

**MINUTES OF REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LATHROP IRRIGATION DISTRICT**

The Regular Meeting of the Board of Directors of the Lathrop Irrigation District convened on Wednesday, February 22, 2023 at 4:05 p.m. at 1235 Academy Dr, Lathrop, California. The meeting was noticed as an optional online meeting for members of the public and staff.

Board of Directors Present:	Juan Vega, Ravi Kotecha, Michael Dell’Osso
Directors Absent:	None
Also Present:	Curtis Bryant, Erik Jones, Terry Truscott, Keri Richards (via Online), Brian Biering, Esq. (via phone)
Public Present:	None

There being a quorum present, the meeting was declared in order by Director Vega.

PUBLIC COMMENT: None.

APPROVAL OF THE MINUTES OF January 25, 2023 Regular Board Meeting: Director Dell’Osso a made a motion to approve the Minutes of the January 25, 2023 Regular Board Meeting. Director Kotecha seconded the motion. The motion was approved by a 3-0 vote.

STAFF REPORTS:

- a. Mr. Bryant update the Board on the progress of the substation, detailing the new security measure that have been completed to bring the District into compliance with FERC requirements. Due to recent vandalization and theft at the switchyard there will be a more focused security measure implemented to deter future incidents, as they are expensive to repair and difficult to prevent without the specialized equipment.
- b. Mr. Jones updated the Board on the damaged service truck, explaining that the insurance company had declared it a total loss and will replace it. He advised the Board that the District would also purchase a new service truck for the solar inspection person we will be hiring.
- c. Mr. Bryant reviewed the status of the energy market and effects on the District. We have been working with Calpine to address the laying of contracts to reduce the risk on the open market and bring costs to a more stable number, even though they may be higher that they were traditionally, the District can plan and set rates more accurately.
- d. Ms. Richards updated the Board on the 2021-22 audit, stating that the auditors have been provided will all documents they have requested and are reviewing them now.

PRESENTATION OF RATE CHANGE PROPOSAL AND APPROVAL OF RESOLUTION NO. 2023-01 APPROVING TARIFF AMENDMENT FOR ENERGY RATES: Staff presented information on the costs of power procurement and the District rates based on residential usage from the beginning of the District formation to the present. Ms. Richards outlined the initial rate set up based on the rate study performed prior the District serving customers and a graph showing the changes over time and how the operating margin had been reduced to almost zero over the past couple of months due to unprecedented energy cost increases for power procurement. Discussion ensued regarding power purchasing contracts, the unavailability of low-cost, long-term power contracts and the ancillary costs which are significantly out-pacing even the cost of the energy itself. Staff recommends that an additional \$.02 be added to all of the energy rates to bring that cost of purchasing the power closer to the rates charge for delivery to customers. Staff also recommended that there be a component added to allow the District to make a monthly analysis of any extreme fluctuations in the costs (whether up or down) to adjust the kwh charges to align with those costs more quickly, commonly known as an Energy Cost Adjustment or "ECA". District Counsel recommended that the Resolution be approved at a future meeting where it could be more detailed to reflect that the rate increase would affect all rate classes. Mr. Bryant stated that he had a list of other rates that he would like to modify at the same time and it was decided to table the approval of the resolution and staff was directed to bring back the Tariff with a \$.02 increase to the energy rates as well all recommended changes with the updated resolution for approval at the next meeting. Due to constraints with the timing of the meeting so close to when the billing to implement the changes would occur, a special meeting was scheduled for March 15th to allow sufficient time to make the changes to the software so that the rates could become effective with the April 1st billing.

REVIEW OF PROPOSALS FOR FUTURE RATE STUDY SERVICES; APPROVAL OF RESOLUTION 2023-02 APPROVING SERVICES AGREEMENT WITH FCS: Staff discussed the proposal received from FCS for performance of a rate study and reviewed the three alternatives in the proposal. Based on the previous discussions regarding the volatility of the energy market and the inability for them to obtain any better information that what we currently have, it was recommended that the resolution not be approved at this time. The Board agreed and declined to approve the resolution.

DISTRICT ENGINEER'S REPORT: Mr. Jones advised the monthly substation inspections were being performed and the engineering firm had been working primarily on getting the FERC security protocols in place and there was nothing else of significance to report at this time.

TREASURER'S REPORT: Ms. Truscott presented the January 2023 warrants for approval, as well as a report on the District's cash position. Director Kotecha made a motion to approve the warrants, Director Dell'Osso made a second to the Motion. The motion was approved by a 3-0 vote. The Board reviewed the Cash Balance and Budget to Actual reports presented by Ms. Truscott as well.

OTHER BUSINESS: Next regular Board meeting is scheduled for a special meeting on March 15, 2023 to approve the tariff changes.

ADJOURNMENT: The meeting was adjourned at 5:35 pm on a motion made by Director Kotecha and a second Director Dell'Osso, the motion with a passed 3-0 vote.

Respectfully Submitted,

Keri Richards

KERI RICHARDS,
Secretary