

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

Tuesday, October 24, 2006, 2:00 P.M.,  
Agency Board Room, 2310 Oro-Quincy Hwy. Oroville, California

**DIRECTORS PRESENT:** Jean Brown; Lou Cecchi; James Edwards; Dee Hunter; Vivian Meyer.

**STAFF PRESENT:** Kathy Petersen, Power Division Manager;  
Matt Colwell, Water Division Manager;  
Jennifer Slinkard, Finance Division Manager;  
Alex Brown, Assistant Engineer;  
Jeffrey A. Meith, Legal Counsel;  
Michael Glaze, General Manager.

**OTHERS PRESENT:** Hank Bailey; Robert Warka and Dennis Moreland, Division 5 and 3  
Board candidates, respectively.

**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 (Hunter/Edwards) approving the Minutes of the Regular Meeting on September  
26, 2006, as presented.

**APPROVAL OF WARRANTS**

M/S/C (Hunter/Brown) approving: the total Water Division expenditures for the month of  
September 2006 in the amount of \$821,121.44 - Warrants #21130 through  
#21189; and, the total Power Division expenditures for the month of September  
2006 in the amount of \$644,460.71 - Warrants #62705 through #62764.

**PUBLIC PARTICIPATION** – None.

**FINANCE DIVISION MANAGER'S REPORT**

The Board reviewed a written report from Jennifer Slinkard, Finance Division Manager, including a  
2006 Summary Financial Report for both the Water and Power divisions, together with a  
consumption report on each of the Agency's water distribution systems.

South Feather Relicensing Consulting Services

Devine, Tarbell and Associates, Inc. (DTA), consultant for the South Feather Power Project  
relicensing, submitted its Monthly Activity Report for the period of July 31, 2006 through August  
27, 2006 in the amount of \$28,387.

Sly Creek Recreation Area

Northwest Park Management (NPM) submitted its Monthly Activity Report for the period of  
September 3, 2006 through September 30, 2006. The total campground fees collected in August  
were \$1,449 and NPM's charge was \$7,129.

Surplus Water Revenue

Amounts paid by PG&E to SFWPA for surplus water in June and July were \$28,700 and \$33,501,  
respectively. The year-to-date surplus-water revenue is \$90,255.

Annual Audits

Requests for proposals (RFPs) were sent to seven accounting firms on August 22, 2006 for a  
three-year independent annual audit commencing with 2006. However no proposals were  
received by the October 13 deadline. Davis Hammon & Co., who has been doing the independent  
audits for the past 12 years, advised the Agency that they had decided not to submit a proposal  
due to the rapid development and growth of other areas of their accounting practice. Several of  
the other firms that received the RFP stated that they decided not to submit a proposal because

they assumed Davis Hammon & Co. would win the bid again because of their long-term relationship with the Agency.

Mrs. Slinkard advised the Board that the RFPs will be resubmitted, adding a few additional firms to the list that she became aware of after the first RFP went out, extending the deadline, and amending the information so interested firms will know that Davis Hammon & Co. will not be in consideration for the reasons that were given in their letter.

Proposals received and a recommendation for the Board's consideration will be presented at the November meeting.

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

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

### Distribution Operations

Mr. Colwell reported that Water Division staff has been accomplishing distribution-system maintenance and betterment projects including new office construction, service installations, leak repairs, assisting Power Division, and irrigation and domestic distribution system betterments.

Water Division maintenance crews assisted Power Division in cleaning and maintenance of the Miners Ranch Canal. The project focused on manual sediment and algae removal with rotary brooms, upslope tree and shrub removal that contribute to debris accumulation in the canal, and canal-wall leak repairs. Crews worked for 11 days straight with the project going smoothly to facilitate efficient water flow through the canal for the coming year.

### Water Treatment Operations

#### Water Plant Production –

The treated-water production for September was near normal compared to the preceding 5-year period. The cumulative annual production for this date is still below average at 97%. The maximum single-day demand was 8.8 MGD, compared to a plant capacity of 14.5 MGD.

#### NPDES Discharge Violation Followup –

M RTP staff has completed improvements on the filter-wash wastewater dechlorination system. A redundant dechlor pump has been installed such that if one pump fails, the other will still meet the dechlor demand. A new automated scale has been installed replacing the old tape-measuring method to monitor the daily sodium bi-sulfate (dechlor agent) feed rate. The lab is now also equipped to test wastewater for the presence of sodium bi-sulfate, assuring the absence of chlorine. Further, a hydrometer has been purchased to verify the quality of every new shipment of sodium bisulfate.

#### Solar Plant Production –

September MRTP energy consumption exceeded solar energy production by 76,200 kwh.

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

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

### Maintenance Projects

#### Annual Outages

The annual outage of Woodleaf Powerhouse was extended until September 30 due to problems with the air vents on the penstock not seating properly. The governor was also not responding correctly. These problems were solved, and upon returning the powerhouse to service, Scott Underhill complimented Henry Reeson on the calibration work he had done, noting that he had never known the powerhouse to parallel so smoothly before.

The schedule of the Miners Ranch Canal outage was altered somewhat due to rain. The crew turned the water back into the canal on Thursday, October 5 to refill Miners Ranch Reservoir, then took the canal out of service again the next day and worked through the weekend while conditions were dry. The majority of the canal's upstream bank was brushed, and leaks in the bottom near the McCabe Creek siphon were patched. Ms. Petersen complimented the large Water Division crew that assisted with the work, stating that they accomplished a great deal of work in a relatively

short time period. The canal was returned to service on October 12.

### General Information

#### FERC Fees

FERC's accounting office has continued to review and change its past bills for administrative charges submitted by other federal agencies. After paying two bills last month that covered charges for 2002 through 2006, SFWPA (along with many other licensees) received notice that there were some additional errors in the calculations for 2003. While some licensees received credits, SFWPA was billed an additional \$1,096.

#### DSOD Investigation of the Ponderosa Spill gates

The Division of Safety of Dams provided a report of its conclusions regarding the vibration and harmonics at Ponderosa Dam when water was spilling over the top of the gates. They stated that the "gate vibrations observed are probably not an immediate dam safety issue, but the gates need to be inspected for fatigue damage." They recommended against spill over the top of the gates until there is an opportunity to test a solution that directs the overflow beyond the downstream girder. They also suggested stiffening the gate to prevent the skinplate vibration that occurs when water first begins to overtop the gates.

The gates will be inspected after November 1 when they are opened for winter operations. The current operating order for Ponderosa is to adjust the spill gates open as needed to prevent spill over the gates. This instruction has also been passed along to PG&E.

#### Relicensing Field Trip

Ms. Petersen described a field trip she took with several resource agency representatives on September 29. The purpose of the trip was to look for potential problem sites identified by the Forest Service. At Little Grass Valley Reservoir a section of meadow was visited near Horse Camp where wave action has begun to cut away some of the soil when the reservoir is full. It is believed that this process can be stopped relatively inexpensively by placing coir logs along the shore. The visit to a section of river upstream from Golden Trout Crossing did not yield any indication of problematic riparian encroachment that the Forest Service thought existed.

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

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

#### Assistant Engineer Recruitment

Five applications were received for the vacant Assistant Engineer position previously occupied by Chris Crown Lewis. Four of the applicants were interviewed on October 2 by Mr. Glaze and the three division managers.

Subsequent to the interviews, Alex Brown was offered the position. He accepted and began work on October 16.

Alex had previously been working for the City of Oroville as an Assistant Civil Engineer prior to accepting the Agency's offer of employment. He earned a B.S. in Civil Engineering from C.S.U., Chico with an emphasis in water resources management, and is presently licensed by the State of California as an Engineer in Training (EIT, first step in the professional-engineer registration process).

After spending eight years (1989-1996) with the U.S. Army as a Senior Combat Medic in the U.S., Korea, and Panama, Alex joined the National Guard. With only several months left in his National Guard commitment he was sent to Iraq for 14 months, returning home just last November.

His university engineering studies will be augmented with specific additional training in water-system computer modeling and geographical information system software in the very near future.

Whereas Chris Crown Lewis worked almost exclusively with GIS, the focus of this position will be adjusted so that Mr. Brown spends approximately 25-30% of his time doing GIS work, and the remainder spent on more traditional engineering applications in both the Water and Power Division. A significant amount of planning and engineering is needed between now and 2011 to ensure that the Agency is ready to commence the capital improvement projects that will begin being funded at that time and beyond.

### Relicensing

The draft FERC license application was distributed three months ago, per the Board's authorization, to regulatory agencies, tribes, and other interested parties. Comments from these entities are due October 25. FERC requires the licensee to hold a meeting to discuss with respondents any comments with which they do not agree. This meeting is scheduled for November 30 and December 1. Meetings are scheduled thereafter through December, with more to be scheduled in January and February, to resolve as many issues as possible before the license application is filed with FERC in March.

### Office Remodel

Mr. Glaze informed the Board that the office addition and remodel projects are complete, and invited Directors to tour the finished project.

President Cecchi asked for a final accounting of the project costs at the next meeting.

### YCWD's Water Transfer Contract with Yuba City

Mr. Glaze advised that a three-way conversation has been initiated by Tom Glover of the City of Yuba City to talk about extending the present water-transfer contract the City has with Yuba County Water District after it expires in 2010. In accordance with the 2005 SFWPA/YCWD Agreement, all water-transfer revenue involving the South Feather Power Project after 2010 is considered Project revenue and becomes a part of the net-revenue split between SFWPA and YCWD. Mr. Glaze has met once with Mr. Glover and Bill Suppa, YCWD's General Manager.

**DIRECTORS' REPORTS** – None.

### **FACILITATION CONTRACT - PFMA**

Ms. Petersen reminded the Board that a contract for Richard Harlan to serve as the Independent Consultant to conduct the 2007 Part 12 Dam Safety Inspections was approved in June. As part of that work, Potential Failure Modes Analyses (PFMA) sessions for Little Grass Valley, Ponderosa, and Miners Ranch dams will need to be conducted. FERC's rules require the use of an approved facilitator to conduct these sessions in coordination with the Independent Consultant and the FERC Engineer.

A Request for Proposals was sent to nine individuals and firms, and seven responded. After seeking input from Mr. Harlan, Scott Underhill, PG&E, and the Agency's DSOD engineer, Ms. Petersen selected Wayne Edwards to serve as the facilitator.

Mr. Edwards' proposal was reviewed by the Board. His facilitation work is estimated to cost \$13,100, and has been included in the 2007 budget request to PG&E. The proposed contract was also reviewed by the Board.

M/S/C (Brown/Hunter) approving and authorizing the General Manager to execute the contract with W.D. Edwards Consulting, LLC, to facilitate the 2007 Potential Failure Modes Analyses sessions for Little Grass Valley, Ponderosa, and Miners Ranch dams in compliance with Federal Energy Regulatory Commission requirements.

### **2007 POWER DIVISION BUDGET**

A copy of the proposed 2007 Power Division budget, prepared by Ms. Petersen, was reviewed by the Board. An early draft of this budget was presented to and approved by the Hydro Committee last April, and was included with Ms. Petersen's staff report at that time.

As has happened in previous years, it went through a second iteration before reaching final form because PG&E balked at paying for a second trash rake and the microwave digital upgrade. PG&E representatives have also advised that they consider the proposed expenses for final engineering and permits for the PMF modifications to Sly Creek and Lost Creek dams to be part of the costs they want to negotiate into a new power purchase contract. However, they have agreed to replace the transformer at Woodleaf Powerhouse.

The 2007 budget request for the South Feather Power Project is \$6,999,000, being \$1,777,000 less than the draft budget the Board saw in April. The Operations budget was increased by

\$100,000 to cover the expected increase in FERC Administrative fees. The Additions and Betterments budget was decreased by \$1,877,000 as the digital microwave upgrade, voice-over IP, and second trash rake projects were removed.

The 2007 budget request for the Sly Creek Power Project is \$398,000, which is \$10,000 more than the draft presented in April. The Operations budget was increased by \$10 K to cover increased FERC Administrative charges. No significant work is planned for the Sly Creek Project in 2007.

Ms. Petersen advised directors that they should expect to see the first draft of the 2008 budget in April 2007.

M/S/C (Edwards/Hunter) approving the 2007 South Feather Power Project and Sly Creek Power Project budgets in the amount of \$6,999,000 and \$398,000, respectively; and appropriating funds for the Additions and Betterments in said budgets, subject to their approval by PG&E..

### SURPLUS PROPERTY

Mr. Glaze stated that Scott Alcantara, Environmental and Safety Manager, recently brought to his attention that Power Division has seven self-contained breathing apparatus (SCBAs) that are no longer functional. Further, OSHA regulations will not allow their use as a source of spare parts for other serviceable units.

Specifications on the units are as follows:

<p>ID# PWR-F213 Scott Air Pack Serial # N/A Appraised (or purchased) 1/1/72 Original cost \$460.67 Fully depreciated Location: Forbestown</p>	<p>ID# PWR-F239 Scott Air Pak Serial # Tank=3AL2216T227355 Appraised (purchased) 7/13/90 Original cost \$1,577.97 Fully depreciated Asset location: Forbestown PH/SN=09400674</p>	<p>ID# PWR-K317 Scott Air Packs Serial # N/A Appraised (purchased) 1/1/72 Original cost \$460.67 Fully depreciated Asset location: Kelly Ridge</p>
<p>ID# PWR-W138 Scott Air Packs Serial # N/A Appraised (purchased) 1/1/72 Original cost \$570.93 Fully depreciated Asset location: Woodleaf</p>	<p>ID# PWR-C616 1 Air pack Serial # N/A Appraised (purchased) 1/1/72 Original cost \$460.68 Fully depreciated Asset location: Forbestown HQ</p>	<p>ID# PWR-C617 Scott Air pack II Cylinder Serial # N/A Appraised (purchased) 3/28/83 Original cost \$ 290.00 Fully depreciated Asset location: Common (Forbestown Headquarters)</p>
<p>ID# PWR-C769 Scott Air Pak II A Serial # AL2216T278615LUXFER05A92 Appraised (purchased) 5/13/93 Original cost \$1,955.69 Fully depreciated Asset location: Forbestown HQ</p>		

He requested that this equipment be declared surplus and removed from the Power Division asset records so they can be disposed of.

M/S/C (Hunter/Edwards) declaring the Power Division's seven non-functional SCBAs, as itemized by the General Manager, are surplus and authorizing their proper disposal.

### GIS CONSULTING SERVICES AGREEMENT

Mr. Glaze credited Chris Crown Lewis, the Agency's erstwhile Assistant Engineer, with developing the geographical information system (GIS) to the point that it is a functional tool for mapping, and

data storage and analysis. This functional tool allowed her to prepare all of the maps needed for the Agency's relicensing project, saving tens of thousands of dollars.

The new Assistant Engineer will soon receive training to utilize the GIS system. However, it will take a considerable amount of time before he becomes completely proficient. Further, Chris' cartographic (map making) skills are superior to even those who have had many years of experience with GIS. For those reasons, Mr. Glaze explained that it would be helpful from time to time to have Chris provide assistance with GIS projects and data maintenance, at least until Mr. Brown gets up to speed. Further, there may be map and/or presentation projects for which Chris' talents would be very helpful even after Alex is maintaining the GIS system on his own. Fortunately, she is willing to assist on a contract basis, as has been done with other consultants in the past.

The Board reviewed an agreement defining how the employer-independent consultant relationship would work between Chris and the Agency, as well as that she would be compensated at the rate of \$75 per hour for services rendered.

M/S/C (Edwards/Hunter) authorizing the General Manager to execute the GIS Consulting Services Agreement with Christine Crown Lewis, not to exceed 100 hours without further Board approval.

#### **NOMINATIONS – BCSDA EXECUTIVE BOARD**

The Board reviewed a letter from the Butte County Special Districts Association calling for nominations of representatives of enterprise and non-enterprise districts to stand for election to BCSDA's Executive Board.

Because Director Brown is presently an elected director on the BCSDA Board, whose term continues through 2007, and Director Hunter also serves on the BCSDA Board by virtue of her position as Enterprise Special District LAFCo Commissioner, which term ends in 2009, it was the Board's consensus that no other Agency directors should serve on the BCSDA Executive Board. Therefore, no action was taken.

#### **ADJOURNMENT**

The meeting was adjourned at 3:11 p.m.

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Michael C. Glaze, Secretary

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Louis F. Cecchi, President