



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Michael Glaze, General Manager

DATE: November 21, 2006

RE: General Information (regarding matters not scheduled on the agenda)
11/28/06 Board of Directors Meeting

Relicensing

The draft license application (DLA) was distributed four months ago, per the Board's authorization, to regulatory agencies, tribes, and other interested parties. Comments from these entities were due October 25. We received 427 written comments on the DLA contained in letters from the Forest Service (163 comments), U.S. Fish and Wildlife Service (152 comments), State Water Resources Control Board (46 comments), California Department of Fish and Game (46 comments), and American Whitewater (seven comments). After reviewing the comments, we found that many of the comments in one agencies letter were identical or nearly identical to comments in one or more of the other agencies' letters. Disregarding duplicate comments, we found 207 individual comments. In general, 207 comments addressed the subjects listed below.

- Special-status amphibians and aquatic reptiles, and Foothill Yellow Legged Frog habitat and flow studies - 47 comments (23% of total comments);
- Fish populations study - 38 comments (18%);
- Reservoir shoreline, sediment supply and transport, and large-woody-debris studies - 35 comments (17%);
- Instream-flow study - 18 comments (9%);
- Whitewater boating studies - 9 comments (4%);
- Riparian vegetation study - 6 comments (3%);
- Fish entrainment studies - 6 comments (3%); and,
- Other - 48 comments (27%).

The "Other" category contains comments with which we generally agree or that were easily resolved at our meeting with the commenters on November 16.

FERC requires that we hold a meeting to discuss with respondents any comments with which we do not agree. This meeting is scheduled for November 30 and December 1. Between now and then, our consultants will be busy developing responses to those comments.

Future Power-Purchase Agreement Discussions

Earlier in the month a draft was received from PG&E of its proposal for a future power-purchase agreement; to take effect July 2, 2010, after the present contract with PG&E expires.

Kathy Petersen, Jeff Meith, Michael and Sandra McDonald (energy marketing consultants), and I have been reviewing and discussing the draft, and a meeting is scheduled with PG&E representatives on December 7 to talk through the proposal.

There are several key elements of the pricing component of the proposed agreement still undisclosed by PG&E, or that need additional explanation, and until that information is available it is difficult to assess the legitimacy of PG&E's initial offer. However, the draft is not extremely complex, so after the December 7 meeting with PG&E we should be ready to provide greater details to you at the December board meeting, including a recommendation to either continue discussions with PG&E or to begin preparing a request for proposals to assess our opportunities with other potential power-marketing partners.

Special December Meeting

At your meeting last February you took action to cancel the regular board meeting in December (12/26) and to convene a special meeting on the 19th to conduct your regular business for the month. So, we will have the agenda packet to you by December 15.

Although director-elect Dennis Moreland officially assumes office on Friday, December 1, his oath of office, and that of returning directors Lou Cecchi and Dee Hunter, will be administered at the meeting on the 19th. This will also be the meeting at which the Board will elect its officers for 2007.

New Director

Dennis Moreland was successful in his bid for the Division 3 seat on the Agency's Board of Directors. Staff will be providing him an orientation on December 4 – 7. On Monday the 4th he will be briefed by Jennifer Slinkard, Scott Alcantara, Kathy Petersen, Jeff Meith, and me on issues ranging from budgets, accounting software, billing procedures, safety policies and programs, LAFCo, Brown Act, conflict of interest laws, AB 1234 ethics issues, personnel management and agreements, general policies and legal issues, water rights, FERC relicensing, relations with YCWD and PG&E, and a host of other topics that the foregoing will bring to mind as we visit.

On Tuesday the 5th, Mr. Moreland will spend the day with Matt Colwell, Jim Coffelt, Rick McCullough, and John Franklin getting a first-hand view of Water Division facilities and projects.

Kathy Petersen, John Davis, and Scott Underhill will spend Wednesday and Thursday (weather permitting) orienting Mr. Moreland to the Power Division.