



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Kathy Petersen, Power Division Manager

DATE: January 2, 2009

**RE: Power Division 2009 Budgets
January 27, 2009 Board of Directors Meeting**

A copy of the proposed 2009 Power Division budget is attached for your review. An early draft of this budget was included with my staff report in April 2008. As has happened in previous years, it went through a few iterations before reaching final form. PG&E has now indicated that the attached budget is in its final form, and it is ready for Board approval. If you have any specific questions about expenditures, I will be happy to answer them at the meeting.

The 2009 budget request for the South Fork Project is \$7,015,000. It includes \$300,000 for replacement of the SCADA operating system, \$150,000 for recoating the Ponderosa Spill gates (work deferred from 2004), \$500,000 for the Forbestown Powerhouse turbine shutoff valve (TSV) replacement (deferred from 2007), and \$320,000 for dredging in front of the Forbestown tunnel intake (deferred from 2008). PG&E notified me that the \$750,000 budgeted for permitting and environmental work for the Sly Creek and Lost Creek dams crest modification project will be subject to cost sharing and further negotiations.

The 2009 budget request for the Sly Creek Project is \$468,000. No capital or non-routine projects are planned for Sly Creek in this final full year of the current power purchase agreement with PG&E.

The recommended form of action is:

"I move approval of the 2009 South Fork Project and Sly Creek Project budgets in the amount of \$7,015,000 and \$468,000 respectively; and appropriation of funds for the Additions and Betterments in said budgets, subject to their approval by PG&E."

South Feather Water and Power South Feather Power Project

Summary Report For Proposed Budget - 2009 - 2010

(Thousands Of Dollars)

	<u>2007 Expenses</u>	<u>2007 Approved Budget</u>	<u>2008 Approved Budget</u>	<u>2009 Proposed Budget</u>	<u>2010 Estimate Budget</u>
1. Operation (56000's)	3,010	3,046	3,048	3,187	3,318
2. Routine Maintenance (57000's)	1,096	903	985	1,056	1,112
3. Non-Routine Maintenance (58000's)	523	1,218	1,191	2,532	1,169
4. Non-Operating Expense (59000's)	59	50	80	80	0
TOTAL O & M	4,688	5,217	5,304	6,855	5,599
5. Additions & Betterments (11205)	744	762	3,123	160	105
TOTAL BUDGET	5,432	5,979	8,427	7,015	5,704
6. Debt Service	3,128	3,128	3,128	3,128	1,564
TOTAL	8,560	9,107	11,555	10,143	7,268
7. PMF Modifications Project			6,750		
8. Estimated first year license compliance costs					525

South Feather Water and Power South Feather Power Project

Proposed Budget For 2009

(Thousands Of Dollars)

<u>Operations</u>			<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	
<u>ACCT. #</u>	<u>56000</u>		<u>Expenses</u>	<u>Approved Budget</u>	<u>Approved Budget</u>	<u>Proposed Budget</u>	<u>Estimated Budget</u>
56100	Supervision & Engineering	0.03	47.3	57	60	81	102
		0.05	0.9	2	2	2	2
		0.07	0.0	2	56	2	2
56110	Water Collection	0.03	38.6	66	62	55	57
		0.05	2.5	11	5	5	5
		0.07	175.4	328	154	100	140
56120	Electric Plant Operation	0.03	358.9	268	320	335	340
		0.05	0.1	1	1	1	1
		0.07	169.9	230	200	195	225
56130	Misc. Hydraulic P Gen	0.03	80.4	92	94	90	92
		0.05	79.9	76	80	81	82
		0.07	110.7	125	130	120	125
56140	Auto Allowance		2.8	4	4	4	4
56150	Transportation	0.03	0.0	3	2	2	2
		0.05	67.8	60	70	80	85
		0.07	0.0	2	1	1	1
56160	Communication	0.03	1.1	1	1	1	1
		0.05	1.5	1	22	20	5
		0.07	5.6	13	14	12	13
56170	Protective Devices		2.8	0	0	0	0
56180	Depreciation & Amortization		See below	0	0	0	0
56190	Loss & Disposal Of Fixed Assets		50.7	0	0	0	0
56370	Prior Year's Income		-5.0	0	0	0	0
56390	Property Insurance		67.1	72	75	72	75
56391	Liability Insurance		42.8	36	30	40	42
56392	Employee Insurance		404.6	360	400	415	430
56394	Health Fitness		0.4	1	1	1	1
56401	Sundays		3.6	5	5	5	5
56403	Employee Benefits		277.3	260	255	280	300
56404	Social Security		105.3	94	100	110	120
56405	Medicare		21.8	24	25	26	27
56407	Disability		8.4	10	10	11	11
56410	Deferred Compensation (457)		38.9	30	30	40	45
56411	Deferred Compensation (401A)		106.3	104	117	118	120
56501	State & Federal Fees		427.5	360	380	545	510
56510	USGS/Stream Gauging		186.6	194	192	197	203
56540	Administration Cost		127.6	154	150	140	145
TOTALS			3,010.1	3,046	3,048	3,187	3,318
56180	Depreciation & Amortization		2,517.5				

South Feather Water and Power South Feather Power Project

Proposed Budget For 2009

(Thousands Of Dollars)

<u>Routine Maintenance</u>			2007	2007	2008	2009	2010
ACCT. #	57000		Expenses	Approved Budget	Approved Budget	Proposed Budget	Estimated Budget
57100	Supervision & Engineering	0.03	101.9	87	92	120	145
		0.05	0.1	1	1	1	1
		0.07	0.0	5	3	1	1
57105	Structures	0.03	92.0	23	30	31	32
		0.05	30.3	8	15	15	15
		0.07	4.7	4	4	4	4
57115	Dams, Res, Waterways	0.03	168.3	130	150	160	165
		0.05	43.7	40	45	45	45
		0.07	34.6	46	40	40	40
57125	Prime Movers & Generators	0.03	81.2	60	70	85	90
		0.05	22.5	10	12	18	20
		0.07	4.1	6	8	6	6
57135	Misc. Hydraulic Plant	0.03	16.0	10	8	8	8
		0.05	17.3	8	9	10	10
		0.07	4.0	2	3	3	3
57145	Main Transformer/OCB	0.03	3.3	20	5	10	12
		0.05	1.0	5	5	4	4
		0.07	1.3	5	3	3	3
57150	Transportation	0.03	54.1	52	70	65	68
		0.05	31.5	40	50	41	43
		0.07	5.2	6	8	8	8
57155	Station Equipment	0.03	66.4	88	95	90	92
		0.05	5.3	10	12	8	10
		0.07	0.6	2	3	3	3
57160	Communication	0.03	63.5	58	75	76	77
		0.05	28.2	18	10	15	15
		0.07	0.0	7	4	4	4
57165	Roads & Bridges	0.03	75.4	52	58	75	77
		0.05	15.1	10	10	12	12
		0.07	7.5	10	10	10	10
57170	Protective Devices	0.03	82.2	62	64	75	78
		0.05	5.6	15	10	7	8
		0.07	29.4	3	3	3	3
TOTALS			1,096.3	903	985	1,056	1,112

South Feather Water and Power South Feather Power Project

Proposed Budget For 2009

(Thousands Of Dollars)

Non-Routine Maintenance

ACCT. # 58000

		2007	2007	2008	2009	2010	
		Expenses	Approved Budget	Approved Budget	Proposed Budget	Estimated Budget	
58105 Structures	0.03	0.0	2	48	10		Fbs HQ roof repair
	0.05	0.0	1	20	5		
	0.07	0.0	0	0	0		Wdlf penst air valves
58115 Dams, Res, Waterways	0.03	10.2	10	15	20	3	PMF Mods Eng & Env
	0.05	0.9	5	5	12	3	Fbs Div Dredging
	0.07	424.3	989	895	1,370	1,000	Pond gates MRC repairs
58125 Prime Movers & Generators	0.03	0.0	30	45	20	2	
	0.05	27.2	20	10	5		FPH TSV replacement, KPH TSV seat replace
	0.07	16.9	100	43	700		
58130 Protective Devices	0.03	0.0	2	0	0	0	
	0.05	0.0	1	0	0	0	
	0.07	0.0	0	0	0	0	
58135 Misc. Hydraulic Plant	0.03	0.0	0	0	0	0	
	0.05	0.0	0	0	0	0	
	0.07	0.0	0	0	0	0	
58145 Main Transformer/OCB	0.03	0.2	0	12	15		Carried to 2009 for WPH Main bank
	0.05	0.0	0	2	2		
	0.07	6.4	0	8	8	0	
58150 Transportation	0.03	0.0	0	0	0	0	
	0.05	0.0	0	0	0	0	
	0.07	0.0	0	0	0	0	
58155 Station Equipment	0.03	0.0	5	2	4	2	
	0.05	0.0	2	3	0	0	Rerate units
	0.07	46.3	3	46	15	1	
58160 Communication	0.03	0.0	10	10	10	10	
	0.05	4.4	30	20	20	2	SCADA replacement
	0.07	0.0	0	0	300	0	
58165 Roads & Bridges	0.03	-12.2	5	5	10	1	Storm damage
	0.05	-0.3	3	2	5	5	
	0.07	-1.3	0	0	1	1	
TOTALS		523.0	1,218	1,191	2,532	1,169	

South Feather Water and Power South Feather Power Project

Proposed Budget For 2009

(Thousands Of Dollars)

Non-Operating Expense

<u>ACCT. # 59000</u>	<u>2007 Expenses</u>	<u>2007 Approved Budget</u>	<u>2008 Approved Budget</u>	<u>2009 Proposed Budget</u>	<u>2010 Estimated Budget</u>
59101 Trustee Expense	58.8	50	80	80	0
59115 Bond Discount Expense	0	0	0	0	0
TOTALS	59	50	80	80	0
59112 Bond Interest Expense	273.1	0	0	0	0

Note: Account 59112 is not a PG&E budgeted item, but is included in the SFWPA financial reports.

South Feather Water and Power South Feather Power Project

Proposed Budget For 2009

(Thousands Of Dollars)

Additions & Betterments

ACCT. # 11200

	<u>2007 Expenses</u>	<u>2007 Approved Budget</u>	<u>2008 Approved Budget</u>	<u>2009 Proposed Budget</u>	<u>2010 Estimate Budget</u>	
11205-41 Structures & Improvements	6.1	6	36	10	0	← Fbs HQ roof
11205-42 Dams & Reservoirs	0.0	0	0	0	0	← Sta 7 Stby Gen
11205-43 Waterways	377.3	400	400	20	0	
11205-44 Water Wheels, Turbines & Gens	0.0	0	0	0	0	
11205-45 Accessory Electric Equipment	0.0	0	2400	15	0	
11205-46 Misc. Power Plant Equipment	14.3	5	25	5	5	
11205-47 Communication Equipment	0.0	8	55	20	10	
11205-48 Transportation Equipment	73.8	60	207	70	70	← Vehicle replacement
11205-49 Tools	272.3	283	0	20	20	
TOTALS	743.8	762	3,123	160	105	

South Feather Water and Power South Feather Power Project

Proposed Budget For 2009

Projected Expenditures - Explanation of Selected Items (Thousands of Dollars)

2009 Details

Account	Activity	Amount
56000 - Operations		
56100.3	Compliance Program Manager position added mid-2009 (split w/ 57100.3)	21
56110.7	Slate Creek SPT	35
56110.7	Milfoil eradication at Miners Ranch Reservoir	10
56110.7	Forbestown valve operation monitoring	20
56110.7	MRC pesticide program	5
56110.7	Miscellaneous support	30
56160.5	Computer replacement & server upgrade	20
56160.7	Software licenses, Antivirus, training	12
56501.0	250 FERC, 145 DSOD, 25 SWRCB	420
56501.0	Relicensing reimbursement (\$5M*1/30*0.75)	125
56510.0	Surface Water Data	177
56510.0	USGS annual fees	20
58000 - Non-routine Maintenance		
58115.5	Woodleaf penstock air valves repair & surge protection	12
58115.7	WPH Tunnel ROV inspection	0
58115.7	Miners Ranch Canal - road slippage repairs	150
58115.7	Recoat Ponderosa spill gates (deferred from 2004)	150
58115.7	Dredge FPH Intake	320
58115.7	Engineering & Environ Permits for PMF modifications	750
58125.7	Forbestown PH TSV replacement (deferred from 2007)	500
58125.7	Kelly Ridge PH TSV seat replacement	200
58155.7	Rerate units & develop capability curves	15
58160.5	Unplanned equipment replacement	20
58160.7	SCADA replacement	300
11205- Additions & Betterments		
11205-041	Fbs HQ Roof Repair/Replacement	10
11205-043	Station 7 Standby Generator	20
11205-045	Woodleaf PH transformer replacement (If not done in 2008)	15
11205-047	Unplanned communication equipment replacement	20
11205-048	Replace two mechanically worn out vehicles	70
11205-049	Capital tools	20

2010 Details

Account	Activity	Amount
56000 - Operations		
56110.7	Slate Cr SPT monitoring	38
56110.7	Fbs Div valve operations	20
56110.7	MRC pesticide program	5
56110.7	GDA surveys	32
56110.7	Milfoil eradication	10
56110.7	Misc. support	35
56120.7	Transmission line special facilities fee	30
56501.0	FERC, DSOD & SWRCB fees	426
56501.0	Relicensing reimbursement (\$5M*1/30*0.5)	84
58000 - Non-routine Maintenance		
	Major unplanned work due to failure	1,169
11205- Additions & Betterments		
11205-046	Unplanned equipment replacement due to failure	5
11205-047	Unplanned equipment replacement due to failure	10
11205-048	Replace two mechanically worn-out vehicles	70
11205-049	Capital tools	20
New license compliance costs (from License App Exhibit D and USFS 4(e) estimates)		525

South Feather Water and Power South Feather Power Project

Total Labor

(Thousands Of Dollars)

	<u>2007 Expenses</u>	<u>2007 Approved Budget</u>	<u>2008 Approved Budget</u>	<u>2009 Proposed Budget</u>	<u>2010 Estimate Budget</u>
56000 Operations	526.3	487.0	539.0	564.0	594.0
56000 Employee Benefits (vacation, SL)	277.3	260.0	255.0	280.0	300.0
57000 Routine Maintenance	804	642	717	795	844
58000 Non-routine Maintenance	-2	64	137	89	82
TOTALS	1,606	1,453	1,648	1,728	1,820

South Feather Water and Power Sly Creek Project

Summary Report For Proposed Budget - 2009 - 2010

(Thousands Of Dollars)

	<u>2007 Expenses</u>	<u>2007 Approved Budget</u>	<u>2008 Approved Budget</u>	<u>2009 Proposed Budget</u>	<u>2010 Estimate Budget*</u>
1. Operation (56000's)	232	279	307	300	333
2. Routine Maintenance (57000's)	103	99	116	137	134
3. Non-Routine Maintenance (58000's)	97	10	28	21	10
4. Non-Operating Expense (59000's)	4	10	10	10	0
TOTAL O & M	437	398	461	468	477
5. Additions & Betterments (11205)	0	0	41	0	0
TOTAL BUDGET	437	398	502	468	477
6. Bond Interest Expense	454	227	62	22	0
Total	891	625	564	490	477

* 2010 is a full year estimate, includes transmission fees, but does not include new license conditions

South Feather Water and Power Sly Creek Project

Proposed Budget - 2009

(Thousands Of Dollars)

Operations

<u>ACCT. # 56000</u>	<u>2007 Expenses</u>		<u>2007 Approved Budget</u>	<u>2008 Approved Budget</u>	<u>2009 Proposed Budget</u>	<u>2010 Estimated Budget</u>
56100 Supervision & Engineering	0.03	0.2	2	2	2	3
	0.05	0.0	0	0	0	0
	0.07	0.0	0	0	0	0
56110 Water Collection	0.03	5.4	9	10	8	8
	0.05	0.1	2	2	2	2
	0.07	13.4	20	20	20	20
56120 Electric Plant Operation	0.03	83.6	83	105	105	106
	0.05	0.1	0	0	1	1
	0.07	58.2	72	73	70	100
56130 Misc. Hydraulic Power Generation	0.03	1.3	2	2	2	2
	0.05	0.6	3	3	3	3
	0.07	3.1	3	3	3	3
56140 Auto Allowance		0.0	0	0	0	0
56150 Transportation		0.0	0	0	0	0
56160 Communication		0.0	0	0	0	0
56170 Protective Devices		0.0	0	0	0	0
56180 Depreciation & Amortization		See below	0	0	0	0
56190 Loss & Disposal Of Fixed Assets		0.0	0	0	0	0
56370 Prior Year's Income		-0.9	0	0	0	0
56390 Property Insurance		14.8	14	16	16	17
56391 Liability Insurance		3.6	3	3	3	3
56392 Employee Insurance		0.0	0	0	0	0
56401 Sundays		0.0	0	0	0	0
56403 Employee Benefits		4.1	4	4	4	4
56404 Social Security		0.3	1	1	1	1
56405 Medicare		0.1	0	0	0	0
56407 Disability		0.0	0	0	0	0
56410 Deferred Compensation (457)		0.0	0	0	0	0
56411 Deferred Compensation (401A)		0.0	0	0	0	0
56501 State & Federal Fees		43.0	56	58	55	55
56510 USGS/Stream Gauging		0.0	0	0	0	0
56540 Administration Cost		1.5	5	5	5	5
TOTALS		232.5	279	307	300	333

56180 Depreciation & Amortization 283.5

2009 Details

56110.7 Northwest Park Management - campground manager	20
56120.7 Fresno Operating Center - est. annual budget	70
56501 FERC & DSOD Fees	55

2010 Details

56120.7 Transmission line special facilities fee	30
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South Feather Water and Power Sly Creek Project

Proposed Budget - 2009

(Thousands Of Dollars)

Routine Maintenance

			<u>2007</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
			<u>Expenses</u>	<u>Approved</u>	<u>Approved</u>	<u>Proposed</u>	<u>Estimated</u>
<u>ACCT. # 57000</u>				<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
57100	Supervision & Engineering	0.03	4.4	6	6	7	8
		0.05	0.0	0	0	0	0
		0.07	0.0	0	0	0	0
57105	Structures	0.03	8.8	4	4	7	7
		0.05	2.4	1	1	2	2
		0.07	1.7	1	1	1	1
57115	Dams, Res, Waterways	0.03	1.0	8	9	9	9
		0.05	0.1	1	1	1	1
		0.07	0.0	0	0	0	0
57125	Prime Movers & Generators	0.03	37.2	20	21	28	30
		0.05	6.4	3	3	5	5
		0.07	0.0	2	10	10	2
57135	Misc. Hydraulic Plant	0.03	2.3	8	9	8	8
		0.05	5.8	1	1	5	5
		0.07	2.2	1	1	2	2
57145	Main Transformer/OCB	0.03	0.0	6	6	6	6
		0.05	0.7	0	0	1	1
		0.07	0.0	1	1	1	1
57150	Transportation	0.03	0.0	0	0	0	0
		0.05	0.0	0	0	0	0
		0.07	0.0	0	0	0	0
57155	Station Equipment	0.03	9.5	8	12	13	14
		0.05	0.3	2	2	2	2
		0.07	0.0	0	0	0	0
57160	Communication	0.03	1.2	2	2	2	2
		0.05	1.2	1	1	1	1
		0.07	0.0	0	0	0	0
57165	Roads & Bridges	0.03	3.4	6	7	7	7
		0.05	0.0	0	0	0	0
		0.07	0.0	0	0	0	0
57170	Protective Devices	0.03	10.4	12	13	14	15
		0.05	2.3	5	5	3	3
		0.07	1.5	0	0	2	2
TOTALS			102.8	99	116	137	134

2009 Details

Amounts reflect most work at Sly Creek being done as routine maintenance, and capture total labor estimate.

South Feather Water and Power Sly Creek Project

Proposed Budget - 2009

(Thousands Of Dollars)

Non-Routine Maintenance

<u>ACCT. # 58000</u>		<u>2007</u> <u>Expenses</u>	<u>2007</u> <u>Approved</u> <u>Budget</u>	<u>2008</u> <u>Approved</u> <u>Budget</u>	<u>2009</u> <u>Proposed</u> <u>Budget</u>	<u>2010</u> <u>Estimated</u> <u>Budget</u>
58105	Structures	0.03	0.0	0	0	0
		0.05	0.0	0	0	0
		0.07	0.0	0	0	0
58115	Dams, Res, Waterways	0.03	0.0	0	0	0
		0.05	0.0	0	0	0
		0.07	0.0	0	0	0
58125	Prime Movers & Generators	0.03	41.6	0	3	6
		0.05	22.5	0	0	0
		0.07	20.5	0	0	3
58130	Protective Devices	0.03	7.8	0	0	2
		0.05	0.0	0	5	0
		0.07	0.0	0	10	0
58135	Misc. Hydraulic Plant	0.03	0.0	2	2	2
		0.05	0.0	1	1	1
		0.07	0.0	0	0	0
58145	Main Transformer/OCB	0.03	0.0	0	0	0
		0.05	0.0	0	0	0
		0.07	0.0	0	0	0
58150	Transportation	0.03	0.0	0	0	0
		0.05	0.0	0	0	0
		0.07	0.0	0	0	0
58155	Station Equipment	0.03	4.9	5	5	5
		0.05	0.0	2	2	2
		0.07	0.0	0	0	0
58160	Communication	0.03	0.0	0	0	0
		0.05	0.0	0	0	0
		0.07	0.0	0	0	0
58165	Roads & Bridges	0.03	0.0	0	0	0
		0.05	0.0	0	0	0
		0.07	0.0	0	0	0
TOTALS			97.3	10	28	21

2009 Details

Amounts listed are for unplanned work.

South Feather Water and Power Sly Creek Project

Proposed Budget - 2009

(Thousands Of Dollars)

Non-Operating Expense

<u>ACCT. # 59000</u>	<u>2007 Expenses</u>	<u>2007 Approved Budget</u>	<u>2008 Approved Budget</u>	<u>2009 Proposed Budget</u>	<u>2010 Estimated Budget</u>
59102 Trustee Expense	4.1	10	10	10	0
59112 Bond Interest Expense	454	227	62	22	0
TOTAL	459	237	72	32	0

Note: Account 59112 is not a PG&E budgeted item, but is included in the SFWPA financial reports. The final payment will be made 1

South Feather Water and Power Sly Creek Project

Proposed Budget - 2009

(Thousands Of Dollars)

Additions & Betterments

<u>ACCT. # 11200</u>	<u>2007 Expenses</u>	<u>2007 Approved Budget</u>	<u>2008 Approved Budget</u>	<u>2009 Proposed Budget</u>	<u>2010 Estimated Budget</u>
11205-41 Structures & Improvements	0	0	41	0	0
11205-42 Dams & Reservoirs	0	0	0	0	0
11205-43 Waterways	0	0	0	0	0
11205-44 Water Wheels, Turbines & Gens	0	0	0	0	0
11205-45 Accessory Electric Equipment	0	0	0	0	0
11205-46 Misc. Power Plant Equipment	0	0	0	0	0
11205-47 Communication Equipment	0	0	0	0	0
11205-48 Transportation Equipment	0	0	0	0	0
11205-49 Tools	0	0	0	0	0
TOTALS	0	0	41	0	0

2009 Details

No capital work is planned for 2009 or 2010.

South Feather Water and Power Sly Creek Project

Total labor

(Thousands Of Dollars)

	<u>2007 Expenses</u>	<u>2007 Approved Budget</u>	<u>2008 Approved Budget</u>	<u>2009 Proposed Budget</u>	<u>2010 Estimated Budget</u>
56000 Operations	90.5	96.0	119.0	117.0	119.0
57000 Routine Maintenance	78.2	80.0	89.0	101.0	106.0
58000 Non-routine Maintenance	0.0	0.0	10.0	15.0	7.0
TOTAL	169	176	218	233	232