



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

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**TO:** Board of Directors

**FROM:** Michael Glaze, General Manager

**DATE:** July 21, 2009

**RE:** General Information (regarding matters not scheduled on the agenda)  
7/28/09 Board of Directors Meeting

### **Possible Funding for Hydropower Expansion**

Under the Recovery Act, the Department of Energy (DOE) is soliciting applications from hydropower industry members that propose to, in part, develop hydropower projects that would increase the quantity and value of hydropower generation. Part of the available funding is for projects under 50 MW and would provide for 50% of costs, including design, development, and construction. However, projects calling for new construction of dams or diversions will not be considered. Preference will be given to projects that can be completed without significant modifications to dams and reservoir operations and avoid regulatory delays. Strong preference will be given for projects that will produce significant new electric generation within two years of project completion.

SFWPA has an opportunity to build a project at Ponderosa Reservoir that might be given preference for this funding. The project would involve construction of a Miners Ranch Canal Powerhouse and a Ponderosa Spill Powerhouse.

The Canal Powerhouse would be located at the end of Ponderosa Tunnel, prior to the Miners Ranch Canal inlet and would use the existing tunnel from Ponderosa Reservoir for water delivery. This facility's tailrace would discharge directly into the Miners Ranch Canal, using water that is already being released from Ponderosa for delivery to Miners Ranch Treatment Plant and Kelly Ridge Powerhouse.

The Spill Powerhouse would also take water from the tunnel coming out of Ponderosa Reservoir that is presently being spilled into Lake Oroville when more water is coming into Ponderosa Reservoir than can be transported down the Miners Ranch Canal. It would be located at the high water line of Lake Oroville adjacent to Ponderosa Dam with a tailrace that would release water into the existing spillway.

The feasibility of constructing this combined-facility project was investigated by Devine Tarbell and Associates (DTA) and presented for review by the Board of Directors on July 27, 2004. DTA estimated the generation potential for this project to be between 2.84 MW and 3.37 MW, depending on flow conditions into Ponderosa Reservoir. The estimated project cost in 2004 was \$7,754,000, with a benefit-to-cost ratio of 1.09 (without assistance as is being proposed by DOE)

Notice of this funding opportunity was issued on June 30<sup>th</sup>, and required a Letter of Intent to be issued by July 22<sup>nd</sup>, and a final application due August 20<sup>th</sup>. Because the Letter of Intent does not commit its author to filing an application, and because of the significant opportunity this might be for SFWPA, I directed Jim Lynch (HDR/DTA) to develop and send the Letter of Intent for the combined Canal Powerhouse and Spill Powerhouse, described above.

Directors will be provided copies of the Letter of Intent when it is finished, and any response to it from DOE as well. Thereafter, once all possible information is available, the Board's Hydropower Committee will be consulted regarding a recommendation for possible action by the Board regarding the filing of an application for funding consideration.

### **Suspension of Prop 1A Part of Budget Deal**

At this writing the Governor and legislative leaders have struck a budget deal to close the state's \$26+ billion budget deficit, and are now trying to sell it to their colleagues for the necessary vote by the Legislature. As promised by the Governor several months ago when voters rejected the slate of budget propositions that were recommended by the governor and legislature as part of the 2009-10 state budget, suspension of Prop 1A and borrowing from property tax revenues is part of the deal.

The last time the Legislature raided funds from local governments was in 2004. At least now a framework is in place as a result of Proposition 1A, passed that same year, that requires the funds to be repaid with interest within three years. Under Prop 1A, the state can borrow 8% from special districts, cities and counties. Notwithstanding this constitutional limit to borrowing local property tax revenue, the state's legislative analyst previously suggested taking more than 25% from water and wastewater districts because they can raise rates to recoup the money. Although all of the specifics of the present budget deal are not known at this writing, it appears that it only involves a straight 8% across-the-board take.

### **Sponsorship for The Bounty of Oroville**

I frequently receive requests for donations, scholarships, and sponsorships for very worthy causes within the community. Rarely, however, are any of them honored due to the fact that, as a public agency, SFWPA is limited on how its funds can be used. Other than for its own operational expenses, use of Agency funds to sponsor or support an event or cause is prohibited unless there is a direct nexus between the event or cause and the Agency's statutory purposes.

Also, given the relatively non-political and monopolistic nature of the Agency's functions and services, little money is spent each year on public relations. At least for the last 17 years the philosophy has been maintained that actions and service speak louder than paid advertising. And, for the most part, that public relations philosophy has resulted in a favorable reputation within our community of service.

An event was initiated a couple of years ago by the Chamber of Commerce – The Bounty of Oroville – that showcases local products, art, music, and services. Chief among the local products presented at this event are agricultural products grown within Agency boundaries as a result of the availability of the water provided by the Agency: olives and olive products, citrus, wine and other farm produce. Although the Agency has not previously been involved, this event has developed into a very popular and well attended affair.

I have authorized the expenditure of \$1,500 so that SFWPA can be one of the two "Title Sponsors" of the event. The reason for doing so is to communicate to the community and those who come to it for the event, that South Feather Water and Power Agency supports and appreciates its commercial agricultural customers and wants to encourage their growth and success. As a Title Sponsor, the Agency's name will be on promotional materials and in ads, and its logo will be on a banner at the event, with recognition in the event program and during event announcements. Within the Agency's community of service, this should be a very cost-effective public relations activity.

The Bounty of Oroville will be held on Sunday, September 20, 11:00 a.m. to 4:00 p.m., at Sank Park. Directors are encouraged to attend to be the "faces" of the Agency.

### **Annual Facilities Tour**

Now that the 2009 tour is history, here is a recap of attendance. Invitations were sent to 73 individuals (including SFWPA directors). Initially, 48 invitation acceptances were received ("RSVPs"), with 40 actually attending the event. Thanks to directors for being great hosts.

# **SOUTH FEATHER WATER & POWER AGENCY**

MICHAEL C. GLAZE, GENERAL MANAGER

2310 ORO-QUINCY HIGHWAY  
OROVILLE, CALIFORNIA 95966  
530-533-4624  
530-533-3968 (FAX)

GLAZE@SOUTHFEATHER.COM



July 21, 2009

United States Department of Energy  
E-mail address: [ARRA\\_Water2009@go.doe.gov](mailto:ARRA_Water2009@go.doe.gov)

Re: Funding Opportunity Announcement Number DE-FOA-0000120  
Recovery Act: Hydroelectric Facility Modernization  
Letter of Intent, Sub-Topic Area A. Upgrades at Large Projects

This serves as South Feather Water and Power Agency (SFWPA)'s letter of intent to submit an application for Sub-Topic Area A. Upgrades at Large Projects.

The modernization project will be an addition to SFWPA's 117.3 MW South Feather River Project (FERC No. 2088) and will consist of a new Energy Recovery Unit below SFWPA's existing Ponderosa Dam. The principal features consist of: a new penstock extending approximately 550 ft down the south slope of the South Fork Feather River canyon, a new powerhouse with one horizontal Francis Type unit and a TSV, and a new tailrace channel that would tie into the existing spillway above California Department of Water Resources' Lake Oroville. The plant will have a capacity of 3.0 MW and will be designed for automatic operation from a central control center.

SFWPA's point of contact is Michael Glaze, General Manager, who can be reached at e-mail address [glaze@southfeather.com](mailto:glaze@southfeather.com), or at the phone number listed above.

Sincerely,  
South Feather Water and Power Agency

A handwritten signature in black ink, appearing to read 'M. Glaze', written over a faint, larger version of the same signature.

Michael C. Glaze, General Manager