

April 20, 2022

Dear Rath:

Thank you for the notice that SFWPA has information it wants to share with NYWD.

Prior to such a meeting, SFWPA should provide NYWD with the written financial information so it can review the information and be prepared to participate in a meaningful discussion about it. Presenting NYWD with an overview of the first quarter financials without allowing NYWD to initially review the financial information is inappropriate. Indeed, on May 10, 2021, SFWPA staff presented an overview of financials without first allowing NYWD an opportunity to review the financial information prior to the meeting, and the presentation failed to provide NYWD with a meaningful understanding of the information. A similar presentation without NYWD's prior review of the financial information will not be helpful. Instead, SFWPA must provide the audit reports that are required under the 2005 Agreement.

Furthermore, it is senseless to present financial reports directly to the entire NYWD Board in the first instance at a public meeting. NYWD continues to have technical and/or legal questions regarding SFWPA's accountings, which are subject to ongoing litigation. These questions are best addressed adviser-to-adviser and/or principal-to-principal. NYWD has no interest in inviting uninitiated and unqualified spectators into the process of seeking SFWPA's compliance with the 2005 Agreement.

Under the 2005 Agreement, SFWPA is responsible for providing NYWD with various accountings related to the disposition of net SFPP power revenues. *See* Paragraphs IV.3 and IV.5, and the Second Amendment to the Agreement. NYWD has a contractual right to reasonable access to the records at all times. This is an absolute contractual right without conditions.

Part IV of the 2005 Agreement sets forth the specific rights and duties of each party regarding net SFPP power revenues after 2010. In particular, the Agreement provides:

SFPP Joint Facilities operating expenses, reserve requirements, expenses to meet regulatory requirements . . . and administrative and general operational expenses . . . will be paid from the SFPP Joint Facilities Operating Account as payments for such expenses become due. . . . A system of accounts, consistent with the Uniform System of Accounts prescribed by the FERC for jurisdictional hydroelectric utilities will be maintained at all times by SFWPA, and [NYWD] and SFWPA will at all times have reasonable access to the records of such accounts for purposes of verifying the accuracy and adequacy of said accounting under the terms of this Agreement and under the FERC Uniform System of Accounts.

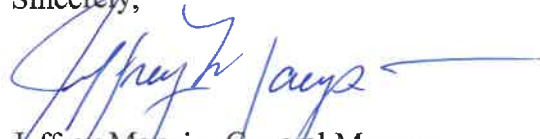
Paragraph IV.1.

As we have discussed and documented numerous times, SFWPA continues to ignore its obligations under the 2005 Agreement. Specifically, Paragraph IV.3 requires SFWPA to provide to NYWD a detailed annual accounting and monthly preliminary accounting. SFWPA's reporting obligations are not met by the production of SFWPA's annual audited financial reports, SFWPA's monthly financial reports embedded in SFWPA board packages, or overview presentations.

As the 2005 Agreement provides, the SFPP financial records are not solely SFWPA's records; these records belong to both contracting parties and SFWPA is merely the party required to maintain them. NYWD does not need to justify its request for records, jump through hoops, or enter into separate agreements which impose new and different requirements not found in the 2005 Agreement to access the records which it jointly owns.

Once again, we request that SFWPA provide NYWD with the required monthly and annual accountings so that NYWD may meaningfully review the financials of the joint account.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeffrey Maupin", with a horizontal line extending to the right from the end of the signature.

Jeffrey Maupin, General Manager
North Yuba Water District