



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

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**TO:** Board of Directors

**FROM:** Michael Glaze, General Manager

**DATE:** March 20, 2008

**RE:** General Information (regarding matters not scheduled on the agenda)  
3/25/08 Board of Directors Meeting

### **Relicensing**

The Agency's relicensing team met with representatives of the Forest Service (USFS), Fish and Game (F&G), and State Water Resources Control Board (SWRCB) on March 7 to hear their response to our January 31 in-stream flow proposal. The Agency's January 31 proposal (which would result in an estimated 4.4% loss of generation capacity compared to the current license conditions) was a response to the USFS/F&G proposal on December 19 that would result in an estimated 6.8% loss of generation capacity for the South Feather Power Project. At the March 7 meeting, USFS and F&G presented a take-it-or-leave-it revised in-stream flow proposal that brought the loss in generation capacity down to an estimated 5.8%.

Kathy Petersen accompanied me to a meeting with USFS representatives on March 13 to discuss the recreation measures in the Agency's license application. The application's recreation measures were developed and agreed to over a two-year period and involved significant time and expense on the part of Agency consultants and USFS recreation staff. At the March 13 meeting we were told that USFS was renegeing on the deal and we were handed language for a new recreation measure. Essentially, the new measure throws out all the schedules for facilities' repairs, replacements, and upgrades that had previously been negotiated and agreed to, and mandates a whole new master plan and subsequent site-specific plans.

The Agency's relicensing team again met with representatives of USFS and SWRCB on March 14 to discuss the remainder of the preliminary mandatory conditions that USFS will be proposing. Of most significance was the condition for performing additional fish population testing at Sly Creek and Lost Creek reservoirs, and the installation of a barrier to prevent fish entrainment at Woodleaf Powerhouse. These discussions resulted in the possibility that USFS will agree to a wild-trout stocking mitigation that would eliminate the need for the population testing and fish screen.

The resource agencies have until April 14 to submit to FERC their preliminary condition requests, and given our experience with their inability to honor their commitments and agreements, I am not yet prepared to make a recommendation on the question of whether the Agency should begin preparations for an appeal. My commitment to you is that April 15 will be dedicated to evaluating all of the preliminary conditions they

submit and developing a recommendation that should probably be explained to the Board by me and our lead consultants at a special meeting on April 18, or as soon as possible thereafter.

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

The only contact we've had with PG&E during the past month is a phone conversation between Mike McDonald (the Agency's power-marketing consultant) and PG&E's Jeff Henderson, and a phone message to me from Jeff Henderson. Both communiqués provided minimal insight into the reason(s) for PG&E's delay to return to the table, but contained a prediction that some form of response would be submitted by the end of March.

### **State Budget Update**

The latest on the state budget and rumored property tax shift is discussed in the attached CSDA *e-NEWS*.

### **LAFCo Vacancy**

Attached is a public notice from LAFCo informing that it is accepting applications for the Public Member and Public Member Alternate positions on the commission.

If you know of anyone who is not an officer or employee of the county, any city or district with territory within the county, and who appreciates the value of special districts, please pass this on. Applications are due before Tuesday, April 1, 2008.

### **Surplus Water Agreements**

An application for surplus water has been received from and approved for Pacific Coast Producers (from the Palermo Canal). This is a long-term surplus-water customer and the agreement is a carbon copy of previous years. It has been approved in conformance with Policy #480.

An application was received from Gerald Nuijen for surplus water from the Miller Hill Ditch. His request was denied because of difficulties ditch tenders have had in serving existing Agency customers on that system. Mr. Nuijen was provided surplus water from 2004 through last year.