



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Michael Glaze, General Manager

DATE: May 21, 2008

RE: Rejection of Property Damage Claim - Ediger
Agenda Item for 5/27/08 Board of Directors Meeting

A property damage claim has been received from State Farm General Insurance Company on behalf of its client, Robert and Patricia Ediger of 5359 Royal Oaks Drive. A copy of the initial claim (received January 4, 2008) is attached and asserts that water damage occurred in the Ediger's home as a result of a toilet valve that cracked due to high water pressure.

My response to the insurance company, dated January 8, 2008, is also attached. Therein I explained the Agency's policy regarding system damage beyond the meter and the requirement to have properly functioning pressure-reducing valves installed.

On April 28, a demand for payment was received from State Farm wherein the Agency was asked to remit \$234,952 to cover the cost of damages to the Ediger's home. This was submitted to the Agency's insurance provider, ACWA-JPIA, who has now asked that the attached claim-rejection letter be sent.

Please consider the following action:

"I move authorization for the General Manager to execute and send the claim-rejection letter requested by ACWA-JPIA regarding State Farm General Insurance Company's claim number 55-E025-142."

State Farm®
Providing Insurance and Financial Services
Home Office, Bloomington, Illinois 61710



RECEIVED

JAN 03 2008

S.F.W.P.
OROVILLE OFFICE

January 3, 2008

SOUTH FEATHER WATER AND POWER AGENCY
2310 ORO QUICNY HWY
OROVILLE CA 95966

Roseville Operations Center
PO Box 21629
Bakersfield, CA 93390-9813
866 454 7704 Fax 888 663 7558

|||||

RE: Our Insured: Ediger, Robert and Patricia
Claim Number: 55-E025-142
Date of Loss: August 9, 2007
Loss Location: 5359 Royal Oaks Dr., Oroville
Amount of Loss: Undetermined

To Whom It May Concern:

We are writing to you with reference to a loss sustained by our insured. Please accept this letter as our subrogation notice. Our investigation indicates that you may be partially responsible for this loss. By virtue of our payment, we are entitled to recover from the responsible party. As required, we have completed and enclosed your Claim Form. Please respond to us in regard to your position in this matter.

In order to assist you in evaluating and processing the subrogation claim we are asserting, we may provide nonpublic personal information about our customer. We are sharing this information to effect, administer, or enforce a transaction authorized by the consumer. However, you are neither authorized nor permitted to: (1) use the customer information we provide for any purpose other than to evaluate and process the subrogation claim, or (2) disclose or share the customer information we provide for any purpose other than to evaluate and process the subrogation claim.

I am the property loss claim representative and will send this to our Subrogation Services department upon completion of my handling. We will be in contact at that time, if we have not heard from your agency.

Sincerely,

Brenda Ericksen
Claim Representative
530-896-7302
State Farm General Insurance Company

Enclosure: Claim Form

SSE025-142

CLAIM FORM

SOUTH FEATHER WATER AND POWER AGENCY

(A claim shall be presented by the claimant or by a person acting on their behalf.)

1	<p>Claimant name, address (mailing address if different), and phone number.</p> <p>Name: <u>State Farm Insurance Companies</u> Claim # <u>55-E025-142</u></p> <p>Address(es): <u>Five Remote ECF Roseville</u></p> <p><u>PO Box 21629 Bakerfield, CA 93390-9813</u></p> <p>Phone Number: <u>(530) 896-7302</u></p>
2	<p>List name, address, and phone number of any witnesses.</p> <p>Name: <u>Robert & Patricia Ediger</u> <u>Fox Plumbing</u></p> <p>Address: <u>5359 Royal Oaks Dr Oroville, CA 95966</u> <u>3999 Olive Hwy, Oroville 95966</u></p> <p>Phone Number: <u>(530) 589-0504</u> <u>530-533-2730</u></p>
3	<p>List the date, time, place, and other circumstances of the occurrence or transaction which gave rise to the claim asserted.</p> <p>Date & Time: <u>8/9/2007 (Discovered)</u></p> <p>Place: <u>5359 Royal Oaks Dr Oroville 95966</u></p> <p>Tell what happened (give complete information): <u>While insura Ediger's were on vacation the toilet valve cracked at the top stem pipe. High water pressure may have contributed to the failure of valve. Loss in master bath on 3rd floor. Water ran over and through the home on all 3 stories.</u></p> <p><u>A claim was submitted for the damage. Repairs are almost complete. Exact amount of loss not determined yet.</u></p> <p style="text-align: center;"><i>NOTE: Attach any photographs you may have regarding this claim.</i></p>
4	<p>Give a general description of the indebtedness, obligation, injury, damage, or loss incurred so far as it may be known at the time of presentation of the claim.</p> <p><u>A large loss to the structure making it uninhabitable. Medium loss to personal property.</u></p>
5	<p>Give the name or names of the Agency employee(s) causing the injury, damage, or loss, if know.</p> <p><u>South Feather Water & Power Agency - no one particular known</u></p>
6	<p>If the actual amount of your claim is less than \$10,000, indicate the exact amount of your claim, and if possible show specific itemization and/or include copies of any documents in support thereof. If the amount of the claim exceeds \$10,000, no dollar amount should be included in this claim form. However, it is necessary to indicate whether jurisdiction will rest in Municipal or Superior Court. (Jurisdiction for any claim under \$25,000 would rest in Municipal Court, and any claim over \$25,000 would rest in Superior Court.)</p> <p><u>Superior Court would have jurisdiction</u></p>
<p><u>11/3/2008</u> DATE <u>8:40 AM</u> TIME <u>Gracela L. Erickson</u> SIGNATURE</p>	

ANSWER ALL QUESTIONS. OMITTING INFORMATION COULD MAKE YOUR CLAIM LEGALLY INSUFFICIENT. State Farm Claim Representative

SOUTH FEATHER WATER & POWER AGENCY

MICHAEL C. GLAZE, GENERAL MANAGER

2310 ORO-QUINCY HIGHWAY
OROVILLE, CALIFORNIA 95966
530-533-4578, EXT. 209
530-533-3968 (FAX) GLAZE@SOUTHFEATHER.COM



January 8, 2008

State Farm Insurance Company
Roseville Operations Center
P.O. Box 21629
Bakersfield, California 93390-9813

Attention: Brenda Ericksen, Claim Representative

Re: State Farm Claim Number 55-E025-142 (Ediger)

Ladies and Gentlemen:

I am responding to your letter dated January 3, 2008, whereby you transmitted a claim for unspecified damages to the residence of your insured, Robert and Patricia Ediger. You described the cause of the damage as follows:

While Edigers were on vacation the toilet valve cracked at the top stem piece. High water pressure may have contributed to the failure of valve. Loss in master bath on 3rd floor. Water ran over and through the home on all 3 stories.

Please be advised that South Feather Water and Power Agency (SFWPA) is a public agency formed pursuant to California Water Code §20500 et.seq. As such, the SFWPA Board of Directors is empowered to establish rules and regulations governing water service. Part A, Section 23 ("Responsibility for Water Receiving Equipment") of the Agency's adopted Rules and Regulations provides the following directive.

*The customer shall furnish and install at his own risk and expense that portion of the water system that begins at the outlet side of the meter. Such water receiving equipment shall remain the property of the customer and he shall be responsible for its maintenance and repair...**The customer shall be responsible for installing and maintaining water pressure regulators and relief valves** [emphasis added]. The equipment shall be installed on the customer's side of the meter and at his own risk and expense...the Agency shall not be responsible for damage caused by faucets, valves, and other equipment which may be open at any time that water is turned on at the meter.*

State Farm Insurance Company
Claim No. 55-E025-142
January 8, 2008
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It is extremely unfortunate that the Edigers were subjected to the damage, inconvenience, and expense resulting from a cracked fitting in their plumbing. However, if they have a properly installed pressure-reducing valve on the water service line coming into their home, as required by California Building Code, "high water pressure" can be ruled out as a contributing factor. If they did not, pressure notwithstanding, South Feather Water and Power Agency can not accept responsibility for any portion of the cost of repairs.

If you have questions or need additional information, please let me know

Sincerely,
South Feather Water and Power Agency

A handwritten signature in black ink, appearing to read "Michael C. Glaze". The signature is fluid and cursive, with a large initial "M" and "G".

Michael C. Glaze, General Manager

c: Steve Wong, Finance Division Manager

State Farm Insurance Companies



Subrogation Services
PO Box 2375
Bloomington, IL 61702-2375

April 23, 2008

RECEIVED

APR 28 2008

S.F.W.P.
OROVILLE OFFICE

South Feather Water & Power
2310 Oro Quincy Hwy
Oroville, CA 95966

RE: Claim Number: 55-E025-142
Our Insured: Robert I and Patricia Ediger
Date of Loss: August 9, 2007
Your Insured; South Feather Water & Power
Your Claim Number:
Your Policy Number:
Loss Location: 5359 Royal Oaks Drive
Oroville, CA

Dear South Feather Water & Power:

It is our understanding that you are self insured. Our investigation indicates you are responsible for this claim. Therefore, we are seeking recovery from you. This letter is to notify you of our subrogation claim and request your cooperation in settling this matter.

To assist you in your review, here is a breakdown of the amounts State Farm paid by Cause of Loss:

Building/Structure	\$173,206.46
Contents/Personal Property	\$34,152.16
Additional Living Expenses	\$27,592.99
Other	\$00.00
Amount State Farm Paid	\$234,951.61
Insured Deductible	\$.00
Total Claim Amount	\$234,951.61

Based on the assessment of liability between the parties, State Farm General Insurance Company is seeking 50-100% of the Total Claim Amount listed above. The amount payable to State Farm General Insurance Company for this loss is \$234,951.61.

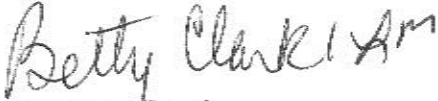
Please remit payment of this claim and include our claim number on the payment. If you have any questions, please call (866)

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April 23, 2008

457-8276 and any member of Team #62 may assist you. Thank you for your cooperation.

In order to assist you in evaluating and processing the subrogation claim we are asserting, we may provide nonpublic personal information about our customer. We are sharing this information to effect, administer, or enforce a transaction authorized by the consumer. However, you are neither authorized nor permitted to: (1) use the customer information we provided for any purpose other than to evaluate and process the subrogation claim, or (2) disclose or share the customer information we provide for any purpose other than to evaluate and process the subrogation claim.

Sincerely,

A handwritten signature in cursive script that reads "Betty Clark" followed by a stylized initial or mark.

Betty Clark
Claim Processor
(866) 457-8276 Team 62

State Farm General Insurance Company

Enclosure(s)

SOUTH FEATHER WATER & POWER AGENCY



MICHAEL C. GLAZE, GENERAL MANAGER

2310 ORO-QUINCY HIGHWAY
OROVILLE, CALIFORNIA 95966
530-533-4578, EXT. 209
530-533-3968 (FAX) GLAZE@SOUTHFEATHER.COM

May 27, 2008

State Farm General Insurance Company
Subrogation Services
P.O. Box 2375
Bloomington, Illinois 61702-2375

Attention: Betty Clark, Claim Processor

Re: Your Claim Number 55-E025-142

Ladies and Gentlemen:

Notice is hereby given that the claim you presented to South Feather Water and Power Agency on April 28, 2008 was rejected today, May 27, 2008 by the Board of Directors of South Feather Water and Power Agency.

WARNING

Subject to certain exceptions, you have only six (6) months from the date this notice was personally delivered or deposited in the mail to file a State Court Action on this claim. See California Government Code §945.6. Your time for filing an action in federal court may be less than this six months.

You may seek the advice of an attorney of your choice in connection with this matter. If you desire to consult an attorney, you should do so immediately.

In providing this notice, or by any other action it has taken on this claim, South Feather Water and Power Agency does not intend to relinquish or waive any of its legal claims requirements or any rights or defenses potentially available to South Feather Water and Power Agency or its officers, directors, employees, or agents.

Should you file a lawsuit in this matter which is determined to be in bad faith and without reasonable cause, please be advised that South Feather Water and Power Agency will attempt to recover all of its defense costs from you as allowed by California Code of Civil Procedure §128.5 and §1038.

State Farm General Insurance Company
Claim Number: 55-E025-142
May 27, 2008
Page 2

If you have any questions about your claim, or this letter, please call the undersigned at 530-533-4578, ext. 209, or our claims administrator, Cece Wuchter, at 800-231-5742.

Sincerely,
South Feather Water and Power Agency

A handwritten signature in black ink, appearing to read "M. Glaze", written over the printed name of Michael C. Glaze.

Michael C. Glaze, General Manager

c: Cece Wuchter, Claims Administrator, ACWA/JPIA