SOUTH FEATHER WATER & POWER AGNECY

TO: Board of Directors

FROM: Kathy Petersen, Power Division Manager

DATE: January 17, 2007

RE: General Information (regarding matters not scheduled on agenda)
1/23/07 Board of Directors Meeting

Operations

Attached is the Storage and Generation Report for December 2006. Also attached is the chart of precipitation accumulated to date. As the weather has been cold and dry for some time now, we are at about 57% of average rainfall for this time of year.

A storm that passed through our area on December 26 brought rain and high winds, causing a failure of the transmission line that serves Sly Creek, Woodleaf and Forbestown powerhouses. After PG&E re-energized the line, Nick Brandt and Steve Owsley were given approval to restart the powerhouses. However, when they started to load the Woodleaf and Forbestown units, the units began to make noises of distress, indicating frequency trouble. Nick and Steve immediately shut the units back down and notified PG&E. PG&E determined that due to conditions at Palermo Substation, our units were in an "island" situation. Nick and Steve's quick actions prevented the powerhouses from incurring damage by going into a possible overspeed condition. Joe Romero and John Davis used this incident as an opportunity to provide a training session on line-relay operations for the entire crew.

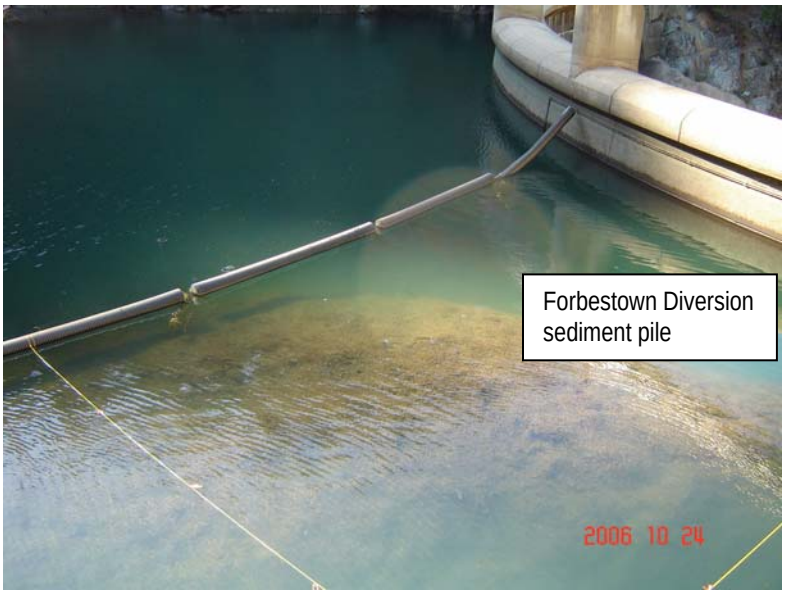
Maintenance Projects

Smaller odd jobs, such as yard cleanup and correction of trouble tags, continue to occupy the maintenance crew's time. They are also conducting "auto-testing" which allows devices to be checked for correct operation without requiring the powerhouse to be shutdown. They conducted a "partial travel" test of the Woodleaf penstock butterfly valve on January 11, and all worked as it was supposed to.

Forbestown Diversion Intake Sediment Removal Project

The area in front of the Forbestown Powerhouse Intake has filled in with sediment to the point that only the upper half of the intake is capable of withdrawing water from the reservoir. You may recall that we have

budgeted to install an automatic trash rake on this intake, which will help clear some of the debris blocking the intake. However, we still need to address the pile of sediment in front of the structure.



We are proposing to use a clamshell or suction dredge mounted on a barge to remove the sediments and return the bottom of the reservoir to its original depth. The approximately 2,600 cubic yards of material will be loaded into dump trucks and hauled up the road about one mile to the spoil pile we first established for the 2002 Forbestown Diversion dredging job, and then used again last year to collect material from the Woodleaf rock slide.

In order to do this work, we first need to get permission from the Forest Service, Army Corps of Engineers, Regional Water Resources Control Board, and Department of Fish and Game. To that end, I mailed a permit application package to all of the agencies on January 11. We determined that this work qualified as a categorical exemption under CEQA because it is "maintenance dredging where the spoil is deposited in a spoil area authorized by all applicable state and federal agencies." Mike filed the Notice of Exemption with Butte County on January 9, and it is subject to a 30-day comment period. Provided we obtain all the permits in time, the work will happen some time between November 1, 2007 and March 31, 2008.

General Information

Slate Creek Sediment Pass-Through Amendment

You may recall that a few years ago we received permission from FERC and the various resources agencies to conduct sediment pass-through (SPT) operations at Slate Creek Diversion in an attempt to maintain the operability of the valves and intake structure. The conditions of that permission required that we wait until flows in Slate Creek were at least 1,000 cfs and ascending when we attempted to pass through sediments. After three attempts at these flow levels (and higher), we found that sediments were not really being mobilized to pass through the low-level valve. In the summer of 2005 we excavated about 500 cubic yards of material from in front of the valve, and attempted another pass-through effort last winter. It had some success, but still did not move the quantities of material we had hoped it would, probably because the amount of spill flow over the dam was greater than the flow through the valve.

We worked with Stillwater Sciences and the State Water Resources Control Board to obtain permission to attempt the SPT at a lower flow amount, and on January 4, 2007 received permission to conduct the SPT at a flow of 500 cfs, with the condition that flows of at least 1,000 cfs would occur within 30 hours to continue to mobilize sediments downstream. We are now waiting for the right combination of rainfall and predicted runoff to attempt an SPT event at the new lower flow level.

SOUTH FEATHER WATER AND POWER
SOUTH FEATHER POWER PROJECT
December 2006

STORAGE

RESERVOIR	MAXIMUM CAPACITY	STORAGE ON 12-31-06	STORAGE ON 12-31-05
Little Grass Valley	94,660 AF	49,405 AF	74,726 AF
Sly Creek	65,650 AF	18,593 AF	38,273 AF
Lost Creek	5,750 AF	5,022 AF	5,107 AF
Forbestown Diversion	358 AF	310 AF	352 AF
Ponderosa	4,750 AF	4,282 AF	4,826 AF
Miners Ranch	896 AF	704 AF	745 AF
TOTAL	172,064 AF	78,316 AF	124,029 AF
Slate Creek Tunnel	800 CFS	68 CFS	90 CFS
South Fork Tunnel	600 CFS	88 CFS	313 CFS
Miners Ranch Canal	303 CFS	251 CFS	240 CFS

MONTHLY NET GENERATION

	FOR December 2006	YEAR TO DATE ON 12-31-06	YEAR TO DATE ON 12-31-05
Woodleaf P.H.	23,643,530 KWH	349,312,190 KWH	253,645,100 KWH
Forbestown P.H.	14,364,680 KWH	166,966,680 KWH	175,558,700 KWH
Kelly Ridge P.H.	8,130,258 KWH	80,519,209 KWH	81,231,845 KWH
Sly Creek P.H.	2,228,300 KWH	52,735,500 KWH	36,206,200 KWH
TOTAL	48,366,768 KWH	649,533,579 KWH	546,641,845 KWH

South Feather Power Project - Forbestown Precipitation