

Staff Report

TO: Board of Directors

FROM: Jennifer Hanson, General Manager

DATE: May 20, 2026

SUBJECT: Budget Amendment for PG&E South Yuba Pipe Reimbursement

ADMINISTRATION

RECOMMENDATION:

Adopt a resolution amending the 2026 Annual Budget in the amount of \$639,477 to allow for payment to Pacific Gas and Electric Company (PG&E) for partial reimbursement of the cost to repair the South Yuba Pipe.

BACKGROUND:

The District and PG&E entered into a Coordinate Operations Agreement (COA) in November 2018. The COA governs the coordination of operations of District and PG&E facilities. Article IV, Cost Sharing requires reimbursement for costs associated with extraordinary events. An extraordinary event is defined as damage to a conveyance facility in a manner that prevents the owning party from performing its obligations under the COA.

In February 2024, a rockslide severely damaged a section of the South Yuba Pipe owned by PG&E. The damaged section of pipe is subject to cost-sharing provisions requiring the District to reimburse PG&E 34% of the cost to repair the damage. PG&E has indicated that the total cost of repair is \$11,224,508. The District's portion of the total cost is \$2,557,906.75. The COA requires payment of the extraordinary cost reimbursements in equal quarterly installments.

District staff have been working with PG&E to obtain backup documentation for the charges. As a public agency, it is imperative that the District be able to verify all charges on the invoice. Currently, there is \$1,991,415.15 in charges that are still disputed by the District. The COA, however, requires initial payment while the invoice dispute is being resolved. Therefore, the District now requires one payment of \$213,158.81 and two additional payments in quarters 3 and 4 of 2026. '

Any amount still in dispute will be deducted from the total amount due. The current payment schedule extends through the end of 2028. To make the three required payments this year, the Annual Budget must be amended.

BUDGETARY IMPACT:

The 2026 Annual Budget for Fund 50 will be increased by \$639,476.43.

Attachments: (1)

- Resolution No. 2026-24 - Approving a Budget Amendment for PG&E South Yuba Pipe Reimbursement



RESOLUTION NO. 2026-24
OF THE BOARD OF DIRECTORS OF THE NEVADA IRRIGATION DISTRICT

**Approving a Budget Amendment for
PG&E South Yuba Pipe Reimbursement**

WHEREAS, The District and PG&E entered into a Coordinate Operations Agreement (COA) in November 2018, which governs the coordination of operations of District and PG&E facilities. Article IV, Cost Sharing requires reimbursement for costs associated with extraordinary events; and

WHEREAS, An extraordinary event is defined as damage to a conveyance facility in a manner that prevents the owning party from performing its obligations under the COA; and

WHEREAS, In February 2024, a rockslide severely damaged a section of the South Yuba Pipe owned by PG&E; and

WHEREAS, The damaged section of pipe is subject to cost-sharing provisions requiring the District to reimburse PG&E 34% of the cost to repair the damage, and PG&E has indicated that the total cost of repair is \$11,224,508; and

WHEREAS, The District's portion of the total cost is \$2,557,906.75. The COA requires payment of the extraordinary cost reimbursements in equal quarterly installments; and

WHEREAS, as a public agency, it is imperative that the District be able to verify all charges, and District staff have been working with PG&E to obtain backup documentation for the charges; and

WHEREAS, Currently, there is \$1,991,415.15 in charges that are still disputed by the District.

WHEREAS, The COA requires initial payment while the invoice dispute is being resolved, and therefore, the District now requires one payment of \$213,158.81 and two additional payments in quarters 3 and 4 of 2026.

NOW, THEREFORE, BE IT RESOLVED, The Board of Directors hereby approve the following:

1. Approve a budget amendment increasing the 2026 Annual Budget for Fund 50 in the amount of \$639,476.43.

2. Authorize payment in the amount of \$213,158.81 to PG&E for the South Yuba Pipe Reimbursement, as required by the COA, while the invoice is in dispute.

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PASSED AND ADOPTED by the Board of Directors of the Nevada Irrigation District at a regular meeting held on the 20th day of May, 2026 by the following vote:

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| AYES: | Directors: |
| NOES: | Directors: |
| ABSENT: | Directors: |
| ABSTAINS: | Directors: |

President of the Board of Directors

Attest:

Secretary to the Board of Directors