Middle Fork Project Finance Authority

Confluence of the North Fork and Middle Fork of the American River October 2015

Budget

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The Middle Fork Project Finance Authority was established on January 10, 2006, under a Joint Exercise of Powers Agreement by and between the County of Placer and the Placer County Water Agency.

Purpose of the Authority

The purpose of the Authority is to serve the mutual interests of the County and the Agency, exclusively, to provide for the financing required to obtain a new Federal Energy Regulatory Commission (FERC) license, to approve Future Electrical Energy Sales, and to distribute revenues from Future Electrical Energy Sales.

The Powers of the Authority are specified in the Joint Powers Agreement and among some of these include:

- Review and approve the annual MFP operating budget
- Contract for the sale of electrical energy
- Distribute the net revenues from the sale of electrical energy
- Incur debt

Structure of the Authority

The Authority Board of Directors consists of 4 members: 2 members from the County Board of Supervisors and 2 members for the Agency Board of Directors.

Board of Directors of Authority for 2015*

Placer County Board of Supervisors
- Jim Holmes
- Robert Weygandt***

Placer County Water Agency
- Primo Santini
- Mike Lee**

** Chair for 2015
*** Vice Chair for 2015

Officers of MFP Finance Authority

- Executive Director: Agency General Manager, Einar Maisch
- Secretary: Placer County Executive Officer, David Boesch
- Treasurer: Agency Director of Financial Services, Joseph Parker
- Legal Advisor: Agency Legal Counsel, Scott A. Morris, Kronick, Moskovitz, Tiedemann & Girard

***Sitting Board who approved the 2016 Budget**

Approved by Authority Board of Directors October 15, 2015

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MIDDLE FORK PROJECT FINANCE AUTHORITY

M E M O R A N D U M

TO: Board of Directors Middle Fork Project Finance Authority

FROM: Joseph H. Parker, CPA, Treasurer

DATE: October 15, 2015

RE: The Adopted 2016 MFP Finance Authority Annual Budget

Overview

Attached herewith is the Adopted 2016 Middle Fork Project Finance Authority (Authority) Budget, totaling $41 million, which is comprised of a $28.4 million operating budget and a $12.6 million capital budget. This 5-year Budget is provided with 2015 (adopted and adjusted), the 2016 Budget (**bolded**), as well as the subsequent four years (2017 – 2020) in the following attached schedules:

- Summary Budget Schedule Years 2015 - 2020
- Budget Schedule Years 2015 - 2020
- Reserve Schedule Years 2015 - 2020
- MFP Capital Plan as funded by the Authority 2016 – 2020

In accordance with the Board's General Financial Policies, the budget was prepared with the consultation and involvement of both Placer County Water Agency (Agency) and Placer County staff for presentation to the Authority Board.

The following pages provide additional details regarding budgetary changes from 2015, discussion and analysis, hydrologic impacts and other background information.

Executive Summary – Budgetary Changes from 2015

Revenue and Other Financing Sources: Revenue and Other Financing Sources in the 2016 Budget are $6.5 million less than the Adopted 2015 Budget, which is because of two line items changing: First, the Bond Proceeds of $856,000 for the bond interest capitalization ended in Quarter 1 2015, and; Second, Power Sales is proposed to be $5.7 million less because the California energy market continues to suffer from over-capacity and low prices. The 2016 Budget is based on 80% of average hydrology, without a reduction for continuing drought conditions.

Administration Expenditures: Administration expenditures in the 2016 Budget are $700,000 less than the Adjusted 2015 Budget as the Bond converted to a fixed amortization payment schedule with principal and interest being paid, thus, the Bond Interest that was capitalized in the first quarter of 2015 is no longer capitalized. All Bond interest and principal are now included on the Debt Service line item. See **Debt Service** Expenditure discussion below.

PCWA Power Division – Operating Expenditures: The net of this expenditure category is $900,000 less than the Adjusted 2015 Budget with fewer routine capital needs, a deferral of FERC license implementation operating expenses to 2017 and an increase in cost share partnerships. There continues to be 2016 FERC license implementation appropriations in the Capital Plan.

Debt Service Expenditure: Year 2016 will be the first full year for the amortized principal and interest debt service payments (2 payments), thus an increase of $2.8 million over the Adjusted 2015 Budget.

Reserve Contributions and Capital Plan: The 2016 Budget Capital Reserve contributions are appropriations to the Capital Plan totaling $12.6 million. Because of the hydrologic conditions in 2015, energy generation was substantially lower than anticipated and only $3.1 million of the $14.1 million 2015 approved Capital Plan Budget is anticipated to be funded to capital projects. Because of this, the unfunded 2015 capital projects have been re-distributed and re-prioritized into the 2016 5-year Capital Plan (2016 – 2020). Costs related to debris and sediment management are estimated based on past experience, with the caveat that the size, scope and severity of the King Fire burn area represents an unprecedented condition. The need and timing of these projects is uncertain and dependent primarily on weather and runoff conditions in the Rubicon River watershed.

The 2016 Budget **Operating Reserve** contribution totaling about $400,000 is a decrease from the 2015 Adopted Budget, yet more than the currently projected 2015 reserve contribution.

2016 Budget - Management Discussion and Analysis

The following provides a detailed description and analysis of the 2016 Middle Fork Project Finance Authority Budget:

Bond Proceeds Including Interest Expense (New Draws) discontinued with the April 1, 2015 bond conversion and the interest no longer being capitalized. See discussion under **Debt Service** below.

Power Sales are budgeted conservatively, in accordance with policy and consistent with prior year budget practices, at 80% of average hydrology. Should additional Power Sales be realized, this additional revenue would be directed to fund reserves in accordance with Board policy. Conversely, should less than the budgeted Power Sales be realized, the financial year would be balanced by reducing the operating and/or capital budgets or drawing from reserves. The latter would require Board approval prior to use.

The Power Sales in the 2016 Budget are budgeted at 80% of average hydrologic year and the $5.7 million decline from the Adopted 2015 Budget is because of lower energy prices.

Expenditures in the 2016 Operating Budget have increased by 5% or $1.2 million over the Adjusted 2015 Operating Budget. This is a net amount and the following individual component budgeted line items discussion provides the specifics:

Administration – Administration expenditures in the 2016 Budget are $700,000 less than the Adjusted 2015 Budget which is attributed to Bond Interest no longer being capitalized and now all debt service is shown separately. See discussion under **Debt Service** below. The other line items in the category are consistent with the prior year budget.

PCWA Power Division – Operating:

Power Operations in the 2016 Budget is $600,000 more than the Adjusted 2015 Budget primarily for the following increases: labor and benefits net increase of $167,000, which includes 3 new positions: 1 Engineering Technician I and 2 Hydro Operators (half year budgeted) for control room staffing and increased staff allocations budgeted to capital projects, overall operating supplies up $45,000, training expense up $70,000, office rental increasing $60,000 for space additions to the Foresthill Facilities Center, and cost share partnership agreements increasing $218,000 to the US Forest Service for expanded services in the Tahoe National Forest pursuant to the operations and maintenance agreement.

General and Administrative in the 2016 Budget is almost the same amount as the Adjusted 2015 Budget.

Natural Resource Management in the 2016 Budget is $600,000 less than the Adjusted 2015 Budget, which is primarily attributable to the delay in the Federal Energy Regulatory Commission (FERC) License now projected to be issued in 2017, thereby decreasing the 2016 operational implementation expense budget by ($500,000). FERC license condition operational implementation varies from year-to-year, depending on the work load associated with specific license conditions and implementation timeline assigned by FERC. During the interim period, several license implementation functions continue to be developed as will be the planning and appropriating for infrastructure projects (Capital Plan) that are expected to be required under the existing and future license, recreational facility planning and implementation and ongoing coordination with the two national forests where project recreational facilities are located.

Power Resource Management in the 2016 Budget is $600,000 less than the Adjusted 2015 Budget, which is primarily attributable the following expenses being less: a change in the labor distribution (labor and benefits $148,000), consulting ($100,000), legislative and regulatory ($150,000), and membership dues and training, ($85,000).

Routine Capital in the 2016 Budget is $300,000 less than the Adjusted 2015 Budget as the 2016 needs are less. The Routine Capital Budget is for the purchase or replacement of equipment and vehicles.

Debt Service in the 2016 Budget is $2.8 million more than the Adjusted 2015 Budget, as 2016 is the first full year for the amortized principal and interest debt service payments (2 payments). On April 1, 2015, per the requirements of the 2006 Middle Fork Project Finance Authority Revenue Bond the interest rate converted from a variable rate to a fixed rate at 3.47%. The outstanding balance was then fully amortized over 20 years with semi-annual principal and interest payments starting October 1, 2015 and maturing on April 1, 2036. The October 1, 2015 debt service payment was the first amortized payment. Semi-annual payments are $2.8 million.

Reserves and Capital Funding – The Authority's General Financial Policies adopted in April 2013, requires reserve funding which is rooted in the Authority's JPA requirement to establish and maintain prudent reserves. This Policy sets forth three reserve categories: Operating, Capital, and Emergency. Reserve funding and reporting is to be part of the annual budget process. The reserve category full funding targets in priority funding order is as follows:

> Operating Reserve: Operating reserve target amount is set at a minimum of one year of operating expenses.
>
> Emergency Reserve: To be based on the total amount of emergency funds considered necessary under a severe outage contingency and be evaluated with other funding/financing resources.
>
> Capital Reserve: Capital reserve funding target is based on the 5-year Capital Plan with the target amount determined by a multiple year methodology based on resource needs (annual Capital Plan amounts) whereby the current and subsequent budget years are to be fully funded and years 3 - 5 are to be funded at a declining percentage of their resource needs at 50%, 33% and 25%, respectively.

Per Policy, the Operating reserve is to be fully funded prior to funding the Emergency and Capital reserves. As the on-going drought severely reduced Power Sales revenue, funds have not been available to allocate to the reserve categories as originally planned during the past 2.33 years (May 2013 – August 2015). Once the Capital reserve is filled to its target funding, it would then act as a "sinking-fund" for annual capital project appropriations and thus a poor hydrologic year would not impact capital project funding. Unfortunately, the Capital reserve is not fully funded and, in fact, there have not been sufficient funds to fill the Operating reserve to its target, thus the other reserve category funding has not been accomplished. In both the 2013 and 2014 Capital Plans, the appropriations were only sufficient for that year's resource needs (capital projects). In 2015 at the Mid-Year Review, only 22% of the approved Capital Plan ($3.1 million of $14.1 total) may be available by the year-end for capital projects. Again based on available resources, the 2016 Capital Plan is budgeted only for the current year's needs, which "flows-through" the Capital reserve.

Capital Plan – As the majority of the 2015 Capital Plan projects were not funded, those unfunded capital projects have been incorporated into the 2016 5-year Capital Plan, thus the 5-year Capital Plan resource needs remain about the same as the 2015 amount at just over $65 million. The 2016 5-year Capital Plan has been broken down into three broad categories: 1. Upgrade or Enhancement Projects, 2. FERC License Implementation Projects, and 3. Renewal & Replacement Projects. The upgrade or enhancement projects total about 40% of the 5-year amount or $25.7 million, and are considered "one-time" expenditures, which once accomplished will improve the generation or operating capabilities of the MFP. Another "one-time" capital projects category is the FERC license implementation projects, which make-up 38% or $24.8 million of the 5-year total Capital Plan. The FERC implementation capital projects will be required with the new FERC license. The renewal and replacement type projects are $15.1 million and for years beyond 2020, ongoing renewal replacement type projects are estimated to be approximately $5 - 8 million per year.

Lower Energy Prices and the Drought Impact on the Budget

For California, 2015 was the fourth consecutive dry year and one of the most severe droughts on record. As hydrology is the primary driver of the MFP energy generation, it is not surprising that 2015's energy generation is projected substantially less than anticipated in the Adopted 2015 Budget. This is evidenced by the April 1, 2015 snow survey that was the worst on record. In addition, the energy market continues to suffer from over-capacity and low prices due to continued subsidization of renewable wind and solar energy projects.

As this information was known early in 2015, the Agency put a hold on funding 2015 capital projects until after the Mid-Year Review, as well as holding certain unfilled positions for the entire year.

At the Mid-Year 2015 Budget Review (the July Authority Board meeting), the 2015 Budget was adjusted to reflect a reduction in Power Sales revenue resulting from the poor hydrologic conditions coupled with low energy prices. The Power Sales revenue budget was reduced by 37% ($47.1 million to $29.5 million), the Capital Projects appropriation was reduced by 78% ($14.1 million to $3.1 million) and the planned 2015 reserve funding of $6.3 million was reduced to $0.

As is typical with any annual budgeting process, the objective is to develop a financial plan, for the next fiscal year(s) and that plan is often finalized without knowing the outcome of the current fiscal year. The Authority's annual budget process commences in Spring and is typically finalized in the Fall, at the Board's October meeting, before the end of the Authority's fiscal year-end on December 31.

Due to four years of poor hydrology and downward trending energy prices, the prior budget plan of funding operations, making various needed capital improvements and filling reserves in the first few years after 2013 has not been realized. The 2016 Budget focuses on a new perspective of the 5-year Budgets, where the next two years (2016 and 2017) will be considered the current plan and the subsequent three years (2018 – 2020) are considered the future. At this time, without sufficient Power Sales revenue, the focus is on the near-term, next 2 years, the 2016 Budget and projected 2017 Budget. Thus, when the actual hydrology for 2016 is known, year 2018 Budget and beyond may be revised.

All components of the Authority's Budget Schedule, whether revenue or expense, will impact reserve funding and ultimately distributions, as it is the Authority's policy to fund reserves prior to making distributions and additional debt principal payments. To better understand the Authority's budget, budget process and reserve funding, the following is provided.

Power Sales, Hydrology and Budgeting Practices - MFP Power Sales are subject to a variety of factors with varying ranges of fluctuations. The two more significant fluctuations are power prices and hydrology, with the year-to-year hydrologic variation having the greatest potential impact. To promote consistent and stable budgeting practices, a slightly conservative Power Sales budget is determined by 10 years of hydrologic conditions projected into the future at 80% of the average. This is about 0.5 standard deviations below the average and, thus, the expectation would be for actual generation to be above this base line amount 65% of the time and below this amount 35% of the time. This budgeting method, which is based on the Authority's policy, is intended to provide, based on historical average, a conservative Power Sales budget. However, as evidenced by the projected Power Sales in 2015, the method is not sufficiently conservative for drought circumstances.

Reserve Funding **-** The Authority's General Financial Policies adopted in April 2013, includes a section on reserves which is rooted in the Joint Power Agreement's requirement for the Authority to establish and maintain prudent reserves. The Policy specifies that three categories of reserves shall be established in the following order: 1. Operating, 2. Capital, and 3. Emergency. Reserve funding shall be included with the annual budget process. The Policy states funding targets for each reserve category: the Operating reserve target amount is set at a minimum of one year of operating expenses, the Capital reserve target is based on funding needs of the capital projects presented in the 5-year Capital Plan and the Emergency reserve will be based on a study to determine a total amount of emergency funds that would be required under a severe outage contingency and be evaluated with other funding sources. The Policy states, *It is the Board's intentions that reserves are fully funded over a three year period to their annual target amounts before net revenue are distributed. Each of the remaining reserve accounts will have identified annual and full funding targets.*

Even with the conservative budget practice, the reserves have not been funded as originally expected. At December 31, 2014, the Authority's audited fund balance totaled $37.6 million, comprised of only operating reserve of $20.1 million, with the remainder in working cash of $5.3 million and funds available projects balance of $12.2 million.

<u>2015 and 2016 Reserve Funding</u> **–** As discussed above, no significant funding of reserves is expected in 2015 and minimal budgeted in 2016.

<u>Control Center and Schedule Coordinator Functions</u>

Although there may be alternatives, the Control Center and Schedule Coordination functions are included in the 2016 Operational Budget. This includes 6 Hydro Operators and a Mid-Office Energy Risk Management function that are phased in over 2016 and 2017. A majority of the control room's capital funding is provided by the Agency's Agency-Wide fund, with only certain energy marketing elements included in the Authority's 2016 Budget appropriations.

Under the terms of the 2013 PPA, the Agency has full responsibility for determining energy schedules for all MFP generating units. PG&E performs control center and schedule coordinator services for the duration of the contract, through December 31, 2017. As compensation for performing these critical functions on the Agency's behalf, PG&E retains a small percentage of the gross energy sale revenues.

During the due diligence and negotiation process for the 2013 PPA, the Agency and Placer County staff originally analyzed the potential costs and benefits of the Agency assuming the control center and schedule coordination function responsibilities. At that time, it was determined that contracting these functions to PG&E was advantageous because it would allow the Agency time to build these functions over the 4 year and 8 month contract term. With this timing in mind, the past Authority budgets have reflected the control center functions and the hiring of additional staff to be prepared to assume these functions at the end of the current contract term (December 31, 2017). The 2016 Budget includes funding for MFP schedule coordinator and control center functions. If these budgeted funds are not needed during 2016, the amounts would be directed to reserves.

<u>Five Year Budget Schedule (2016 – 2020)</u>

In the Budget Schedule, Power Sales exhibits two downward steps: First the change from 2015 to 2016, as discussed above, is because of the significant change in market conditions whereby the overabundance of capacity is keeping prices low for both energy and renewables. Second, the stepdown occurs in 2018 as the existing Power Purchase Agreement (PPA) ends December 31, 2017 and based on current projections, capacity payment will be less than half the current amount.

As discussed above, the 2016 5-Year Budget focuses on the next two years (2016 and 2017) as the current plan and the subsequent three years (2018 – 2020) are considered the future. Years 2016 and 2107 have sufficient revenues to cover all operational and capital plan appropriations with a small amount going to reserves. However, as evidenced in the 5-Year Budget Schedule, without sufficient Power Sales revenue in the next couple of years, years 2018 – 2020 look dismal and, as presented, draw reserves into a negative position in 2018. The reason for this is that the 2016 5-Year Budget Schedule maintains a $65.6 million Capital Plan because the needs are there and showing this information is important for planning purposes. In actuality the negative reserves will <u>not happen</u>, as either capital projects will be delayed or funds will be borrowed to meet resource needs. Year 2015 is evidence that if the funds are not available, the appropriations will not be funded as all $14.1 million 2015 Capital Plan appropriations were held until mid-year and then only $3.1 million of the original appropriation may be funded by year-end if funds are available. Based on 2015 Operational Expense savings, there should be sufficient funds to cover the $3.1 Capital Plan appropriations at year-end. Thus, as the actual hydrology for 2016 is known, year 2018 Budget and beyond will be revised.

* * * *

Background Information

Power Purchase Agreement

On May 1, 2015, the Agency completed the second year of operations under the new Power Purchase Agreement (2013 PPA) with Pacific Gas and Electric Company. The 2013 PPA is a 4 year 8 month agreement that ends on December 31, 2017. Under the prior PPA, a 50 year contract with PG&E (1963 PPA) that ended on April 30, 2013, PG&E was financially responsible for the operation, maintenance and capital improvement of the Middle Fork Project (MFP), while receiving all of the energy sales benefits of the MFP. The 2013 PPA shifts the responsibility and benefits whereby the Agency is now financially responsible for the operations, maintenance and capital improvements and in turn is compensated by selling energy products to PG&E and the California energy market. The Joint Exercise of Powers Agreement that established the Middle Fork Project Finance Authority set forth a number of requirements for budgeting and expenses, including funds received from the sales of MFP electrical energy flowing directly to the Authority beginning May 1, 2013.

Prioritization of the Reliability and Performance Upgrade Capital Projects

The capital improvement project budget is influenced by three significant factors: 1) the age of the existing capital infrastructure that makes up the Middle Fork Project, 2) the potential revenue benefits that derive from being available to generate energy at all times for the California energy market, and 3) the requirements of the new FERC license, which is anticipated to be issued in 2017.

When the 1963 PPA ended, the Agency assumed responsibility for a 50 year old project that had its original physical plant maintained adequately, but lacked proactive replacement and technological improvement of its infrastructure. While many critical pieces were replaced during this 50 year time span, many more were not, and are now past their reliable service life. The Agency has since adopted a new standard of preventative maintenance that emphasizes proactive equipment repair and replacement based on risk to the safe and reliable operation of the project in order to meet new NERC, WECC and FERC requirements.

Mid-year, during the budgeting process and at year-end, capital projects are reviewed for realistic funding needs and are budgeted based on anticipated cash out flow for the year.

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MIDDLE FORK PROJECT FINANCE AUTHORITY
Summary Budget Schedule
Years 2015 - 2020

	2015	
	Adopted 2015	Adjusted Budget 2015
Revenues and Other Financing Sources	$ 47,976,000	30,291,235
Expenditures, Appropriations and Other Uses:		
Administration	997,000	855,235
PCWA Power Division - Operating	23,477,000	23,477,000
Appropriation to Capital Projects (through Capital Reserve) See detail below	**14,081,000**	**3,113,635**
Debt Service	3,131,000	2,845,365
Total Expenditures and Appropriations	41,686,000	30,291,235
Reserve Funding:		
Operating Reserves	6,290,000	-
Emergency Reserves	-	-
Capital Reserves	-	-
Total Reserve Funding	6,290,000	-
Net Revenue	$ -	-
Total Estimated Year End Reserve Balance	$ 23,765,037	20,072,717

Detail of Capital Projects:

Upgrades

Replacement/Maintenance

FERC License Implementation Projects

Total Appropriations to Capital Projects

For years beyond 2020, ongoing replacement/maintenance type projects estimated to be approximately $5 million/year.

Target Reserve Balance:		
Operating Reserve	$ 28,099,000	28,099,000
Emergency Reserve	2,000,000	2,000,000
Capital Reserve *	27,457,500	27,457,500
Total Target Reserve Balance	$ 57,556,500	57,556,500

* The Capital Reserve funding target is a rolling target based on the 5-year Capital Plan.

2016 & 2017		Future Years			
Adopted 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Total 2016 - 2020
41,433,000	43,639,000	36,845,000	39,051,000	41,257,000	202,225,000
145,000	149,000	153,000	157,000	161,100	765,100
22,582,426	26,935,781	26,647,000	27,164,000	27,273,000	130,602,207
12,618,000	**10,590,000**	**26,632,000**	**11,389,000**	**4,388,000**	**65,617,000**
5,690,730	5,690,730	5,690,730	5,690,730	5,690,730	28,453,650
41,036,156	43,365,511	59,122,730	44,400,730	37,512,830	225,437,957
396,844	273,489	(22,277,730)	(5,349,730)	3,744,170	(23,212,957)
-	-	-	-	-	-
-	-	-	-	-	-
396,844	273,489	(22,277,730)	(5,349,730)	3,744,170	(23,212,957)
-	-	-	-	-	-
20,469,561	20,743,050	(1,534,680)	(6,884,410)	(3,140,240)	
3,986,000	*4,650,000*	*8,475,000*	*5,975,000*	*2,600,000*	*25,686,000*
5,459,000	*2,445,000*	*4,745,000*	*1,017,000*	*1,430,000*	*15,096,000*
3,173,000	*3,495,000*	*13,412,000*	*4,397,000*	*358,000*	*24,835,000*
12,618,000	*10,590,000*	*26,632,000*	*11,389,000*	*4,388,000*	*65,617,000*
27,273,000	27,273,000	27,273,000	27,273,000	27,273,000	
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	
28,799,333	38,668,667	21,430,000	17,888,000	22,500,000	
58,072,333	67,941,667	50,703,000	47,161,000	51,773,000	

MIDDLE FORK PROJECT FINANCE AUTHORITY
Budget Schedule
Years 2015 - 2020

	Adopted 2015	Adjusted Budget 2015
Revenues and Other Financing Sources:		
Power Sales *(Note 1)*	$ 47,100,000	29,557,000
Bond Proceeds Including Interest Expense (New Draws) *(Note 3)*	856,000	714,235
Interest Income	20,000	20,000
Total Revenues and Other Financing Sources	47,976,000	30,291,235
Expenditures and Other Uses:		
Administration:		
Office Supplies	5,200	5,200
Administration	36,000	36,000
Professional Services	99,800	99,800
Bond Interest (capitalized) *(Note 2)*	856,000	714,235
Total Administration Expenditures	997,000	855,235
PCWA Power Division - Operating:		
Power Operations	13,185,000	13,185,000
General and Administrative	4,530,000	4,586,950
Natural Resources Management	2,336,000	2,336,000
Power Resources Management	2,539,000	2,482,050
Routine Capital	887,000	887,000
Total PCWA Power Division - Operating	23,477,000	23,477,000
Debt Service *(Note 2)*	3,131,000	2,845,365
Total Operating Expenditures	27,605,000	27,177,600
Reserve Contributions: *(Note 4)*		
Operating Reserves	6,290,000	-
Emergency Reserves	-	-
Capital Reserves	14,081,000	3,113,635
Total Reserve Funding	20,371,000	3,113,635
Net Revenue	-	-
Distributions and Debt Payment Requirement:		
County	-	-
PCWA	-	-
Additional Principal Payment	-	-
Total Distributions and Debt Payment Requirement	-	-
Net	$ -	-

General Note: The amount encumbered for consulting and construction contracts that span more than one fiscal year totals approximately $4.7 million. In addition, as the Operating Reserve cannot be fully funded in 2015, the Emergency Reserve cannot be funded per policy.

Note 1: **Power Sales** are subject to significant fluctuation in both power values and hydrology. Revenue is projected based on 80% of the average hydrologic year, relying on operating reserves to cover short periods of drought or mechanical outages. Power sales are based on 100% capacity payment and 80% energy payment. Years 2016 - 2020 are based on projections determined by the Power Resources Management team. The current energy sales contract with PG&E ends December 31, 2017. The Power Sales projection decreases in 2018 because it is expected that capacity payments under a new contract will be less than half the current amount.

Note 2: Total debt at December 31, 2014 and March 31, 2015 is $83.7 million and $84.4 million, respectively. The additional $0.7 million in 2015 is **bond interest expense capitalization**. Beginning April 1, 2015, bond interest is no longer capitalized and debt service payments for principal and interest began October 1, 2015.

Note 3: As provided for in the Bond documents, the Authority capitalized interest up to the conversion date of April 1, 2015. There is no effect to the net for this amount.

Note 4: **Reserve Contributions** - These include budgeted contributions or draws to/from the Operating Reserve as well as annual capital projects in years 2016-2020.

Adopted 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Total 2016 - 2020
41,413,000	43,619,000	36,825,000	39,031,000	41,237,000	202,125,000
-	-	-	-	-	-
20,000	20,000	20,000	20,000	20,000	100,000
41,433,000	43,639,000	36,845,000	39,051,000	41,257,000	202,225,000
5,300	5,400	5,500	5,600	5,700	27,500
37,400	38,700	40,000	41,100	42,200	199,400
102,300	104,900	107,500	110,300	113,200	538,200
-	-	-	-	-	-
145,000	149,000	153,000	157,000	161,100	765,100
13,764,053	14,722,068	15,311,000	15,923,000	16,560,000	76,280,121
4,584,827	4,790,740	4,982,000	5,181,000	5,388,000	24,926,567
1,766,448	4,921,115	3,752,000	3,354,000	2,511,000	16,304,563
1,907,098	1,961,858	2,040,000	2,122,000	2,207,000	10,237,956
560,000	540,000	562,000	584,000	607,000	2,853,000
22,582,426	26,935,781	26,647,000	27,164,000	27,273,000	130,602,207
5,690,730	5,690,730	5,690,730	5,690,730	5,690,730	28,453,650
					-
28,418,156	32,775,511	32,490,730	33,011,730	33,124,830	159,820,957
396,844	273,489	(22,277,730)	(5,349,730)	3,744,170	(23,212,957)
-	-	-	-	-	-
12,618,000	10,590,000	26,632,000	11,389,000	4,388,000	65,617,000
13,014,844	10,863,489	4,354,270	6,039,270	8,132,170	42,404,043
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

MIDDLE FORK PROJECT FINANCE AUTHORITY
Reserve Schedule
Years 2015 - 2020

	Adopted 2015	Adjusted Budget 2015
Operating Reserve [First Priority- (Note 1)]:		
Full Funding Target (1 Year Ops Budget)	$ 28,099,000	28,099,000
Reserve, Beginning of Year	17,475,037	20,072,717
Contribution	6,290,000	-
Balance End of Year	$ 23,765,037	20,072,717
Amount Needed to Meet Target, if any	$ (4,333,963)	(8,026,283)
Emergency Reserve [Second Priority -(Note 2)]:		
Target Level of Reserve (Insurance/Debt/Cash)	$ 2,000,000	2,000,000
Reserve, Beginning of Year	$ -	-
Contribution	-	-
Balance End of Year	$ -	-
Capital Reserve [Third Priority (Note 3-sinking fund implemented in 2014)]:		
Target Amounts:		
Capital Reserve, Beginning of Year	$ 21,188,000	21,188,000
Target Contribution based on 5-year Capital Plan Funding Matrix	20,350,500	9,383,135
Capital Plan Approved Projects - Current Year	(14,081,000)	(3,113,635)
Target Ending Balance	$ 27,457,500	27,457,500
Budget Amounts:		
Beginning Balance	$ -	-
Contribution	14,081,000	3,113,635
Use/Appropriated to Projects	(14,081,000)	(3,113,635)
Balance End of Year	$ -	-
Amount Needed to Meet Target, if any	$ (27,457,500)	(27,457,500)
Total Reserve Balance	**$ 23,765,037**	**20,072,717**

General Note: The colored amounts are to signify certain elements: Blue = Target Funding; Black = Actual or Projected amounts based on annual budgets; Red = Target amounts needed.

Note 1: The **Operating Reserve** is based on the largest projected annual operating budget in the next 5 years.

Note 2: The current **Emergency Reserve** strategy is to initially fund the reserve with $2,000,000 to provide immediate and designated funds for deductible(s) and seed monies to commence any significant unforeseen capital expenditures, thus enabling PCWA to respond immediately to the emergency condition. PCWA will annually assess the level of Emergency Reserve, balancing the trade off between insurance emergency reserve funds and alternative funding, and propose recommended changes as needed.

Note 3: The **Capital Reserve Funding Target** is based on the 5-year Capital Plan with the target amount determined by fully funding the current and subsequent year, and the remaining years (years 3-5) are funded over one-half, one-third, and one-quarter their annual amounts respectively.

Adopted 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020
27,273,000	27,273,000	27,273,000	27,273,000	27,273,000
20,072,717	20,469,561	20,743,050	(1,534,680)	(6,884,410)
396,844	273,489	(22,277,730)	(5,349,730)	3,744,170
20,469,561	20,743,050	(1,534,680)	(6,884,410)	(3,140,240)
(6,803,439)	(6,529,950)	(28,807,680)	(34,157,410)	(30,413,240)
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
27,457,500	28,799,333	38,668,667	21,430,000	17,888,000
13,959,833	20,459,334	9,393,333	7,847,000	9,000,000
(12,618,000)	(10,590,000)	(26,632,000)	(11,389,000)	(4,388,000)
28,799,333	38,668,667	21,430,000	17,888,000	22,500,000
-	-	-	-	-
12,618,000	10,590,000	26,632,000	11,389,000	4,388,000
(12,618,000)	(10,590,000)	(26,632,000)	(11,389,000)	(4,388,000)
-	-	-	-	-
(28,799,333)	(38,668,667)	(21,430,000)	(17,888,000)	(22,500,000)
20,469,561	**20,743,050**	**(1,534,680)**	**(6,884,410)**	**(3,140,240)**

PLACER COUNTY WATER AGENCY
MFP Capital Plan
As Funded by the Middle Fork Project Finance Authority
2016-2020

Project No.	Project Description	Project Lead	Project Type	Total Estimated Project Cost *(Note 1)*
MINOR PROJECTS - TOTAL				
MAJOR PROJECTS - AUTHORIZED:				
14007P	French Meadows Powerhouse Reliability Upgrades	PWR	Plant	Ongoing
14008P	IBay Sediment Removal and Powerhouse Tailrace Rock Removal	PWR	Dam	2,545,000
14009P	Middle Fork Powerhouse Reliability Upgrades	PWR	Plant	Ongoing
14011P	Middle Fork Project Control Center Equipment	PWR	Equipment	2,400,000
14010P	Oxbow Powerhouse Reliability Upgrades	PWR	Plant	Ongoing
12015A	Project Wide Communications Upgrade	PWR	Communications	10,455,000
12029A	Project Wide SCADA Reliability Upgrades	PWR	SCADA	2,480,000
08007A	Project Wide Standard Operating Plan and Procedures	PWR	Planning	4,190,000
14012P	Ralston Powerhouse Reliability Upgrades	PWR	Plant	Ongoing
14013P	FERC License Implementation - Project Infrastructure	PWR	Plant	25,075,000
14014P	FERC License Implementation - Project Recreation Facilities	ENG	Environmental	16,686,000
14058P	Ralston Afterbay Emergency Debris Management	ENG	Environmental	1,600,000
	Afterbay Sediment Removal and Boat Launch Improvements	PWR	Plant	3,500,000
SUBTOTAL - MAJOR AUTHORIZED PROJECTS				
TOTAL CAPITAL PROJECTS				

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

Adopted 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	TOTAL 2016-2020
$ 3,049,000	**1,210,000**	**240,000**	**140,000**	**100,000**	**4,739,000**
310,000	725,000	1,950,000	950,000	2,250,000	6,185,000
	400,000	30,000			430,000
500,000	460,000	5,415,000	5,122,000		11,497,000
500,000					500,000
	550,000	835,000	640,000	90,000	2,115,000
2,186,000	3,300,000	1,000,000			6,486,000
500,000					500,000
250,000	250,000				500,000
1,400,000	200,000	250,000	140,000	1,590,000	3,580,000
2,325,000	2,995,000	10,645,000	3,378,000	60,000	19,403,000
848,000	500,000	2,767,000	1,019,000	298,000	5,432,000
750,000					750,000
		3,500,000			3,500,000
9,569,000	**9,380,000**	**26,392,000**	**11,249,000**	**4,288,000**	**60,878,000**
$ 12,618,000	**10,590,000**	**26,632,000**	**11,389,000**	**4,388,000**	**65,617,000**

Minor Projects - Total

Minor Projects - Total is comprised of the following sub-projects:

1. Existing Project Adjustment Fund
2. Hell Hole Substation Rebuild
3. New Project Development Fund
4. Project Wide CMMS
5. Project Wide Security Surveillance Improvements
6. Hell Hole Powerhouse Reliability
7. Hillside Slope Stability - Middle Fork American River Project
8. Penstock Protection

Funding Source	2016 Adopted	2017 Projected	2018 Projected	2019 Projected	2020 Projected	Total
Middle Fork Project Finance Authority	$ 3,049,000	1,210,000	240,000	140,000	100,000	4,739,000

Minor Projects are defined as projects with a total estimated project cost equal to or less than $1 million dollars and are included in the MFPFA Capital Plan as one total amount. This amount is comprised of a variety of sub-projects that will be allocated, administered and accounted for as "Projects" through PCWA's budget and accounting system, as PCWA is the lead entity for MFP projects.

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As Funded by the Middle Fork Project Finance Authority
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French Meadows Powerhouse Reliability Upgrades

Project Number: 14007P
Project Category: Major-Authorized
Project Lead: Power
Project Type: Plant

Powerhouse reliability upgrades encompass projects that will sustain or increase generator availability (the percentage of time a generator is available to be synchronized to the grid and produce electricity) and projects that will improve employee safety.

1. Replacement of unit and station annunciator equipment
2. Addition of a station battery room
3. Replacement of the generator excitation system
4. Replacement of the generator protection equipment
5. Replacement of the turbine governor
6. Addition of a fire detection and alarm system
7. Replacement of the 125VDC station battery
8. Upgrades to the generating unit cooling water and station sump pump controls
9. Replacement of the plant motor control center

Funding Source	2016 Adopted	2017 Projected	2018 Projected	2019 Projected	2020 Projected	Total
Middle Fork Project Finance Authority	$ 310,000	725,000	1,950,000	950,000	2,250,000	6,185,000

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate “Projects” through PCWA’s accounting system, as PCWA is the lead entity for MFP projects.

IBay Sediment Removal and Powerhouse Tailrace Rock Removal

Project Number: 14008P
Project Category: Major-Authorized
Project Lead: Power
Project Type: Dam

This project will consist of a limited sediment removal from the upstream end of Middle Fork Powerhouse to several hundred feet downstream of the powerhouse. A ramp into the reservoir may need to be developed, the reservoir drained down over ten feet, submersible pumps, redundant generators and bypass pipes set up around the work area, excavation in the dewatered work area using excavators and rock trucks, and transport of the excavation debris to an upland disposal site to be determined. A bathymetric survey has been conducted.

Alternatively, use of a floating multi-function dredge, or a crane and clamshell arrangement should be investigated, since this may save considerable water bypass costs, and may result in only "incidental fallback", which may reduce permitting requirements substantially.

Funding Source	2016 Adopted	2017 Projected	2018 Projected	2019 Projected	2020 Projected	Total
Middle Fork Project Finance Authority	$ -	400,000	30,000	-	-	430,000

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate "Projects" through PCWA's accounting system, as PCWA is the lead entity for MFP projects.

Middle Fork Powerhouse Reliability Upgrades

Project Number: 14009P
Project Category: Major-Authorized
Project Lead: Power
Project Type: Plant

Powerhouse reliability upgrades encompass projects that will sustain or increase generator availability (the percentage of time a generator is available to be synchronized to the grid and produce electricity) and projects that will improve employee safety.

1. Replacement of unit and station annunciator equipment
2. Addition of a station battery room
3. Upgrades to the generating unit cooling water and station sump pump controls
4. Penstock coupling metallurgy investigation
5. Replacement of the generator excitation system for both units
6. Upgrades to the switchyard including generator circuit breaker and main transformer replacement
7. Addition of a fire detection and alarm system
8. Upgrade of the powerhouse HVAC system
9. Addition of two grounding wells to improve the bond between the buried copper ground grid and earth. The ground grid or mat is the source for all equipment and safety grounds in the plant and substation.

Funding Source	2016 Adopted	2017 Projected	2018 Projected	2019 Projected	2020 Projected	Total
Middle Fork Project Finance Authority	$ 500,000	460,000	5,415,000	5,122,000	-	11,497,000

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate “Projects” through PCWA’s accounting system, as PCWA is the lead entity for MFP projects.

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Middle Fork Project Control Center Equipment

Project Number: 14011P
Project Category: Major-Authorized
Project Lead: Power
Project Type: Equipment

This project includes the necessary furnishings and technology improvements to be installed within the proposed primary and backup MFP Control Centers to provide operational control of the Middle Fork Project.

Funding Source	2016 Adopted	2017 Projected	2018 Projected	2019 Projected	2020 Projected	Total
Middle Fork Project Finance Authority	$ 500,000	-	-	-	-	500,000

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate "Projects" through PCWA's accounting system, as PCWA is the lead entity for MFP projects.

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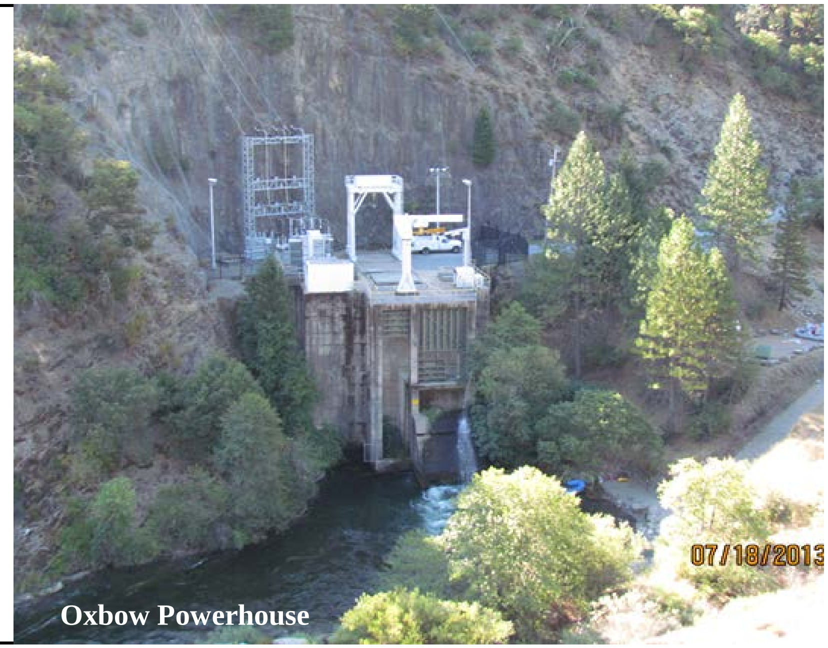
Oxbow Powerhouse Reliability Upgrades

Project Number: 14010P
Project Category: Major-Authorized
Project Lead: Power
Project Type: Plant

Powerhouse reliability upgrades encompass projects that will sustain or increase generator availability (the percentage of time a generator is available to be synchronized to the grid and produce electricity) and projects that will improve employee safety.

1. Addition of a fire detection and alarm system
2. Replacement of unit and station annunciator equipment
3. Addition of a station battery room
4. Replacement of the generator excitation system
5. Replacement of the generator protection equipment
6. Replacement of the turbine governor
7. Replacement of the 125VDC station battery



Oxbow Powerhouse

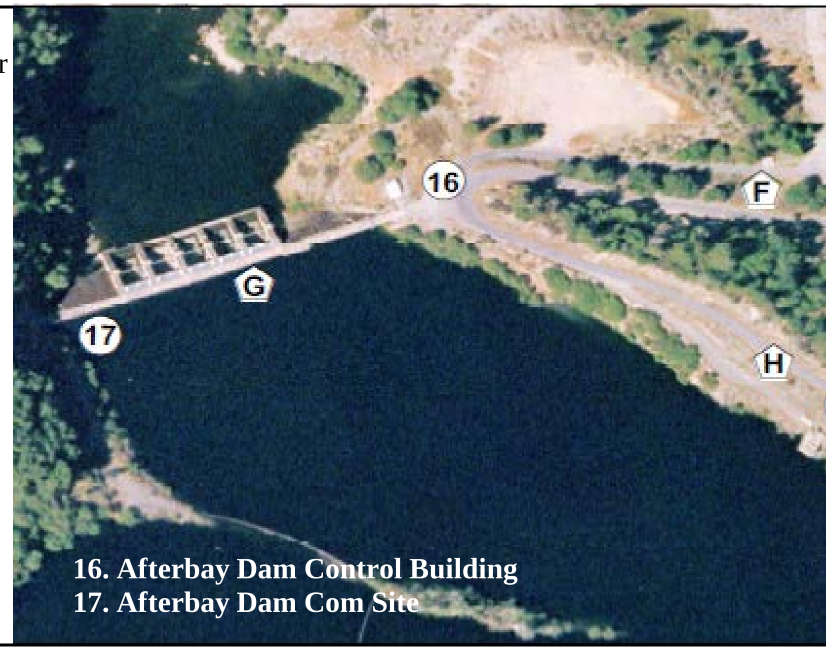
Funding Source	2016 Adopted	2017 Projected	2018 Projected	2019 Projected	2020 Projected	Total
Middle Fork Project Finance Authority	$ -	550,000	835,000	640,000	90,000	2,115,000

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate "Projects" through PCWA's accounting system, as PCWA is the lead entity for MFP projects.

Project Wide Communications Upgrade

Project Number: 12015A
Project Category: Major-Authorized
Project Lead: Power
Project Type: Communications

This project will add redundancy and increase the robustness of the Middle Fork Project communications system that connects the powerhouses and control center together. The Agency's Foresthill Facilities Center, the Auburn Business Center, and the California Independent System Operator (CAISO) would also be part of the upgraded system.



Funding Source	2016 Adopted	2017 Projected	2018 Projected	2019 Projected	2020 Projected	Total
Middle Fork Project Finance Authority	$ 2,186,000	3,300,000	1,000,000	-	-	6,486,000

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate "Projects" through PCWA's accounting system, as PCWA is the lead entity for MFP projects.

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Project Wide SCADA Reliability Upgrades

Project Number: 12029A
Project Category: Major-Authorized
Project Lead: Power
Project Type: SCADA

This project will involve replacement or upgrade and installation of Supervisory Control And Data Acquisition (SCADA) network equipment such as: redundant servers, switches, router, data historian storage servers, GPS based time services, and Domain Name Servers. A commercial grade Uninterruptable Power Supply (UPS) will be installed at the FFC.


SCADA Servers and Network Equipment

Funding Source	2016 Adopted	2017 Projected	2018 Projected	2019 Projected	2020 Projected	Total
Middle Fork Project Finance Authority	$ 500,000	-	-	-	-	500,000

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate “Projects” through PCWA’s accounting system, as PCWA is the lead entity for MFP projects.

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Project Wide Standard Operating Plan and Procedures

Project Number: 08007A
Project Category: Major-Authorized
Project Lead: Power
Project Type: Planning

This project will verify, validate, revise and implement the following:

1. Middle Fork Project Standard Operating Procedures (SOP)
2. OSHA required Lock Out and Tag Out (LOTO) procedures
3. High Voltage Clearance procedures
4. Preventive and Predictive Maintenance procedures for use in the Computerized Maintenance Management System (CMMS)
5. Power System Department administrative procedures

Funding Source	2016 Adopted	2017 Projected	2018 Projected	2019 Projected	2020 Projected	Total
Middle Fork Project Finance Authority	$ 250,000	250,000	-	-	-	500,000

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate “Projects” through PCWA’s accounting system, as PCWA is the lead entity for MFP projects.

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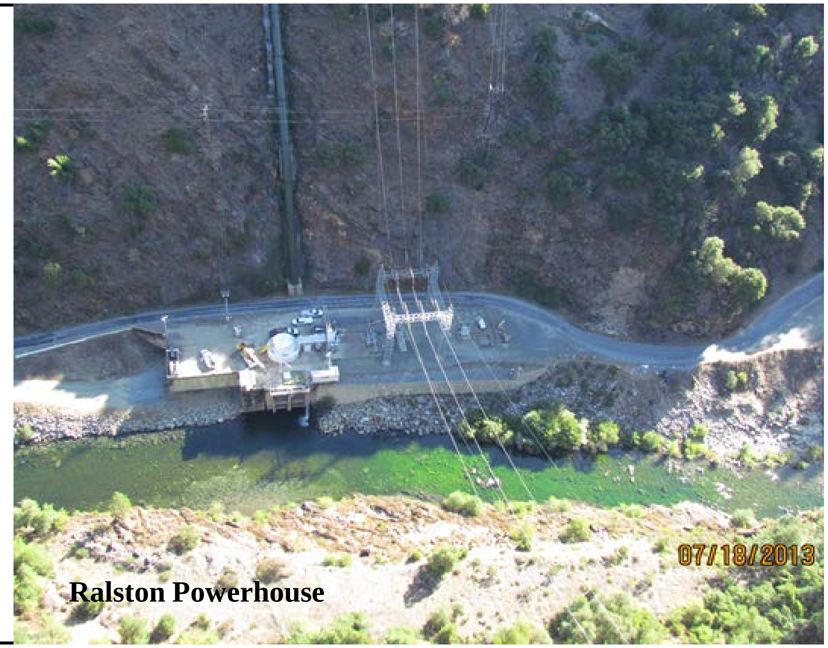
Ralston Powerhouse Reliability Upgrades

Project Number: 14012P
Project Category: Major-Authorized
Project Lead: Power
Project Type: Plant

Powerhouse reliability upgrades encompass projects that will sustain or increase generator availability (the percentage of time a generator is available to be synchronized to the grid and produce electricity) and projects that will improve employee safety.

1. Upgrades to the generating unit cooling water and station sump pump controls
2. Replacement of the generator excitation system
3. Penstock hillside stability and rockfall protection
4. Replacement of the Ralston Tunnel intake trash rack cleaner
5. Addition of a fire detection and alarm system
6. Switchyard upgrades associated with upgrades at MFPH switchyard
7. Replacement of the plant motor control center
8. Upgrade of the powerhouse HVAC system
9. Penstock coupling metallurgy investigation



Ralston Powerhouse

Funding Source	2016 Adopted	2017 Projected	2018 Projected	2019 Projected	2020 Projected	Total
Middle Fork Project Finance Authority	$ 1,400,000	200,000	250,000	140,000	1,590,000	3,580,000

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate "Projects" through PCWA's accounting system, as PCWA is the lead entity for MFP projects.

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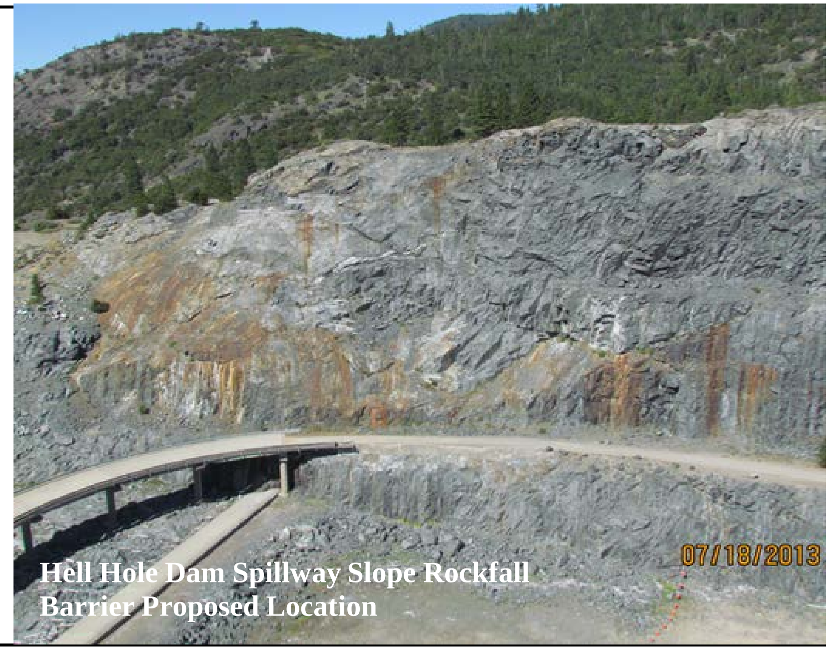
FERC License Implementation - Project Infrastructure

Project Number: 14013P
Project Category: Major-Authorized
Project Lead: Power
Project Type: Plant

These capital projects consist of infrastructure work required under the new FERC license. The work includes:

1. A group of dam low level outlet upgrades
2. A group of diversion upgrades
3. Hell Hole Seasonal Storage
4. Hell Hole Dam Spillway Slope Rockfall Barriers
5. Hell Hole Dam Crest Improvements
6. LL Anderson Dam Spillway Instrumentation Improvements
7. LL Anderson Dam Low Level Pipe Interior Coating Repair
8. Middle Surge North Access Road Reconstruction
9. Project Wide Road Improvements
10. LL Anderson Dam Spillway Electrical Upgrades
11. French Meadows Powerhouse Penstock - addition of an ultrasonic flowmeter
12. Oxbow Powerhouse Penstock - addition of an ultrasonic flowmeter



Hell Hole Dam Spillway Slope Rockfall Barrier Proposed Location

Funding Source	2016 Adopted	2017 Projected	2018 Projected	2019 Projected	2020 Projected	Total
Middle Fork Project Finance Authority	$ 2,325,000	2,995,000	10,645,000	3,378,000	60,000	19,403,000

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate "Projects" through PCWA's accounting system, as PCWA is the lead entity for MFP projects.

FERC License Implementation - Project Recreation Facilities

Project Number: 14014P
Project Category: Major-Authorized
Project Lead: Engineering
Project Type: Environmental

This project consists of work to rehabilitate recreational facilities that will be required by the new FERC license. The work includes:

1. Construct and improve recreation facilities in the vicinity of the Ralston Afterbay
2. Extend boat ramp and improve the picnic area at French Meadows Reservoir
3. Rehabilitate RV dump and improve the campground at French Meadows Reservoir
4. Develop a potable water supply for campground at French Meadows Reservoir
5. Upgrade the boat ramp and parking areas and provide a potable water supply at Hell Hole Reservoir
6. Make improvements to campground at Hell Hole Reservoir
7. Develop public access to the Middle Fork American River around the Middle Fork Powerhouse
8. Upgrade the well at the Middle Meadows campground


French Meadows Campground

Funding Source	2016 Adopted	2017 Projected	2018 Projected	2019 Projected	2020 Projected	Total
Middle Fork Project Finance Authority	$ 848,000	500,000	2,767,000	1,019,000	298,000	5,432,000

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate “Projects” through PCWA’s accounting system, as PCWA is the lead entity for MFP projects.

Ralston Afterbay Emergency Debris Management

Project Number: 14058P
Project Category: Major-Authorized
Project Lead: Engineering
Project Type: Environmental

Large quantities of debris including sediment, rock, and floating vegetation are expected during winter storms as a result of the 2014 King Fire. The most significant concern is the protection of the Ralston Afterbay Dam from accumulations of floating debris, particularly large trees with root wads and limbs attached, that might impact the ability to control flow at the dam or threaten the dam itself by blocking spillways.

Costs related to debris and sediment management are estimated based on past experience, with the caveat that the size, scope and severity of the King Fire burn area represents an unprecendented condition. The need and timing of this project is uncertain and dependent primarily on weather and runoff conditions in the Rubicon River watershed.

Funding Source	2016 Adopted	2017 Projected	2018 Projected	2019 Projected	2020 Projected	Total
Middle Fork Project Finance Authority	$ 750,000	-	-	-	-	750,000

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate "Projects" through PCWA's accounting system, as PCWA is the lead entity for MFP projects.

Afterbay Sediment Removal and Boat Launch Improvements

Project Number:
Project Category: Major-Authorized
Project Lead: Power
Project Type: Plant

Accumulated sediments in Ralston Afterbay Reservoir must be removed to maintain system function. Historically, sediment has been removed on average every 5 years. However, no sediment management activities have taken place at Ralston Afterbay since 2002. Additionally, Ralston Afterbay is now more prone to sedimentation due to the King Fire.

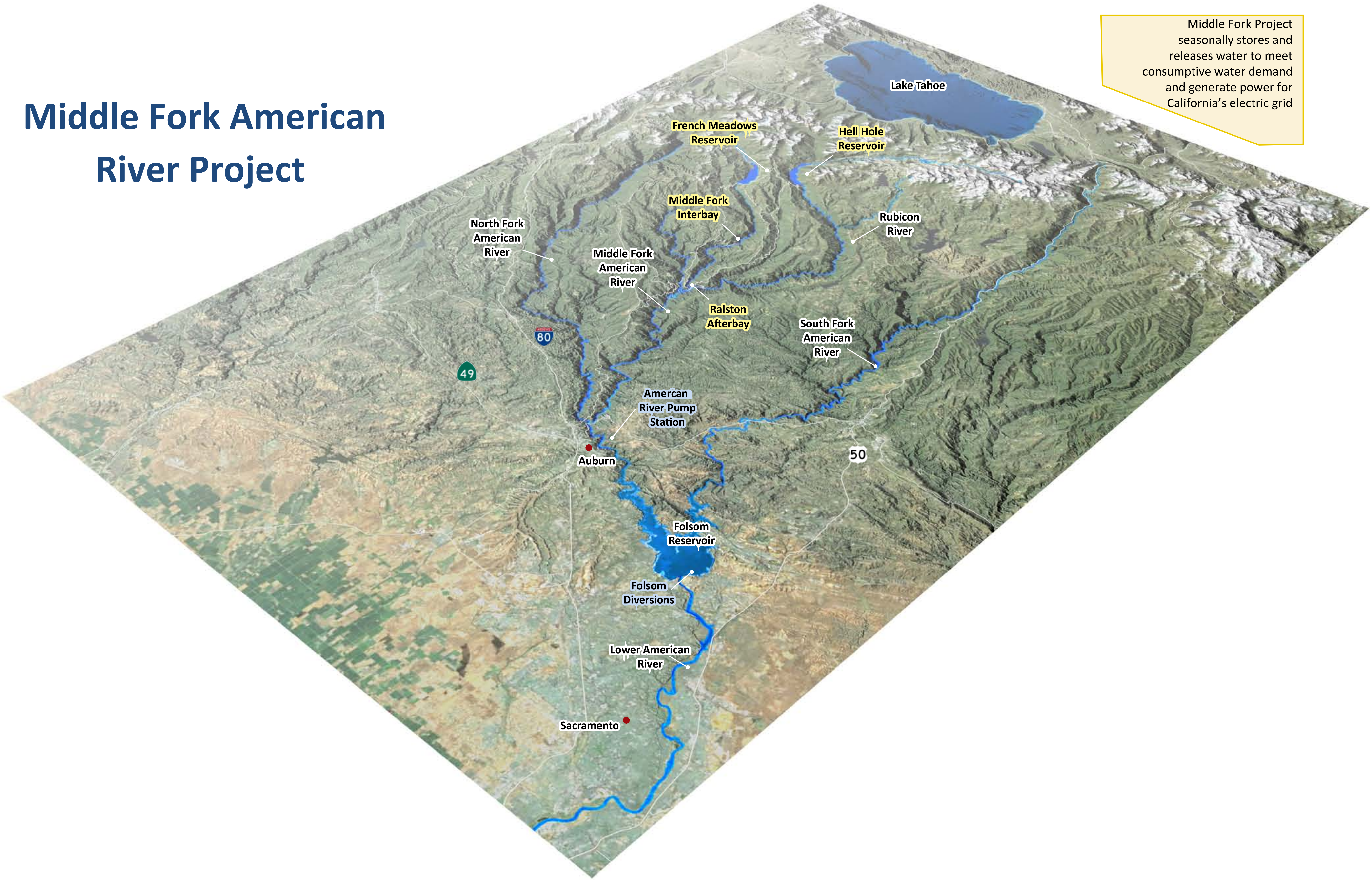
The new FERC license will require improvements to the Ralston Afterbay Sediment Removal Access Point (boat ramp) upon the first sediment removal following the issuance of the new license.

Costs related to debris and sediment management are estimated based on past experience, with the caveat that the size, scope and severity of the King Fire burn area represents an unprecendented condition. The need and timing of this project is uncertain and dependent primarily on weather and runoff conditions in the Rubicon River watershed.

Funding Source	2016 Adopted	2017 Projected	2018 Projected	2019 Projected	2020 Projected	Total
Middle Fork Project Finance Authority	$ -	-	3,500,000	-	-	3,500,000

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate “Projects” through PCWA’s accounting system, as PCWA is the lead entity for MFP projects.

Middle Fork American River Project



Middle Fork Project seasonally stores and releases water to meet consumptive water demand and generate power for California's electric grid