



**Improving Quality Of Life
In Our Communities Since 1937**

Electricity and Telecommunication Services



PSREC eNewsletter

August 2017

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A Letter to the Members

Dear Members:

2017 marks the 80th anniversary of the incorporation of Plumas-Sierra Rural Electric Cooperative.

While it was technically possible to deliver electricity to rural areas in 1937, it was not deemed necessary or economically feasible by the power companies. As a result, ranchers, farmers and citizens of our region banded together to form PSREC.

PSREC was born out of the need of its local communities. We have changed with the times, offering increasingly more reliable power, and diverse sources of that power.

We've also expanded into telecommunications to once again improve the quality of life in our region.

PSREC provides reliable, affordable electric service to our member-owners, and we will continue to do so for years to come. We are proud to be part of the communities we serve and to enhance the lives of our members with services such as high-speed internet, which would not otherwise be available.

Proposed Bylaw Amendments

Mailed ahead of this annual report, were proposed amendments to the bylaws.

Most of the changes are designed to bring us into compliance with various nondiscrimination policies of the USDA Rural Utilities Service, and to recognize that we are seeing multi-generational households.

Two sections are proposed for deletion. Section 4.13 specifically dictates what we are allowed to spend on Ruralite magazine. This level of specificity is more appropriate at the board level. Section 9.03, is covered in Section 9.02.

There are two other sections with changes of note. The first is Section 3.04, which defines a quorum for the annual meeting. The current requirement is to have 200 members at the annual meeting. At the same time, we have mail-in balloting for board elections that usually have a response of 600 to 800 members.

We have proposed a modification that would keep the quorum at 200, but would also count the mail-in ballots as valid for the quorum, but only for the items on the mail-in ballot.

If there are not 200 members at the meeting, all the mail-in actions are valid, but no new business can be conducted. To be clear, we think this is what our current bylaws allow, but want to have this point clearly defined.

The other significant change is to Section 4.10 regarding director compensation. The board of directors of Plumas-Sierra Rural Electric Cooperative currently receive \$80 a day they are on cooperative business. This hasn't changed since the early 1980s, and is one of the lowest for cooperatives in the Western U.S.

Since the early 1980s, the electric utility business has become far more complex and continues to go through significant changes.

Good cooperatives have good boards. It's that simple. Our board meetings are all-day events, requiring some of our directors to take time off work.

We propose that the daily per diem be set to the average for the electric cooperatives in our region. Our region includes California, Nevada, Utah, Oregon, Washington, Idaho, Alaska, Montana, and Hawaii. Our cooperative is about average in size for our region.

The language would give the power to the Credentials and Elections Committee to review data from the National Rural Electric Cooperative Association and set the rate based on average fees for the region. The fee would rise with inflation based on the standard published Consumer Price Index. This way, the directors are not setting their own fees, nor are we having to go back to the members to adjust for inflation.

Regulation

PSREC has been working with Anza Electric Cooperative, Surprise Valley Electrification Corp. and Golden State Power Cooperative—our statewide association—in an effort to pass a bill in the California Legislature to clarify some of the regulatory requirements the California Public Utility Commission is considering imposing on many of California's electric

utilities. Unfortunately, it is hard for bureaucrats to understand the difference between cooperative member-owned utilities and for-profit companies.

If passed, this bill will reduce the impact of some of the proposals coming out of Sacramento—though it appears we will be working on this fight for years to come.

Rates

We are proud to say there was no rate increase this year. It was a good, wet year, which reduced our costs.

We plan to gradually overhaul our rate structures to keep them in line with the cost of service, while working diligently to keep any cost increases to a minimum. This will ensure members who are self-generating with alternative energy are not subsidized by other members.

There is more information on rates in the Treasurer's Report on page 28.

Conservation and Solar Programs

As part of the strategic plan, we are working on rolling out new energy-efficiency and solar programs to meet the needs of our members.

We had setbacks with our pilot shared solar project, as it is tied to another larger project for a specific large member, but we have seen good progress in recent months. We hope to roll out the structure of this at the annual meeting.

Although there are many providers of solar power, we believe cooperatively developed programs will fulfill the need and/or desire for renewable energy and reliability at affordable costs.

Telecommunications

It's been an interesting 12 months for Plumas-Sierra Telecommunications. PST acquired the assets of New Day Broadband, covering Quincy and the American Valley, all the Mohawk Valley area, Portola/Delleker, and Loyalton/Sierra Brooks. The system has been repaired in East Quincy, Portola and Delleker, and is working well.

We have added staff to handle all the work and are currently repairing and upgrading Mohawk Valley. We will then move to Graeagle, West Quincy and Loyalton.

At the same time, we have focused on upgrading our wireless system, most recently in the Herlong, Sierraville and Doyle areas. We are working on wireless service to Calpine, with additional capacity to Sierraville as well. This summer we are also working on upgrading service to Honey Lake Valley.

We will continue to expand and improve the telecommunications infrastructure in our region. We are still experimenting with frequencies and equipment that will give us better penetration through the trees in the more spread-out parts of the cooperative.

Please see our PST report on page 25 for additional information.

Electric co-ops are owned by those we serve. That's why those who receive electric service from us are called members, not customers. Members means member-owners. There is no profit motive for us, just a determination to keep your money in your pocket.

Without members, there would be no Plumas-Sierra Rural Electric Cooperative.

One of the seven guiding principles that set us apart from other businesses is our concern for community. As a cooperative, we have a special responsibility to support the areas in which our members live and work. From supporting new jobs and industry through our economic development efforts, to bringing new technologies, we stand as a driving force in our community. Co-ops overall are more accessible than other types of businesses.

We give our members a voice, and we are local—living and working alongside those we serve.

We hope you will join us at the annual member meeting Saturday, September 9.

Sincerely,

Dave Roberti
President

Bob Marshall
General Manager

Electric News

Notice of Annual Meeting of the Members

To: Members of Plumas-Sierra Rural Electric Cooperative

Notice is hereby given that the 2017 Regular Annual Meeting of the Membership of Plumas-Sierra Rural Electric Cooperative will be Saturday, September 9, 2017, at 12:30 p.m. at the Portola office, 73233 State Route 70, three miles west of Portola, California, for the purpose of taking appropriate action on the following matters:

- Reports of officers and managers
- Report of the Nominating Committee
- Election of two directors
- Vote on proposed bylaw amendments
- All other business that may come before the meeting or any adjournment thereof

PSREC 2017 Annual Meeting Schedule of Events

10 a.m. to 12:30 p.m.—Registration. Registered member will receive free gifts while supplies last!

10 a.m. to 2 p.m.—Eastern Plumas Health Care's Health Fair

10 a.m. to 2 p.m.—Kid's stuff

10 a.m. to 11:45 a.m.—Bingo

11 a.m. to 12:30 p.m.—Lunch is served! You must register for the meeting to receive meal tickets

Noon—Presentation honoring photo contest and scholarship winners

12:20 p.m.—Kids Prize Drawing

12:30 p.m.—Start Annual Meeting. All voting members are encouraged to attend

2017 Annual Meeting Agenda

- Quorum check
- Minutes from 2016
- Introduction of Credentials and Election Committee
- 2017 Nomination Committee report
- Nominations from the floor
- Introduction and speeches of nominees
- Vote for directors for Districts 6 and 7
- Vote on proposed bylaw amendments
- New business
- Election results
- Adjournment
- Door prizes given away

2016 Financial Report

Dear Members:

The 2016 financial reports are presented on a consolidated basis for Plumas-Sierra Rural Electric Cooperative and its subsidiary, Plumas-Sierra Telecommunications.

The Consolidated Statement of Operations provides an overview of the income and expenses for 2016 and 2015.

One question we received is why rates don't go down during a wet year. Our primary goal is to keep rates as flat as possible over time. We worked very hard during the drought that just ended to protect our member-owners from higher costs associated with the drought. But this meant we were cutting our margins as low as possible. This meant we borrowed more than if we had raised rates, and our lenders wanted us to build up our financial strength.

Now that the rain and snow returned for a year, we are building up our financial strength and borrowing less. That's good for us in the long run.

What happens if we have another good run of hydropower? Our primary goal is still to reduce long-term rates, and we will do that by borrowing less from the Rural Utilities Service and cooperative banks.

One of our key long-term projects is the overhaul of our rate structure. With the advent of distributed generation such as small-scale wind and solar, the entire electric utility industry will be offering rates more in line with the true cost of service. This means lower kilowatt-hour (kWh) costs, but higher fixed costs.

We will perform a new cost-of-service study to help guide us on this. We plan to implement any changes slowly to minimize the impact on any specific member of the cooperative. The first rate class affected will most likely be the irrigators.

For anyone planning to move to distributed generation such as wind or solar, we support your efforts. But we also believe this cannot be subsidized by other members. Please talk to PSREC staff for the latest information. For long-range planning purposes, customers should generally plan on seeing a distributed generation benefit that looks more like our wholesale costs today. This is significantly less than today's kWh fee.

PST posted a loss in 2016, but it was a significant improvement from the previous year. We are happy to report that PST has been adding revenue and reducing costs, and is on track to break even or possibly make money by year's end. I am very pleased with how well the company is doing, and all the new broadband customers we are adding each month.

We are pleased to report our external auditors, Aldrich CPAs & Advisors LLP, have concluded that the consolidated financial statements present fairly, in all material respects, the financial position of the cooperative and its subsidiary.

Finally, I would like to thank management and staff for their hard work in making PSREC and PST integral parts of our communities and for their efforts to ensure the companies run smoothly and perform well.

Sincerely,

David Hansen
Secretary/Treasurer

Telecommunications Info

2017 marks the 30th anniversary of Plumas-Sierra Telecommunications. During the past 30 years, PST has worked hard to bring vital services to our region that others would not.

Similar to the 1930s when rural Americans lived without electricity, many rural families were without television 50 years later, relying on radio and newsprint as their primary source of information for weather and news. PST started in 1987 with C-Band satellite TV service to rural customers in underserved communities.

As technology advanced, PST provided DIRECTV satellite television service to local communities in 1994 through its partnership with the National Rural Telecommunications Cooperative until July 15, 2011, when its local servicer agreement expired.

PST launched the first dial-up internet service in the Quincy and Portola areas in 1995, and brought high-speed capability to customers in 2003 as broadband became a virtual requirement for internet use. Two years later, again teaming with NRTC, PST delivered broadband satellite internet to customers via WildBlue.

PST installed units for more than 5,000 customers nationwide in the first year, becoming the nation's number-one provider of WildBlue satellite internet service.

PST launched an additional high-speed internet service option in local communities in 2007 called Plumas-Sierra Wireless.

In 2010, PST began construction of a 198-mile fiber optic network from Reno, Nevada, north to Susanville, California, and west to Quincy, California after receiving grants through the American Reinvestment and Recovery Act and the California Advanced Services Fund.

Through the fiber optic network, PST began serving anchor institutions—including schools, colleges, libraries, county offices, hospitals, the Sierra Army Depot and other businesses throughout Plumas, Lassen and Sierra counties—in the latter part of 2013.

PST has continued expanding its systems during the past year. We acquired the abandoned cable TV system in Quincy, Portola, Mohawk Valley and Loyaltan, and have been repairing and upgrading it to offer broadband internet service. We currently offer services in East Quincy, Portola and Delleker on the coax system connected to our fiber backbone.

We also have been expanding our wireless coverage and upgrading our legacy wireless system. We currently offer wireless service with download speeds as fast as 20 Mbps in the Susan River Valley area, Honey Lake Valley and the northern part of Sierra Valley, along with Grizzly Road and parts of Sierraville.

We are working hard to balance everyone's needs and interests. We've added additional staff and use contractors for overflow work.

The level of interest in each area is huge because we want to roll out cost-effectively and quickly.

Technology and geography also are key. With the acquisition of the coax system, we've been able to quickly bring up areas with high density to get a lot of people on quickly.

We are also expanding our fiber system when enough people band together and sign up for service, or in some cases pay for the subdivision to be covered.

Our next project on the coax system is Whitehawk, then Graeagle. Those areas have shown high interest and are in a condition that will allow us to make repairs and upgrades fairly quickly to get more members connected to broadband services. We will expand further, but in some areas the cable was directly buried in the ground and repairs will take some time.

The most difficult areas to serve are some of the nicest places to live. Many of our members are on acreage with plenty of trees. This makes service more challenging. We are experimenting with a new technology to try to get better service in heavily treed areas. If this technology continues to work, we will expand broadband coverage into areas such as Cromberg and Calpine.

We provide broadband access on a wholesale basis to some incumbent entities. This also accomplishes the goal of expanding broadband services. We are glad to provide a solution, whether on a wholesale or retail basis. We also provide wholesale supply and/or connections to Reno, and to multiple cellular providers in the region, allowing them to offer faster speeds on their networks.

Finances are another major factor in determining broadband expansion. To keep the cooperative's bankers happy, we have had to focus on the densest areas for growth. In 2017, PST will continue to focus on deployment in areas with the greatest potential for a faster rate of return, minimal time for deployment and long-term value to our members. This will give us the financial strength to roll out to a wider coverage map in the long run.

Another of PST's purposes is to share costs with the electric system. This occurs whether or not PST makes a taxable profit, and has saved PSREC's members millions of dollars across PST's existence that would have had to come through rates.

If you would like more information about our services, please call us at (530) 832-4126 or visit our website at www.pst.coop.

Quote of the Month

Accomplishment of purpose is better than making a profit.

- Nigerian Proverb

Upcoming Events

August 2, 9, 16, 23 and 30, Music at the Mill Works. Graeagle Mill Works, 7539 Highway 89, 6 to 9 p.m. A different live band plays each Wednesday evening, now through September 13, free. For more information, call (530) 836-2828 or email Graeaglemillworks@yahoo.com.

August 3, Eagle Lake Nature Program at Merrill Campground Amphitheater: Boat Patrol and CalFire. 10 a.m. to 12 p.m. Playing it safe at the lake and in the forest! Meet and learn from the Eagle Lake Boat Patrol Officers and CalFire—and maybe Smokey the Bear at the Merrill Campground Amphitheater at 10:00 a.m. All are welcome.

August 4, 11, 18 and 25, Portola Concerts in the Park. Portola City Park, 441 S. Gulling St., 7 to 10 p.m. Friday nights through August 25. Sponsored by Eastern Plumas Chamber of Commerce. For more information, call (530) 836-6811 or email epcc@psln.com.

August 5, Plumas Grown Farm Crawl. 8 a.m. to 12 p.m. The 2nd annual Plumas Farm Crawl will provide opportunities to visit local farmers and learn how their farms function. There will be hands on activities, food samples, farm tours and an opportunity to purchase farm fresh produce. Stay tuned for participating farms. New this year will be a bike trail map so you can pedal to your destinations. For more information, call (707) 217-6415.

August 5, Doyle Days-Lizard Races. All day fun starting with 5K at 7:30 a.m., parade at 10 a.m., World Famous Lizard Races at Noon, vendors and activities all day. Ending with Street Dance from 7 to 11 p.m. featuring the live band "Studded Jules". For more information, email winjes1913@yahoo.com.

August 5, 28th Annual Junior Fishing Derby. 5 a.m. to 3 p.m. Check-in and register at Memorial Park 5 to 9 a.m., Susan River, Susanville. Free to kids ages 2 to 15 years. 5:30 to 8:30 a.m. Free breakfast for all kids. Adults \$2.00 ~ Donuts, fruit, hot Chocolate, juice, and Coffee. 10:30 a.m. to 1 p.m. Free lunch for all kids. Adults \$2.00 ~ Hot dogs, Chips and Soft Drinks.

August 5, Lassen Co. Farm Bureau - Blues & Brews Festival. 5 to 11 p.m. at Every Bloomin' Thing, 705-670 US-395, Susanville, CA 96130. \$35 pre-sale, \$45 at the door, under 21 \$15. For more information, call (530) 257-7242.

August 5, 12, 19 and 26, Farmers Market. Pancera Plaza, historic Uptown Susanville, 8 a.m. to noon. Lassen County's only certified market. Every Saturday through October 7. For more information, call (530) 257-3252.

August 6, Lark Kenney Evening of Singing. A delightful evening of entertainment, starting at 5:30 p.m., with award-winning cabaret entertainer Lark Kenney. Held at the Tantau Ranch, 101 Tantau Ranch Road, Clito, CA 96106, this is a POT LUCK event. Attendees are asked to bring a meat casserole dish, salad, dessert, wine or beer to contribute to food and beverages for the event. All your favorite tunes served up Cabaret Style. Enjoy a toe-tapping, sing along good time with friends and family at the Tantau Ranch. Admission is \$25 per person with proceeds going to the restoration of White Sulphur Springs Ranch. Attendees pay at the door with cash or check. For more information, call (530) 836-2334.

August 9 – 13, Plumas Sierra County Fair. The Fair opens daily at noon. Come enjoy the fun activities and entertainment. Plumas-Sierra County Fairgrounds, 204 Fairgrounds Rd., E. Quincy, CA 95971. For more information, call (530) 283-6272 or visit www.plumas-sierracountyfair.net.

August 12 and 19, Painting Warp and Weave. 12 to 4 p.m. at the Calpine CIA Building. In this two day workshop, you will explore the fun of warp painting to create a unique painted skein of yarn in which to weave with. We will then learn to warp and weave, duplicating your unique color sequence to create pools of color. This workshop is suitable for any level weaver, beginner or experienced. Guided by Michelle Haselton of Lakes Basin Creations. Call or email for more information or to reserve your spot. Cost \$150 (included \$75 worth of dyeing and weaving material). For more information, call (530) 927-7036.

August 17, Plumas Eureka State Park Association presents Dinner in the Park, featuring John C. Fremont – the great pathfinder. 5 to 9 p.m., Plumas Eureka State Park, 310 Johnsville Rd., Blairsden. Drinks by the Brewing Lair, dinner by Longboard's Bar & Grill. Silent and live auctions. \$60 per person. For more information, call (530) 249-4288.

August 18 & 19, 3rd Annual Lassen County BBQ Cook-off. Lassen County Fairgrounds. The cook-off will feature slow-cooked and smoked meats in four categories – chicken, ribs, pork and brisket – with prizes for tastiest meats awarded by expert judges! Everyone who attends the barbecue will get a chance to vote for a special 'people's choice' award. Along with some great cooking you can also enjoy live entertainment and the Fairgrounds will be filled with vendors and their unique crafts. The competition truly gets underway the night before as the cooks begin slowly creating their masterpieces. For more information, you can email executivedirector@lassenseniorservices.org or call (530) 257-2113.

August 18 – 20, Grebe Festival. Lake Almanor is the place to be the weekend of August 18th through 20th as we celebrate the extraordinary "dancing" grebes with our second annual Grebe Festival centered in Chester, CA. Western and Clark's Grebes (*Aechmophorus occidentalis* and *A. clarkii*) nest on Lake Almanor which is considered an Important Bird Area by National Audubon and which has grown in its importance as a breeding site for these grebes in recent years as drought has caused loss of nesting habitat elsewhere. Late August is a great time to view the grebes as they are still nesting on the lake in colonies, racing across the water in their incredible "rushing" displays, and when some babies are hatching and climbing aboard their parents' backs. Kayak and pontoon fieldtrips will allow festival-goers to get an up-close (but not too close!) look at nesting grebes. A variety of other fieldtrips around the Lake Almanor basin and Lassen National Park will be sure to satisfy! Educational information, local organizations' information, and children's games and activities at the Almanor Recreation Center are free and open to the public during the Grebe Festival. Most fieldtrips and workshops charge a fee which varies by activity. Please visit www.plumasaudubon.org/grebe-festival for more details and to register (walk-in registration during the festival also available).

August 19, Farm to Table. 3:30 to 9 p.m. Experience a magical evening of family-style farm fresh cuisine with premium crafted wine and beer. Authentic Mexican Cuisine fashioned from the finest ingredients in Lassen County by chefs showcasing local gardens, farm and ranches. \$125/Plate-Limited Seating Available. Sierra Cascade Nursery, 472-715

Johnson Road, Susanville CA, 96130. For more information, visit <http://www.lassenlandandtrailstrust.org/nature-camp> or call (530) 257-3252.

August 21, The Next Step in Pine Needle Basketry. Mondays can be full of fun as you continue your connection and inspiration of weaving together pine needle baskets. Learn about new decorative stitches, different threads and new techniques to complete even more beautiful works of art. Join me as we create new stitches to make a sun-catcher for your home or loved one. Cost \$55 (all materials included). Workshop guided by Michelle Haselton. Visit www.lakesbasincreations.com for more info or call (530) 927-7036.

August 24, New World String Project - Celtic, Nordic Folk. The New World String Project performs at The University of Earth in Graeagle, CA at 7 p.m. The New World String Project presents a quartet of multi-instrumentalists playing Traditional and contemporary music rooted in the Nordic and Celtic Traditions. It is a brand new collaboration featuring John Weed (fiddle), Aryeh Frankfurter (nyckelharpa, Celtic harp) Lisa Lynne (cittern, Celtic harp) and Stuart Mason (guizouki, guitar). The concert will take place at University of Earth in the Mother Mountain Amphitheater at 64274 Hwy 70 in Graeagle, CA. Tickets are \$20 and they can be purchased in advance at <http://www.brownpapertickets.com/event/3047349>. For more information, contact (530) 368-6325 or email rich@uofearth.org.

August 25 – 27, Portola Railroad Days. Come join Portola as we celebrate our railroad heritage at Portola City Park. Our annual event features the Golden Spike Parade, classic car cruise-in, music, Western re-enactors, vendor fair, raffles, food court, and an assortment of athletic activities-Willie Tate Memorial Run, softball tournament, open community pool sessions, etc. For more information, visit www.portolarailroaddays.com, or call (530) 832-4566.

August 26, EPHC Axillary Fashion Show. Portola Station Baptist Church, 171 S Gulling St. 6 p.m. No charge. Call for reservations, (530) 832-9906.

See a full list of events at our website, www.psrec.coop.