



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Michael Glaze, General Manager

DATE: May 15, 2006

**RE: General Information (regarding matters not scheduled on the agenda)
5/23/06 Board of Directors Meeting**

Power Marketing

As directed by the Hydro Committee subsequent to its conference call last month with consultants Michael and Sandra McDonald, an invitation was extended to PG&E to submit a detailed proposal for a new post-2010 power-purchase contract. While at the ACWA conference last week in Monterey, I met with PG&E representatives Kevin Goishi, Frank Derosa, and David Landes. They are the new-contract negotiating team PG&E as assembled for our project in response to said invitation. The purpose of the meeting was to discuss initial concepts and answer their questions so they can begin the process of developing a proposal for your consideration. I'm anticipating that a first draft may be ready for the Hydro Committee's review in July or August.

Water Marketing

Representatives from Santa Clara Valley Irrigation District (\$181 million annual operations budget and \$207 million annual capital budtet) will meet with Matt Colwell and I on Friday, May 19 to explore the possibility of SCVID purchasing "conserved" water from SFWPA. The Board conceptually approved the conserved water marketing program several years ago wherein "pre-1914" (designation for a senior water right) water conserved from sealing ditches could be sold on a long-term basis. The program also involves the concept that a portion of the purchase price of the conserved water would be the up-front capital needed to fund the ditch-sealing projects.

CEQA Processing – Water Rights Permit Extension

You will recall that this is a project being done in cooperation with Yuba County Water District to satisfy the requirement of the State Water Resources Control Board. Our consultant, Jones & Stokes, has completed the draft initial study/mitigated negative declaration for the proposed permit extensions, and the 30-day public review/comment period will end on Monday, May 22.

A special meeting will be held on Tuesday, May 30 (2:00 p.m.) for the Board to review written comments

that were received and to conduct a public hearing for any additional verbal comments. Once all comments have been received and evaluated, the Board will consider adopting the mitigated negative declaration.

Office Addition/Remodel

Now that American Technologies has finished removing all asbestos-containing material from the old upstairs office, Agency personnel have returned to complete the final phase of our construction/remodel project. The new trusses should be on by the end of this week, with roofing and interior rehabilitation to commence thereafter. I am still anticipating that the upstairs remodel will be finished by the end of August.

Annual Facilities Tour

As discussed at your last meeting, our annual facilities tour is scheduled for Wednesday, June 28. The itinerary will include the Palermo Canal outlet at Oroville Dam, Miners Ranch Treatment Plant, Sly Creek Reservoir and Campground, and Woodleaf Powerhouse.

Please submit your invitation list no later than Tuesday, May 23 so we can send out the invitations in a timely fashion. It's important that we get an early count for purposes of vehicle reservations. Addresses or at least a phone number for each person/couple on your list will make staff's job a lot easier.

Surplus Water Agreements

In addition to the applications for surplus water that have been received from and approved for Pacific Coast Producers (from the Palermo Canal) and Young Life (from the Forbestown Ditch) already this year, a surplus-water agreement for Moline Goff (from the Bangor Canal system) was completed during the past month. These are all long-term surplus-water customers and the agreements are carbon copies of previous years. These agreements have been approved in conformance with Policy #480.

Environmental & Safety Manager Recruitment

The application period for the vacant ESM position ended on April 24 with 25 applications being received. Subsequently, the top 11 candidates were invited to respond to a writing project. They each received the following directions:

Your assignment is to describe how you integrate theory and reality in complying with regulations. Consider a hypothetical hazardous waste abatement situation wherein 95% compliance can be achieved at a cost of \$10,000. However, because of conflicting regulations, 100% compliance will cost the Agency \$150,000. What is your approach to dealing with situations like this? What experience have you had with a similar situation? As the Agency's ESM, how will you deal with conflicts between your loyalty to the Agency and your desire to comply with regulatory law? What professional and ethical issues will a situation like this force you to consider?

Ten of the 11 applicants responded, and after evaluating their essays on the basis of responsiveness, critical thinking skills, writing style, spelling, grammar, and presentation, seven were selected to be given personal interviews by the Management Team on May 24th and 25th.

I anticipate the new ESM will be on board around the middle of June.

Water Rates Compared

Thermalito Irrigation District is considering increasing its water rates. The tables below compare SFWPA's rates with TID's current and proposed new rates.

MONTHLY SERVICE CHARGE

<i>Meter Size</i>	<i>SFWPA</i>	<i>TID</i>	
		<i>Current</i>	<i>Proposed</i>
5/8"	\$15.00	\$17.60	\$22.47
1"	\$21.00	\$20.02	\$25.56
1½"	\$31.00	\$25.52	\$29.09
2"	\$35.50	\$31.68	\$36.12
3"	\$65.00	\$71.50	\$81.51
4"	\$87.50	\$93.50	\$106.59
6"	\$120.00	\$165.00	\$188.10

RATES OF USE

<i>Units Consumed</i>	<i>SFWPA</i>	<i>TID</i>	
		<i>Current</i>	<i>Proposed</i>
First 100	\$0.64/unit	\$0.46/unit	\$0.52/unit
After 100	\$0.25/unit	\$0.46/unit	\$0.52/unit

(one unit is 100 cubic feet, or 748 gallons)

MULTI-FAMILY RESIDENTIAL UNIT SERVICE CHARGE

<i>SFWPA</i>	<i>TID</i>	
	<i>Current</i>	<i>Proposed</i>
\$7.90/unit	\$14.00/unit	\$15.96/unit

SYSTEM CAPACITY CHARGES (New Meter Installation Rates)

<i>Meter Size</i>	<i>SFWPA</i>	<i>TID</i>	
		<i>Current</i>	<i>Proposed</i>
5/8"	\$3,358	\$5,680 - \$6,160	\$8,680 - \$9,160
1"	\$8,391	\$7,159 - \$7,639	\$11,559 - \$12,039

1½"	\$16,784	\$9,929 - \$10,408	\$16,587 - \$17,066
2"	\$26,857	\$18,828 - \$19,308	\$34,038 - \$34,518
3"	\$53,703	\$30,598 - \$31,077	\$54,662 - \$55,141
4"	\$83,913	\$44,878 - \$45,357	\$81,726 - \$82,205
6"	\$167,828	\$73,438 - \$73,917	\$135,955 - \$136,434