | <u><u>\$ 397,395</u></u> | <u><u>\$ 381,085</u></u> |

The following chart shows the breakdown of the Agency’s assets by category:

FY 2024 Assets and Deferred Outflows of Resources by Category



2024 Compared to 2023

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Total assets in 2024 increased \$5.1 million or 1.3% over 2023, primarily due to the following:

- The Electric Utility Plant net decrease of \$0.6 million is primarily due to \$6.4 million of depreciation and amortization expense for the year, offset by \$5.5 million of additions including Capital contribution and \$0.2 million of leased assets. The additions to the Project include continued work on the substation service replacements, replacement of breakers and ground switches at Tracy, replacement of microwave batteries and charger, series capacitor bank, and shunt capacitor relay. The Capital contribution represents the difference between the ownership share percentage and the various cost sharing percentages associated with the capital Project costs.
- The Current Assets increase is primarily due to higher Unrestricted cash and cash equivalents due to the maturities of securities.

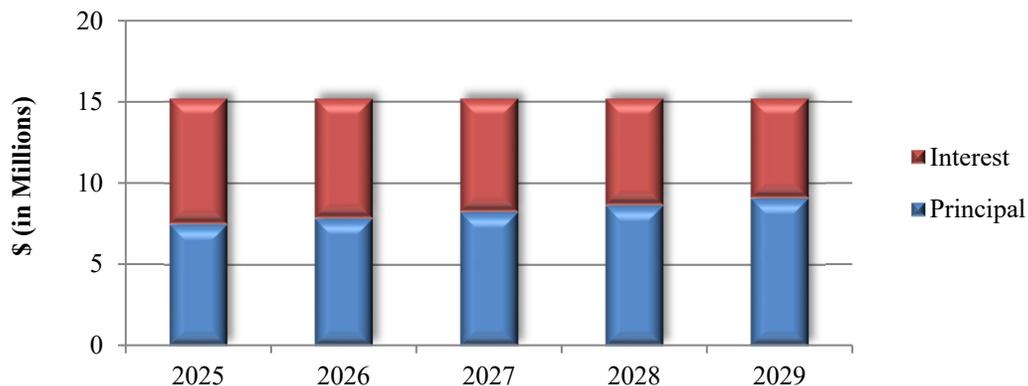
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

Total liabilities in 2024 decreased \$1.0 million or 0.3% over 2023, primarily due to the following:

- The Long-Term Debt net decrease of \$9.5 million is due to \$2.1 million of amortization of bond premium, \$5.9 million of the scheduled principal payments for fiscal year 2024 and \$1.5 million higher Long-term debt due within one year. At June 30, 2024 the Agency had bonds outstanding of \$159.6 million with maturities through May 2039.

The following chart summarizes the debt service requirements of the Agency for the next five years at June 30, 2024:

Debt Service Requirements



- Current Liabilities decrease is due to lower accrued expenses, Advances from Project Participants, offset by higher Long-term debt due within one year.
- Noncurrent Liabilities increase is primarily due to higher Due to Members, as a result of Member cash calls exceeding actual operating and capital related expenses.
- Net position in 2024 increased \$5.8 million or 6.1% over 2023 based on results of operations.

2023 Compared to 2022

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Total assets in 2023 increased \$16.5 million or 4.3% over 2022, primarily due to the following:

- The Electric Utility Plant net decrease of \$2.7 million is primarily due to \$6.6 million of depreciation and amortization expense for the year, retirement of assets at a loss of \$2.1 million, inventory write-off of \$1.0 million, offset by \$5.0 million of additions including Capital contribution and \$2.0 million of leased assets. The additions to the Project include continued work on the substation service replacements, replacement of breakers and ground switches at Tracy and Olinda, replacement of microwave batteries and charger, series capacitor bank, and shunt capacitor relay. The Capital contribution represents the difference between the ownership share percentage and the various cost sharing percentages associated with the capital Project costs.
- The Current Assets increase is primarily due to higher Unrestricted investments, Funds held for Project Participants and Prepayments offset by lower Unrestricted cash and cash equivalents and Transmission sales receivables.

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

Total liabilities in 2023 increased \$1.1 million or 0.4% over 2022, primarily due to the following:

- The Long-Term Debt net decrease of \$8.0 million is due to \$2.1 million of amortization of bond premium, \$2.3 million of the scheduled principal payments for fiscal year 2023 and \$3.6 million higher Long-term debt due within one year. At June 30, 2023 the Agency had bonds outstanding of \$165.5 million with maturities through May 2039.
- Current Liabilities increase is primarily due to higher Long-term debt due within one year, Advances from Project Participants, and accrued expenses.
- Noncurrent Liabilities increase is primarily due to higher Due to Members, as a result of Member cash calls exceeding actual operating and capital related expenses and Lease liability for Project.
- Net position in 2023 increased \$15.2 million or 19.3% over 2022 based on results of operations.

RESULTS OF OPERATIONS

The following table summarizes the operating results for the years ended June 30 (in thousands).

Summary of Revenues, Expenses and Changes in Net Position

| | 2024 | 2023 | 2022 |
|--|-------------------|------------------|------------------|
| Operating revenues | \$ 43,907 | \$ 55,419 | \$ 53,518 |
| Operating expenses | (35,242) | (33,376) | (32,911) |
| Operating income | 8,665 | 22,043 | 20,607 |
| Non-operating expenses - net | (3,229) | (7,689) | (6,328) |
| Change in net position before distributions and contributions | 5,436 | 14,354 | 14,279 |
| Distributions to Members | (919) | -0- | -0- |
| Capital contribution | 1,260 | 877 | 642 |
| Change in net position | 5,777 | 15,231 | 14,921 |
| Net position - beginning of year | 94,302 | 79,071 | 64,150 |
| Net position - end of year | <u>\$ 100,079</u> | <u>\$ 94,302</u> | <u>\$ 79,071</u> |

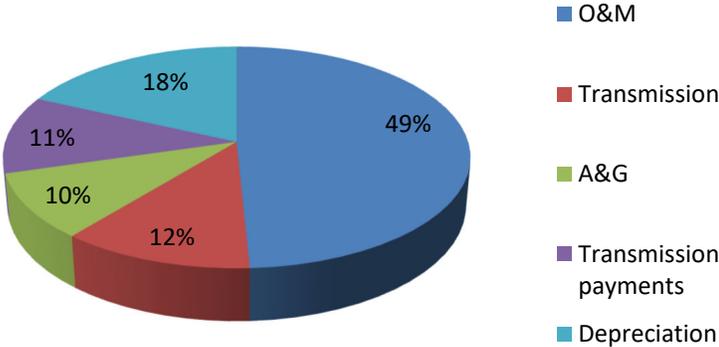
2024 Compared to 2023

OPERATING REVENUES

- The Agency invoices its Members based on the Open Access Transmission Tariff (OATT). The OATT is developed using budgeted operations and maintenance expenses, administrative expenses, depreciation, and a return on rate base. Revenues are comprised of amounts billed under OATT, amounts billed to the Members for SOT transmission service, transmission sales revenues to Members, and Congestion Revenue Rights (CRR) sales revenue to Members. At year end, Operating Revenues are adjusted for amounts related to non-cash operating activities that are applied to Due to Members.

OPERATING EXPENSES

**FY 2024 Operating Expenses
by Category**



The following table summarizes Operating Expenses for the years ended June 30 (dollars in thousands):

| | 2024 | 2023 | 2022 |
|-------------------------------|------------------|------------------|------------------|
| Operating Expenses | | | |
| Operations and maintenance | \$ 17,344 | \$ 12,358 | \$ 11,206 |
| Transmission service | 4,128 | 4,415 | 4,835 |
| Administrative and general | 3,369 | 3,574 | 3,395 |
| Transmission sales payments | 4,000 | 6,333 | 6,834 |
| Depreciation and amortization | 6,401 | 6,696 | 6,641 |
| Total operating expenses | <u>\$ 35,242</u> | <u>\$ 33,376</u> | <u>\$ 32,911</u> |

- Operations and maintenance increase is primarily due to higher maintenance and project support expenses on the Project’s transmission line in fiscal year 2024.
- Transmission sales payments to Members decrease due to lower transmission sales to third parties.

2023 Compared to 2022

- Operations and maintenance increase is primarily due to higher maintenance and project support expenses on the Project’s transmission line in fiscal year 2023.

NON-OPERATING EXPENSES – NET

The following table summarizes the Non-Operating Expenses for the years ended June 30 (dollars in thousands):

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|-------------------|
| Non-Operating Revenues (Expenses) | | | |
| Non-Operating expenses due to Members | \$ (852) | \$ (3,561) | \$ (202) |
| Interest and other income | 3,726 | 2,153 | 313 |
| Interest on debt | (5,950) | (6,172) | (6,375) |
| Lease interest expense for Project | (152) | (110) | (64) |
| Total non-operating expenses - net | <u>\$ (3,228)</u> | <u>\$ (7,690)</u> | <u>\$ (6,328)</u> |

- Non-operating expenses due to Members decrease is primarily due to losses from assets retirements and inventory write-offs recognized in fiscal year 2023.
- Interest and other income increase is due to interest earned on the investments.

Requests for Information

For more information about the Transmission Agency of Northern California, visit our website at www.TANC.us or contact us at info@tanc.us.

**TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
STATEMENTS OF NET POSITION**

| | June 30, | |
|--|----------------|----------------|
| | 2024 | 2023 |
| ASSETS | | |
| ELECTRIC UTILITY PLANT | | |
| California-Oregon Transmission Project (Project) | \$ 550,708,055 | \$ 545,216,531 |
| South of Tesla | 6,173,742 | 6,173,742 |
| Lease assets for Project | 5,699,459 | 5,451,743 |
| Less accumulated depreciation and amortization | (303,841,514) | (297,456,284) |
| Total electric utility plant - net | 258,739,742 | 259,385,732 |
| CURRENT ASSETS | | |
| Cash and cash equivalents: | | |
| Unrestricted cash and cash equivalents | 72,523,559 | 45,788,613 |
| Unrestricted investments | -0- | 19,989,033 |
| Restricted cash and cash equivalents | | |
| Funds held for Project Participants | 14,249,582 | 14,700,699 |
| Debt service fund | 2,530,224 | 2,328,016 |
| Receivables: | | |
| Lease receivable for Project due within one year | 63,989 | 47,371 |
| Members | 4,392,975 | 4,340,032 |
| Transmission sales | 230,853 | 154,823 |
| Prepayments | 32,721,907 | 32,155,898 |
| Total current assets | 126,713,089 | 119,504,485 |
| NONCURRENT ASSETS | | |
| Third party income receivable and other | 2,127,341 | 3,651,697 |
| Lease receivable for Project | 1,319,406 | 963,895 |
| Unrestricted investments | 9,789,900 | 9,977,638 |
| Restricted revenue bond reserve | 3,819,550 | 3,877,580 |
| Other restricted funds | 2 | 2 |
| Total noncurrent assets | 17,056,199 | 18,470,812 |
| TOTAL ASSETS | 402,509,030 | 397,361,029 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Unamortized bond refunding losses | -0- | 33,721 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | -0- | 33,721 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | \$ 402,509,030 | \$ 397,394,750 |

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

**TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
STATEMENTS OF NET POSITION**

| | June 30, | |
|---|----------------|----------------|
| | 2024 | 2023 |
| LIABILITIES AND NET POSITION | | |
| LONG-TERM DEBT - net | \$ 169,027,558 | \$ 178,558,610 |
| CURRENT LIABILITIES | | |
| Accounts payable, accrued liabilities and advances | 2,806,011 | 4,804,074 |
| Lease liability for Project due within one year | 142,041 | 134,717 |
| Advances from Members | 7,535,555 | 7,530,435 |
| Advances from Project Participants | 14,249,582 | 14,700,699 |
| Interest payable on leases | 76,077 | 70,843 |
| Current liabilities payable from restricted assets: | | |
| Long-term debt due within one year | 7,445,000 | 5,935,000 |
| Interest payable on debt | 1,289,293 | 1,338,751 |
| Total current liabilities | 33,543,559 | 34,514,519 |
| NONCURRENT LIABILITIES | | |
| Due to Members | 93,626,872 | 84,121,516 |
| Lease liability for Project | 4,905,581 | 4,931,107 |
| Total noncurrent liabilities | 98,532,453 | 89,052,623 |
| TOTAL LIABILITIES | 301,103,570 | 302,125,752 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Leases for Project | 1,326,126 | 967,343 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 1,326,126 | 967,343 |
| NET POSITION | | |
| Net investment in capital assets | 5,717,130 | 8,602,856 |
| Restricted | 1,240,933 | 989,267 |
| Unrestricted | 93,121,271 | 84,709,532 |
| TOTAL NET POSITION | 100,079,334 | 94,301,655 |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | \$ 402,509,030 | \$ 397,394,750 |

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

TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

| | Years Ended June 30, | |
|--|----------------------|---------------|
| | 2024 | 2023 |
| OPERATING REVENUES | | |
| Project revenues | \$ 35,442,399 | \$ 44,299,058 |
| South of Tesla revenues | 4,464,667 | 4,789,082 |
| Transmission sales revenues | 3,999,658 | 6,331,289 |
| Total operating revenues | 43,906,724 | 55,419,429 |
| OPERATING EXPENSES | | |
| Operations and maintenance | 17,344,306 | 12,357,764 |
| Transmission service | 4,128,361 | 4,415,189 |
| Administrative and general | 3,368,988 | 3,573,995 |
| Transmission sales payments to Members | 3,999,745 | 6,333,205 |
| Depreciation and amortization | 6,400,570 | 6,696,215 |
| Total operating expenses | 35,241,970 | 33,376,368 |
| OPERATING INCOME | 8,664,754 | 22,043,061 |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Non-operating expenses due to Members | (851,488) | (3,561,100) |
| Interest and other income | 3,725,826 | 2,153,215 |
| Interest on debt | (5,950,210) | (6,172,080) |
| Lease interest expense for Project | (152,196) | (109,682) |
| Total non-operating expenses - net | (3,228,068) | (7,689,647) |
| CHANGE IN NET POSITION BEFORE CONTRIBUTIONS | 5,436,686 | 14,353,414 |
| Distributions to Members | (919,110) | -0- |
| Capital contribution | 1,260,103 | 877,000 |
| CHANGE IN NET POSITION | 5,777,679 | 15,230,414 |
| NET POSITION - BEGINNING OF YEAR | 94,301,655 | 79,071,241 |
| NET POSITION - END OF YEAR | \$ 100,079,334 | \$ 94,301,655 |

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

**TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
STATEMENTS OF CASH FLOWS**

| | Years Ended June 30, | |
|---|----------------------|---------------|
| | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from Members and third parties | \$ 54,007,679 | \$ 58,285,258 |
| Payments to Members, vendors and others | (31,405,472) | (28,543,085) |
| Net cash provided by operating activities | 22,602,207 | 29,742,173 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Distributions to Members | (919,110) | -0- |
| Cash received and held (paid to) for Project Participants | (451,117) | 1,836,248 |
| Other disbursements | (18,697) | -0- |
| Net cash (used in) provided by noncapital financing activities | (1,388,924) | 1,836,248 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Repayments of debt | (5,935,000) | (2,300,000) |
| Interest on long-term debt | (8,051,999) | (8,165,500) |
| Construction expenditures | (4,246,761) | (4,102,328) |
| Leases payments for Project | (412,880) | (207,099) |
| Net cash used in capital and related financing activities | (18,646,640) | (14,774,927) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Maturities of securities | 20,049,454 | -0- |
| Purchases of securities | -0- | (29,918,750) |
| Interest received | 3,799,730 | 1,638,441 |
| Net cash provided by (used in) investing activities | 23,849,184 | (28,280,309) |
| Net change in cash and cash equivalents | 26,415,827 | (11,476,815) |
| Cash and cash equivalents at beginning of year | 63,261,970 | 74,738,785 |
| Cash and cash equivalents at end of year | \$ 89,677,797 | \$ 63,261,970 |
| CASH AND CASH EQUIVALENTS INCLUDED IN: | | |
| Unrestricted cash and cash equivalents | \$ 72,523,559 | \$ 45,788,613 |
| Restricted cash and cash equivalents: | | |
| Funds held for Project Participants | 14,249,582 | 14,700,699 |
| Debt service fund | 2,530,224 | 2,328,016 |
| Other restricted funds | 2 | 2 |
| Restricted revenue bond reserve (a component of the total of \$3,819,550 and \$3,877,580 at June 30, 2024 and 2023, respectively) | 374,430 | 444,640 |
| Cash and cash equivalents at end of year | \$ 89,677,797 | \$ 63,261,970 |

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

**TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
STATEMENTS OF CASH FLOWS**

| | Years Ended June 30, | |
|--|----------------------|---------------|
| | 2024 | 2023 |
| RECONCILIATION OF OPERATING INCOME TO | | |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating income | \$ 8,664,754 | \$ 22,043,061 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 6,400,570 | 6,696,215 |
| Changes in operating assets and liabilities: | | |
| Third party income receivable and other | 1,517,997 | 1,124,104 |
| Due from Members | 8,653,868 | 873,681 |
| Transmission sales receivable | (76,030) | 1,137,709 |
| Prepayments | (566,009) | (2,587,207) |
| Payables and accruals | (1,998,063) | 435,022 |
| Advances | 5,120 | 19,588 |
| Net cash provided by operating activities | \$ 22,602,207 | \$ 29,742,173 |
| SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND | | |
| INVESTING ACTIVITIES | | |
| Amortization of debt related costs | \$ 2,052,331 | \$ 1,974,254 |
| Unrealized holding loss | (255,429) | -0- |
| Capital contribution | 1,260,103 | 877,000 |
| Share of the Project expense | (1,570,940) | (709,399) |
| Loss on retirement of assets and inventory write-off | -0- | (3,124,278) |

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

TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND OPERATIONS

The Transmission Agency of Northern California (Agency) is a joint powers authority (JPA) consisting of 15 Northern California publicly owned utilities (Members) pursuant to the California Government Code. The purpose of the Agency is to provide electric transmission or other facilities for the use of the Members. The Agency is exempt from federal and state income taxes.

Each Member has agreed to pay a pro rata share of the costs to operate the Agency, including debt service, and has the right to participate in future project agreements. The JPA remains in effect until all debt obligations and interest thereon have been paid, unless otherwise extended by the Members.

The Agency is the largest Participant and the Project Manager of the California-Oregon Transmission Project (Project), as described in Note 3. As Project Manager, the Agency is responsible for the overall direction and coordination of Project operations including maintenance, capital additions and betterments, and administrative support. The Project Agreement provides that each Member agrees to make payments to the Agency for Project debt service and expenses incurred. Total Agency payments to the Project were \$22.2 million and \$18.5 million for fiscal years ended June 30, 2024 and 2023, respectively. The total due to the Project for fiscal years ended June 30, 2024 and 2023 were \$0.9 million, and is included in Accounts Payable, Accrued Liabilities, and Advances in the Statements of Net Position.

The Agency presently does not employ staff to conduct Agency business. The Agency has a contract with an industry professional to serve as its general manager who is responsible for the day-to-day management and operations of the Agency. The Agency has established various committees to assist in its administration and operations. Committee members, who are participants from the various Members of the Agency, are not reimbursed for their time. An Agency Member, the Sacramento Municipal Utility District (SMUD), serves as the Agency and Project's Treasurer and Controller. These services were reimbursed to SMUD at its cost, which totaled \$0.3 million for fiscal years ended June 30, 2024 and 2023. The Project is part of the Western Area Power Administration (WAPA) sub-balancing authority with the Balancing Authority of Northern California (BANC). SMUD contracts with BANC to provide Balancing Authority Operator services and charges the Project for its share of this service based on a contracted rate which totaled \$2.7 million and \$2.6 million for fiscal years ended June 30, 2024 and 2023, respectively. The Agency's portion totaled \$2.4 million and \$2.3 million for fiscal years ended June 30, 2024 and 2023, respectively. Prior to May 1, 2023, SMUD also served as the Agency's Open Access Same-time Information System (OASIS) administrator and charged the Agency for this service based on a contracted rate, which totaled \$0.2 million for fiscal year ended June 30, 2023. Effective May 1, 2023, WAPA began operating as the Agency's OASIS administrator and SMUD continued to perform OASIS accounting services.

In January 2009, the Agency's Commission approved a 15-year Long-Term Layoff Agreement (2009 LTLA) between the Agency and certain Members, expiring January 31, 2024. The participating Members are the City of Palo Alto (Palo Alto), City of Roseville (Roseville), Modesto Irrigation District (MID), Turlock Irrigation District (TID), and SMUD. The 2009 LTLA provides for the assignment of all rights and obligations of the assigning Members (Palo Alto and Roseville) related to their Project and South of Tesla (SOT) entitlements to the acquiring Members (MID, TID, and SMUD). In March 2014, the Commission approved Amendment No. 1 to the 2009 LTLA. The amendment provides for the return of only the rights and obligations related to the Project entitlements back to Roseville and was effective July 1, 2014. In November 2023, the Commission approved Amendment No. 3 to the 2009 LTLA. The amendment extends the duration of 2009 LTLA for an additional ten years and was effective January 30, 2024. In addition, starting May 1, 2024, and on each May 1st thereafter, the acquiring Members shall pay Palo Alto, an annual payment of \$0.5 million for five years from 2024 through 2028 and an annual payment of \$0.8 million for five years from 2029 through 2033.

In February 2014, the Commission approved a 25-year Long-Term Layoff Agreement (2014 LTLA) between the Agency and certain Members effective July 1, 2014. The participating Members are Santa Clara, MID, TID, SMUD and the Northern California Power Agency (NCPA), representing the City of Alameda, City of Healdsburg, City of Lodi, City of Lompoc, City of Ukiah and Plumas Sierra Rural Electric Cooperative.

The 2014 LTLA provides for the assignment of all rights and obligations of the assigning Member (NCPA) related to their Project entitlements to the acquiring Members (MID, TID and SMUD). It also provides for a partial assignment of rights and obligations of the assigning Member (Santa Clara) related to their Project entitlements so that the total amount of Project entitlements subject to this layoff is equal to 200 MW to the acquiring Members (MID, TID and SMUD). Starting May 1, 2024, and on each May 1st thereafter, the acquiring Members shall pay Santa Clara and NCPA, a total annual fixed payment of \$1.7 million for the remainder of the term of the 2014 LTLA agreement.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting. The accounting records of the Agency are maintained in accordance with Generally Accepted Accounting Principles for proprietary funds as prescribed by the Governmental Accounting Standards Board (GASB). The Agency’s accounting records generally follow the Uniform System of Accounts for Public Utilities and Licensees prescribed by the Federal Energy Regulatory Commission (FERC). The Agency’s financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Cash Call revenues and costs that are directly related to transmission, operation and maintenance are reported as operating revenues and expenses. All other revenues and expenses are reported as non-operating revenues and expenses.

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

California-Oregon Transmission Project. The Agency capitalized its direct costs associated with the development of the Project. Additionally, the Agency capitalized certain indirect costs in the construction of the Project, such as project management, legal, net interest costs incurred during the construction period, and a portion of the loss on refunding the 1990 Series A Revenue Bonds. When the Agency retires portions of its Electric Utility Plant, retirements are recorded against Accumulated Depreciation and the retired portion of the Electric Utility Plant is removed from the Project. The costs of removal and the related salvage value, if any, are charged or credited as appropriate to Accumulated Depreciation. When the Agency retires land, the retired portion is removed from the Project and related gains or losses are included in the Statements of Revenues, Expenses and Changes in Net Position. Depreciation is calculated on a straight-line basis using the following estimated lives:

| | |
|---------------------------------|----------------|
| Structures and Improvements | 55 to 90 years |
| Station Equipment | 30 to 55 years |
| Towers and Fixtures | 75 to 95 years |
| Overhead Conductors and Devices | 50 to 90 years |
| Communication Equipment | 10 to 35 years |

South of Tesla. SOT capitalized costs are comprised of the initial reinforcement costs for SOT and accumulated legal, interest and other costs relating to its financing. These costs are depreciated on a straight-line basis over the estimated 32 year life of the SOT Agreement.

Leases. Leases are contracts that convey control of the right to use another entity's nonfinancial asset as specified for a period of time in an exchange or exchange-like transaction without the transfer of ownership of the asset. The lease term is the period of time where there is a noncancellable right to use the underlying asset (Note 3).

For lessor contracts, lease receivables and deferred inflows of resources are reported at present value using Agency's incremental borrowing rate on the Statements of Net Position. The amortization of the discount for lessor contracts is recorded as Lease receivable for the Project on the Statements of Net Position with the offset to interest income in Interest and other income on the Statements of Revenues, Expenses and Changes in Net Position.

For lessee contracts, lease assets and liabilities are reported at present value using Agency's incremental borrowing rate on the Statements of Net Position. The lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset. The amortization of the discount for lessee contracts is recorded as Interest payable on the Statements of Net Position with the offset to Lease interest expense for Project on the Statements of Revenues, Expenses and Changes in Net Position.

Cash and Cash Equivalents. Cash and cash equivalents include all highly liquid debt instruments purchased with an original maturity of 90 days or less, and all investments in the Local Agency Investment Fund (LAIF) and money market funds. LAIF has an equity interest in the State of California (State) Pooled Money Investment Account (PMIA). PMIA funds are on deposit with the State's Centralized Treasury System and are managed in compliance with the California Government Code, according to a statement of investment policy which sets forth permitted investment vehicles, liquidity parameters and maximum maturity of investments.

Investments. All the Agency's investments are reported at fair value. Realized and unrealized gains and losses are included in Interest and other Income in the Statements of Revenues, Expenses and Changes in Net Position.

Restricted Assets. The Agency's Indenture of Trust Agreements (Indenture) and Bond Resolutions require the maintenance of minimum levels of reserves for debt service. In addition, cash, cash equivalents and investments, which are restricted under terms of certain agreements for payments to third parties limiting the use of such funds are also included as restricted assets. Restricted assets are considered current and noncurrent depending upon how the funds are used. Funds used for debt service due within one year are considered current. All other restricted assets are noncurrent.

Third Party Income Receivable and Other. Third party income receivable and other consist of the Agency's share of the Project's third party income, government grants and accrued interest.

Prepayments. The Agency pays for Project operations costs and capital improvements three months in advance. These prepayments are recognized as expenses in the month the actual costs are incurred.

Due From (To) Members. The Agency invoices its Members based on the Open Access Transmission Tariff (OATT). The OATT is calculated by taking into account budgeted operations and maintenance expenses, administrative expenses, depreciation and a return on rate base. The Due From (To) Members balance represents revenues due from or owed to the Members that are not paid on a cash basis (see Note 5).

Gains and Losses on Bond Refundings. Gains and losses resulting from bond refundings are included in Deferred Outflows and Deferred Inflows of Resources on the Statements of Net Position and amortized as a part of Interest on Debt, over the shorter of the life of the refunded debt or the new debt using the effective interest method, on the Statements of Revenues, Expenses and Changes in Net Position.

Advances From Members. Members provide cash to the Agency in advance for Project operations costs and debt service in accordance with the OATT. These advances are recognized as Operating Revenue in the month service is received from the Project.

Advances From California-Oregon Transmission Project Participants. The Agency holds the Project's cash on behalf of the Participants of the Project and pools the Project's deposits and investments with its own deposits and investments.

Settlement Obligation. In connection with a settlement agreement between the Agency and WAPA, WAPA received a permanent 50 MW entitlement in the Project as partial reimbursement for costs associated with the acquisition of land and other related costs for the Project. The remaining obligation is being paid over the life of the Project, which was fully amortized on June 30, 2023.

California-Oregon Transmission Project and South of Tesla Revenues. The Agency invoices its Members based on the OATT. Revenues are comprised of amounts billed under OATT and amounts billed to the Members for SOT transmission service. Additionally, revenues are adjusted for amounts related to non-cash operating activities that are applied to Due from (to) Members.

Transmission Sales Revenues and Transmission Sales Payments to Members. The Agency invoices and collects transmission sales to third parties on behalf of its Members. The Agency disburses the transmission sales collected to the participating Members. Transmission sales revenues and Transmission sales payments to Members are presented gross on the Statements of Revenues, Expenses and Changes in Net Position.

Non-Operating Expenses Due To Members. Non-operating expenses due to Members is comprised of the capital contribution and related depreciation, loss on the retirement of assets and inventory write-off.

Distributions to Members. Amounts paid to Members from surplus funds are recorded as Distributions to Members. Distributions of excess OATT funds reduce the Net Position and distributions of non-OATT funds reduce the Due From (To) Members balance. The Agency distributed \$0.6 million to TID and \$0.3 million to MID to cover their share of 2009 LTLA and 2014 LTLA payments to Palo Alto, Santa Clara and NCPA in fiscal year 2024. There was no distribution in fiscal year 2023.

Capital Contribution. The Agency records the difference between the ownership percentage share and the various cost sharing percentages for capital Project costs. This amount is reported as Capital contribution in the Statements of Revenues, Expenses and Changes in Net Position.

Asset Retirement Obligation. The Agency records an asset retirement obligation (ARO) for a tangible capital asset when legally required. The Agency has identified potential retirement obligations related to certain transmission facilities located on or above properties that do not have perpetual lease rights. The Agency's non-perpetual leased land rights generally are renewed continuously because the Agency intends to utilize these facilities indefinitely. Statement of Governmental Accounting Standards (SGAS) No. 83, "*Certain Asset Retirement Obligations*" (GASB 83) requires the measurement of the ARO to be based on the probability weighting of potential outcomes. Due to the low probability that these leases will be terminated and lack of materiality of aggregate liability, a liability has not been recorded.

Insurance Programs. The Agency records liabilities for unpaid claims when an obligation is considered probable and the amount can be reasonably estimated. The liabilities for unpaid claims are recorded at their present value. The Agency carries commercial insurance for property damage and general liability, equipment, and non-owned aircraft liability with coverage deductibles from \$0 to \$1.5 million, depending on the program and nature of the claim. The property coverage is an All-Risk Program which provides coverage with deductibles from \$0.1 million to \$1.5 million including up to 5 percent of the value of equipment damaged by earthquake with a minimum of \$1.5 million. No claims exceeded the limits of property or liability

insurance during fiscal year 2024, fiscal year 2023, fiscal year 2022 and there were no significant reductions in coverage. At June 30, 2024 and 2023, the Agency's insurance related liabilities were zero.

Subsequent Events. Subsequent events for the Agency have been evaluated through October 21, 2024, which is the issuance date of these financial statements, for events requiring recording or disclosure in the financial statements. On August 21, 2024, the Agency's Commission approved the issuance of a line of credit for \$120 million for the replacement project related to the series capacitors. On September 23, 2024, the Agency drew \$92 million from the line of credit. The Agency disbursed \$88.6 million for Agency's cost share and \$28.7 million for WAPA's cost share of the series capacitors project.

Recent Accounting Pronouncements, adopted. In June 2022, GASB issued SGAS No. 100, "*Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*" (GASB No. 100), to enhance accounting and financial reporting requirements for accounting changes and error corrections. The statement defines accounting changes and sets forth requirements for reporting changes and error corrections in the financial statements. In addition, the statement contains requirements for disclosure in notes to financial statements of information about accounting changes and error corrections. Furthermore, for periods that are earlier than those included in the financial statements, information presented in required supplementary information and supplementary information should be restated for error corrections, but not for changes in accounting principles. This statement is effective for the Agency in the current year but had no impact on the Agency.

Recent Accounting Pronouncements, not yet adopted. In June 2022, GASB issued SGAS No. 101, "*Compensated Absences*" (GASB No. 101), to better meet the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences. This will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. This statement is effective for the Agency in fiscal year 2025. The Agency currently does not employ staff and expects it will have no impact on the Agency.

In December 2023, GASB issued SGAS No. 102 "*Certain Risk Disclosures*" (GASB No. 102), to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. A *concentration* is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. This Statement requires a government to assess whether a concentration or constraint could cause a substantial impact if the event occurred or has begun to occur prior to the issuance of financial statements. If a government determines that the criteria for disclosure have been met, it should disclose information in notes to financial statements in sufficient detail to enable financial statements users to understand the nature of the circumstances and the government's vulnerability to the risk of a substantial impact. This Statement is effective for the Agency in fiscal year 2025. The Agency is currently assessing the disclosure impact of adopting this statement.

In April 2024, GASB issued SGAS No. 103 "*Financial Reporting Model Improvements*" (GASB No. 103), to improve key components of the financial reporting model. The purposes of the improvements are to (a) enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and (b) address certain application issues. This Statement is effective for the Agency in fiscal year 2026. The Agency is currently assessing the impact of adopting this statement.

NOTE 3. ELECTRIC UTILITY PLANT AND RELATED OPERATING AGREEMENTS

The Agency had the following Electric Utility Plant activity during fiscal year 2024:

| | June 30, 2023 | Additions | Transfers and Disposals | June 30, 2024 |
|---|-----------------------|---------------------|-------------------------------|-----------------------|
| Nondepreciable utility plant: | | | | |
| Land | \$ 40,956,136 | \$ -0- | \$ -0- | \$ 40,956,136 |
| CWIP | <u>9,901,062</u> | <u>5,506,864</u> | <u>-0-</u> | <u>15,407,926</u> |
| Total nondepreciable utility plant | <u>50,857,198</u> | <u>5,506,864</u> | <u>-0-</u> | <u>56,364,062</u> |
| Depreciable utility plant: | | | | |
| Project land and land rights | 15,876,278 | -0- | -0- | 15,876,278 |
| Project structures and improvements | 10,190,171 | -0- | -0- | 10,190,171 |
| Project station equipment | 180,638,098 | -0- | -0- | 180,638,098 |
| Project towers and fixtures | 89,482,367 | -0- | -0- | 89,482,367 |
| Project overhead conductor and devices | 178,474,027 | -0- | -0- | 178,474,027 |
| Project communication equipment | 19,698,392 | -0- | (15,340) | 19,683,052 |
| SOT | 6,173,742 | -0- | -0- | 6,173,742 |
| Lease assets for Project: | | | | |
| Real property | 3,707,232 | 247,716 | -0- | 3,954,948 |
| Right of way | <u>1,744,511</u> | <u>-0-</u> | <u>-0-</u> | <u>1,744,511</u> |
| | 505,984,818 | 247,716 | (15,340) | 506,217,194 |
| Less: accumulated depreciation and amortization | | | | |
| | <u>(297,456,284)</u> | <u>(6,400,570)</u> | <u>15,340</u> | <u>(303,841,514)</u> |
| Total depreciable utility plant | <u>208,528,534</u> | <u>(6,152,854)</u> | <u>-0-</u> | <u>202,375,680</u> |
| Total utility plant - net | <u>\$ 259,385,732</u> | <u>\$ (645,990)</u> | <u>\$ -0-</u> | <u>\$ 258,739,742</u> |

The Agency had the following Electric Utility Plant activity during fiscal year 2023:

| | June 30, 2022 | Additions | Transfers and Disposals | June 30, 2023 |
|--|-------------------|------------------|-------------------------------|-------------------|
| Nondepreciable utility plant: | | | | |
| Land | \$ 40,956,136 | \$ -0- | \$ -0- | \$ 40,956,136 |
| CWIP | 9,453,278 | 5,013,668 | (4,565,884) | 9,901,062 |
| Other | <u>1,007,232</u> | <u>-0-</u> | <u>(1,007,232)</u> | <u>-0-</u> |
| Total nondepreciable utility plant | <u>51,416,646</u> | <u>5,013,668</u> | <u>(5,573,116)</u> | <u>50,857,198</u> |
| Depreciable utility plant: | | | | |
| Project land and land rights | 15,876,278 | -0- | -0- | 15,876,278 |
| Project structures and improvements | 10,190,171 | -0- | -0- | 10,190,171 |
| Project station equipment | 180,619,564 | 221,971 | (203,437) | 180,638,098 |
| Project towers and fixtures | 89,482,367 | -0- | -0- | 89,482,367 |
| Project overhead conductor and devices | 178,474,027 | -0- | -0- | 178,474,027 |
| Project communication equipment | 23,600,238 | 4,343,914 | (8,245,760) | 19,698,392 |
| SOT | 6,173,742 | -0- | -0- | 6,173,742 |
| Lease assets for Project: | | | | |
| Real property | 1,613,036 | 2,094,196 | -0- | 3,707,232 |
| Right of way | <u>1,744,511</u> | <u>-0-</u> | <u>-0-</u> | <u>1,744,511</u> |
| | 507,773,934 | 6,660,081 | (8,449,197) | 505,984,818 |

| | | | | |
|---|-----------------------|---------------------|-----------------------|-----------------------|
| Less: accumulated depreciation and amortization | <u>(297,057,879)</u> | <u>(6,696,215)</u> | <u>6,297,810</u> | <u>(297,456,284)</u> |
| Total depreciable utility plant | <u>210,716,055</u> | <u>(36,134)</u> | <u>(2,151,387)</u> | <u>208,528,534</u> |
| Total utility plant - net | <u>\$ 262,132,701</u> | <u>\$ 4,977,534</u> | <u>\$ (7,724,503)</u> | <u>\$ 259,385,732</u> |

California-Oregon Transmission Project. The Project is a 340-mile long, 500-kilovolt alternating current (AC) transmission project between Southern Oregon and Central California. The Project is operated in coordination with the Pacific AC Intertie as a part of the California-Oregon Intertie (COI) within the Western Electricity Coordinating Council (WECC) region. The WECC approved rating of the COI is 4,800 MW.

The Agency, WAPA, and five other parties (collectively, Project Participants) have agreed to an Interim Participation Agreement (IPA) under which each Project Participant is granted a percentage entitlement in Project transfer capability and is required to pay a percentage of the costs. Pursuant to the IPA, an agreement with WAPA, and the purchase of entitlement, rights, title and interest in the City of Vernon's share of the Project transmission assets, the Agency is entitled to use approximately 1,362 MW, and is obligated to pay an average of approximately 80 percent of the operating costs associated with the Project.

South of Tesla. The Agency receives from Pacific Gas and Electric Company (PG&E), 300 MW of firm, bi-directional transmission service over PG&E's system between the Tesla and Midway Substations. The SOT Agreement between the Agency and certain Members sets forth the arrangement under which the Agency renders Tesla-Midway transmission service to its Members. The SOT Agreement remains in effect as long as the JPA Agreement and the Tesla-Midway Transmission Service Agreement remain effective.

Leases. The Project engages in lease contracts for tower space, buildings, communication sites, real property, and other assets, and subleases excess capacity at certain facilities. The Agency's portion of these leases as lessee is approximately 80 percent and as lessor is approximately 96 percent.

Lessor. Sublease agreements include tower space, a building, and communication site assets. Lease terms range from 13 to 20 years including options to extend the lease term after completion of the initial contracted term. The likelihood that the renewal options will be exercised has been evaluated and it has been determined that Lessees will exercise the renewal options with reasonable certainty. The agreements allow for periodic increases to the lease payments. The interest rates range between 1.6 percent to 2.0 percent based on the AAA Muni Curve with the number of years to maturity that corresponds to the lease term, plus an additional credit spread to account for a different credit rating and other factors. The lease contracts starting in fiscal year 2023 and onwards have the interest rates range between 1.6 percent to 3.7 percent based on A curve from Bloomberg. The Agency recognized lease revenue and interest income of \$0.09 million and \$0.08 million at June 30, 2024 and 2023, which is reported as Interest and other income on the Statements of Revenues, Expenses and Changes in Net Position. There were no variable lease payments received in 2024 or 2023.

Lessee. Lessee agreements include real property and other assets. Lease terms range from 23 to 30 years including options to extend the lease term after completion of the initial contracted term. The likelihood that the renewal options will be exercised has been evaluated and it has been determined that the lease agreements will be renewed with reasonable certainty. The agreements allow for periodic increases to the lease payments. The interest rates range between 2.0 percent to 2.1 percent based on the AAA Muni Curve with the number of years to maturity that corresponds to the lease term, plus an additional credit spread to account for a different credit rating and other factors. The lease contracts starting in fiscal year 2023 and onwards have the interest rates range between 2.0 percent to 4.3 percent based on A curve from Bloomberg. The Agency recognized amortization expense of \$0.2 million on June 30, 2024 and 2023 which is reported as Depreciation and amortization on the

Statements of Revenues, Expenses and Changes in Net Position. There were no payments recorded in the current period that were not included in the measurement of the lease liability and no lease impairments as of June 30, 2024 and 2023.

The following table summarizes the lease principal and interest payments as of June 30, 2024:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|---------------------|---------------------|---------------------|
| 2025 | \$ 142,041 | \$ 146,681 | \$ 288,722 |
| 2026 | 146,905 | 143,499 | 290,404 |
| 2027 | 157,433 | 139,480 | 296,913 |
| 2028 | 173,871 | 134,919 | 308,790 |
| 2029 | 181,978 | 130,125 | 312,103 |
| 2030-2034 (combined) | 1,026,874 | 570,125 | 1,596,999 |
| 2035-2039 (combined) | 1,298,804 | 410,511 | 1,709,315 |
| 2040-2044 (combined) | 1,329,142 | 200,450 | 1,529,592 |
| 2045-2049 (combined) | 432,533 | 67,330 | 499,863 |
| 2050-2053 (combined) | <u>158,041</u> | <u>17,579</u> | <u>175,620</u> |
| Total | <u>\$ 5,047,622</u> | <u>\$ 1,960,699</u> | <u>\$ 7,008,321</u> |

NOTE 4. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, Cash Equivalents and Investments. The Agency’s investments are governed by the California State and Municipal Codes and its Indenture, which allow Agency investments to include: obligations which are unconditionally guaranteed by the U.S. Government or its agencies or instrumentalities; direct and general obligations of the State or any local agency within the State; bankers’ acceptances; commercial paper; certificates of deposit; repurchase and reverse repurchase agreements; medium term corporate notes; LAIF; and money market funds. The Agency’s investment policy also includes restrictions for investments relating to maximum amounts invested as a percentage of total portfolio and with a single issuer, maximum maturities, and minimum credit ratings.

Credit Risk. This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. To mitigate the risk, the Agency limits investments to those rated, at a minimum, “A-1” or equivalent for short-term investments and “A” or equivalent for medium-term corporate notes by a nationally recognized rating agency.

Custodial Credit Risk. This is the risk that in the event of the failure of a depository financial institution or counterparty to a transaction, the Agency’s deposits may not be returned, or the Agency will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of another party. The Agency does not have a deposit policy for custodial credit risk.

At June 30, 2024 and 2023, \$12.3 million and \$12.8 million of the Agency’s bank balances were uninsured, respectively. The bank balance is also, per a depository pledge agreement between the Agency and the Agency’s bank, collateralized at 113 percent and 132 percent of the collected funds on deposit (increased by the amount of accrued but uncredited interest, reduced by deposits covered by FDIC) at June 30, 2024 and 2023, respectively. The Agency had money market funds of \$71.3 million and \$39.7 million which were uninsured at June 30, 2024 and 2023, respectively. The Agency had \$13.2 million and \$33.4 million of U.S. Treasury investment at June 30, 2024 and 2023, respectively, that are not collateralized. The Agency’s money market funds and investments are held in the Agency’s name.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of an entity’s investment in a single issuer. The Agency places no limit on the amounts invested in any one issuer for federal agency securities. The Agency has no investments subject to concentration of credit risk at June 30, 2024 and June 30, 2023.

Interest Rate Risk. This is the risk that investments are exposed to fair value losses arising from increasing interest rates. Though the Agency has restrictions as to the maturities of some of the investments, it does not have a formal policy for interest rate risk.

The following schedules present the credit risk by type of security held at June 30, 2024 and 2023. The credit ratings listed are from Standard and Poor's.

At June 30, 2024, the Agency's cash, cash equivalents, and investments consist of the following:

| <u>Description</u> | <u>Credit Rating</u> | <u>Remaining Maturities (in years)</u> | | | <u>Total Fair Value</u> |
|---|----------------------|--|---------------------|--------------------|-------------------------|
| | | <u>Less Than 1</u> | <u>1-5</u> | <u>More Than 5</u> | |
| Cash and Cash Equivalents: | | | | | |
| Deposits | Not Rated | \$ 12,519,808 | \$ -0- | \$ -0- | \$ 12,519,808 |
| LAIF | Not Rated | 5,820,356 | -0- | -0- | 5,820,356 |
| Money Market Funds | AAAm | <u>71,337,633</u> | <u>-0-</u> | <u>-0-</u> | <u>71,337,633</u> |
| Total cash and cash equivalents | | 89,677,797 | -0- | -0- | 89,677,797 |
| Investments: | | | | | |
| U.S. Treasury Notes | AAA | <u>3,445,120</u> | <u>9,789,900</u> | <u>-0-</u> | <u>13,235,020</u> |
| Total investments | | <u>3,445,120</u> | <u>9,789,900</u> | <u>-0-</u> | <u>13,235,020</u> |
| Total cash, cash equivalents, and investments | | <u>\$ 93,122,917</u> | <u>\$ 9,789,900</u> | <u>\$ -0-</u> | <u>\$ 102,912,817</u> |

At June 30, 2023, the Agency's cash, cash equivalents, and investments consist of the following:

| <u>Description</u> | <u>Credit Rating</u> | <u>Remaining Maturities (in years)</u> | | | <u>Total Fair Value</u> |
|---|----------------------|--|---------------------|--------------------|-------------------------|
| | | <u>Less Than 1</u> | <u>1-5</u> | <u>More Than 5</u> | |
| Cash and Cash Equivalents: | | | | | |
| Deposits | Not Rated | \$ 13,061,966 | \$ -0- | \$ -0- | \$ 13,061,966 |
| LAIF | Not Rated | 10,537,687 | -0- | -0- | 10,537,687 |
| Money Market Funds | AAAm | <u>39,662,317</u> | <u>-0-</u> | <u>-0-</u> | <u>39,662,317</u> |
| Total cash and cash equivalents | | 63,261,970 | -0- | -0- | 63,261,970 |
| Investments: | | | | | |
| U.S. Treasury Notes | AAA | <u>19,989,033</u> | <u>13,410,578</u> | <u>-0-</u> | <u>33,399,611</u> |
| Total investments | | <u>19,989,033</u> | <u>13,410,578</u> | <u>-0-</u> | <u>33,399,611</u> |
| Total cash, cash equivalents, and investments | | <u>\$ 83,251,003</u> | <u>\$13,410,578</u> | <u>\$ -0-</u> | <u>\$ 96,661,581</u> |

The Agency's cash, cash equivalents and investments are classified in the Statements of Net Position as follows:

| | <u>June 30,</u> | |
|---|-----------------------|----------------------|
| | <u>2024</u> | <u>2023</u> |
| Cash, Cash Equivalents and Investments: | | |
| Revenue bond reserve and debt service funds: | | |
| Revenue bond reserve fund | \$ 3,819,550 | \$ 3,877,580 |
| Debt service fund | <u>2,530,224</u> | <u>2,328,016</u> |
| Total revenue bond reserve and debt service funds | <u>6,349,774</u> | <u>6,205,596</u> |
| Other restricted funds | 2 | 2 |
| Funds held for the Project Participants | 14,249,582 | 14,700,699 |
| Unrestricted funds: | | |
| LAIF | 5,820,357 | 10,537,687 |
| Unrestricted funds | <u>76,493,102</u> | <u>65,217,597</u> |
| Total unrestricted funds | <u>82,313,459</u> | <u>75,755,284</u> |
| Total cash, cash equivalents and investments | <u>\$ 102,912,817</u> | <u>\$ 96,661,581</u> |

NOTE 5. DUE FROM (TO) MEMBERS

The Agency's Due From (To) Members is presented below:

| | <u>June 30,</u> | |
|---|------------------------|------------------------|
| | <u>2024</u> | <u>2023</u> |
| Difference between amount invoiced to Members and actual operating and capital related expenses | \$ (76,165,653) | \$ (66,078,329) |
| First year operating expenses funded by bond proceeds and related interest earnings | 843,671 | 943,586 |
| Share of the Project income | (1,470,253) | (3,041,194) |
| Capital contribution and related depreciation | (17,388,795) | (16,537,307) |
| City of Shasta Lake 10 MW entitlement proceeds distributed to Members | <u>554,158</u> | <u>591,728</u> |
| Total due to Members | <u>\$ (93,626,872)</u> | <u>\$ (84,121,516)</u> |

Difference Between Amount Invoiced Members and Actual Operating and Capital Related Expenses. The Agency invoices for transmission service based on the OATT as described in Note 2.

First Year Operating Expenses Funded by Bond Proceeds and Related Interest Earnings. This represents first year operating expenses funded through bond proceeds and interest earned. This amount is being amortized through incremental cash flow payments received from the Members over the life of the remaining bonds. The 2016 Series Bonds refunded the original bonds.

Share of the Project Income. This represents the Agency's ownership share of the Project's income from communication sites leases, proceeds from sales of surplus communication sites and grants proceeds.

Capital Contribution and Related Depreciation. The Capital Contribution is the difference between the Agency's ownership share of capital project costs and its cost share as described in Note 2. The Capital Contribution is depreciated over the lives of the associated assets.

City of Shasta Lake 10 MW Entitlement Proceeds Distributed to Members. This represents the proceeds from the sale of the 10 MW entitlement in the Project to the City of Shasta Lake. The proceeds were distributed to certain Members and is amortized each year by a portion of the debt service payments made by those Members.

NOTE 6. LONG-TERM DEBT

The Agency’s Long-Term Debt is presented below:

| | <u>June 30,</u> | |
|---|-----------------------|-----------------------|
| | <u>2024</u> | <u>2023</u> |
| 2016 Series A Revenue Bonds, 3.00% - 5.00%, 2025-2039 | \$ 159,565,000 | \$ 165,500,000 |
| Total long-term debt outstanding | 159,565,000 | 165,500,000 |
| Unamortized premium - net | <u>16,907,558</u> | <u>18,993,610</u> |
| Total long-term debt | 176,472,558 | 184,493,610 |
| Less: amounts due within one year | <u>(7,445,000)</u> | <u>(5,935,000)</u> |
| Total long-term debt - net | <u>\$ 169,027,558</u> | <u>\$ 178,558,610</u> |

The Agency had the following long-term debt activity during fiscal year 2024:

| | <u>June 30,</u> | <u>Payments or</u> | <u>Additions</u> | <u>June 30,</u> |
|---------------------------|-----------------------|-----------------------|------------------|-----------------------|
| | <u>2023</u> | <u>Amortization</u> | | <u>2024</u> |
| Revenue bonds | \$ 165,500,000 | \$ (5,935,000) | \$ -0- | \$ 159,565,000 |
| Unamortized premium - net | <u>18,993,610</u> | <u>(2,086,052)</u> | <u>-0-</u> | <u>16,907,558</u> |
| Total long-term debt | <u>\$ 184,493,610</u> | <u>\$ (8,021,052)</u> | <u>\$ -0-</u> | <u>\$ 176,472,558</u> |

The Agency had the following long-term debt activity during fiscal year 2023:

| | <u>June 30,</u> | <u>Payments or</u> | <u>Additions</u> | <u>June 30,</u> |
|---------------------------|-----------------------|-----------------------|------------------|-----------------------|
| | <u>2022</u> | <u>Amortization</u> | | <u>2023</u> |
| Revenue bonds | \$ 167,800,000 | \$ (2,300,000) | \$ -0- | \$ 165,500,000 |
| Unamortized premium - net | <u>21,137,097</u> | <u>(2,143,487)</u> | <u>-0-</u> | <u>18,993,610</u> |
| Total long-term debt | <u>\$ 188,937,097</u> | <u>\$ (4,443,487)</u> | <u>\$ -0-</u> | <u>\$ 184,493,610</u> |

The debt service payments are made semi-annually on May 1 and November 1.

Covenants. The Agency’s bond Indentures contain various covenants that include requirements to maintain revenue bond reserves equal to 25 percent of the maximum annual debt service and various other requirements.

The annual debt service requirements to scheduled maturity for the revenue bonds at June 30, 2024 are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|-----------------------|----------------------|-----------------------|
| 2025 | \$ 7,445,000 | \$ 7,735,750 | \$ 15,180,750 |
| 2026 | 7,815,000 | 7,363,500 | 15,178,500 |
| 2027 | 8,205,000 | 6,972,750 | 15,177,750 |
| 2028 | 8,615,000 | 6,562,500 | 15,177,500 |
| 2029 | 9,045,000 | 6,131,750 | 15,176,750 |
| 2030-2034 (combined) | 52,490,000 | 23,404,000 | 75,894,500 |
| 2035-2039 (combined) | <u>65,950,000</u> | <u>9,947,250</u> | <u>75,897,250</u> |
| Total | <u>\$ 159,565,000</u> | <u>\$ 68,117,500</u> | <u>\$ 227,682,500</u> |

The following bonds have been issued and are outstanding at June 30, 2024:

| <u>Date</u> | <u>Issue</u> | <u>Final Maturity</u> | <u>Interest Rate</u> | <u>Original Amount</u> | <u>Outstanding Amount</u> |
|-------------|---------------------|---------------------------|--------------------------|----------------------------|-------------------------------|
| 3/9/2016 | 2016 Series A Bonds | 5/1/2039 | 3.00% - 5.00% | \$ 173,920,000 | \$ 159,565,000 |

NOTE 7. FAIR VALUE MEASUREMENTS

SGAS No. 72, “*Fair Value Measurement and Application*” (GASB No. 72), defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The Agency utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

GASB No. 72 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy defined by GASB No. 72 are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs that reflect the Agency’s own assumptions about factors that market participants would use in pricing the asset or liability.

The valuation methods of the fair value measurements are disclosed below.

- LAIF - uses the fair value of the pool’s share price multiplied by the number of shares held. This pool can include a variety of investments such as U.S. government securities, federal agency securities, negotiable certificates of deposit, bankers’ acceptances, commercial paper, corporate bonds, bank notes, and other investments. The fair values of the securities are generally based on quoted and/or observable market prices.
- U.S. Treasury Obligations - uses a market approach based on institutional bond quotes. Evaluations are based on various market and industry inputs.

The following table identifies the level within the fair value hierarchy that the Agency’s financial assets and liabilities were accounted for on a recurring basis at June 30, 2024 and 2023. As required by GASB No. 72, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Agency’s

assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of liabilities and their placement within the fair value hierarchy levels.

Recurring Fair Value Measures (Level 2)

| | June 30, | |
|--|----------------------|----------------------|
| | 2024 | 2023 |
| Investments including Cash and Cash Equivalents: | | |
| LAIF | \$ 5,820,356 | \$ 10,537,687 |
| U.S treasury notes | <u>13,235,020</u> | <u>33,399,611</u> |
| Total fair value investments including Cash and Cash Equivalents | <u>\$ 19,055,376</u> | <u>\$ 43,937,298</u> |

NOTE 8. NET POSITION

The Agency classifies its Net Position into three components as follows:

- Net investment in capital assets – This component of net position consists of capital and lease assets, net of accumulated depreciation and amortization reduced by the outstanding debt balances, net of unamortized debt expenses, and lease liability. Deferred inflows and outflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included. Additionally, the Agency includes in the calculation certain components of Due From (To) Members related to capital assets.
- Restricted – This component of net position consists of assets with constraints placed on their use, either externally or internally. Constraints include those imposed by debt indentures (excluding amounts considered in net capital, above), grants or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation. These restricted assets are reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted – This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of “Net investment in capital assets” or “Restricted.”

At June 30, 2024 and 2023, the Agency's net investment in capital assets consisted of the following:

| | June 30, | |
|---|----------------------|----------------------|
| | <u>2024</u> | <u>2023</u> |
| Project | \$ 550,708,055 | \$ 545,216,531 |
| SOT | 6,173,742 | 6,173,742 |
| Lease assets for Project | 5,699,459 | 5,451,743 |
| Less: accumulated depreciation and amortization | <u>(303,841,514)</u> | <u>(297,456,284)</u> |
| | <u>258,739,742</u> | <u>259,385,732</u> |
| Less: | | |
| Long-term debt due within one year | 7,445,000 | 5,935,000 |
| Lease liability for Project due within one year | 142,041 | 134,717 |
| Long-term debt | 169,027,558 | 178,558,610 |
| Lease liability for Project | 4,905,581 | 4,931,107 |
| Difference between amount invoiced to Members and actual operating and capital related expenses | <u>76,165,653</u> | <u>66,078,329</u> |
| | <u>257,685,833</u> | <u>255,637,763</u> |
| Add: | | |
| Unamortized bond losses | -0- | 33,721 |
| Restricted revenue bond reserve | 3,819,550 | 3,877,580 |
| First year operating expenses funded by bond proceeds and related interest earnings | <u>843,671</u> | <u>943,586</u> |
| | <u>4,663,221</u> | <u>4,854,887</u> |
| Total net investment in capital assets | <u>\$ 5,717,130</u> | <u>\$ 8,602,856</u> |

NOTE 9. COMMITMENTS AND CONTINGENCIES

General Contingencies. In the normal course of business, the Agency is party to various claims, disputes and litigation, including proceedings before FERC relating to PG&E's transmission owner tariff filings and matters with the California Independent System Operator. In the opinion of Agency management and legal counsel, the results of such actions will not have a material adverse impact on the Agency's financial position or its results of operations.



Reporting and insights from the fiscal year 2024 audit:

Transmission Agency of
Northern California

June 30, 2024

Executive summary

October 21, 2024

The Commissioners
Transmission Agency of Northern California
P.O. Box 15129
Sacramento, CA 95821

We have completed our audit of the financial statements of the Transmission Agency of Northern California (the Agency) for the year ended June 30, 2024, and have issued our report thereon dated October 21, 2024. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of the Agency's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas the Agency should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

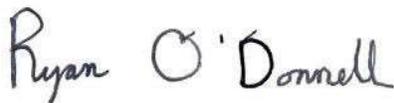
- Aaron Worthman, Principal: aaron.worthman@bakertilly.com or +1 (512) 975 7281
- Ryan O'Donnell, Director: ryan.odonnell@bakertilly.com or +1 (608) 240 2606

Sincerely,

Baker Tilly US, LLP



Aaron Worthman, CPA, Principal



Ryan O'Donnell, CPA, Director

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

BAKER TILLY ADVISORY GROUP, LP AND BAKER TILLY US, LLP TRADING AS BAKER TILLY ARE MEMBERS OF THE GLOBAL NETWORK OF BAKER TILLY INTERNATIONAL LTD., THE MEMBERS OF WHICH ARE SEPARATE AND INDEPENDENT LEGAL ENTITIES. BAKER TILLY US, LLP IS A LICENSED CPA FIRM THAT PROVIDES ASSURANCE SERVICES TO ITS CLIENTS. BAKER TILLY ADVISORY GROUP, LP AND ITS SUBSIDIARY ENTITIES PROVIDE TAX AND CONSULTING SERVICES TO THEIR CLIENTS AND ARE NOT LICENSED CPA FIRMS.

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Agency's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the Commissioners:
 - Are free from material misstatement
 - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Our audit does not relieve management or the Commissioners of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Commissioners, including:

- Internal control matters
- Qualitative aspects of the Agency's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the Agency and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Agency's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

| Significant risk areas | Testing approach | Conclusion |
|---|---|--|
| Management override of controls | Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise | Procedures identified provided sufficient evidence for our audit opinion |
| Improper revenue recognition due to fraud | Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables | Procedures identified provided sufficient evidence for our audit opinion |

Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

| Other areas of emphasis | | |
|--------------------------------------|---|--|
| Cash and investments | Revenues and receivables | General disbursements and accounts payable |
| Lease activity and related deferrals | Capital assets including infrastructure | Restricted assets |
| Information technology | Net position calculations | Financial reporting and required disclosures |

Internal control matters

We considered the Agency's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Agency are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during fiscal year 2024. We noted no transactions entered into by the Agency during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's 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, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

| Estimate | Management's process to determine | Baker Tilly's conclusions regarding reasonableness |
|---|--|---|
| Depreciation/Amortization | Evaluate estimated useful life of the asset and original acquisition value | Reasonable in relation to the financial statements as a whole |
| Leased assets/liabilities and/or lease receivables and related deferral | Evaluation of leases by management and incremental borrowing rate used for present value calculation | Reasonable in relation to the financial statements as a whole |

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the Agency or that otherwise appear to be unusual due to their timing, size or nature.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Disagreements with management

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 that could be significant to the basic financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors' standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements identified.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other information in documents containing audited basic financial statements

The Agency's audited financial statements are "general purpose" financial statements. General purpose financial statements consist of the basic financial statements that can be used by a broad group of people for a broad range of activities. Once we have issued our audit report, we have no further obligation to update our report for events occurring subsequent to the date of our report. The Agency can use the audited financial statements in other client prepared documents, such as official statements related to the issuance of debt, without our acknowledgement. Unless we have been engaged to perform services in connection with any subsequent transaction requiring the inclusion of our audit report, as well as to issue an auditor's acknowledgment letter, we have neither read the document nor performed subsequent event procedures in order to determine whether or not our report remains appropriate.

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 or accounting matters.

Written communications between management and Baker Tilly

The attachments include copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Agency's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the Agency that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the Agency's related parties.

Other matter

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Audit committee resources

Visit our resource page for regulatory updates, trending challenges and opportunities in your industry and other timely updates.

Visit the resource page at <https://www.bakertilly.com/page/audit-committee-resource-center>.



Transmission Agency of Northern California
P.O. Box 15129 Sacramento, CA 95851-0129 (916) 852-1673

October 21, 2024

Baker Tilly US, LLP
4807 Innovation Ln
P.O. Box 7398, Madison, WI 53707-7398

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audits of the financial statements of the Transmission Agency of Northern California (Agency) as of June 30, 2024 and 2023 and for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Agency in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 22, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

A Public Entity whose Members include:
Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Modesto Irrigation District,
Palo Alto, Plumas-Sierra Rural Electric Cooperative, Redding, Roseville,
Sacramento Municipal Utility District, Santa Clara, Turlock Irrigation District, Ukiah

- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, if any, are reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of accounting principles generally accepted in the United States of America.
- 7) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 8) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 9) There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
- 10) Guarantees, whether written or oral, under which the Agency is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Commission and the Audit-Budget Committee or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.

- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
- 15) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you the names of our related parties and all the related party relationships and transactions, including side agreements, of which we are aware.

Other

- 17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 18) We have a process to track the status of audit findings and recommendations.
- 19) The Agency has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or net position.
- 20) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 21) There are no:
 - a) Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c) Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.
- 22) The Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 23) The Agency has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
- 24) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 25) The Agency has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.

- 26) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
- 27) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
- 28) Tax-exempt bonds issued have retained their tax-exempt status.
- 29) We have appropriately disclosed the Agency's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy.
- 30) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 31) We assume responsibility for, and agree with, the findings of specialists in evaluating the arbitrage rebate analysis and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.
- 32) We have previously implemented all GASB Statements that became effective in prior years with a material impact to the Agency. Further, there have been no changes to our assessment or applicability with regards to previously effective GASB Statements that were deemed immaterial or did not impact the Agency at the time the Statements went into effect.
- 33) We assessed the impact of GASB Statement No. 100, *Accounting Changes and Error Corrections*, and believe that the standard has no impact to us.
- 34) The auditing standards define an annual report as "a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the entity's financial results and financial position as set out in the financial statements." Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditor's report thereon. We do not prepare an annual report.
- 35) We have identified any leases or other contracts that are required to be reported as leases and are in agreement with the key assumptions used in the measurement of any lease related assets, liabilities or deferred inflows of resources.
- 36) We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as the measurement date in accordance with the requirements of GASB 72 – *Fair Value Measurement*. In addition our disclosures related to fair value measurements are consistent with the objectives outlined in GASB 72. We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements.

Sincerely,

Transmission Agency of Northern California

Signed: **Lisa Limcaco** Digitally signed by Lisa Limcaco
Date: 2024.10.21 09:42:48 -07'00'
Lisa Limcaco, Controller

Signed: **Russell Mills** Digitally signed by Russell Mills
Date: 2024.10.21 10:05:56 -07'00'
Russell Mills, Treasurer

Signed: **John Roukema** Digitally signed by John Roukema
Date: 2024.10.21 11:21:36 -07'00'
John Roukema, Interim General Manager



Transmission Agency of Northern California
P.O. Box 15129 Sacramento, CA 95851-0129 (916) 852-1673

MEMORANDUM

DATE: November 13, 2024

TO: TANC Commission

FROM: John Roukema
Interim General Manager

SUBJECT: RESOLUTION APPROVING ASSIGNMENTS UNDER THE CALIFORNIA-OREGON TRANSMISSION PROJECT (COTP) INTERIM PARTICIPATION AGREEMENT, THE COTP OPERATION AND MAINTENANCE AGREEMENT, THE OWNERS COORDINATED OPERATION AGREEMENT, AND THE CALIFORNIA-OREGON INTERTIE PATH OPERATING AGREEMENT; AND REVISIONS TO PROJECT AGREEMENT NO. 3 AND PROJECT AGREEMENT NO. 5 AS NEEDED TO AUTHORIZE TRANSFERS OF COTP ENTITLEMENTS TO TANC

Over the past several months, the Transmission Agency of Northern California (TANC) has been coordinating with affected parties regarding the pending transfer of certain California-Oregon Transmission Project (COTP) ownership rights. The reason for this transfer is primarily due to the December 31, 2024 termination of an arrangement between the Sacramento Municipal Utility District (SMUD) and the San Juan and Carmichael Water Districts. SMUD has indicated they do not wish to continue with their contractual arrangement beyond December 31, 2024. Both San Juan and Carmichael Water Districts each have one megawatt (MW) of COTP ownership rights.

San Juan and Carmichael propose to transfer their COTP entitlement and assign their rights and obligations under several COTP agreements to the Turlock Irrigation District (TID) and the City of Roseville, who would each receive one MW. Concurrently with this COTP ownership transfer, both TID and the City of Roseville intend to then transfer their respective one MW each of COTP ownership to TANC. Additionally, the City of Redding has 25 MWs of COTP ownership which they intend to transfer to TANC effective January 1, 2025.

TANC Special Counsel has been working with the affected TANC Members, the affected COTP Participants and legal counsels to draft the necessary agreements and documents for these transfers. In accordance with Section 19.1 of the COTP Interim Participation Agreement (IPA), a 30 days' notice is required for such an assignment.

On November 1, 2024, TANC Special Counsel distributed a combined notice package to the affected parties and COTP Participants to initiate the required 30-day notice. The package included: (1) a Notice (in the form of a Consent to Assignment) addressing the San Juan and Carmichael Water Districts COTP entitlement transfers and assignments to TID and the City of Roseville; (2) a Notice (in the form of a Consent to Assignment) addressing the TID and City of Roseville COTP entitlement transfers and assignments to TANC; a Notice (in the form of a Consent to Assignment and Release) addressing the City of Redding entitlement transfers and assignments to TANC; (4) the assignment agreements between San Juan and Carmichael Water Districts and TID and the City of Roseville, between TID, the City of Roseville and TANC, and between the City of Redding and TANC; and (5) redline and clean versions of Appendices C-E of the IPA.

To facilitate the proposed COTP entitlement transfers, updates to the appendices of the IPA, Project Agreement Number 3 (PA3) and Project Agreement Number 5 (PA5) are also needed. The new percentages in Exhibit B of PA5 will apply to the WestTTrans Open Access Same-Time Information System (OASIS) Monthly Service Fee and the TANC OASIS Administrator Fee. Redlines of the updates to the IPA and comparison table for PA3 and PA5 are attached.

Approval of the enclosed resolution will:

- Approve the proposed updates to the IPA and authorize the Interim General Manager to vote for approval of the IPA updates at the COTP Management Committee's meeting on December 18, 2024.
- Approve the proposed updates to Appendix C of PA3 and Exhibit B of PA5, *conditioned on* the approval of the IPA assignments by the active IPA Parties.
- Authorize the Interim General Manager to execute the Consent to Assignment for the San Juan and Carmichael Water Districts COTP entitlement transfers to TID and the City of Roseville, the Consent to Assignment for the TID and the City of Roseville COTP entitlement transfers to TANC, and the Consent to Assignment for the Redding COTP entitlement transfer to TANC.
- Authorize the Interim General Manager to execute the assignment agreements for the San Juan and Carmichael Water Districts COTP entitlement transfers to TID and the City of Roseville, for the TID and the City of Roseville COTP entitlement transfers to TANC, and for the Redding COTP entitlement transfer to TANC, conditioned on receipt of all the necessary consents needed for the COTP transactions.

TANC Commission

November 13, 2024

Page 3 of 3

- Authorize the Interim General Manager to provide written notice to the active IPA Parties (including PacifiCorp and the California Independent System Operator) that TANC consents to the proposed assignments to TANC.
- Authorize the Interim General Manager to facilitate any other actions that are necessary to implement the COTP entitlement transfers.

Enclosures

RESOLUTION 2024-__

A RESOLUTION OF THE TRANSMISSION AGENCY OF NORTHERN CALIFORNIA APPROVING ASSIGNMENTS UNDER THE CALIFORNIA-OREGON TRANSMISSION PROJECT (COTP) INTERIM PARTICIPATION AGREEMENT, THE COTP OPERATION AND MAINTENANCE AGREEMENT, THE OWNERS COORDINATED OPERATION AGREEMENT, AND THE CALIFORNIA-OREGON INTERTIE PATH OPERATING AGREEMENT; AND REVISIONS TO PROJECT AGREEMENT NO. 3 AND PROJECT AGREEMENT NO. 5 AS NEEDED TO AUTHORIZE TRANSFERS OF COTP ENTITLEMENTS TO TANC

WHEREAS, the Transmission Agency of Northern California (TANC) is a joint exercise of powers agency organized under the laws of the State of California; and

WHEREAS, TANC is the largest Participant and the Project Manager of the California-Oregon Transmission Project (COTP); and

WHEREAS, due to the termination of an arrangement with the Sacramento Municipal Utility District on December 31, 2024, both COTP Participants San Juan Water District and Carmichael Water Districts propose to transfer their COTP entitlement and assign their rights and obligations under several COTP agreements to the Turlock Irrigation District (TID) and the City of Roseville, who would each receive one megawatt (MW) of COTP ownership; and

WHEREAS, concurrently with this COTP ownership transfer, both TID and the City of Roseville intend to then transfer their respective one MW each of COTP ownership to TANC; and

WHEREAS, the City of Redding also has 25 MWs of COTP ownership which they intend to transfer to TANC effective January 1, 2025; and

WHEREAS, various TANC and COTP agreements, including the Interim Participation Agreement (IPA); Project Agreement Number 3 and Project Agreement Number 5 contain

COTP ownership, entitlement, and cost sharing percentages and will require updates to reflect the proposed COTP entitlement transfers and indicate the new Project ownership and entitlement shares; and

WHEREAS, on November 1, 2024, TANC distributed a combined notice package to the affected parties and COTP Participants to initiate the required 30-day notice as required in the IPA to initiate the COTP Entitlement transfers.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the TANC Commission:

1. Approves the proposed updates to the IPA and authorize the Interim General Manager to vote for approval of the IPA updates at the COTP Management Committee's meeting on December 18, 2024.
2. Approves the proposed updates to Appendix C of PA3 and Exhibit B of PA5, *conditioned on* the approval of the IPA assignments by the active IPA Parties.
3. Authorizes the Interim General Manager to execute the Consent to Assignment for the San Juan and Carmichael Water Districts COTP entitlement transfers to TID and the City of Roseville, the Consent to Assignment for the TID and the City of Roseville COTP entitlement transfers to TANC, and the Consent to Assignment for the Redding COTP entitlement transfer to TANC.
4. Authorizes the Interim General Manager to execute the assignment agreements for the San Juan and Carmichael Water Districts COTP entitlement transfers to TID and the City of Roseville, for the TID and the City of Roseville COTP entitlement transfers to TANC, and for the Redding COTP entitlement transfer to TANC, conditioned on receipt of all the necessary consents needed for the COTP transactions.
5. Authorizes the Interim General Manager to provide written notice to the active IPA Parties (including PacifiCorp and the California Independent System Operator) that TANC consents to the proposed assignments to TANC.

6. Authorizes the Interim General Manager to facilitate any other actions that are necessary to implement the COTP entitlement transfers.

PASSED AND ADOPTED this 20th day of November 2024, on a motion by _____, and seconded by _____.

AYES NOES ABSTAIN ABSENT

City of Alameda

City of Biggs

City of Gridley

City of Healdsburg

City of Lodi

City of Lompoc

Modesto Irrigation District

City of Palo Alto

Plumas-Sierra Rural
Electric Cooperative

City of Redding

City of Roseville

Sacramento Municipal
Utility District

City of Santa Clara

Turlock Irrigation District

City of Ukiah

CALIFORNIA-OREGON TRANSMISSION PROJECT
INTERIM PARTICIPATION AGREEMENT

Redlined IPA Appendices

APPENDIX C

ENTITLEMENTS

C. Except as modified in accordance with Sections 3, 14, or 19, the COTP Participants' Entitlements shall be as follows:

C.1 The Agency, ~~88.565286.8519~~ percent;

C.2 Western Area Power Administration, 9.3750 percent;

C.3 Pacific Gas and Electric Company, 2.0625 percent;

~~C.4 City of Redding, 1.5856 percent;~~

~~C.5 San Juan Water District, 0.0625 percent; and~~

~~C.6~~C.4 Carmichael Water District, 0.0625 percent.

CALIFORNIA-OREGON TRANSMISSION PROJECT
INTERIM PARTICIPATION AGREEMENT

APPENDIX D

OWNERSHIP INTERESTS

D. Except as modified in accordance with Sections 3, 14, or 19, and subject to the provisions respecting the ownership of Land Rights acquired by Western as set forth in Section 8, the Participants shall own as tenants in common undivided interests in the Project, other than the CVP Upgrade Segment facilities owned by Western, in the following proportions:

D.1 The Agency, ~~97.724195-8365~~ percent;

D.2 Pacific Gas and Electric Company, 2.2759 percent;

~~D.3 City of Redding, 1.7496 percent;~~

~~D.4 San Juan Water District, 0.0690 percent; and~~

~~D.5 D.3 Carmichael Water District, 0.0690 percent.~~

CALIFORNIA OREGON TRANSMISSION PROJECT
INTERIM PARTICIPATION AGREEMENT

APPENDIX E

CONSTRUCTION COST SHARING PERCENTAGES

E. Construction Costs

Except as modified in accordance with Sections 3, 14, or 19, the Participants shall be responsible for paying Construction Costs in the following proportions:

E.1 The Agency, ~~94.4667~~92.6420 percent;

E.2 Western, 3.3333 percent;

E.3 Pacific Gas and Electric Company, 2.2000 percent;

~~E.4 Redding, 1.6913 percent;~~

~~E.5 Carmichael, 0.0667 percent; and~~

~~E.6 San Juan 0.0667 percent.~~

CALIFORNIA-OREGON TRANSMISSION PROJECT
INTERIM PARTICIPATION AGREEMENT

Clean IPA Appendices

APPENDIX C

ENTITLEMENTS

- C. Except as modified in accordance with Sections 3, 14, or 19, the COTP Participants' Entitlements shall be as follows:
- C.1 The Agency, 88.5652 percent;
 - C.2 Western Area Power Administration, 9.3750 percent;
 - C.3 Pacific Gas and Electric Company, 2.0625 percent;

CALIFORNIA-OREGON TRANSMISSION PROJECT
INTERIM PARTICIPATION AGREEMENT

APPENDIX D

OWNERSHIP INTERESTS

- D. Except as modified in accordance with Sections 3, 14, or 19, and subject to the provisions respecting the ownership of Land Rights acquired by Western as set forth in Section 8, the Participants shall own as tenants in common undivided interests in the Project, other than the CVP Upgrade Segment facilities owned by Western, in the following proportions:
- D.1 The Agency, 97.7241 percent;
 - D.2 Pacific Gas and Electric Company, 2.2759 percent;

CALIFORNIA OREGON TRANSMISSION PROJECT
INTERIM PARTICIPATION AGREEMENT

APPENDIX E

CONSTRUCTION COST SHARING PERCENTAGES

E. Construction Costs

Except as modified in accordance with Sections 3, 14, or 19, the Participants shall be responsible for paying Construction Costs in the following proportions:

- E.1 The Agency, 94.4667 percent;
- E.2 Western, 3.3333 percent;
- E.3 Pacific Gas and Electric Company, 2.2000 percent;

Project Agreement 3

Current Percentages (including Layoff Agreements)

New Percentages (including the addition of Redding and Water Districts)

| TANC Member | Member Percentage | Member MW Entitlement (North to South) | MW Scheduling Rights (North to South) | TANC Member | Member Percentage | Member MW Entitlement (North to South) | MW Scheduling Rights (North to South) |
|--------------|-------------------|--|---------------------------------------|--------------|-------------------|--|---------------------------------------|
| SMUD | 38.5520% | 535.7303 | 525 | SMUD | 37.8074% | 535.73 | 525.00 |
| MID | 23.5087% | 326.6840 | 320 | MID | 23.0546% | 326.68 | 320.00 |
| TID | 17.4115% | 241.9555 | 237 | TID | 17.1458% | 242.96 | 238.00 |
| Santa Clara | 10.0040% | 139.0186 | 136 | Santa Clara | 9.8108% | 139.02 | 137.00 |
| Redding | 8.4119% | 116.8943 | 115 | Redding | 10.0398% | 142.26 | 140.00 |
| Roseville | 2.1119% | 29.3476 | 29 | Roseville | 2.1416% | 30.35 | 30.00 |
| Alameda | 0.0000% | - | - | Alameda | 0.0000% | - | - |
| Healdsburg | 0.0000% | - | - | Healdsburg | 0.0000% | - | - |
| Lodi | 0.0000% | - | - | Lodi | 0.0000% | - | - |
| Lompoc | 0.0000% | - | - | Lompoc | 0.0000% | - | - |
| Palo Alto | 0.0000% | - | - | Palo Alto | 0.0000% | - | - |
| Plumas | 0.0000% | - | - | Plumas | 0.0000% | - | - |
| Ukiah | 0.0000% | - | - | Ukiah | 0.0000% | - | - |
| Total | 100.0000% | 1,389.6304 | 1,362 | Total | 100.0000% | 1,417.0000 | 1,390 |

Scheduling Rights include the 27MW layoff to WAPA

Project Agreement 5

Current Percentages
including Layoff Agreements

New Percentages
including the addition of Redding and Water
Districts

| TANC Member | Member Percentage | TANC Member | Member Percentage |
|----------------|-------------------|----------------|-------------------|
| SMUD | 15.1701% | SMUD | 14.7686% |
| MID | 32.4538% | MID | 31.5950% |
| TID | 24.0369% | TID | 23.4973% |
| Santa Clara | 13.8102% | Santa Clara | 13.4451% |
| Redding | 11.6130% | Redding | 13.7590% |
| Roseville | 2.9160% | Roseville | 2.9350% |
| Alameda | 0.0000% | Alameda | 0.0000% |
| Healdsburg | 0.0000% | Healdsburg | 0.0000% |
| Lodi | 0.0000% | Lodi | 0.0000% |
| Lompoc | 0.0000% | Lompoc | 0.0000% |
| Palo Alto | 0.0000% | Palo Alto | 0.0000% |
| Plumas | 0.0000% | Plumas | 0.0000% |
| Ukiah | <u>0.0000%</u> | Ukiah | <u>0.0000%</u> |
| Total | 100.0000% | Total | 100.0000% |

TAB 22

REPORT AND POTENTIAL ACTION ON ADMINISTRATIVE ITEMS

The Commission will discuss and may take action as necessary on the following administrative matters.

- a. Approval of Officers List for 2025
- b. Approval of 2025 TANC Commission Meeting Schedule

Proposed TANC Officers Calendar Year 2025

| | |
|--|-----------------------------|
| <u>TANC Officers</u> | |
| Chair | Nick Zettel |
| Vice Chair and Secretary | Martin Caballero |
| Interim Contract Executive/General Manager | John Roukema |
| Treasurer | Russell Mills |
| Assistant Treasurers | Jon Anderson Greg Pochy |
| Controller | Lisa Limcaco |
| Assistant Controller | Kathy Ketchum |
| <u>General Manager's Committee Representatives</u> | |
| Audit/Budget Chair | Sondra Ainsworth |
| Audit/Budget -Ex Officio Member and Secretary | Larry Riegler |
| Contracts Chair | Basil Wong |
| Contracts-Ex Officio Member and Secretary | John Roukema |
| Finance Chair | Russell Mills |
| Finance -Ex Officio Member and Secretary | <i>Larry Riegler</i> |
| Engineering & Operations (E&O) Chair | John Roukema |
| E&O -Ex Officio Member and Secretary | <i>Amy Cuellar</i> |
| Open Access Transmission Tariff (OATT) Chair | David Olivares |
| OATT -Ex Officio Member and Secretary | John Roukema |
| <u>TANC/COTP Representatives</u> | |
| COTP Management Committee (MC) Chair | John Roukema |
| COTP MC Ex Officio Member and Secretary | <i>Amy Cuellar</i> |
| COTP E&O Committee Chair | Steve Tuggle |
| COTP E&O Ex Officio Member and Secretary | John Roukema |
| Administrative Representative (Owners Coordinated Operating Agreement) | John Roukema |
| E&O Representative (Owners Coordinated Operating Agreement) | Richard Buckingham |
| Reclamation District 2024 Trustee | Don Wagenet |

**PROPOSED TANC COMMISSION
MEETING SCHEDULE
2025**

The following dates are proposed for TANC Commission meetings and have been coordinated with M-S-R Public Power Agency and the Northern California Power Agency (NCPA) meeting schedules:

January 29, 2025
February 26, 2025
March 19, 2025
April 23, 2025
May 21, 2025
June 18, 2025
July 16, 2025
August 20, 2025
September 17, 2025
October 22, 2025
November 19, 2025
December 17, 2025

Additional Special Meetings or Teleconferences of the TANC Commission may be scheduled as needed.

TAB 23

MEETING CALENDAR

The Commission will confirm the date of its next scheduled meeting is December 18, 2024.