



SOUTH FEATHER WATER & POWER

TO: Board of Directors

**FROM: Jenny Jellison, Finance Division Manager
Pat Sands, Account Specialist**

DATE: June 20, 2005

**RE: General Information (regarding matters not scheduled on the agenda)
06/28/05 Board of Directors Meeting**

South Fork Relicensing Consulting Services

Devine, Tarbell and Associates, Inc. (DTA), consultant for the South Fork Project relicensing submitted its Monthly Activity Report for the period of April 25, 2005 through May 29, 2005 (\$60,047.16). The May invoice will be paid by July 1, 2005. The monthly activity report is attached for the Board's review.

Sly Creek Recreation Area

Since 1995 SFWP has contracted with Northwest Park Management (NPM) to operate and maintain the Sly Creek Recreational Facilities. At the Board's February 24, 2005 meeting, NPM's 2005 proposal of \$29,140.65, was approved, a 5.35% increase from the 2004 Agreement.

Attached for your review is a 2001-to-present reconciliation sheet. It shows the total receipts (from monthly fee collections) and the Agency's monthly contractual obligation. When the monthly fee collections (campsite fees are unchanged from the last two years) are greater than our monthly obligation, the Agency does not pay Northwest Park Management that month.

Northwest Park Management (NPM) submitted its Monthly Billing for the period of May 1, 2005 through May 31, 2005 (\$852.13).

EWA Water Sale Transfer 2004

At the July 27, 2004 meeting, the Board approved the "Agreement between the Department of Water Resources (DWR) and South Feather Water and Power (SFWP) for a temporary water transfer for Support of the Environmental Water Account (EWA) 2004".

Even though the reservoirs were drawn down more than 10,000 AF, the full 10,000 AF was not transferred to Lake Oroville because forecasted inflows from fall storms did not materialize and SFWP needed to

maintain generation at Kelly Ridge Powerhouse. However, SFWP was able to successfully transfer 6,221 AF to DWR for the 2004 water transfer for support of the EWA.

On May 31, 2005, after completing the refill (the impact account balance went to zero while the Delta was out of balance), the Agency billed DWR per the terms of agreement. The amount billed to DWR was \$466,575.

Optimal Water, Inc. Agreement

The prior agreement with Optimal Water covered the work they did on the Agency's Conserved Water Marketing Program, but not an EWA transfer. The agreement by which they accomplished the Agency's 2002 transfer to the EWA had expired. At the June 22, 2004 meeting, the Board approved an agreement for 2004.

The 2004 Agreement compensates Optimal for its marketing services on a retainer fee basis. This means that the Agency pays Optimal for invoiced services as the transfer agreement with EWA is being developed, and then a 3% "success fee" on the proceeds of a sale if the transfer is successful, with the already-paid invoiced amounts deducted from the success fee.

The service fee for Optimal Water, Inc. is \$10,341. Payment will be sent to Optimal, when the Agency receives payment from DWR for the 2004 water transfer.

ACWA/JPIA Workers' Compensation Program

The ACWA-JPIA's Workers' Compensation Program will renew on July 1, 2005. The JPIA reduced the rates charged to members by an average of 13% effective January 1, 2005. South Feather Water and Power received the 13% reduction at that time and they continued in effect for the July 1 renewal.

While the JPIA's Executive Committee accepted the recommendation of the Workers' Compensation Program Subcommittee to maintain the current rates for the renewal, the Committee also approved the placement of the Program's excess coverage with American Insurance Company (ACE). The excess coverage was remarketed by JPIA's broker, Bill Malone of Metro/Risk, Inc., and according to JPIA, the ACE proposal was the most competitive of the several alternatives that were submitted, representing a decrease of nearly 14% in the cost of the excess insurance. The decrease is a reflection of a more competitive market, anticipated reductions in claim costs due to recently enacted reforms, and the JPIA's own favorable loss experience in recent years.

The JPIA's Program has a self-insured retention of \$2 million before the excess insurance is triggered, but the JPIA is funding the Program as if there was a \$1 million retention, thus significantly reducing the cost of the excess insurance. The savings will be placed in a special "self-insured excess loss fund" to be used to pay the portion of a loss that exceeds \$1 million up to the \$2 million retention. By the end of this coverage year, the fund will total approximately \$1.2 million.

South Feather Water and Power Agency joined ACWA-JPIA Workers Compensation Program in July 2002, with 127 members and a total payroll of \$219 million. As of June 2005, the Program now has 151 participating members with a total payroll of just over \$300 million, covering over 5,700 employees. JPIA is anticipating three more agency members joining by July 1, 2005.

ACWA/JPIA 2005 Dental Plan Renewal

ACWA/JPIA announced that the contract with Delta Dental of California has been renewed for one year effective July 1, 2005. The Delta Premier/DPO Plan and the Delta PMI plan will renew at in-force rates. The Agency's current monthly premiums are \$4,743.44.

ACWA/JPIA 2005 Disability Plan Renewal

The ACWA Disability Plan will renew for one year at in force rates effective July 1, 2005. ACWA has sponsored a disability income protection plan for more than 28 years. Currently, these benefits are offered through the Standard Insurance Company who has an AM Best rating of A Excellent. The Agency's current monthly premiums are \$4,378.12.

December 31, 2004 Financial Statements

We have received a copy of the December 31, 2004 Draft Financial Statements package from Davis Hammon and Company. The agency staff is responsible for writing the Management's Discussion and Analysis section of the Financial Statements package. We are in the process of completing this section and plan to have it returned to Steve Norman for review by July 1, 2005. Once the Financial Statements package is complete, Mr. Norman will present it to the Budget and Finance Committee. Then, after the committee's review, the package will be presented to the Board at the next regular meeting.