

**MINUTES of the REGULAR MEETING of the BOARD of DIRECTORS of  
SOUTH FEATHER WATER & POWER AGENCY**

Tuesday, February 28, 2006, 2:00 PM,  
Agency Board Room, 2310 Oro-Quincy Hwy. Oroville, California

**DIRECTORS PRESENT:** Jean Brown; Lou Cecchi; Jim Edwards; Vivian Meyer.

**DIRECTORS ABSENT:** Dee Hunter.

**STAFF PRESENT:** Michael Glaze, General Manager/Secretary;  
Jennifer Jellison, Finance Division Manager;  
Kathy Petersen, Power Division Manager;  
Matt Colwell, Water Division Manager;  
Art Martinez, Information Systems Manager;  
Jeff Meith, Legal Counsel.

**OTHERS PRESENT:** Maurice Martinez; Jim Lynch (DTA).

**CALL TO ORDER**

President Cecchi called the meeting to order at 2:00 p.m. and led the Pledge of Allegiance.

**APPROVAL OF MINUTES**

M/S/C (Edwards/Brown) approving the Minutes of the Regular Meeting of January 24, 2006 as presented.

**APPROVAL OF WARRANTS**

M/S/C (Edwards/Brown) approving: the total Water Division expenditures for the month of January 2006 in the amount of \$581,315.24 - Warrants #20642 through #20694; and, the total Power Division expenditures for the month of January 2006 in the amount of \$716,104.35 - Warrants #62019 through #62073.

**PUBLIC PARTICIPATION** – None.

**FERC RELICENSING UPDATE AND 2006 RELICENSING BUDGET APPROVAL**

Jim Lynch of Devine Tarbell & Associates provided the Board with an update on the status of the Agency's FERC relicensing project. He reported that the work is on schedule and that, barring unforeseen events, the draft license application will be filed with FERC in July 2006 and the final license will be filed on March 4, 2007. All field work is complete with the exception of additional white-water boating studies on Lost Creek and Slate Creek, and water temperature monitoring to determine the impact of the Agency's project on DWR's Oroville project. All resource reports are complete with the exception of the aquatic and the cultural reports.

Mr. Lynch reported that, overall, the work is within budget. The Agreement between the Agency and DTA authorizes 48 tasks/subtasks with a total authorized budget of \$4,427,658. As of DTA's February 13, 2006, invoice, DTA has expended \$3,847,082.23 or 87% of the total authorized budget. This does not include invoices from Stillwater Sciences for the January 2005 period, which is estimated by Stillwater to be about \$44,000.

Mr. Lynch provide the Board with a detailed budget review and budget recommendations to cover Calendar Year 2006 and through March 2007. He proposed seven budget adjustments.

1. Closing 13 tasks/subtasks at their expended-to-date levels, which would result in a budget surplus (budget minus expended to date) for the 13 tasks/subtasks of \$122,628.
2. Applying the budget surplus to Task 8, Management/Administration, to cover 2006 costs in this area, and using this task to cover minor miscellaneous activities.

3. Adding a new Task 11 – 2006 Studies – to cover additional studies requested by agencies. Task 11 would include two subtasks: 11.1, Water Temperature Monitoring, and 11.2, Lost Creek Dam and Slate Creek Diversion Dam Reaches Whitewater Boating Flow Study, with a cumulative budget of \$85,000.

4. Adding a new Task 12 with a budget of \$75,000 to cover the development of resource management measures.

5. Adding a new Task 13 with a budget of \$75,000 to cover the production and distribution of the draft license application (DLA) in July 2006.

6. Adding a new Task 14 with a budget of \$30,000 to cover responding to relicensing-participant comments on the DLA.

7. Adding a new Task 15 with a budget of \$50,000 to cover the production and distribution of the license application.

Approval of these recommendations would result in a net increase to the Agreement budget of \$315,000, bringing the total authorized budget to \$4,742,658, of which \$3,847,083 has been expended as of DTA's January 2006 invoice.

Director Edwards and Cecchi explained that they, as the Hydro Committee, had met last week and received a detailed explanation of the status of the relicensing project and the reasons for the budget-increase request from Mr. Lynch, Scott Wilcox (Stillwater Sciences), Mr. Glaze and Ms. Petersen. The Committee's questions had been answered and they recommended the budget increase request as being in order.

M/S/C (Brown/Edwards) approving the relicensing budget amendments and additions as requested by consultant Jim Lynch.

#### **FINANCE DIVISION MANAGER'S REPORT**

The Board reviewed a written report by Jennifer Slinkard (previously Jellison, but changed after her marriage earlier this month), Finance Division Manager, including a 2006 Summary Financial Report for both the Water and Power Division, together with a consumption report on each of the Agency's water distribution systems.

##### Janitorial Service

Mrs. Slinkard advised the Board that modifications had been made to the Agency's janitorial service contract. The headquarters office and Water Division shop building will not be cleaned three times each week instead of five. This will reduce expenses from \$1,080 to \$860 per month.

##### Woodleaf Generation Enhancement

Unusually high fourth-quarter revenue was earned from the tail-water depression (TWD) system at Woodleaf Powerhouse in the amount of \$44,582.

##### Office Move

A successful move of all office personnel into the new building occurred on February 13<sup>th</sup> and 14<sup>th</sup>. She complimented and thanked all office staff, together with a number of the Water Division distribution staff for helping to make the move go smoothly.

#### **WATER DIVISION MANAGER'S REPORT**

The Board reviewed a written report by Matt Colwell, Water Division Manager.

### Operations

Mr. Colwell reported that, in addition to routine system maintenance, office-expansion construction, service installations and leak repairs, Water Division staff continued assisting the Power Division along the Miners Ranch Canal with excavation and rock fill for sites that had received erosion damaged from excess winter runoff.

Irrigation crews are repairing a section of the Forbestown Ditch that failed recently due to bank saturation.

On January 26<sup>th</sup>, Mr. Colwell participated in a mock emergency operations exercise coordinated by Butte County. The interactive emergency exercise consisted of intentional water-system contamination at four locations throughout the County and provided an excellent opportunity for the water community to become familiar with the County's emergency operations center and to interact with local emergency officials.

Conversion to the upgraded automatic-meter-reading system is well underway. Both office and field personnel are receiving training on all aspects of the new system.

California Division of Safety of Dams inspected Lake Wyandotte's outlet tunnel on February 6<sup>th</sup>. The low-level outlet gate functioned well throughout the operation, with the inspection going smoothly.

SFWPA has been asked by Yuba County Water District to assist with its treatment plant operations during a period of staff shortage. One MRTP operator will provide weekend and standby operator duties for YCWD every third week, with YCWD reimbursing the Agency for expenses.

### Solar Plant Production

High winds and low humidity resulted in the small inverter shutting down for a period of 48 hours.

### Water Plant Production

MRTP production (system demand) for January 2006 is 87% of average for the recent five-year period and is the lowest January production in more than 20 years. Cooler temperatures, moist conditions and improved operational efficiency are like contributors to the reduced production.

Bacteriological requirements were met for the Miners Ranch Treatment Plant and Bangor Treatment Plant.

## **POWER DIVISION MANAGER'S REPORT**

The Board reviewed a written report by Power Division Manager Kathryn Petersen, including storage, generation and precipitation reports.

### **Operations**

Based on the February 1 snow surveys, the Department of Water Resources is currently forecasting that the April-July unimpaired runoff will be 82% of average for the South Fork Feather River, and at 86% of average for the entire Feather River drainage. The lower-than-average values reflect a smaller-than-normal snow pack for this time of year. PG&E is predicting slightly warmer than normal temperatures and near normal precipitation for the rest of the precipitation season.

### **Maintenance Projects**

#### Outages

A six-week Forbestown Powerhouse outage began on February 6 and a two-week outage on Sly Creek Powerhouse began on February 13. A two-week outage on Woodleaf Powerhouse began on February 27. The work done during the Sly Creek and Woodleaf outages is routine annual maintenance and relay testing. At Forbestown, the crew has removed the turbine runner for welding repairs, and has sent all of the wickets out to a machine shop for repairs. They found that damage from sediment and small rocks passing through the turbine has increased. They will be conducting an inspection of the 3.5 mile-long tunnel to see if there is any sign of rockfall within the tunnel. The permit process to dredge the built-up sediment from in front of the intake structure will also be started.

#### Woodleaf Slope Improvement Project

The first layer of shotcrete has been placed on the slope, and the contractors are now installing the rock bolts in the upper part of the slope. The work continues to progress well, with no significant weather delays and only occasional equipment breakdown delays.

### **General Information**

#### Emergency Action Plan Exercise

On February 7 an Emergency Action Plan Orientation Seminar and Tabletop Exercise was conducted, as required by FERC. The Orientation Seminar was designed to familiarize EAP binder holders with the revisions issued last October and to give them a high-level overview of the South Feather Power Project. The Tabletop Exercise allowed a discussion of a hypothetical overtopping failure of Miners Ranch Dam that was initiated by an incident at Bidwell Canyon Saddle Dam.

The session was well attended, with representatives from PG&E, CalTrans, Division of Safety of Dams, DWR, California Highway Patrol, Oroville Fire Dept., CDF/Butte County Fire Dept., Butte County Office of Emergency Services, Dept. of Parks and Recreation, National Weather Service, and FERC participating, along with our own staff.

Further revisions to the EAP, based on comments received during the day, will be issued and a functional exercise that simulates a failure of Miners Ranch Dam will be conducted on April 12, 2006. Ms. Petersen invited directors with to play a role during that exercise (e.g., portraying a member of the public affected).

### **GENERAL MANAGER'S REPORT**

The Board reviewed a written report by Michael Glaze, General Manager.

#### CEQA Processing – Petitions for Extension of Water Rights Permits

Jones & Stokes is pursuing the CEQA processing for this project in accordance with the following schedule:

<u>Tasks</u>	<u>Anticipated Completion Date</u>
<b>Task A.</b> Initiate Project	2-15-06
<b>Task B.</b> Develop CEQA Strategy and List of Issues	2-17-06
<b>Task C.</b> Verify CEQA Strategy and Issues with SWRCB	2-20-06
<b>Task D.</b> Prepare Work Plan and Budget for CEQA Elements	2-22-06
<b>Task E.</b> Finalize and Receive Approval for Final Project Description	2-28-06
<b>Task F.</b> Prepare Initial Study Checklist and Draft Negative Declaration SFWPA/YCWD Review	3-13-06 3-23-06
<b>Task G.</b> Complete Initial Study and Negative Declaration, NOI Public Review	3-30-06 5-01-06
Respond to Comments	5-08-06
Finalize Negative Declaration, Advertise Hearing Date	5-15-06
Boards Adopt Negative Declaration	5-30-06
Notice of Determination Filed and Posted	5-31-06

#### Water Marketing

No discussions have taken place during the past month with Municipal Water District of Orange County or any other potential surplus water purchaser.

#### Power Marketing

Mr. Glaze reported that he and Kathy Petersen hosted Kevin Goishi and Randy Livingston from PG&E on a brief tour of Woodleaf Powerhouse and Sly Creek Powerhouse on February 23, 2006. During that visit, the Agency's future power-marketing plans were discussed. It was agreed that negotiations would be initiated in May regarding the potential for a new power-purchase agreement with PG&E and PG&E's responsibility to fund the proposed probable-maximum flood dam-crest modifications that will be required prior to the end of the current power-purchase agreement.

### Ethics Training

Attorney Jeff Meith's firm is providing the required ethics training, as are ACWA at its annual conference, and NCWA as a special event during the month of March. It was the Board's consensus that it would prefer to receive the training from Mike Sexton of Mr. Meith's firm, and Mr. Glaze was directed to see if the boards of Lake Oroville Area Public Utility District and Oroville Cemetery District would want to participate.

**DIRECTORS' REPORTS** – None.

### **NCWA MEMBERSHIP DUES**

Mr. Glaze advised the Board that the Northern California Water Association has sent an invoice for the Agency's 2006 membership dues in the amount of \$8,829.45. There was considerable discussion about the pros and cons of NCWA membership. Director Meyer opined that NCWA Executive Director David Guy does a good job, but that much of what NCWA involves itself in is not pertinent to SFWPA. Attorney Meith opined that NCWA is more helpful than ACWA regarding water rights issues. Manager Glaze stated that he would recommend membership in NCWA over ACWA if it was not for the requirement to be a member of ACWA to participate in its joint powers insurance authority.

M/S/C (Brown/Edwards) not to renew the Agency's membership in the Northern California Water Association.

### **MEETING SCHEDULE CHANGE**

M/S/C (Meyer/Edwards) to cancel the regular meeting of the Board of Directors in December 2006, and to call a special meeting at 2:00 p.m. on Tuesday, December 19, 2006 in the Agency Board Room.

### **ADJOURNMENT**

The meeting was adjourned at 3:29 p.m.

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Michael C. Glaze, Secretary

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Louis F. Cecchi, President