



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

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**TO:** Board of Directors

**FROM:** Michael Glaze, General Manager

**DATE:** February 18, 2009

**RE:** General Information (regarding matters not scheduled on the agenda)  
2/24/09 Board of Directors Meeting

### **Relicensing**

No dispute resolution meetings with the U.S. Forest Service (an agency with mandatory conditioning authority over our relicensing project) have yet been requested, but will probably take place in April or thereafter. However, a meeting on March 25 has been scheduled by FERC with regulatory agencies that do not have mandatory conditioning authority (primarily Cal Fish and Game).

### **Future Power Purchase Agreement – PG&E**

The negotiations for a new power-purchase agreement with PG&E that began nearly three years ago at an ACWA conference in Monterey are nearing what appears to be a satisfactory end. The latest version of the proposed power-purchase agreement has come back from PG&E, and after Jeff Meith, Kathy Petersen and I finish our review of it, and after a conference call we will have with McDonald Partners (SFWPA's energy marketing consultants) on Friday, February 20, we should be ready to make a report at your meeting regarding next steps and recommendations.

### **Extension of Water Transfer Agreement with Yuba City**

The long-term water-transfer agreement between North Yuba Water District (NYWD) and the City of Yuba City will expire next year. Because that transfer is already permitted with the State Water Resources Control Board, extending the term of the agreement is a reasonable consideration. After 2010, the revenue from all surface-water transfers involving water rights of either SFWPA or NYWD will be treated as revenue to the benefit of the Joint Operating Fund of the South Feather Power Project. Therefore, SFWPA staff has been involved in the negotiations between NYWD and Yuba City. Most of the details have now been worked out and a pricing proposal is anticipated from Yuba City shortly.

## **Water Transfer Agreement – San Diego County Water Authority**

After the State Water Resources Control Board (SWRCB) opened the comment period on SFWPA's permit application for the proposed 10,000 acre-foot-transfer to SDCWA this coming summer, DWR began complaining that SFWPA was attempting to violate the reservoir-refill agreement it had made with DWR for the 2008 transfer to the State Water Contractors buyers group. Ultimately, we were able to get a meeting with DWR officials (February 3) and explained that we were fully committed to honoring the 2008 agreement. However, based on previous transfers involving DWR and the Environmental Account in which DWR had agreed to allow two transfers back-to-back before refill criteria had to be satisfied, we suggested that DWR should allow that same arrangement for the proposed transfer to SDCWA. Subsequently, DWR notified the SWRCB that it would not protest the SDCWA transfer if the SWRCB would approve it with similar refill conditions as were imposed on the 2008 transfer (effectively agreeing with our suggestion).

So, while we may be getting closer to regulatory approval for the transfer, precipitation in our watershed over the next several months will have to provide sufficient water in our reservoirs to make the transfer physically feasible.

## **Small Claims Court – Loyd v. SFWPA**

The judge pro tem's ruling in this matter has still not been published.