

# SOUTH FEATHER WATER & POWER AGENCY

RATH MOSELEY, GENERAL MANAGER

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Re: South Feather Water & Power Agency's Proposed 2020 Water Transfer

Dear Customers and Interested Members of the Public:

South Feather Water and Power Agency is experiencing significant revenue shortfalls on hydroelectric power generation in 2020. For this reason, the Agency is considering a temporary water transfer of up to 10,001 acre-feet of water in 2020.

The primary drivers for the Agency's financial shortfall are as follows:

- The effects of a dry water year (historical low precipitation in February)
- Outages to the Agency's powerhouses used to generate hydroelectric energy because of PG&E's ongoing, extensive efforts to perform tree and vegetation trimming and other repair/maintenance to its electric transmission system to reduce the risk of wildfire
- Reduction in commercial hydroelectric energy demand due to California's response to the COVID-19 pandemic, including the "stay at home" order

To continue providing the level of customer service the Agency prides itself in of consistently delivering quality treated and irrigation water supply, it is necessary to identify financial mechanisms to assist in offsetting the revenue losses listed above. It is important to emphasize that if the proposed temporary water transfer moves forward, all Agency responsibilities would continue unchanged, including water delivery, recreation, environmental commitments, instream flow and hydroelectric generation.

The proposed 2020 water transfer is consistent with prior Agency temporary transfers, including those in 2009 and 2015, and would consist of the sale of up to 5,000 acre-feet of surface water currently stored at Little Grass Valley Reservoir and up to 5,001 acre-feet of surface water currently stored at Sly Creek Reservoir. Current storage levels within the Agency are >130,000 acre-feet, demonstrating the ability to participate in the potential 2020 water transfer and still meet all other Agency obligations, including water delivery to its customers and hydroelectric generation. If approved, the transfer of water would be delivered at Ponderosa Reservoir and collected in Lake Oroville over a two to three week period, likely in the September or October 2020 time period.

The Agency recognizes that water transfers are a sensitive topic for some but performing a temporary 2020 water sale does not create legal precedent for future sales or negatively impact the Agency's water rights or ability to continue serving this community.

If you have any questions or would like more details in regards to the proposed water transfer, please contact me and I will be happy to discuss them.

Sincerely,

Rath Moseley, General Manager  
South Feather Water and Power Agency

Cc: Board of Directors  
Dustin C. Cooper, General Counsel