



SOUTH FEATHER WATER & POWER

TO: Board of Directors

FROM: Kathy Petersen, Power Division Manager

DATE: December 28, 2004

**RE: General Information (regarding matters not scheduled on agenda)
January 25, 2005 Board of Directors Meeting**

Operations

Attached for your information is the Storage and Generation Report for December 2004.

Maintenance Projects

Because I am preparing this report ahead of time, due to being away on vacation during the weeks prior to the January Board meeting, I will have to make a verbal report of the significant activities that occur while I am absent. However, I thought I would take this opportunity to give you a look ahead at the projects we have planned for 2005

Sly Creek Outage – March-April

We have a six-week outage scheduled during which we plan to replace the 115 kV oil circuit breaker with a new SF-6 gas breaker, install an oil lift pump to make turning the rotor easier, and install an oil vapor recovery system.

Forbestown Outage – April-May

We have a three-week outage planned to continue to work on the wicket gate leakage problems we investigated during the recently completed December outage.

Woodleaf Heat Exchangers

Just as we replaced the transformer heat exchangers at Forbestown in 2004, we will be replacing the heat exchangers on the Woodleaf transformer in 2005. We will also be installing an oil skimmer in the Woodleaf powerhouse sump.

Sly Creek, Lost Creek and Ponderosa Dam Crest Modifications

Our engineering consultants will be continuing investigations related to modifying the spillway and dam crest at Sly Creek Dam, replacing the bridge structure at Lost Creek Dam, and possibly modifying the spillway at Ponderosa Dam in order to pass the probable maximum flood for each dam. They will do additional analyses of the likely hydrologic scenarios, develop potential alternatives for consideration by the regulators and PG&E, and begin the permitting process for the work, which will most likely be done in 2006-2007.

Forbestown Headquarters Remodel Projects

We plan to remodel the garage and hazardous waste storage area to provide for better storage capabilities. We will also enlarge the welding shop area with an additional metal building, eliminating the need to do large welding projects outdoors. A new aboveground diesel fuel tank will be installed.

Digital Microwave Replacement

We will begin preparing for changing the microwave communication system over to a digital system in 2006. Chuck Newman will be attending a telecommunications conference in Long Beach in May to start making contacts with vendors and others in the industry, and will start preparing the specifications for the new system.

Personnel Changes

One of our long time employees, Gay Venson, plans to retire next July. Dorinda Matney-Scofield has started the electrical machinist apprenticeship program, and Marty Costa will be completing the electrician apprenticeship program soon. He will fill in behind Joe Romero, who will take over the electrical technician role to be vacated by Gay. Geno Higgins completed his Operator-in-Training apprenticeship and has advanced to Roving Operator. We have also created a permanent Utility Worker position, rather than having "long-term temporary" workers do this work. That job has been awarded to Denny Lewis, who will move to Power Division at the beginning of January.