



SOUTH FEATHER WATER & POWER

TO: Board of Directors

FROM: Jenny Jellison, Finance Division Manager

DATE: November 15, 2005

RE: General Information (regarding matters not scheduled on the agenda)
11/22/05 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 October 1, 2005 through October 31, 2005 in the amount of \$175,238.53. The October invoice will be paid by November 30, 2005.

Sly Creek Power Project 2004 Bond Refunding

SFWPA and PG&E have been working together to resolve discrepancies in the Sly Creek Power Project trustee accounts maintained by Bank of New York (BNY). We have discovered several discrepancies in the way funds in the accounts were managed versus what is described in the 2004 bond indenture. We sent a detailed list of our findings along with proposed corrective actions to BNY at the end of October. Pat Sands and I, along with Kevin Goishi and Tom Prindiville of PG&E and Frank Soriano of Sutter Securities are traveling to Los Angeles on November 16, 2005 in order to meet with our Account Trustee at BNY. We hope to have all account corrections agreed upon and transacted by the end of December. I want to thank Pat Sands for working extremely hard on this project.

Sexual Harassment Training

On November 3, 2005, I conducted the mandatory on-site sexual harassment training for all managers and supervisors. We combined the Water Division and Power Division staff into a single training session with a total of 11 employees in attendance. We have now fulfilled the bi-annual training requirement through 2007.

2006 Budget

All managers have submitted their 2006 Budget request forms for review. We are in the process of creating a new monthly budget template in order to easily consolidate the departmental data. At the request of our managers, we are creating separate departments for each manager's expenses. This will provide them with the ability to monitor their own spending on a real-time basis in 2006.

Financial Analysis Update

We continue to closely monitor and scrutinize all spending requests as we near the end of 2005. As of October, our year-to-date domestic and irrigation water revenue is 92.4% of what it was in October of 2004. This is a slight improvement over our year-to-date position in September.

Our 2005 year-end projection is for total operating revenues to be approximately 85% of the budgeted amount. This projection excludes the sale of ID1 and all water-system contributions made in 2005. Our 2005 year-end expenses are also projected to be below the total budgeted amount. We expect to see our expenses at approximately 91% of the budgeted total.

2005 SUMMARY FINANCIAL REPORT
South Feather Water and Power Agency - Water Division
As of October 31, 2005

O&M SUMMARY						
Account Division	Description	Actual This Month	Year-to-Date			2005 ANNUAL BUDGET
			Actual	%	Remaining	
	O&M EXPENSES					
53000	WATER TREAT. PLANT	\$ 29,369	\$ 384,766	76.30%	\$ 119,538	\$ 504,305
54000	TRANS. & DIST. (T & D)	\$ 50,106	\$ 695,245	80.63%	\$ 166,982	\$ 862,226
55000	CUSTOMER ACCOUNT	\$ 21,041	\$ 204,640	50.61%	\$ 199,702	\$ 404,342
56000	GENERAL ADMIN.	\$ 118,912	\$ 1,543,307	81.51%	\$ 349,990	\$ 1,893,297
56000	GENERAL PLANT	\$ 18,358	\$ 237,379	71.87%	\$ 92,908	\$ 330,286
59000	NON-OPERATING	\$ 1,036	\$ -	0.00%	\$ 268,000	\$ 268,000
51000	WATER SOURCE	\$ -	\$ 12,910	100.00%	\$ -	\$ 12,910
	TOTAL O&M EXPENSES	\$ 238,821	\$ 3,078,248	72.00%	\$ 1,197,119	\$ 4,275,367
	O&M REVENUE					
41000	WATER SALES	\$ 324,697	\$ 2,862,328	64.24%	\$ 1,593,033	\$ 4,455,361
42000	WATER SERVICE CHARGES	\$ 3,400	\$ 322,260	78.93%	\$ 86,006	\$ 408,266
49000	NON-OPERATING REVENUE	\$ 48,252	\$ 994,372	107.36%	\$ (68,162)	\$ 926,210
	TOTAL O&M REVENUE	\$ 376,349	\$ 4,178,959	72.18%	\$ 1,610,878	\$ 5,789,837
	O&M BALANCE:	\$ 137,528	\$ 1,100,712	72.68%	\$ 413,758	\$ 1,514,470

DEBT SERVICE						
Account Division	Description	Actual This Month	Year-to-Date			2005 ANNUAL BUDGET
			Actual	%	Remaining	
21413	EDA Loan Principal	\$ -	\$ -	0.00%	\$ 10,476	\$ 10,476
21414	MRTP Principal	\$ -	\$ -	0.00%	\$ 85,000	\$ 85,000
21415	'95 COP Principal	\$ -	\$ 545,000	93.97%	\$ 35,000	\$ 580,000
21419	'03 COP Principal	\$ -	\$ -	0.00%	\$ 140,069	\$ 140,069
59450	Interest, EDA Loan	\$ -	\$ 8,840	106.13%	\$ (511)	\$ 8,329
59570	Interest, MRTP Bonds	\$ -	\$ 96,500	104.32%	\$ (4,000)	\$ 92,500
59571	'95 COP Interest	\$ -	\$ 82,920	68.22%	\$ 38,630	\$ 121,550
59572	'03 COP Interest	\$ -	\$ 70,000		\$ (70,000)	\$ -
	TOTAL DEBT SERVICE	\$ -	\$ 803,260	77.39%	\$ 234,664	\$ 1,037,923

CAPITAL OUTLAY SUMMARY						
Account Division	Description	Actual This Month	Year-to-Date			2005 ANNUAL BUDGET
			Actual	%	Remaining	
	CAPITAL OUTLAY EXPENSES					
	Betterments	\$ 2,807	\$ 62,653	20.75%	\$ 239,247	\$ 301,900
	Distribution System Projects	\$ -	\$ 13,345	47.83%	\$ 14,555	\$ 27,900
	Irrigation System Projects	\$ -	\$ 18,553	5.07%	\$ 347,047	\$ 365,600
	FERC Relicensing	\$ 52,262	\$ 806,336	127.74%	\$ (175,128)	\$631,209
	Office Remodel/Expansion Project	\$ 41,667	\$ 519,262			
	M RTP Clearwell Cover	\$ 6,259	\$ 647,765			
	O&M Contingency Fund	\$ -	\$ -	0.00%	\$ 45,434	\$ 45,434
	TOTAL CAPITAL OUTLAY EXPENSES	\$ 102,995	\$ 2,067,914	155.88%	\$ (741,305)	\$1,326,609
	RESERVES TRANSFERRED TO FUND CAPITAL OUTLAY					
	System Capacity Charge Fund	\$0	\$603,000	2871.43%	\$ (582,000)	\$ 21,000
	2003 COP Proceeds - Residual	\$0	\$463,000	199.65%	\$ (231,097)	\$ 231,903
	FERC Relicensing Fund	\$0	\$995,652	157.74%	\$ (364,443)	\$ 631,209
	TOTAL RESERVES TRANSFERRED	\$0	\$2,061,652	233.19%	\$ (1,177,540)	\$ 884,112
	CAPITAL OUTLAY BALANCE:	\$ (102,995)	\$ (6,262)	1.42%	\$ (436,235)	\$ (442,497)

	Balance	Year-to-Date		2005 ANNUAL BUDGET
	This Month	Balance	Difference	
TOTAL BALANCE:	\$ 34,532	\$ 291,190	\$ (257,140)	\$ 34,050

RESERVE BALANCES	As of 12/31/2004	As of 10/31/2005	2005 Reserve Activity
General Fund	\$84,554	\$10,221	\$74,333
System Capacity Charges	\$1,482,717	\$900,334	\$582,383
South Fork Project FERC Relicensing Fund	\$1,787,374	\$975,411	\$811,963
Building Expansion / Reservoir Acquisition	\$237,170	\$297,130	(\$59,960)
TOTAL	\$3,591,815	\$2,183,096	\$1,408,719

2005 SUMMARY FINANCIAL REPORT
South Feather Water and Power - Power Division
 As of October 31, 2005

EXPENSE SUMMARY

Acct. #	Department Number Account Description	Expended This Month					Total	Expended Year-to-Date		Annual Budget		
		61000	62000	63000	64000	65000		Expended	Combined %	Sly Creek	SFPP	Combined
		Sly Creek	H.Q.	Woodleaf	Forbestown	Kelly Ridge						
11200	Const. In Progress & Betterments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,849	19.48%	\$ 68,000	\$ 809,000	\$ 877,000
56000	Operations	\$ 10,849	\$ 96,303	\$ 79,002	\$ 27,097	\$ 15,765	\$ 229,017	\$ 2,195,378	75.68%	\$ 266,000	\$ 2,635,000	\$ 2,901,000
57000	Routine Maintenance	\$ 1,583	\$ 24,712	\$ 16,056	\$ 38,404	\$ 46,553	\$ 127,307	\$ 715,267	82.21%	\$ 52,000	\$ 818,000	\$ 870,000
58000	Non-Routine Maintenance	\$ -	\$ 1,683	\$ 67,558	\$ 3,607	\$ -	\$ 72,849	\$ 731,818	74.37%	\$ 407,000	\$ 577,000	\$ 984,000
59000	Non-Operate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 331,741	101.45%	\$ (4,741)	\$ 20,000	\$ 327,000
	TOTAL EXPENSES	\$ 12,431	\$ 122,699	\$ 162,617	\$ 69,108	\$ 62,318	\$ 429,173	\$ 4,145,053	69.56%	\$ 1,813,947	\$ 4,859,000	\$ 5,959,000

CAPITAL OUTLAY DETAIL

Acct. #	Department Number Account Description	Expended This Month					Total	Expended Year-to-Date		Annual Budget		
		61	62	63	64	65		Expended	Combined %	Sly Creek	SFPP	Combined
		Sly Creek	H.Q.	Woodleaf	Forbestown	Kelly Ridge						
11200	Const. In Progress & Betterments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ 61,000	\$ 61,000	\$ 61,000
11201	Construction in Progress - Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ 500,000	\$ 500,000	\$ 500,000
11202	Construction in Progress - Matl.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	#DIV/0!	\$ -	\$ -	\$ -
11203	Construction in Progress - O/S	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
11204	Construction in Progress - Equip.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,479		\$ (14,479)	\$ -	\$ -
	Betterments in Progress											
11205	Structures & Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ 61,000	\$ 61,000	\$ 61,000
11205	Dams & Reservoirs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ 500,000	\$ 500,000	\$ 500,000
11205	Waterways	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
11205	Water Wheels, Turbines & Gens.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 13,000	\$ 13,000	\$ 13,000
11205	Accessory Electric Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,653	122.95%	\$ (20,653)	\$ 50,000	\$ 90,000
11205	Misc. Power Plant Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ 15,000	\$ 10,000	\$ 15,000
11205	Communication Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ 8,000	\$ 8,000	\$ 8,000
11205	Transportation Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,717	27.71%	\$ 119,283	\$ 165,000	\$ 165,000
11205	Tools	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ 25,000	\$ 25,000	\$ 25,000
	TOTAL CAPITAL OUTLAY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,849	19.48%	\$ 706,151	\$ 809,000	\$ 877,000

Detail of Reserve Accounts for 2005

	General Fund	Building Expansion/Reservoir Acquisition Funds	System Capacity Charges	FERC Relicensing	Total Reserves
Beginning Balance as of 01/01/2005	84,554	237,170	1,482,717	1,787,374	3,591,815
		<i>Restricted Fund</i>	<i>Restricted Fund</i>	<i>Restricted Fund</i>	
		\$237,170 from 2003 COP Excess Funds			
2005 Activity					
<u>Date</u> <u>Description</u>					
01/26/05 Withdrawal for Clearwell Cover invoice			(230,000)		3,361,815
01/30/05 Withdrawal for DTA Dec. 2004 Bill				(341,096)	3,020,719
02/14/05 Sale of ID#1 Reservoir Property		620,000			3,640,719
02/14/05 2004 Sly Creek Bonds (matured at 1/1/05)				160,000	3,800,719
02/22/05 Withdrawal for Clearwell Cover invoice			(175,000)		3,625,719
02/28/05 Withdrawal for DTA Jan. 2005 Bill				(152,100)	3,473,619
03/16/05 Withdrawal for Clearwell Cover invoice			(137,000)		3,336,619
03/24/05 Withdrawal for Office Remodel		(400,000)			2,936,619
03/30/05 Withdrawal for Clearwell Cover invoice			(61,000)		2,875,619
03/30/05 Withdrawal for DTA Feb. 2005 Bill				(167,702)	2,707,917
04/01/05 Withdrawal for Office Remodel		(63,000)			2,644,917
04/01/05 Withdrawal for PERS Health Bill		(7,000)			2,637,917
04/15/05 First Quarter LAIF Interest Earned	1,645		6,581	2,057	2,648,200
04/18/05 Withdrawal for O & M Expenses	(40,000)	(60,000)			2,548,200
04/30/05 Withdrawal for DTA March 2005 Bill				(164,811)	2,383,389
05/30/05 Withdrawal for DTA April 2005 Bill				(56,310)	2,327,079
06/29/05 Withdrawal for May Warrants	(45,000)				2,282,079
06/30/05 Withdrawal for DTA May 2005 Bill				(60,047)	2,222,032
07/07/05 Withdrawal for Payroll W/E 7/20/05		(35,000)			2,187,032
07/15/05 Second Quarter LAIF Interest Earned	679		6,607	1,877	2,196,196
07/30/05 Withdrawal for DTA June 2005 Bill				(53,586)	2,142,610
08/31/05 YTD Interest Earned on Raymond James				5,041	2,147,651
08/31/05 YTD Interest Earned on BNY 2003 COP		3,304			2,150,955
09/30/05 Third Quarter Interest Earned	16	1,055	7,428	16,269	2,175,722
10/31/05 Unrealized Loss on Raymond James				(1,555)	2,174,166
10/04/05 Dividend on BNY '03 COP Proceeds Acct		602			2,174,768
10/06/05 Close BNY '03 COP Proceeds Account		(241,673)			1,933,095
10/12/05 Deposit BNY Proceeds into LAIF	8,327	241,673			2,183,095
Ending Balance as of 10/31/2005	10,221	297,130	900,334	975,411	2,183,095

Summary of All Reserve Fund Activity in 2005

Beginning Balance - 1/1/2005	3,591,815
Reserves used for Clearwell Cover	(603,000)
Reserves used for FERC Relicensing	(995,652)
Reserves used for Office Remodel	(463,000)
Increase in Reserves - Bonds Matured	160,000
Increase in Reserves - Sale of Property	620,000
Interest Earned on Reserves	51,605
Deposit into Reserve Account	8,327
Non-Restricted Reserves used for O&M	(85,000)
Restricted Reserves used for O&M	(102,000)
10/31/05	2,183,095

Summary of Borrowed Reserves

<i>To be paid back by 12/31/2006</i>	
Beginning Balance - 1/1/2005	0
April restricted reserves borrowed	(67,000)
July restricted reserves borrowed	(35,000)
Ending Balance - 10/31/2005	(102,000)

SOUTH FEATHER WATER AND POWER

DATE : 11/22/05

APPROVAL OF WARRANTS:

Motion to approve WATER DIVISION EXPENDITURES as follows:

Warrant Numbers 20490 to 20541 \$ 56,431.78
Voids _____

Secretary's Revolving Fund & Payroll \$ 323,459.33
Voids _____

TOTAL WATER DIVISION EXPENDITURES FOR OCTOBER 2005 \$ 379,891.11

Moved by _____ Seconded by _____ Vote _____

Motion to approve POWER DIVISION EXPENDITURES as follows:

Warrant Numbers 61778 to 61832 \$ 198,562.78
Voids _____

Miscellaneous Expenses and Payroll \$ 171,429.64

TOTAL POWER DIVISION EXPENDITURES FOR OCTOBER 2005 \$ 369,992.42

Moved by _____ Seconded by _____ Vote _____