



## ***SOUTH FEATHER WATER & POWER AGENCY***

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**TO:** Board of Directors

**FROM:** Michael Glaze, General Manager

**DATE:** October 17, 2007

**RE:** General Information (regarding matters not scheduled on the agenda)  
10/23/07 Board of Directors Meeting

### **Relicensing**

The engagement letter with D.C. law firm Winston & Strawn was executed as directed at the last board meeting. Subsequently, Winston & Strawn attorneys, Kris Nygaard and John Whittaker, were updated by Jeff Meith, Jim Lynch (DTA), Kathy Petersen and me via a conference call on October 8. The purpose of this call, and a subsequent trip on October 16 by Jim Lynch to Winston & Strawn's D.C. office, was to get Kris and John up to speed, answer their questions, and discuss strategy in the event the resource agencies' preliminary "4e" conditions force us into asking for an evidentiary hearing before an administrative law judge. Once FERC issues its Ready-for-Environmental-Assessment (REA) notice, those agencies have 60 days in which to file their preliminary 4es. If the decision thereafter is to pursue an evidentiary hearing, the Agency then has 45 days in which to do so. That's an extremely short amount of time to put together a case of this complexity. Thus, ensuring that Kris and John have a good understanding of the Agency's project and the potentially disputed relicensing issues in advance of that 45-day window is absolutely necessary. Notwithstanding our due diligence in this regard, we are also emphasizing to them that we want to know in advance of any decisions to pursue an evidentiary hearing what costs and risks are involved.

### **Future Power-Purchase Agreement Discussions**

On August 23 we received PG&E's response to the letter we sent around the first of May wherein we commented on the amended proposal we received from them in March. On September 7, the ad hoc Power Marketing Committee (directors Cecchi and Edwards) joined Kathy Petersen in my office for a conference call with Jeff Meith and Michael and Sandra McDonald (power marketing consultants). The McDonalds provided an assessment of the proposal contained in PG&E's latest response. Thereafter, I called PG&E's Jeff Henderson and verbally explained where we thought their proposal could be enhanced so that we could submit it to the Board for consideration. His response indicated that we are very close to a mutually acceptable conceptual blueprint for a future power-purchase agreement. I'm still anticipating a formal response from Mr. Henderson shortly.

### **Recruiting for a Finance Division Manager**

The application phase of the recruitment process for Jenny Slinkard's replacement has a deadline of October 22. Based upon the inquiries we've received at this writing (one week before the deadline), our advertising strategy was effective. I will verbally summarize the applications received at the meeting.

My goal is to conduct interviews before Thanksgiving, and have a decision made and confirmed before the end of November.