



Hydro Revenue Presentation

05.20.2026

Hydropower History

- ▶ 1950s - NID Started Treating Domestic Water
- ▶ 1962 - Bonds Voted on by Irrigation & Domestic Users
- ▶ 1966 - Yuba-Bear Project Completed
- ▶ 1962 to 2012 - Hydropower Sold to PG&E
 - ▶ Revenue used to pay bond debt
- ▶ 2012 - Bond Debt Was Paid Off
- ▶ 2013-2017 - Water Loaned Hydropower \$15.7 M
 - ▶ Paid back in 2017

Hydropower Revenue

- ▶ Subsidies to hydropower
 - ▶ Prior to 2022, hydropower did not pay overhead expenditures; Water Rate Payers paid all of it
 - ▶ There were years with direct large subsidies between Hydropower and Water
 - ▶ Hydropower currently subsidizes water through payment of the upper division costs
 - ▶ Hydropower currently pays a fair share of overhead expenditures
 - ▶ Water rates must increase if we return to paying overhead by Water Rate Payers
- ▶ Hydropower continues to subsidize recreation

Hydropower Transfers

- ▶ 2015
 - ▶ No subsidy transferred to Water
 - ▶ Water pays for all overhead
 - ▶ Interfund loan approved to memorialize Water Loaning Hydropower \$15.7 M for FERC Relicensing (loan accrued in previous years)
 - ▶ Hydropower repays \$10M of the loan
- ▶ 2016
 - ▶ No subsidy transferred to Water
 - ▶ Water pays for all overhead
 - ▶ No loan repayment

Hydropower Transfers

- ▶ 2017
 - ▶ No subsidy transferred to Water
 - ▶ \$5.8 M Loan Repayment (Final) from Hydropower to Water
 - ▶ Water pays all overhead expenditures
- ▶ 2018
 - ▶ Water pays all overhead expenditures
 - ▶ \$4 M dollar subsidy from Hydro to Water
 - ▶ Hydro receives all investment revenue
- ▶ 2019
 - ▶ Water pays all overhead expenditures
 - ▶ 9.1 M dollar subsidy from Hydro to Water
 - ▶ Hydro receives all investment revenue

Hydropower Transfers

- ▶ 2020
 - ▶ Water pays all overhead expenditures
 - ▶ Hydro receives all investment revenue
 - ▶ Hydro to Water subsidy of \$13.3 M. Increased due to COVID concerns
- ▶ 2021
 - ▶ Water pays all overhead expenditures
 - ▶ Hydro receives all investment revenue
 - ▶ \$6 M subsidy from Hydro to Water

Hydropower Transfers

- ▶ 2022
 - ▶ Internal Services Fund 70 Opened
 - ▶ Hydro Overhead Costs \$4.04 M
 - ▶ Investment Revenue applied to All Funds Proportional to Fund Balance
 - ▶ No Subsidy From Hydro to Water
- ▶ 2023
 - ▶ Hydro Overhead Costs \$4.44 M
 - ▶ Investment Revenue applied to All Funds Proportional to Fund Balance
 - ▶ No Subsidy From Hydro to Water

Hydropower Revenue

- ▶ 2024
 - ▶ Hydro Overhead Costs \$4.44 M
 - ▶ Investment Revenue applied to All Funds Proportional to Fund Balance
 - ▶ No Subsidy From Hydro to Water
- ▶ 2025
 - ▶ Hydro Overhead Costs \$5.5 M
 - ▶ Investment Revenue applied to All Funds Proportional to Fund Balance
 - ▶ No Subsidy From Hydro to Water

Hydropower Revenue

- ▶ Will there ever be a subsidy directly to the Water fund again?
 - ▶ There could be. More likely, use hydropower revenue to pay for capital expenditures directly
 - ▶ Water is still subsidized by Hydro through the payment of expenses for the upper division
- ▶ Why does Hydropower have such high reserves?
 - ▶ Risk
 - ▶ FERC Relicensing
 - ▶ Dam Safety Projects Coming Up

Hydropower Reserves

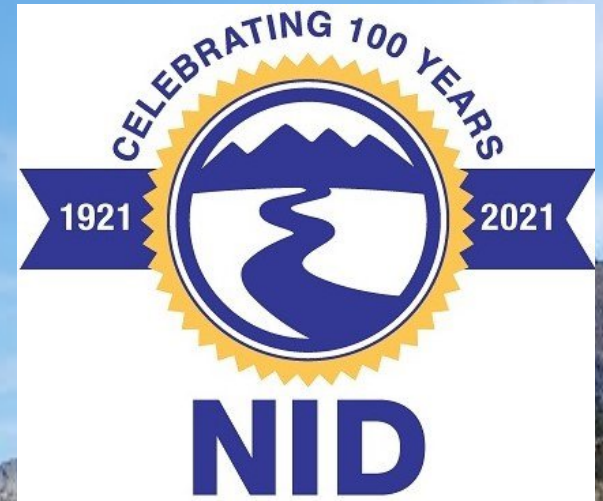
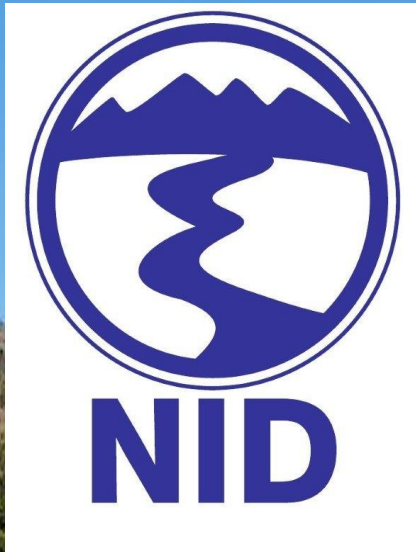
- ▶ By Policy
 - ▶ Operating Reserve - 6 Months of Operating Expenses
 - ▶ \$10.7 M for 2026
 - ▶ Insurance & Catastrophic Reserve - Minimum \$5 M, Maximum \$10 M (Split With Water 50/50)
 - ▶ Capital - \$15 M
 - ▶ FERC - \$35 M
 - ▶ Accrued Leave Reserve, \$250,000, Not Funded at Full Amount
 - ▶ TOTAL: \$63.2 M

Major Hydro Projects Impacting Hydro Financials

- ▶ Combie Dam
- ▶ Penstock Linings
- ▶ Chicago Park Rewind
- ▶ Chicago Park Transformer Replacement
- ▶ Dam Safety Projects
- ▶ 8.5 Mile Slide
- ▶ Bowman South Dam Repairs
- ▶ Rollins, Part 12d & Sediment
- ▶ Potentially Have to Bypass Fuller

Hydropower Revenue

- ▶ Approximately \$28 M Per Year In Revenue
- ▶ With planned projects, reserves are projected to fall below the \$63 M required minimum in 2030
 - ▶ Reserves will continue on a steep decline unless a better power purchase agreement replaces the current power purchase agreement with PG&E
 - ▶ Reserves Decreasing to \$40 million in 2032
 - ▶ Decline in reserve is without FERC License Obligations



QUESTIONS?

Jennifer Hanson, General Manager