



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Michael Glaze, General Manager

DATE: January 15, 2010

RE: General Information (regarding matters not scheduled on the agenda)
1/26/10 Board of Directors Meeting

Relicensing

Patricia Nelson, HDR's Manager of Environmental Services, has advised that the consulting team is on schedule to prepare a Final Initial Study/Mitigated Negative Declaration (IS/MND) and release it for public review on January 25, 2010. SFWPA is the lead agency for the CEQA process whose next steps include:

- 1) Consult with all responsible and trustee agencies: public; city and county agencies that have jurisdictions that include or border the project. This consultation is usually accomplished by posting a Notice of Intent to Adopt a Negative Declaration for the project for a comment period of between 20 days (minimum review time) and 30 days (normal review time). This is scheduled to be initiated on January 25, 2010.
- 2) Choose whether or not to hold a public hearing for the IS/MND during the review period. Although encouraged, public hearings are not required. Given that the environmental and operational matters have been addressed as part of the FERC relicensing, draft license, 4(e) and 10(j) processes, the necessity of a public hearing is questionable.
- 3) Submit a copy of the IS/MND with the State Clearinghouse as one or more state agencies (e.g., SWRCB and CDFG) will exercise jurisdiction over natural resources.
- 4) Prepare responses to agency and public comments and incorporate them into the final IS/MND document for SFWPA Board consideration and approval. Upon approval, a Notice of Determination is prepared and filed with the State Clearinghouse. This process is scheduled to occur between March 1, 2010 and March 29, 2010.

The SWRCB may issue the 401 Certificate within two weeks after the conclusion of an Appeal Period, which typically is 30 days after the Notice of Determination is filed. The 401 Certificate is expected to be issued by May 17, 2010.

Annual Fee Increases

In accordance with Board policy, the Residential Meter/Backflow Fee, System Capacity Charges, Backflow Maintenance Charges, and Annexation Fees increased by 1.3%, and the service-termination fees increased by 3.0%, all on January 1, 2010.

The action regarding the Residential Meter/Backflow Fee occurred In September 2006 when the Board amended the Rules & Regulations as follows:

...to replace the Standard Meter-Set Fee and the Radio-read Meter-Set Fee with a Residential Meter/Bacflow fee of \$904 that will be charged whenever water service is requested for a parcel with an existing service line and meter set; that said fee will be payment in full for installation of a 5/8" residential radio-read meter and 3/4" backflow prevention device; and, that said fee be increased annually, commencing on January 1, 2008, in accordance with the Engineering News Record's National Construction Cost Index, subject to suspension on a year-by-year basis by the Board of Directors.

In a 1999 resolution, the Board specified that System Capacity Charges, Backflow Maintenance Charges, and Annexation Fees would...

...be increased on January 1 of each year in accordance with the Engineering News Record's National Construction Cost Index, subject to prior notification of the Board of Directors by Staff that said index conforms to anticipated changes in cost for such facilities.

The 2009 National Construction Cost Index through December is 1.3%, which is a reasonable reflection of the increase in costs we have experienced over the past year.

In 2008, the Board specified that service-termination fees (the Shutoff Notice Service Fee and the Meter Lock Service Fee) would each increase annually "by the same percentage as the annual cost-of-living adjustment granted to the Agency's Water Treatment and Distribution Employees," which is 3% for 2010. A schedule of each of these charges and fees are provided below, showing the 2009 and the new 2010 rates.

RESIDENTIAL METER/BACKFLOW FEE	
<u>2009 Fee</u>	<u>2010 Fee</u>
\$ 980	\$ 993

BACKFLOW MAINTENANCE CHARGES		
<u>Size</u>	<u>2009 Monthly Charge</u>	<u>2010 Monthly Charge</u>
¾"	\$4.85	\$4.85
1"	\$7.25	\$7.25
1½"	\$9.70	\$9.70
2"	\$10.90	\$10.90
3"	\$24.25	\$24.25
4"	\$29.08	\$29.08
6"	\$42.41	\$42.41
8"	\$51.30	\$51.30
10"	\$59.51	\$59.51

SYSTEM CAPACITY CHARGES		
<u>Meter Size</u>	<u>2009 Capacity Charge</u>	<u>2010 Capacity Charge</u>
5/8"	\$3,758	\$3,807
1"	\$9,391	\$9,513
1½"	\$18,784	\$19,028
2"	\$30,058	\$30,448
3"	\$60,104	\$60,885
4"	\$93,915	\$95,136
6"	\$187,831	\$190,272
8"	\$450,792	\$456,652
10"	\$713,753	\$723,031
12"	\$939,149	\$951,358

ANNEXATION FEES	
<u>2009 Fees</u>	<u>2010 Fees</u>
\$ 127 – processing (developed)	\$ 128 – processing (developed)
\$ 254 – processing (undeveloped)	\$ 257 – processing (undeveloped)
\$ 396/acre – annexation	\$ 401/acre – annexation
\$ 793/5/8" meter - annexation	\$ 803/5/8" meter - annexation
\$1,981/1" meter - annexation	\$2,007/1" meter - annexation
\$1,061/flat rate - annexation	\$1,075/flat rate - annexation
\$1,585/miner's inch - annexation	\$1,606/miner's inch - annexation

SERVICE-TERMINATION FEES	
<u>2009 Fees</u>	<u>2010 Fees</u>
\$ 28 – Shutoff Notice Service Fee	\$ 29 – Shutoff Notice Service Fee
\$ 52 – Meter Lock Service Fee	\$ 53 – Meter Lock Service Fee

Cost-Sharing Agreement – PG&E

As I've recently reported, discussions have been ongoing with PG&E for about two years regarding a cost-sharing agreement between SFWPA and PG&E for required upgrades to Lost Creek and Sly Creek dams. The tentative agreement reached for funding the Lost Creek Dam project (the Sly Creek Dam Crest Modification Project will be handled by a similar but separate agreement once the Lost Creek agreement is finalized), but the final document is still not ready for Board consideration. I now anticipate it to be on the February agenda. In its present form, the project's expenses from January 1, 2009 forward will be split on a 60-40 basis, with SFWPA picking up the 60% share, and PG&E paying for 100% of all project costs that were incurred prior to January 1, 2009 (\$506,900).

The agreement also includes the provision that PG&E would provide up-front funding for all of the project's costs, with SFWPA paying back its 60% share, plus interest, by July 31, 2015.

Customer Service

We have begun a concerted effort to enhance our focus on customer service. Ultimately, we want SFWPA to have a well-established reputation within the community as the local public agency with the best customer service. Our emphasis is described in the motto, "service beyond their expectations."

Actions being taken to improve customer relations are:

- Empowering staff at all levels to deal with most customer problems without having to refer to higher authority.
- Developing a formal system of tracking customer complaints.
- Meeting regularly with staff to challenge them to improve customer service.
- Training staff to deal with difficult customers.
- Acknowledging mistakes and apologizing for inconveniences.
- Recognizing and rewarding staff for outstanding customer service.
- Making customer-service goals a part of employees' performance appraisal process.
- Periodically measuring the customers experience through follow-up surveys.

Steve Wong, Art Martinez and Matt Colwell have embraced the new customer-service emphasis and are enthusiastically implementing and promoting it amongst their respective subordinates.

Rewriting History

In an article in the local newspaper on January 14, Stu Shaner reprised several news articles from the years that the South Feather Power Project was under construction. He concluded with the following comments.

Fifty years ago this coming July a great project was started on the South Fork of our Feather River ... [that] benefits the people of Oroville tremendously more than we probably know. ... it took a lot of foresight by many people who worked hard to make it happen. I suppose there is a plaque somewhere with their names on it, which leads me to the question. Is there a plaque to honor those who died building the project. [sic] If not,

there needs to be. ... I know a few died on that project. I think one man drowned ... And I think I read of several men dying in a tunnel blast set off by a lightning strike, although I could be wrong.

Having not heard of any fatalities during construction of the Agency's hydro project, I asked Kathy Zancanella to do a little digging. She reviewed the contractor's (Bechtel) monthly progress reports and found no mention of any fatalities. The reports did note the lightning-caused premature Slate Creek tunnel explosion on November 12, 1960, but made no mention of fatalities or injuries.

Mrs. Zancanella also consulted with Paul Terrell, who was a Bechtel resident engineer on the project. He reviewed his personal daily logs and confirmed that there was one project fatality. On March 22, 1962 at about 1:30 a.m., "a rockfall from the left rib of the Rock Trap area of the Forbestown Tunnel killed Dee Moore and sent four others of his rock-bolting crew to the hospital with severe injuries. The fallen rock slab measured about six to eight feet thick and was estimated to be about six cubic yards in volume. The crew was doing final rock-bolting preparatory to final gunniting of selected areas."

ACWA-JPIA Safety Award

Environmental and Safety Manager Scott Alcantara prepared the following report:

Early in 2009, a new quad-cab utility truck was purchased for the Water Division. Due to the size of this vehicle the standard apparatus used to safely carry the gas-powered rammer that all utility vehicles are equipped with could not be installed. Maintenance Technician Charlie McCauley was asked to construct a similar device that could be used on the new utility vehicle. The device he devised and built, not only met the requirements, but is superior in design and provides additional safety features not found in the standard apparatus.



Because the design was so innovative, Matt Colwell recommended that Charlie's design be submitted to the ACWA-JPIA's H.R. LaBounty Safety Award Program. This program is designed to promote safe workplace behavior and operations practices that could be a benefit to other Agencies like ours. I am pleased to report that, at the ACWA's 2009 Fall Conference held in December, Charlie's design received a LaBounty Safety Award.

Oroville Economic Development Corporation Annual Dinner

Attached is a letter from OEDCO announcing its annual dinner on Thursday, February 25, 2010. Please let me or Steve Wong know if you plan on attending so that we may purchase your ticket(s).