



## *SOUTH FEATHER WATER & POWER AGENCY*

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**TO:** Board of Directors

**FROM:** Michael Glaze, General Manager

**DATE:** July 14, 2010

**RE:** Policy Amendment - #410, Goals of the Agency  
Agenda Item for 7/27/10 Board of Directors Meeting

Power Division Manager Kathy Zancanella has been taking the lead on ensuring that the Agency's South Feather Power Project is in compliance with mandatory reliability standards being promulgated by the North American Electric Reliability Corporation (NERC) and the Western Electric Coordinating Council (WECC). At the recent WECC conference that she attended she learned that when it is the Agency's "turn" to be audited regarding its compliance with those reliability standards, it will need to be able to demonstrate a "culture of compliance." The large utility companies do this by creating compliance divisions dedicated exclusively to managing all the NERC standards (in addition to all other regulatory compliance issues). These compliance divisions prepare their company's "internal compliance program" and present it, along with all the other required documents, to the auditors. Smaller entities like SFWPA, that have to accomplish compliance as part of routine operations, still need to document that they have a written policy of maintaining compliance.

The Agency does not presently have a policy that specifically addresses compliance. However, Policy #410 enumerates the "Goals of the Agency," and would be an appropriate policy in which to add the necessary compliance language.

The attachment shows the amendments proposed that would satisfy the NERC/WECC requirements, as well as other cleanup items that would make this policy current and relevant.

The requested action is:

**"I move approval of the amendments to Policy #410, as presented, and affirm the Agency's commitment to compliance with all applicable federal, state and local laws, regulations, rules, licenses, permits and directives as specified therein."**

## Policy #410 – GOALS OF THE AGENCY

The Goals of the South Feather Water & Power Agency are as follows:

1. Generate adequate revenue for payment of the operation and maintenance of the Agency.
2. Manage expenses to maintain a balanced budget.
3. Use power revenue for capital improvements and for subsidizing the ditch irrigation system and the domestic water system.
4. Comply with the terms and conditions of all outstanding financings (revenue bonds, certificates of participation, lines of credit, loans, etc.).
5. Maintain bonding capacity to meet future needs.
6. Maintain a firm financial footing to assure continuation of future availability of irrigation and domestic service and power generation.
7. Maintain compliance with all applicable federal, state and local laws, regulations, rules, licenses, permits, and directives, including, but not limited to:
  - a. Terms and conditions of the Federal Energy Regulatory Commission license for the South Feather Power Project;
  - b. Reliability Standards of the North American Electric Reliability Corporation and the Western Electric Coordinating Council;
  - c. Terms and conditions of the State Water Resources Control Board water rights permits and licenses; and,
  - d. Terms and conditions of any permits issued by federal, state, regional, and or local agencies for occupancy, maintenance and/or operations involving resources governed by said agencies.

Adopted: 7/14/87

Amended: 7/27/10