



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Michael Glaze, General Manager

DATE: April 1, 2010

RE: 2005 Agreement Amendment – North Yuba Water District
Agenda Item for 4/27/10 Board of Directors Meeting

At the Board's December 2009 meeting, an amendment to the 2005 Agreement ("Agreement") with North Yuba Water District (NYWD, previously Yuba County Water District (YCWD)) was approved. The amendment was needed to accommodate continuation of the long-term water sale by NYWD to Yuba City, and to relieve SFWPA of its Agreement-specified responsibility to rebuild a portion of the Hell-for-Stout Flume on the Upper Forbestown Ditch.

The amendment of the Agreement was submitted for Board approval in December after lengthy discussions with NYWD's general manager and attorney, and with the understanding that it had their blessing. Subsequent to the Board's approval of the amendment, Jeff Meith and I were surprised to hear from NYWD's attorney that they wanted additional changes considered.

After three months of further discussions, we once again believe that we have NYWD's tentative approval for an amendment to the Agreement (copy attached). If you're interested in seeing the differences in the amendment that you approved in December and the one now proposed, also attached is a "track-changes" copy showing additions (underlined) and deletions (~~strikethrough~~) that were made to the original amendment. The primary change is Paragraph H2 (page 4) that allows NYWD to subtract its administrative costs from the transfer proceeds that get paid into the Joint Facilities Account.

Also during this time, Kathy Zancanella pointed out that the newly executed contract with PG&E necessitates amendment of Exhibits A and C of the original 2005 Agreement to correctly incorporate the actual pricing structure and procedures of that contract. So, the amendment now proposed includes both the NYWD-requested changes and the necessary modifications of Exhibits A and C. "Track-change" copies of each of the exhibits are also attached that show the revisions proposed (again, additions are underlined and deletions are shown with ~~strikethrough~~ font).

The requested action is:

"I move approval of and authorization for President Cecchi to execute the proposed amendment to the 2005 Agreement between South Feather Water and Power Agency and North Yuba Water District, and for the approval of the amendment to said Agreement that was authorized on December 22, 2009, to be rescinded."

**AMENDMENT TO 2005 AGREEMENT BETWEEN
SOUTH FEATHER WATER AND POWER AGENCY
AND NORTH YUBA WATER DISTRICT**

RECITALS

A. On May 27, 2005 the South Feather Water and Power Agency (SFWPA) and the North Yuba Water District (NYWD), then known as the “Yuba County Water District,” executed an agreement regarding the distribution of water and power revenues from the South Feather Power Project (SFPP) and related matters. This 2005 agreement is referred to in this Amendment as the “2005 Agreement.”

B. In accordance with the 2005 Agreement, SFWPA transferred all of its right, title and interests in Water Rights Permits Nos. 11516 and 11518 to NYWD. The State Water Resources Control Board issued Amended Water Rights Permits 11516 and 11518 to NYWD on April 27, 2006.

C. On December 1, 1980, NYWD and Yuba City executed an agreement under which NYWD sells up to 4,500 acre-feet per year (“af/yr”) of water to Yuba City. This agreement will expire on December 31, 2010.

D. The entitlements to the net proceeds of the revenues derived from water sales using water that is developed, stored, and delivered by the facilities of the SFPP, including water diverted, stored and delivered under Permits 11516 and 11518, are described in Part III of the 2005 Agreement. The 2005 Agreement sets forth, in Paragraphs III.4, III.6, and III.8, the blocks of water to be made available to NYWD under Permits 11516 and 11518, and the costs to NYWD, if any, of receiving such water at Turnout SF-14.

E. Yuba City has asked NYWD to enter into a new agreement to succeed the 1980 NYWD/Yuba City agreement (which terminates on December 31, 2010) and to go into effect on January 1, 2011. Water sold to Yuba City by NYWD is water made available to NYWD under Paragraphs III.6 and III.7 of the 2005 Agreement. However, NYWD will not enter into such new agreement if it would increase the cost of water delivered to NYWD at Turnout SF-14 above that cost that NYWD otherwise would incur for such water, “but for” the sale of water to Yuba City. Such additional costs would be

incurred if NYWD were required to order water for delivery to NYWD at Turnout SF-14 under Paragraph III.8 in lieu of receiving water under Paragraph III.6. Therefore, the cost to NYWD for the use of the water available under Paragraph III.8 of the 2005 Agreement must be adjusted to the extent the delivery of Paragraph III.8 water to NYWD at Turnout SF-14 would not have been required “but for” the sale of Paragraph III.6 water to Yuba City. SFWPA and NYWD are executing this Amendment to the 2005 Agreement to make this adjustment.

F. Under paragraph VI.6 of the 2005 Agreement, SFWPA is responsible for maintaining all reaches of the Upper Forbestown Ditch in good working order until January 1, 2011. As part of this maintenance work, following a joint inspection by NYWD and SFWPA officials, SFWPA agreed to replace all non-pressure-treated wood in the Hell-For-Stout Flume with pressure-treated wood. The estimated cost for this work is \$60,880. (SFWPA has removed the tree described in paragraph VI.6 that was in danger of falling on this flume.)

G. Until January 1, 2011, the costs of operations and maintenance of and repairs and improvements to the Upper Forbestown Ditch are divided 75% to SFWPA and 25% to NYWD. Accordingly, if SFWPA replaced all non-pressure-treated wood in the Hell-For-Stout Flume with pressure-treated wood, and if actual costs of this work equaled the estimated costs, then SFWPA’s share of the costs of this work would be \$45,660 and NYWD’s share would be \$15,220.

H. SFWPA and NYWD have met and agreed that SFWPA will be relieved of the obligation to replace the non-pressure-treated wood in the Hell-For-Stout Flume with pressure-treated wood, in exchange for NYWD’s receiving a credit against costs that NYWD owes or will owe to SFWPA, as described hereafter. SFWPA and NYWD now desire to amend the provisions regarding the replacement of wood in the Hell-For-Stout Flume in paragraph VI.6 of the 2005 Agreement, as provided for in this Amendment.

NOW, THEREFORE, in consideration of these premises and the mutual promises in this Amendment and the 2005 Agreement, SFWPA and YCWD agree as follows:

1. The 2005 Agreement is amended by adding the following new paragraph III.8a (to be consistent with the nomenclature in the 2005 Agreement, the following new

paragraph III.8.a refers to NYWD as “YCWD”):

8.a. If YCWD sells all or a portion of the water available for delivery to YCWD at Turnout SF-14 under Paragraph III.6 to Yuba City pursuant to paragraph III.7, and if, due to demand within its service area, YCWD also receives delivery at Turnout SF-14 of a quantity of water pursuant to paragraph III.8 during the same calendar year, then the amounts that YCWD will pay into the SFPP Joint Facilities Operating Account pursuant to III.8 for the water received by YCWD will be adjusted according to this paragraph III.8.a. During any year when YCWD sells water to Yuba City pursuant to paragraph III.7, and YCWD also receives water at Turnout SF-14, the water that YCWD receives at Turnout SF-14 will be allocated to three sources. The first 3,700 acre-feet will be considered water made available to YCWD under Paragraph III.4. The next 4,500 acre-feet will be considered water made available to YCWD under Paragraph III.6, and charged for and paid for under Paragraph III.6. The balance of the water that YCWD receives at Turnout SF-14, in excess of the sum from the first two sources, will be considered water delivered under Paragraph III.8, and charged for and paid for under Paragraph III.8. This allocation method will be used regardless of the amounts of water that YCWD sells to Yuba City, but the total amount of water that YCWD sells to Yuba City will not exceed 4,500 acre-feet during any year. For example, if YCWD sells 4,500 acre-feet of water to Yuba City pursuant to paragraph III.7 during a particular year, and YCWD also receives 10,000 acre-feet of water at Turnout SF-14 during that same water year, then YCWD will pay nothing for the first 3,700 acre feet, YCWD will pay into the SFPP Joint Facilities Operating Account for the quantity of water delivered between 3,700 acre-feet and 8,200 acre feet (a total of 4,500 acre-feet) at the rates described in paragraph III.6, and YCWD will pay into the SFPP Joint Facilities Operating Account for the remaining 1,800 acre-feet of such water received at Turnout SF-14 at the

rates described in paragraph III.8.

2. The 2005 Agreement is amended by adding the following paragraph III.12.a (to be consistent with the nomenclature in the 2005 Agreement, the following new paragraph III.12.a refers to NYWD as “YCWD”):

12.a. Notwithstanding paragraph III.12, YCWD will be responsible for all costs necessary to prepare, implement and, if necessary, amend, the water-rights accounting plans that are required by term 12 of Amended Water Rights Permit 11518. YCWD will deduct such costs from the gross revenues (including revenues associated with any cost reimbursements) that YCWD receives from Yuba City for any sales of water that YCWD makes to Yuba City pursuant to paragraph III.7, and will pay the resulting net revenues that it receives from Yuba City for such sales into the SFPP Joint Facilities Operating Account pursuant to paragraph III.12.

3. The 2005 Agreement is amended by adding the following paragraph VI.6.a (to be consistent with the nomenclature in the 2005 Agreement, the following new paragraph VI.6.a refers to NYWD as “YCWD”):

6.a. Notwithstanding paragraph VI.6, SFWPA is hereby relieved of the obligation to replace the non-pressure-treated wood in the Hell-For-Stout Flume with pressure-treated wood, and such responsibility is assumed by YCWD. In lieu of making this replacement, SFWPA will, effective January 1, 2010, give YCWD a non-interest-bearing credit of \$45,660, to be applied by SFWPA against the amounts, including accrued interest, owed to SFWPA by YCWD for payments owing in 2009 for YCWD’s 25% share of the operation and maintenance costs incurred on the Upper Forbestown Ditch during 2009, and, to the extent of available funds, to YCWD’s share of such costs incurred during 2010. After January 1, 2011, if there is any remaining balance of the \$45,660, then it will be applied as a credit against YCWD’s share of the FERC re-licensing expenses to be withdrawn by SFWPA from the SFPP Joint Facilities Operating Account pursuant to Paragraph IV.5 .

4. Exhibits A and C to the 2005 Agreement are replaced with the attached Exhibits A and C.

5. The 2005 Agreement is amended only as expressly stated in the preceding paragraphs 1 and 2, and otherwise will remain in full force and effect.

Agreed to this ____ day of March, 2010, at Oroville, California

SOUTH FEATHER WATER AND POWER AGENCY

By: _____
President

Attest:

Secretary

Agreed to this ____ day of March, 2010, at Brownsville, California

NORTH YUBA WATER DISTRICT

By: _____
President

Attest:

Secretary

Exhibit A

Formulas and Rules For Calculating Payment Rates Under Paragraphs III.6 and III.8

Water may be delivered from Turnout SF-14 (“SF-14”) to YCWD at the head of the Forbestown Ditch pursuant to three different paragraphs of the Agreement: Part III, Paragraphs 4, 6 and 8. Water also may be delivered from SF-14 to YCWD for conveyance to SFWPA at Gauge WD-6 (“WD-6”) or to SFWPA’s Upper Forbestown Ditch customers pursuant to Part VI, Paragraph 2. It is necessary to track the total deliveries at Turnout SF-14, the deliveries to SFWPA at WD-6, and the deliveries to SFWPA’s metered customers on the Upper Forbestown Ditch, to determine these amounts. A spreadsheet has been developed for purposes of tracking and accounting for the water and its value. Following is a text description of the inputs and formulas for the spreadsheet.

The 2010 Amendment to the 2005 Agreement between South Feather and Power Agency and North Yuba Water District (NYWD, formerly YCWD) specifies that if NYWD sells water to Yuba City, it may still take up to 4,500 acre-feet under the pricing structure of Part III, Paragraph 6. The spreadsheet is modified to include the 2010 Amendment and to revise pricing terms consistent with the 2009 Power Purchase Agreement between Pacific Gas & Electric Company and SFWPA.

INPUT (Sheets 1-12)

The following monthly values will be input manually:

- 1) Lost Creek minimum flow requirement; and
- 2) Estimated YCWD monthly demands for water under Paragraphs III.4, III.6, III.8; and SFWPA monthly demands under Paragraph VI.2.

The following daily values will be input manually:

- 1) Flow measured at USGS gauge 11396000 (SF-13) below Lost Creek Dam;
- 2) Flow measured at USGS gauge 11395500 (SF-14) at the release to Forbestown Ditch;
- 3) Flow measured at gauge WD-6, Forbestown Ditch below YCWD Treatment Plant;
- 4) Metered deliveries to SFWPA customers on Upper Forbestown Ditch;
- 5) Monthly Index Price in \$/KWh for Woodleaf and Forbestown powerhouses; and
- 6) Hourly Index Price for Kelly Ridge Powerhouse in \$/KWh.

In addition, the following status inputs will be entered daily, where “Yes”=0 and “No”=1:

- 1) Sly Creek Reservoir spilling;
- 2) Lost Creek Reservoir spilling;
- 3) Woodleaf Powerhouse available for generating;
- 4) Forbestown Powerhouse available for generating; and
- 5) Kelly Ridge Powerhouse available for generating.

The following inputs will be generated from the previous month’s calculations (in months 2-12):

- 1) Carryover amounts under Paragraphs III.4 and III.6 (up to 4,500 acre-feet annually); and

- 2) Year-to-Date amounts delivered under Paragraphs III.4, III.6, III.8 and VI.2.

USAGE (Sheets 1-12)

Daily SF-14 deliveries in acre-feet are calculated as follows:

$$\text{SF14} = \text{Input SF-14} * 1.9835$$

Cumulative SF-14 deliveries are calculated daily throughout the month (ΣSF14).

Daily SFWPA Lower Forbestown Ditch and metered Upper Forbestown Ditch deliveries (together designated as LFD for simplicity) are calculated as follows:

$$\text{LFD} = (\text{Input WD-6} + \text{Input Metered UFD}) * 1.9835$$

Cumulative SFWPA deliveries are calculated daily throughout the month (ΣLFD).

Usage of the water is then assigned pursuant to one of the following Paragraphs of the agreement:

- 1) If ΣSF14 minus ΣLFD is less than or equal to the monthly request under Paragraph III.4, then there is no charge for the water delivered to YCWD.
- 2) If ΣSF14 minus ΣLFD is greater than the monthly request under Paragraph III.4 but less than or equal to the sum of the monthly requests under Paragraphs III.4 and III.6, then SF14 minus LFD is credited under Paragraph III.6 for that day.
- 3) If ΣSF14 minus ΣLFD is greater than the sum of the monthly requests under Paragraphs III.4 and III.6, then SF14 minus LFD is credited under Paragraph III.8 for that day.

If Lost Creek Reservoir is spilling, then the daily amount of spill in acre-feet is calculated as follows:

$$\text{SPILL} = (\text{SF13} - (\text{LCMIN}+1)) * 1.9835$$

Where SF13 is the flow measured in cfs at USGS gauge 11396000, and

LCMIN+1 is the required minimum flow downstream of Lost Creek Dam plus 1 cfs.

PAYMENT (Sheets 1-12)

A. The value of an acre-foot of water at each powerhouse will be calculated as follows:

- 1) Woodleaf \$/AF (WPH\$) = [Monthly Index Price (\$/KWh)] * 1,236 KWh/AF
- 2) Forbestown \$/AF (FPH\$) = [Monthly Index Price (\$/KWh)] * 704 KWh/AF
- 3) Kelly Ridge \$/AF (KPH\$) = [Hourly Index Price (\$/KWh)] * 519 KWh/AF

B. The cost of water delivered at SF-14 pursuant to Paragraph III.6 will be calculated as follows:

**AMENDMENT TO 2005 AGREEMENT BETWEEN
SOUTH FEATHER WATER AND POWER AGENCY
AND NORTH YUBA WATER DISTRICT**

RECITALS

A. On May 27, 2005 the South Feather Water and Power Agency (SFWPA) and the North Yuba Water District (NYWD), then known as the “Yuba County Water District,” executed an agreement regarding the distribution of water and power revenues from the South Feather Power Project (SFPP) and related matters. This 2005 agreement is referred to in this Amendment as the “2005 Agreement.”

B. In accordance with the 2005 Agreement, NYWD was assigned SFWPA transferred all of its right, title and interests in Water Rights Permit Permits Nos. 11516 and 11518 to NYWD. The State Water Resources Control Board issued Amended Water Rights Permits 11516 and 11518 to NYWD on April 27, 2006.

C. On December 1, 1980, NYWD and Yuba City executed an agreement under which NYWD sells up to 4,500 acre-feet per year (“af/yr”) of water to Yuba City. This agreement will expire on December 31, 2010.

D. The entitlements to the net proceeds of the revenues derived from water sales using water that is developed, stored, and delivered by the facilities of the SFPP, including water diverted, stored and delivered under Permits 11516 and 11518, are described in Part III of the 2005 Agreement. The 2005 Agreement sets forth, in Paragraphs III.4, III.6, and III.8, the blocks of water to be made available to NYWD under Permits 11516 and 11518, and the costs to NYWD, if any, of receiving such water at Turnout SF-14.

E. Yuba City has asked NYWD to enter into a new agreement to ~~follow the end of the term of~~ succeed the 1980 NYWD/Yuba City agreement (which terminates on December 31, 2010) and to go into effect on January 1, 2011. Water sold to Yuba City by NYWD is water made available to NYWD under Paragraphs III.6 and III.7 of the 2005 Agreement. However, NYWD will not enter into such new agreement if it would increase the cost of water delivered to NYWD at Turnout SF-14 above that cost that NYWD otherwise would incur for such water, “but for” the sale of water to Yuba City. Such additional costs would be incurred if NYWD were required to order water for delivery to NYWD at Turnout SF-14 under Paragraph III.8 in lieu of

receiving water under Paragraph III.6. Therefore, ~~the cost to NYWD for the use of the water available under Paragraph III.8 of the 2005 Agreement must be adjusted to the extent the delivery of Paragraph III.8 water to NYWD at Turnout SF-14 would not have been required “but for” the sale of Paragraph III.6 water to Yuba City. SFWPA and NYWD are executing this Amendment to the 2005 Agreement to make ~~these changes~~this adjustment.~~

F. Under paragraph VI.6 of the 2005 Agreement, SFWPA is responsible for maintaining all reaches of the Upper Forbestown Ditch in good working order until January 1, 2011. As part of this maintenance work, following a joint inspection by NYWD and SFWPA officials, SFWPA agreed to replace all non-pressure-treated wood in the Hell-For-Stout Flume with pressure-treated wood. The estimated cost for this work is \$60,880. (SFWPA has removed the tree described in paragraph VI.6 that was in danger of falling on this flume.)

G. Until January 1, 2011, the costs of operations and maintenance of and repairs and improvements to the Upper Forbestown Ditch are divided 75% to SFWPA and 25% to NYWD. Accordingly, if SFWPA replaced all non-pressure-treated wood in the Hell-For-Stout Flume with pressure-treated wood, and if actual costs of this work equaled the estimated costs, then SFWPA’s share of the costs of this work would be \$45,660 and NYWD’s share would be \$15,220. _____

~~H. SFWPA and NYWD have met and agreed that SFWPA will be relieved of the obligation to replace the non-pressure-treated wood in the Hell-For-Stout Flume with pressure-treated wood, in exchange for NYWD’s receiving a credit against costs that NYWD owes; or that it will owe; to SFWPA, as described hereafter.—~~

~~H. SFWPA and NYWD now desire to amend the provisions regarding the replacement of wood in the Hell-For-Stout Flume in paragraph VI.6 of the 2005 Agreement, as provided for in this Amendment.~~

NOW, THEREFORE, in consideration of these premises and the mutual promises in this Amendment and the 2005 Agreement, SFWPA and YCWD agree as follows:

1. The 2005 Agreement is amended by adding the following new paragraph III.8a (to be consistent with the nomenclature in the 2005 Agreement, the following new paragraph III.8.a refers to NYWD as “YCWD”):

8.a. If YCWD sells all or a portion of the water available for delivery to

YCWD at Turnout SF-14 under Paragraph III.6 to Yuba City pursuant to paragraph III.7, and if, due to demand within its service area, YCWD also receives delivery at Turnout SF-14 of a quantity of water pursuant to paragraph III.8 during the same calendar year, then the amounts that YCWD will pay into the SFPP Joint Facilities Operating Account pursuant to III.8 for the water received by YCWD will be adjusted according to this paragraph III.8.a. During any year when YCWD sells water to Yuba City pursuant to paragraph III.7, and YCWD also receives water at Turnout SF-14, the water that YCWD receives at Turnout SF-14 will be allocated to three sources. The first 3,700 acre-feet will be considered water made available to ~~NYWD~~YCWD under Paragraph III.4. The next 4,500 acre-feet will be considered water made available to ~~NYWD~~YCWD under Paragraph III.6, and charged for and paid for under Paragraph III.6. The balance of the water that YCWD receives at Turnout SF-14, in excess of the sum from the first two sources, will be considered water delivered under Paragraph III.8, and charged for and paid for under Paragraph III.8. This allocation method will be used regardless of the amounts of water that YCWD sells to Yuba City, but the total amount of water that YCWD sells to Yuba City will not exceed 4,500 acre-feet during any year. For example, if YCWD sells 4,500 acre-feet of water to Yuba City pursuant to paragraph III.7 during a particular year, and YCWD also receives 10,000 acre-feet of water at Turnout SF-14 during that same water year, then YCWD will pay nothing for the first 3,700 acre feet, YCWD will pay into the SFPP Joint Facilities Operating Account for the quantity of water delivered between 3,700 acre-feet and 8,200 acre feet (a total of 4,500 acre-feet) at the rates described in paragraph III.6, and YCWD will pay into the SFPP Joint Facilities Operating Account for the remaining 1,800 acre-feet of such water received at Turnout SF-14 at the rates described in paragraph III.8.

2. The 2005 Agreement is amended by adding the following paragraph III.12.a (to be consistent with the nomenclature in the 2005 Agreement, the following new paragraph III.12.a refers to NYWD as “YCWD”):

12.a. Notwithstanding paragraph III.12, YCWD will be responsible for all

costs necessary to prepare, implement and, if necessary, amend, the water-rights accounting plans that are required by term 12 of Amended Water Rights Permit 11518. YCWD will deduct such costs from the gross revenues (including revenues associated with any cost reimbursements) that YCWD receives from Yuba City for any sales of water that YCWD makes to Yuba City pursuant to paragraph III.7, and will pay the resulting net revenues that it receives from Yuba City for such sales into the SFPP Joint Facilities Operating Account pursuant to paragraph III.12.

3. The 2005 Agreement is amended by adding the following paragraph VI.6.a (to be consistent with the nomenclature in the 2005 Agreement, the following new paragraph VI.6.a refers to NYWD as “YCWD”):

6.a. Notwithstanding paragraph VI.6, SFWPA is hereby relieved of the obligation to replace the non-pressure-treated wood in the Hell-For-Stout Flume with pressure-treated wood, and such responsibility is assumed by YCWD. In lieu of making this replacement, SFWPA will, effective January 1, 2010, give YCWD a non-interest-bearing credit of \$45,660, to be applied by SFWPA against the amounts, including accrued interest, owed to SFWPA by ~~NYWD~~ representing YCWD for payments owing in 2009 for YCWD’s 25% share of the operation and maintenance costs incurred on the Upper Forbestown Ditch during 2009, and, to the extent of available funds, to YCWD’s share of such costs incurred during 2010. After January 1, 2011, if there is any remaining balance of the \$45,660, then it will ~~be~~ applied as a credit against YCWD’s share of the FERC relicensing expenses to be withdrawn by SFWPA from the SFPP Joint Facilities Operating Account pursuant to Paragraph IV.5 .

3-4. Exhibits A and C to the 2005 Agreement are replaced with the attached Exhibits A and C.

5. The 2005 Agreement is amended only as expressly stated in the preceding paragraphs 1 and 2, and otherwise will remain in full force and effect.

Agreed to this ~~22nd~~27th day of ~~December, 2009~~April, 2010, at Oroville, California.

SOUTH FEATHER WATER AND POWER AGENCY

By: _____
Louis F. Cecchi, President

Attest:

Michael C. Glaze, Secretary

Agreed to this _____ day of _____, 2010, at Brownsville, California.

NORTH YUBA WATER DISTRICT

By: _____
President

Attest:

Secretary

Exhibit A

Formulas and Rules For Calculating Payment Rates Under Paragraphs III.6 and III.8

Water may be delivered from Turnout SF-14 (“SF-14”) to YCWD at the head of the Forbestown Ditch pursuant to three different paragraphs of the Agreement: Part III, Paragraphs 4, 6 and 8.

Water also may be delivered from SF-14 to YCWD for conveyance to SFWPA at Gauge WD-6 (“WD-6”) or to SFWPA’s Upper Forbestown Ditch customers pursuant to Part VI, Paragraph 2.

It is necessary to track the total deliveries at Turnout SF-14, the deliveries to ~~the Lower Forbestown Ditch (downstream of WD-6),~~ SFWPA at WD-6, and the deliveries to SFWPA’s metered customers on the Upper Forbestown Ditch, to determine these amounts. A spreadsheet has been developed for purposes of tracking and accounting for the water and its value. Following is a text description of the inputs and formulas for the spreadsheet.

The 2010 Amendment to the 2005 Agreement between South Feather and Power Agency and North Yuba Water District (NYWD, formerly YCWD) specifies that if NYWD sells water to Yuba City, it may still take up to 4,500 acre-feet under the pricing structure of Part III, Paragraph 6. The spreadsheet is modified to include the 2010 Amendment and to revise pricing terms consistent with the 2009 Power Purchase Agreement between Pacific Gas & Electric Company and SFWPA.

INPUT (Sheets 1-12)

The following monthly values will be input manually:

- 1) Lost Creek minimum flow requirement; and
- 2) Estimated YCWD monthly demands for water under Paragraphs III.4, III.6, III.8; and SFWPA monthly demands under Paragraph VI.2.

The following daily values will be input manually:

- 1) Flow measured at USGS gauge 11396000 (SF-13) below Lost Creek Dam;
- 2) Flow measured at USGS gauge 11395500 (SF-14) at the release to Forbestown Ditch;
- 3) Flow measured at gauge WD-6, Forbestown Ditch below YCWD Treatment Plant;
- 4) Metered deliveries to SFWPA customers on Upper Forbestown Ditch;
- 5) ~~Base energy price~~ Monthly Index Price in \$/KWh; for Woodleaf and Forbestown powerhouses; and
- 6) ~~Additional energy price (e.g., ancillary services)~~ Hourly Index Price for Kelly Ridge Powerhouse in \$/KWh.

In addition, the following status inputs will be entered daily, where “Yes”=0 and “No”=1:

- 1) Sly Creek Reservoir spilling;
- 2) Lost Creek Reservoir spilling;
- 3) Woodleaf Powerhouse available for generating;
- 4) Forbestown Powerhouse available for generating; and
- 5) Kelly Ridge Powerhouse available for generating.

The following inputs will be generated from the previous month’s calculations (in months 2-12):

- 1) Carryover amounts under Paragraphs III.4 and III.6; (up to 4,500 acre-feet annually); and
- 2) Year-to-Date amounts delivered under Paragraphs III.4, III.6, III.8 and VI.2.

USAGE (Sheets 1-12)

Daily SF-14 deliveries in acre-feet are calculated as follows:

$$SF14 = \text{Input SF-14} * 1.9835$$

Cumulative SF-14 deliveries are calculated daily throughout the month ($\Sigma SF14$).

Daily SFWPA Lower Forbestown Ditch and metered Upper Forbestown Ditch deliveries (together designated as LFD for simplicity) are calculated as follows:

$$LFD = (\text{Input WD-6} + \text{Input Metered UFD}) * 1.9835$$

Cumulative SFWPA deliveries are calculated daily throughout the month (ΣLFD).

Usage of the water is then assigned pursuant to one of the following Paragraphs of the agreement:

- 1) If $\Sigma SF14$ minus ΣLFD is less than or equal to the monthly request under Paragraph III.4, then there is no charge for the water delivered to YCWD.
- 2) If $\Sigma SF14$ minus ΣLFD is greater than the monthly request under Paragraph III.4 but less than or equal to the sum of the monthly requests under Paragraphs III.4 and III.6, then SF14 minus LFD is credited under Paragraph III.6 for that day.
- 3) If $\Sigma SF14$ minus ΣLFD is greater than the sum of the monthly requests under Paragraphs III.4 and III.6, then SF14 minus LFD is credited under Paragraph III.8 for that day.

If Lost Creek Reservoir is spilling, then the daily amount of spill in acre-feet is calculated as follows:

$$SPILL = (SF13 - (LCMIN+1)) * 1.9835$$

Where SF13 is the flow measured in cfs at USGS gauge 11396000, and

LCMIN+1 is the required minimum flow downstream of Lost Creek Dam plus 1 cfs.

PAYMENT (Sheets 1-12)

A. The value of an acre-foot of water at each powerhouse will be calculated as follows:

- 1) Woodleaf \$/AF (WPH\$) = [~~Base Price (\$/KWh)~~ + Added Monthly Index Price (\$/KWh)] * 1,236 KWh/AF
- 2) Forbestown \$/AF (FPH\$) = [~~Base Price (\$/KWh)~~ + Added Monthly Index Price (\$/KWh)] * 704 KWh/AF

$$3) \text{ Kelly Ridge } \$/\text{AF (KPH\$)} = [\text{Base Price } (\$/\text{KWh}) + \text{Added Hourly Index Price } (\$/\text{KWh})] * 519 \text{ KWh/AF}$$

B. The cost of water delivered at SF-14 pursuant to Paragraph III.6 will be calculated as follows:

1. If Sly Creek and Lost Creek Reservoirs are both spilling and the amount delivered at SF-14 is less than the amount spilled at Lost Creek, then no cost will be assigned to the water; it will be considered “surplus” and will be delivered at no charge. If Lost Creek Reservoir is spilling for reasons other than an intentional or operational spill, and the amount delivered at SF-14 is less than the amount spilled, then the water will also be considered “surplus” and will be delivered at no charge. If the amount delivered is greater than the amount spilled, and Woodleaf and Forbestown Powerhouses are available for service, then only the amount in excess of spill will cost the sum of WPH\$ and FPH\$. If only one of the powerhouses is available for service, then only the applicable powerhouse charge will apply. If both of the powerhouses are unavailable for service, then the water will be delivered at no charge. (Note: Lost Creek Reservoir may be intentionally spilled even though Sly Creek Reservoir is not spilling. If Woodleaf and/or Forbestown Powerhouse is available for operation under these conditions, then no “surplus” water exists.)

If Sly Creek and Lost Creek Reservoirs are not spilling, and Woodleaf and Forbestown Powerhouses are available for service, then the water delivered at SF-14 will cost the sum of WPH\$ and FPH\$. If only one of the powerhouses is available for service, only the applicable powerhouse charge will apply.

C. The cost of water delivered at SF-14 pursuant to Paragraph III.8 will be calculated as follows:

1. If Sly Creek and Lost Creek Reservoirs both are spilling and the amount delivered at SF-14 is less than the amount spilled at Lost Creek Reservoir, then no cost will be assigned to the water; it will be considered “surplus” and will be delivered at no charge. -If Lost Creek Reservoir is spilling for reasons other than an intentional or operational spill, and the amount delivered at SF-14 is less than the amount spilled, then the water will also be considered “surplus” and will be delivered at no charge. -If the amount delivered is greater than the amount spilled, and Woodleaf, Forbestown and/or Kelly Ridge Powerhouse is available for service, then the amount in excess of spill will cost the sum of WPH\$, FPH\$ and/or KPH\$, as applicable. -(Note: Lost Creek Reservoir may be intentionally spilled even though Sly Creek Reservoir is not spilling. -If Woodleaf and/or Forbestown Powerhouse is available for operation under these conditions, then no “surplus” water exists.)
2. If Sly Creek and Lost Creek Reservoirs are not spilling, and Woodleaf, Forbestown and Kelly Ridge Powerhouses are available for service, then the water delivered at SF-14 will cost the sum of WPH\$, FPH\$ and KPH\$. If one or more of the powerhouses is not available for service, then only the applicable powerhouse charges for those powerhouses in service will apply. If Ponderosa Dam is spilling and Kelly Ridge Powerhouse is operating at full capacity, then Kelly Ridge Powerhouse will be treated as not being available for service. If the California Department of

Water Resources provides a credit to offset the non-operation of Kelly Ridge Powerhouse due to constraints at the Oroville Project (FERC No. 2100), then the amount of that credit will be used to determine the value of water that would otherwise be available to Kelly Ridge Powerhouse. However, the amount of this credit will not exceed the power-generation value that this water would have had if it had passed through the Kelly Ridge Powerhouse.

Exhibit C
Formulas and Rules For Calculating Power Values Under Paragraph IV.9

SFWPA may elect pursuant to Paragraph IV.9 to take less than its annual allotment of 3,720 acre-feet at Gauge WD-6 and at SFWPA's metered Upper Forbestown Ditch delivery points, and to leave the excess water in the SFPP to generate power. The power value of this water will be calculated as follows.

A. On or before March 15 of each year, SFWPA will provide YCWD with estimated monthly demand schedules for the amounts of water that SFWPA intends to deliver to YCWD at Turnout SF-14 for YCWD to convey through the Forbestown Ditch or alternate pipeline or pipelines and then to deliver to SFWPA at Gauge WD-6 or to SFWPA's metered Upper Forbestown Ditch customers pursuant to Paragraph VI.2. These monthly demand schedules will be for the months of April through November, will be consistent with a normal irrigation demand schedule, and will total 3,720 acre-feet for each year. (Although SFWPA may receive water in excess of 3,720 acre-feet in some years under Paragraph VI.2, if there is surplus conveyance capacity in the Forbestown Ditch and if SFWPA exercises its rights under Paragraph VI.2 to this surplus capacity, SFWPA's monthly demand schedules still will total 3,720 acre-feet per year in such years.) SFWPA will not specify any monthly demands for January, February, March or December. -The estimated SFWPA monthly demand for water under Paragraph VI.2 will be divided by the number of days in the month to determine the estimated daily demand, which will not exceed 11 cfs. -If the estimated demand schedule varies during any month, then the demand schedule will be stated for each day during that month, -but will in no event exceed 11 cfs for any day.

B. From the estimated daily demand will be subtracted:

- 1) Flow measured at Gauge WD-6, Forbestown Ditch below YCWD Treatment Plant; and
- 2) Metered deliveries to SFWPA customers on Upper Forbestown Ditch.

Additional daily inputs will include:

~~Base energy~~1) Monthly Index price in \$/KWh for Woodleaf and Forbestown Powerhouses;
~~Additional energy~~2) Hourly Index price ~~(e.g., ancillary services)~~ in \$/KWh; for Kelly Ridge
Powerhouse;

3) Woodleaf Powerhouse availability status;
4) Forbestown Powerhouse availability status; and
5) Kelly Ridge Powerhouse availability status.

If the measured daily delivery is less than the estimated daily demand, then the difference will be considered available for generation at Woodleaf, Forbestown and Kelly Ridge powerhouses.

C. The value of an acre-foot of water at each powerhouse will be calculated as follows:

1) Woodleaf \$/AF (WPH\$) = [~~Base Price (\$/KWh) + Added~~Monthly Index Price (\$/KWh)] * 1,236 KWh/AF

2) Forbestown \$/AF (FPH\$) = [~~Base Price (\$/KWh) + Added~~Monthly Index Price (\$/KWh)] * 704 KWh/AF

3) Kelly Ridge \$/AF (KPH\$) = [~~Base Price (\$/KWh) + Added~~Hourly Index Price (\$/KWh)] * 519 KWh/AF

If any powerhouse is unavailable for generation on any day in which measured delivery is less than estimated demand, then the power value of the water at that powerhouse on that day will be zero.

If the total of actual deliveries from YCWD to SFWPA at Gauge WD-6 and to SFWPA's Upper Forbestown Ditch customers exceeds 3,720 acre-feet in any year, then there will be no payments from the SFPP Joint Facilities Operating Account to SFWPA's general account under Paragraph IV.9 in that year, and SFWPA's general account will refund to the SFPP Joint Facilities Operating Account any payments that already were made under Paragraph IV.9 in that year.