

July 12, 2021

Via Electronic Mail

Rath Moseley, General Manager
South Feather Water & Power Agency
2310 Oro-Quincy Highway
Oroville, CA 95966
rmoseley@southfeather.com

Re: Negotiation of New Power Purchase Agreement

Dear Rath,

This letter briefly addresses inaccuracies stated in your July 7, 2021 letter.

It is my understanding that your June 28, 2021 letter to Jeff Maupin expresses the first invitation from South Feather Water and Power Agency (SFWPA) to North Yuba Water District (NYWD) staff to participate in negotiations over a new Power Purchase Agreement (PPA) for the South Fork Power Project (SFPP). While I am aware of efforts by SFWPA to cajole NYWD Directors to meet with SFWPA Directors to discuss the dispute between the parties over the 2005 Agreement, I am not aware of any prior invitations submitted to NYWD seeking participation in PPA negotiations.

In various correspondence I have reviewed from SFWPA's counsel to NYWD staff and NYWD attorneys, however, I note a consistent effort by you and SFWPA's counsel to conflate unrelated actions with NYWD's claims that SFWPA breached the 2005 Agreement between NYWD and SFWPA.

For example, in your letter to me dated June 11, 2021 regarding our exchange over SFWPA's proposed water transfer to Santa Clara Valley Water District you state the following:

NYWD's interest in such topics is a positive development and [SFWPA] welcomes such a discussion. *In addition to NYWD's water supply question, [SFWPA] and NYWD discussion should also cover current JFOF revenue and expense totals and forecasts for 2021 and how the revenue from the proposed*

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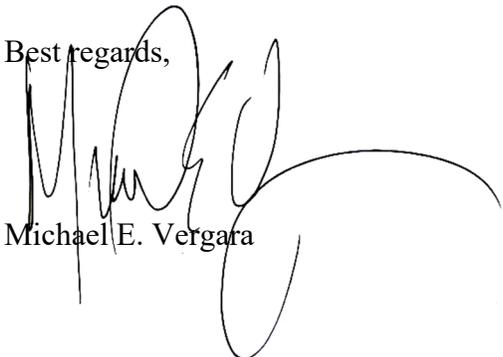
2021 water transfer would buoy an otherwise poor year (to date) for hydroelectric generation. (Emphasis added.)

NYWD's claims regarding SFWPA's breach of the 2005 Agreement are the subject of a pending lawsuit commenced by NYWD against SFWPA, and there can be no discussion between the agencies' staff and/or Directors regarding the Joint Facilities Operation Account (JFOA) until that lawsuit resolves.

Regarding your "surprise[]" at NYWD's willingness to participate in PPA negotiations in view of "Director Gretchen Flohr [June 25 motion] to have the NYWD representatives meet with [SFWPA] on this very subject," I suggest you review the recording of that meeting and listen carefully to her putative motion. While Director Flohr alludes to an invitation (your letter inviting NYWD to participate in the PPA negotiations was emailed to Mr. Maupin three days later on June 28) to participate with SFWPA in PPA negotiations, she also urges discussions with SFWPA on matters raised in the lawsuit. As stated above, until NYWD's lawsuit resolves, however, there can be no discussion between the agencies' staff and/or Directors regarding the JFOA.

Finally, in your June 28 letter you claim NYWD possessed a copy of the current PPA with PG&E prior to my July 6 request for an unredacted copy. Mr. Maupin advises me that he did not have a copy of the document prior to your production on July 7. I am also advised by NYWD's Special Counsel, Dan Stouder, that a copy of the current PPA was not produced to him. If possible, please provide me with a copy of any correspondence or other record confirming submission of the current PPA to NYWD prior to July 7, 2021.

Best regards,


Michael E. Vergara

cc: Jeff Maupin (*Via Email*)

MEV/mb